

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

November 16, 2015

AGENDA

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

TIME: 9:00 a.m.

Members of the public may comment on any item under the Board's jurisdiction by filling out a speaker form and presenting it to the Clerk. Unless otherwise directed by the Chair, comments related to items on the agenda will be heard when the Board considers that item. Comments related to items not on the agenda will generally be heard at the time designated for Public Comment.

ITEM:

- | | | |
|-------------|--|-----------------|
| I. | <u>CALL TO ORDER</u> | Master Page No. |
| II. | <u>APPROVAL OF AGENDA</u> | 1 – 4 |
| III. | <u>APPROVAL OF MINUTES</u> | |
| | A. Business Meeting of October 19, 2015. | 5 – 15 |
| | B. Disability Meeting of November 2, 2015. | 16 – 25 |
| IV. | <u>CONSENT AGENDA</u> | |
| | A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of October 2015 | 26 – 27 |
| | B. Receive and File Report of Checks Disbursed in October 2015 | 28 – 37 |

IV. **CONSENT AGENDA (continued)**

- C. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Investments and Cash Equivalents, and Schedule of Investment Management Fees for the Period Ending September 30, 2015. 38 – 43
- D. Receive and File Budget Summary for FY 2015-16 Month Ending October 31, 2015 44

V. **INVESTMENT MANAGER PRESENTATIONS**

- A. Receive Annual Investment Presentation, Western Asset Management, Veronica Amici and Travis Carr (15 Minutes) 45 – 99

VI. **INVESTMENT INFORMATION**

- A. NEPC – Allan Martin, Partner, Dan LeBeau, Consultant, Dan Gallagher, VCERA Chief Investment Officer
1. Discussion and Action Regarding Staff & NEPC Asset Allocation Recommendation
RECOMMENDED ACTION: Approve.
- a. Staff Letter 100 – 101
- b. Presentation 102 – 159
2. Presentation of Investment Performance Report Quarter Ending September 30, 2015. 160 – 232
RECOMMENDED ACTION: Receive and file.
3. Preliminary Performance Report Month Ending October 31, 2015 233 – 241
RECOMMENDED ACTION: Receive and file.

VII. **NEW BUSINESS**

- A. Discussion and Proposed Adoption of IRS Model Regulations Judy Boyette of Hanson Bridgett via Teleconference Time: 10:00 a.m.
RECOMMENDED ACTION: Approve.
1. Staff Letter 242

VII. NEW BUSINESS (continued)

- | | | |
|-------|---|-----------|
| A. 2. | Memorandum from Hanson Bridgett Regarding Adoption of Regulations Required by Determination Letter and Voluntary Correction Program Process | 243 – 245 |
| 3. | Memorandum from Hanson Bridgett Providing Brief Description of IRS Rules Addressed in Model Tax Compliance Regulations | 246 – 247 |
| a. | 401 (a)(9) – Required Minimum Distributions | 248 – 259 |
| b. | 401(a)(17) – Compensation Limits | 260 – 266 |
| c. | 401(a)(31) and 402(c) - Rollovers | 267 – 278 |
| d. | 415 – Annual Additions Limits | 279 – 297 |
| e. | 401(a) – Distribution Limits | 298 – 300 |
| f. | 401(a)(36) – Normal Retirement Age | 301 – 303 |
| B. | 2016 Proposed Board Calendar
RECOMMENDED ACTION: Approve. | 304 |
| C. | 2016 Proposed Due Diligence Calendar
RECOMMENDED ACTION: Approve. | 305 |
| D. | Authorization to Approve Billing Request from County Counsel Regarding Board Counsel's Attendance at 2015 Fall SACRS Conference | 306 |

VIII. CLOSED SESSION

- A. **CONFERENCE WITH LABOR NEGOTIATORS,
GOVT. CODE SECTION 54957.6**
Time: 10:30 a.m.

Agency Designated Representatives:

Kelly Shirk

Ashley Dunning and John Kennedy of Nossaman LLP

Prospective Unrepresented VCERA Employees:

Retirement Administrator

Retirement Chief Financial Officer

Retirement General Counsel

Retirement Chief Investment Officer

Retirement Chief Operations Officer

IX. INFORMATIONAL

- | | | |
|----|---|-----------|
| A. | Letter to County CEO Michael Powers Regarding Board of Retirement Resolution on PEPPRA Pensionable Compensation | 307 – 309 |
| B. | SACRS Business Meeting of November 20, 2015 | |
| 1. | Agenda and Packet | 310 – 377 |
| 2. | Excerpt from VCERA Board Minutes of October 5, 2015 Regarding Voting Instructions | 378 – 379 |
| C. | Quarterly Report to SACRS Legislative Committee | 380 – 389 |
| D. | 3 rd Annual Pacific States Institutional Investor Forum, December 8, 2015, San Francisco, CA | 390 – 394 |

X. PUBLIC COMMENT

XI. STAFF COMMENT

XII. BOARD MEMBER COMMENT

XIII. ADJOURNMENT

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

October 19, 2015

MINUTES

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

DIRECTORS None.
ABSENT:

STAFF Linda Webb, Retirement Administrator
PRESENT: Henry Solis, Chief Financial Officer
Dan Gallagher, Chief Investment Officer
Lori Nemiroff, Assistant County Counsel
Julie Stallings, Chief Operations Officer
Chris Ayala, Technical Specialist
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 Towner called the Business Meeting of October 19, 2015, to order at 9:00 a.m.

II. APPROVAL OF AGENDA

Chair Towner offered a modification to page 4 of the agenda, stating that the correct page numbers for item VII.A.4.b.(1) are 138-143, and the correct page numbers for item VII.A.4.b.(2) are 144-160.

Trustee McCormick requested to table item VII.D. to a future meeting when an agenda for the event is available.

The following motion was made:

MOTION: Approve the agenda, as amended.

Moved by Goulet, seconded by Johnston.

Vote: Motion carried

Yes: Goulet, Johnston, Henderson, Sedell, Winter, McCormick, Wilson

No: -

Absent: Foy, Hintz

III. APPROVAL OF MINUTES

A. Disability Meeting of October 5, 2015.

MOTION: Approve.

Moved by Goulet, seconded by McCormick.

Vote: Motion carried

Yes: Goulet, Johnston, Henderson, Sedell, Winter, McCormick, Wilson

No: -

Absent: Foy, Hintz

IV. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of September 2015

- B. Receive and File Report of Checks Disbursed in September 2015
- C. Receive and File Statement of Reserves at June 30, 2015
- D. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, and Schedule of Investments and Cash Equivalents for the Period Ending July 31, 2015.
- E. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, and Schedule of Investments and Cash Equivalents for the Period Ending August 31, 2015.
- F. Receive and File Budget Summary for FY 2015-16 Month Ending September 30, 2015

In response to an inquiry by Trustee Goulet, Ms. Webb confirmed that separating members receive information and guidance from VCERA staff prior to choosing whether to take a refund of retirement contributions.

MOTION: Approve the Consent Agenda.

Moved by Johnston, seconded by McCormick.

Vote: Motion carried

Yes: Goulet, Johnston, Henderson, Sedell, Winter, McCormick, Wilson

No: -

Absent: Foy, Hintz

Trustee Foy arrived after this item at 9:03 a.m.

V. INVESTMENT MANAGER PRESENTATIONS

- A. Receive Annual Investment Presentation, Reams Asset Management, Clark W. Holland, Portfolio Manager (30 Minutes)

Clark W. Holland was present on behalf of Reams Asset Management to provide an organizational and investment performance update.

Trustee Hintz arrived at 9:35 a.m.

VI. INVESTMENT INFORMATION

- A. NEPC – Allan Martin, Partner.

- 1. Preliminary Performance Report Month Ending September 30, 2015

VII. NEW BUSINESS

A. Report and Recommendation on PEPRP Pensionable Compensation Analysis

Received public comment from Paul Derse, Ventura County Chief Financial Officer.

Received public comment from CNA representative Tina Grieger.

Received public comment from SEIU representative Ramon Rubalcava.

Received public comment from LeeAnn Wilkie, who spoke on behalf of Ventura County nurses.

1. Resolution of the Board of Retirement of Ventura County Employees' Retirement Association (VCERA) Regarding Pensionable Compensation Determination, dated November 17, 2014.

2. Letter from Staff

a. Exhibit 1: Recommend Continued Inclusion (COV & VRSD)

MOTION: Adopt recommended continued inclusion re: Regular Salary and FLSA: Ratify the inclusion of the pay codes listed in Exhibit 1, both Table A and Table B, in pensionable compensation, effective January 1, 2013.

Moved by Hintz, seconded by Goulet.

Vote: Motion carried

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

No: -

b. Exhibit 2: Recommended Exclusion, with Correction of Past Inclusion

(1) Table A: Market-Based Premium Pay Items (COV)

MOTION: Approve staff recommendation to exclude from pensionable compensation, with correction of past inclusion.

Moved by Wilson, seconded by Henderson.

MOTION WITHDRAWN: Following discussion by the Board, Trustee Wilson withdrew his motion.

After further discussion, the following motion was made:

MOTION: Include Table A in pensionable compensation, with request to Board of Supervisors to create a publicly available schedule of the items in Table A by July 1, 2016.

Moved by Hintz, seconded by Johnston.

Vote: Motion carried

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

No: Goulet

Trustee Goulet stated that he voted against the motion because the July 1, 2016 date was later than he thought was appropriate.

(2) Table B: Y-Rate (COV)

MOTION: Include items in Table B in pensionable compensation.

Moved by Hintz, seconded by Johnston.

Vote: Motion carried

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

No: -

c. Exhibit 3: Recommend Inclusion

(1) Table A: Base Part of Holiday Pay & FLSA (COV) Effective January 1, 2013

(2) Table B: Longevity Pay Items (COV)
Effective January 3, 2016

MOTION: Approve staff recommendation to include items in Table A and Table B in pensionable compensation with indicated effective dates.

Moved by Henderson, seconded by McCormick.

Vote: Motion carried

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

No: -

d. Exhibit 4: Recommend Prospective Inclusion

MOTION: Approve staff's recommendation to include Exhibit 4 in pensionable compensation, effective January 3, 2016.

Moved by McCormick, seconded by Johnston.

Vote: Motion carried

Yes: Goulet, Johnston, Henderson, Hintz, Winter,
McCormick

No: Foy, Sedell, Wilson

e. Exhibit 5: Recommend Continued Exclusion in Absence of Pay Code Distinctions (Situational)

MOTION: Approve staff's recommendation to continue exclusion in pensionable compensation, in absence of pay code distinctions.

Moved by Henderson, seconded by Hintz.

Vote: Motion carried

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

No: McCormick, Winter, Johnston

f. Exhibit 6: Recommend Exclusion with Correction of Past Inclusion Effective January 1, 2013

(1) Table A: COV

(2) Table B: VRSD

MOTION: Approve staff's recommendation to exclude items from Tables A and B from pensionable compensation, with correction of past inclusion.

Moved by Goulet, seconded by Henderson.

Vote: Motion carried

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

No: -

g. Exhibit 7: Recommend Continued Exclusion

MOTION: Approve staff's recommendation for continued exclusion in pensionable compensation for Tables A and B.

Moved by Goulet, seconded by Henderson.

Vote: Motion carried

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

No: McCormick

h. Exhibit 8: Inactive Codes

(1) Table A: COV

(2) Table B: VRSD

Ms. Webb explained that Exhibit 8 represented inactive codes and indicated which Exhibit each code would be in if activated in the future.

No action was taken by the Board on Exhibit 8.

MOTION: Direct staff to bring new pay codes to the Board for inclusion or exclusion on an ad-hoc basis, as well as an annual report and review of the application of existing pay codes.

Moved by Sedell, seconded by McCormick.

Vote: Motion carried

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

No: -

Trustee Winter asked how the July 2016 request to the County of Ventura on MBPP items would be handled. Ms. Webb said she would communicate that to the County and report back.

3. Potential Board Actions Regarding Recommended Inclusions and Exclusions Under the VCERA Pensionable Compensation Resolution of November 2014, Ashley Dunning, Nossaman LLP
4. Written Feedback from Stakeholders:
 - a. VCDSA, VCPFA and VCPPOA
 - (1) Stephen Silver, Counsel: September 10, 2015
 - (2) Follow-up List of Pay Codes: September 17, 2015
 - b. SEIU
 - (1) Kerianne R. Steele: Counsel for SEIU, Local 721: October 2, 2015
 - (2) Declaration of Angela Portillo, SEIU Worksite Organizer: October 2, 2015
 - c. CNA
 - (1) Letter from Tina Grieger, Labor Representative for CNA: October 2, 2015
 - (2) Follow-up to Letter: October 2, 2015
 - d. County of Ventura Letter: October 13, 2015

B. IRS Qualification Filing

1. Staff Letter
2. 2010 Hanson Bridgett Engagement Letter
3. Hanson Bridgett Engagement Letter
RECOMMENDED ACTION: Continued Engagement of Hanson Bridgett for Tax Compliance Counsel and Filing of Cycle E Tax Determination Letter

MOTION: Approve new engagement of Hanson Bridgett for tax compliance counsel & filing for up to \$25,000, with an additional \$25,000 approved only if a Voluntary Compliance Program (VCP) filing is required.

Moved by Goulet, seconded by Henderson.

Vote: Motion carried

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

No: -

4. Hanson Bridgett Estimated Timeline and Budget

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

1. VCERIS Project Monthly Status Update- August 2015

RECOMMENDED ACTION: Receive and file.

2. VCERIS Project Monthly Status Update- September 2015

RECOMMENDED ACTION: Receive and file.

MOTION: Receive and file items C.1. and C.2.

Moved by Wilson, seconded by Goulet.

Vote: Motion carried

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

No: -

D. Recommendation to Approve Trustee McCormick's Attendance at 2015
CORPaTH Summit and Crystal Globe Awards, December 15-16, 2015, Las
Vegas, NV

This item was tabled during "Item II. Approval of Agenda".

VIII. OLD BUSINESS

A. Discussion of Reporting Relationships of VCERA Executive
Management Staff to the Board and Retirement Administrator

1. Proposal of Services from Cortex Consulting

MOTION: Decline to engage Cortex on their consulting proposal.

Moved by Hintz, seconded by Foy.

Vote: Motion carried

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

No: Johnston, McCormick, Winter

**B. Oral Update on Human Resources Contracted Services Related to
AB1291**

Ms. Webb and Chair Towner provided an update on the process of developing draft documents in coordination with the contracted consultant and Nossaman. Staff will withdraw from discussions of specific benefits to avoid any conflicts.

**C. LANQUIST, ET AL. v. VENTURA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION; VENTURA COUNTY SUPERIOR
COURT CASE NO. 56-2011-00404515. Consider and Take Possible
Action to Authorize Payment of Outstanding Costs in an amount not to
exceed \$1,870.92.**

Ms. Nemiroff explained background and history of this item.

MOTION: Authorize VCERA to pay remaining costs to petitioners if
County does not pay its share by October 31, 2015.

Moved by Goulet, seconded by Wilson.

Vote: Motion carried

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

No: -

IX. INFORMATIONAL

A. Nossaman Fiduciary Forum Report Submitted by Attendees

X. PUBLIC COMMENT

None.

XI. STAFF COMMENT

Ms. Webb informed the Board that the offer from M.F. Daily to allot sign space to VCERA will be included on the November 2, 2015 meeting agenda.

XII. BOARD MEMBER COMMENT

Chair Towner confirmed that an adequate number of trustees are available to attend the December 21, 2015 business meeting, and it will not be necessary to reschedule the meeting.

Trustee Wilson thanked staff for their work on the PEPRP Pensionable Compensation Analysis.

Trustee Hoag reminded the Board to submit their Chief Investment Officer performance evaluations before the November 2, 2015 disability meeting.

XIII. ADJOURNMENT

The meeting was adjourned at 12:12 p.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,

TRACY TOWNER, Chairman

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

November 2, 2015

MINUTES

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

DIRECTORS Peter C. Foy, Public Member
ABSENT:

STAFF Linda Webb, Retirement Administrator
PRESENT: Henry Solis, Chief Financial Officer
Lori Nemiroff, Assistant County Counsel
Dan Gallagher, Chief Investment Officer
Julie Stallings, Chief Operations Officer
Shalini Nunna, Retirement Benefits Manager
Donna Edwards, Retirement Benefits Specialist
Chantell Garcia, Retirement Benefits Specialist
Stephanie Caiazza, Program Assistant

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

TIME: 9:00 a.m.

ITEM:

I. CALL TO ORDER

Chair Towner called the Disability Meeting of November 2, 2015, to order at 9:00 a.m.

II. APPROVAL OF AGENDA

Chair Towner noted that the minutes from the previous meeting of October 19, 2015 would be included for approval on the November 16, 2015 meeting agenda.

MOTION: Approve the agenda.

Moved by Henderson, seconded by Johnston.

Vote: Motion carried

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

No: -

Absent: Foy

III. RECEIVE AND FILE PENDING DISABILITY APPLICATION STATUS REPORT

MOTION: Approve.

Moved by Henderson, seconded by Johnston.

Vote: Motion carried

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

No: -

Absent: Foy

IV. APPLICATIONS FOR DISABILITY RETIREMENT

A. Application for Non-Service Connected Disability Retirement, Nancy Bevans; Case No. 14-018

1. Application for Non-Service Connected Disability Retirement and Supporting Documentation.

2. Hearing Notice served on October 21, 2015.

Paul Hilbun was present on behalf of County of Ventura Risk Management. The applicant, Nancy Bevans, was also present.

Both parties declined to make statements.

The following motion was made:

MOTION: Grant the applicant, Nancy Bevans, a non-service connected disability retirement.

Moved by Sedell, seconded by Wilson.

Vote: Motion carried

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

No: -

Absent: Foy

The parties agreed to waive preparation of findings of fact and conclusions of law.

- B. Application for Service Connected Disability Retirement, Timothy Waite; Case No. 13-022.
1. Request from David G. Schumaker, Attorney at Law, dated October 22, 2015.
 2. Response from Carol A. Kempner, Attorney at Law, dated October 23, 2015.
 3. Hearing Notice served on October 21, 2015.

Carol A. Kempner, Attorney at Law, was present on behalf of County of Ventura Risk Management. David G. Schumaker, Attorney at Law, was present on behalf of the applicant. The applicant, Timothy Waite, was also present.

Mr. Schumaker requested that the Board mandate a February 2016 hearing date for this case, stating that he believed it would allow sufficient time for the parties to receive a transcript of a deposition scheduled for January 20, 2016.

Ms. Kempner opposed the request, stating that she believed that Risk Management would be ready to proceed in April 2016. Ms. Kempner stated that the scheduling of the hearing was a procedural issue that should be submitted to the hearing officer assigned to the case.

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

MOTION: Refer the matter to the assigned hearing officer to set the hearing at the earliest possible date, with an emphasis on March 2016.

Moved by Goulet, seconded by Winter.

Vote: Motion carried

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

No: -

Absent: Foy

V. OLD BUSINESS

A. Authorization for Retirement Administrator to Issue Payment to Conclude Original Hanson Bridgett Engagement

1. Staff Letter

Ms. Webb indicated that this recommendation on the October 19, 2015 meeting agenda was not voted on by the Board. Ms. Webb recommended that the Board authorize payment for work with staff on the pension administration system programming associated with implementation of the IRS model regulations to be adopted by the Board. Ms. Webb recommended approval of an amount up to \$5,000, which was increased to include the cost of services that will be necessary to modify the IRS model regulation corresponding to the tracking of 401(a)17 limits on a calendar year basis.

The following motion was made:

MOTION: Authorize Retirement Administrator to issue payment for up to \$5,000 in excess of the 2010 Hanson Bridgett agreement.

Moved by Henderson, seconded by McCormick.

Vote: Motion carried

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

No: -

Absent: Foy

Trustee Johnston requested that staff provide an update about changes to the VCP program, as soon as information is available.

VI. NEW BUSINESS

A. SACRS Dental Plan for Retirees

1. Staff Letter
2. Group Application

Ms. Webb informed the Board of the option for the Board to provide group dental insurance from CIGNA for county retirement system retirees and beneficiaries, contracted through SACRS.

Trustee Goulet stated that the notification letters to be sent to retirees regarding the dental program should be addressed from VCERA. Ms. Webb agreed to discuss the option with SACRS.

Trustee Sedell stated that the information provided to the Board did not address administrative costs to VCERA or specify that the program is entirely employee paid.

Ms. Nemiroff clarified that Article 8.11 of CERL states that a retired member who elects to participate in the program shall be solely responsible for the payment of premiums. Government Code Section 31452.5 authorizes VCERA to charge an administrative fee for the costs of administering payroll deductions.

Ms. Webb confirmed that administrative costs for deductions are expected to be minimal, as a process for payroll check deductions is already in place.

The following motion was made:

MOTION: 1) Authorize the Retirement Administrator to execute the Application for group insurance and related documents, subject to Counsel review and approval, and provide to SACRS the information necessary to allow VCERA retirees to enroll in the County Retirement System Dental Care Program, pursuant to Article 8.11 of CERL, and;
2) Authorize staff to give effect to written authorizations by retired members or beneficiaries to deduct from retirement allowances the premium on the group insurance offered through the County Retirement System Dental Care Program, pursuant to Government Code Section 31452.5.

Moved by Goulet, seconded by Sedell.

Vote: Motion carried

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

No: -

Absent: Foy

B. VCERA Monument Sign Allocation

1. Staff Letter
2. M.F. Daily Sign Proof

Ms. Webb informed the Board that the building landlord, M.F. Daily Corporation, offered to allocate space for VCERA on the sign outside of the building to VCERA for \$2500.

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

MOTION: Decline the allocation of sign space proposed by M.F. Daily Corporation.

Moved by Goulet, seconded by Henderson.

Vote: Motion carried

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

No: -

Absent: Foy

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

1. VCERIS Project Quarterly Status Update
RECOMMENDED ACTION: Receive and file.

Brian Colker of Linea Solutions provided a VCERIS project status update to the Board. Mr. Colker stated that the project was on track for the April 2016 deadline, design in the system was completed in October 2015, and development on the system will be completed by November 20, 2015. Mr. Colker spoke at length about the testing process and the tracking and classification of defects within the reports provided to the Board.

After discussion by the Board, Mr. Colker, and staff, the following motion was made:

MOTION: Receive and file.

Moved by Goulet, seconded by McCormick.

Vote: Motion carried

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

No: -

Absent: Foy

2. Cost-Neutral Change Order for MBS
RECOMMENDED ACTION: Approve.

a. Staff Letter

b. MBS Change Order #3

Ms. Webb explained that the reason for the change order was to shift funds from the travel cost sub-category to the data conversion category, so as not to surpass the overall “not to exceed” amount outlined in the contract.

After discussion between the Board and Ms. Webb, Mr. Colker, and Hammad Zaigham of Vitech, the following motion was made:

MOTION: Approve.

Moved by Sedell, seconded by Henderson.

Vote: Motion carried

Yes: Hintz, Sedell, Henderson, Johnston, Winter, McCormick,
Wilson

No: Goulet

Absent: Foy

Trustee Goulet stated that he voted against the motion because of the “not to exceed” amount outlined in the contract.

D. Recommendation to Approve Trustee McCormick’s Attendance
at 2015 CORPaTH Summit and Crystal Globe Awards,
December 15-16, 2015, Las Vegas, NV

The following motion was made:

MOTION: Approve.

Moved by Winter, seconded by Hintz.

Vote: Motion carried

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

No: -

Absent: Foy

- E. Quarterly Administrator Report for 3rd Quarter, 2015.
RECOMMENDED ACTION: Receive and file.

The following motion was made:

MOTION: Receive and file.

Moved by Henderson, seconded by Winter.

Vote: Motion carried

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

No: -

Absent: Foy

- F. Due Diligence Report, Dan Gallagher, Chief Investment Officer
RECOMMENDED ACTION: Receive and file.

The following motion was made:

MOTION: Receive and file.

Moved by Goulet, seconded by Winter.

Vote: Motion carried

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

No: -

Absent: Foy

- G. Consideration and Possible Approval of Merit Increase for Dan Gallagher,
Chief Investment Officer

This item was postponed until the end of the Closed Session. Upon returning
from Closed Session, the following motion was made:

MOTION: Approve merit increase of 5% for Chief Investment Officer Dan Gallagher.

Moved by McCormick, seconded by Henderson.

Vote: Motion carried

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

No: -

Absent: Foy

VII. CLOSED SESSION

A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Chief Investment Officer
(Government Code section 54957(b)(1))

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

VIII. PUBLIC COMMENT

None.

IX. STAFF COMMENT

Ms. Webb informed the Board that VCERA staff will start training on the Ventura County Employees' Retirement Information System (VCERIS) on November 3, 2015.

X. BOARD MEMBER COMMENT

Trustee Hoag requested that the Board discuss the formation of an ad-hoc committee for organization issues and governance.

After discussion, Chair Towner requested that Ms. Webb provide information on committees in use by other boards, and schedule the discussion for an upcoming Board meeting agenda.

Trustee Goulet and Trustee Johnston asked Mr. Gallagher to report back on various strategies for portfolio rebalancing.

XI. ADJOURNMENT

The meeting was adjourned at 11:20 a.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Linda Webb", is positioned above a horizontal line.

LINDA WEBB, Retirement Administrator

Approved,

TRACY TOWNER, Chairman

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

OCTOBER 2015

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	TOTAL SERVICE	OTHER SERVICE	DEPARTMENT	EFFECTIVE DATE
REGULAR RETIREMENTS:							
Paul T.	Arnold	G	8/28/2005	2.50	* C=2.822	Human Services Agency (Deferred)	08/27/15
Sue M.	Barry	G	4/19/1999	14.70	* C=2.259	Human Services Agency	09/11/15
Michael	Bowles	G	10/6/2003	11.80		Health Care Agency	09/12/15
James A.	Bullington	S	4/15/1984	31.50		Sheriff's Department	10/10/15
Kathleen	Carson	G	10/28/2014	0.20	* C=10.25	Health Care Agency (Deferred)	08/25/15
Maria	Cervantes	G	01/08/1989	26.30		Human Services Agency	09/12/15
Janet E.	Collinge	G	11/03/2003	11.90		Health Care Agency	09/13/15
Mary C.	Crowley-Pfaff	G	11/20/2005	9.30		Health Care Agency	09/26/15
Clarice A.	Deal	G	11/04/2002	12.70		Treasurer-Tax Collector	09/02/15
Robert	Estrada, Jr.	G	02/28/1993	15.60		Health Care Agency	08/15/15
Stella	Fasulo	G	06/10/1990	24.90		Health Care Agency	09/12/15
Arthur R.	Garcia, Sr.	G	10/22/1995	19.80		Public Works	09/04/15
Ellis L.	Green	G	05/24/1992	8.30	* C=14.949	General Services Agency (Deferred)	07/03/15
Beverly A.	Jackson	G	10/28/2001	13.00		County Clerk-Recorder (Deferred)	10/01/15
Thomas R.	Johnston	G	06/07/1981	34.00	B=0.11510	Health Care Agency	09/12/15
Wendell D.	Krell	G	06/07/1981	6.20	* C=2.50	General Services Agency (Deferred)	09/01/15
Susan D.	Lapes	G	12/14/1997	17.70	B=0.11510	Resource Management Agency	09/12/15
Alicia R.	Lodstrom	G	01/30/2005	10.50		Human Services Agency	09/16/15
Roy V.	Marsh, Jr.	G	12/05/2004	10.10	* C=14.71800	Public Works	09/12/15
Thomas D.	Mashburn	G	08/26/1974	41.00		General Services Agency	09/12/15
Daniel J.	McClure	G	09/06/2005	10.00		Information Technology Services	09/12/15
Barbara A.	Michels	G	03/24/1976	27.60	A=3.47146 * C=15.209	Human Services Agency (Deferred)	09/01/15
Edward F.	Niedzwiecki	G	01/25/2009	5.00		Airports (Deferred)	09/30/15
Barbara L.	Page	G	09/03/1989	29.60	* C=2.1634 D=3.805	Air Pollution Control District	09/12/15
Leslie P.	Peterson	G	11/03/1996	18.60		Assessor	07/14/15
Delilah A.	Phelps	G	03/21/2001	12.90		Health Care Agency	09/30/15
Meloney A.	Roy	G	08/11/1996	18.50	B=0.11510	Health Care Agency	09/12/15
Yoshiye	Sakamoto	G	09/05/1976	39.40		Health Care Agency	09/25/15
Darrell L.	Siegrist	G	10/20/1985	36.60	B=0.11620 A=1.2466 D=5.29250	Resource Management Agency	09/25/15
Haydee L.	Sigler	G	06/21/1992	4.30	* C=18.828	Superior Court	08/01/15
George	Tellez	G	05/28/2002	4.60	* C=1.5850	Health Care Agency (Deferred)	08/10/15
Wendy H.	Testa	G	12/15/1996	18.40		Health Care Agency	09/25/15
Gregg J.	Willson	S	06/02/1985	30.30		Sheriff's Department	09/25/15
Wade L.	Wilson	S	04/16/1989	24.40	D=5.68040	Sheriff's Department	09/18/15
Cheryl E.	Winters	G	10/30/1988	24.80	B=0.11510	Health Care Agency	09/26/15

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

OCTOBER 2015

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	TOTAL SERVICE	OTHER SERVICE	DEPARTMENT	EFFECTIVE DATE
Robert L.	Wisma	G	07/27/1986	29.00		Animal Regulations	09/12/15

DEFERRED RETIREMENTS:

Eduardo J.	Daduya	G	09/10/2006	9.02		Sheriff's Department	09/13/2015
Celinda	Davis	G	01/02/2005	9.36		Health Care Agency	09/15/2015
Laura M.	De Merit	G	04/22/2007	8.09		Health Care Agency	09/28/2015
Ronald W.	Gray	G	03/27/2005	9.99		Public Works Agency	09/24/2015
Sally E.	Helmle	G	08/13/2006	8.04		Health Care Agency	08/30/2015
Elizabeth	Plazola-Jones	G	11/04/2002	11.88	D= 3.00		09/18/2015
George V.	Ramirez	G	05/16/1999	22.05	B=6.21600	Public Works	09/25/2015
Timothy S.	Rhyne	G	03/30/2014	1.48	* C=10.0278	Health Care Agency	09/25/2015
Kerryann	Schuette	G	01/09/2011	3.68	C=10.2120	Health Care Agency	09/12/2014
Pedro	Soltero	G	01/15/2005	10.59		Health Care Agency	09/22/2015
Ambry	Tibay	G	07/15/2007	7.74		Probation Agency	09/25/2015
Lori	Reyes	G	05/16/1994	4.76	* C=3.6666	Animal Regulation	10/07/2015

SURVIVORS' CONTINUANCES:

Victoria	Franco
Lubova	Holt
Antoinette	Mesta
Edgar	Perez

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

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Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
Company: VCERA										
Acct / Sub:	1002		00							
025659	CK	10/1/2015	122069R WELLS FARGO BANK, N.A.	04-16	020533	VO	ROLLOVER	10/1/2015	0.00	15,886.78
025660	CK	10/1/2015	122069 PAUL ESTEBAN	04-16	020534	VO	REFUND CONTRIB	10/1/2015	0.00	179.78
025661	CK	10/1/2015	121492 ANYA AGUNDEZ-CASTANED	04-16	020535	VO	REFUND CONTRIB	10/1/2015	0.00	4,782.11
025662	CK	10/1/2015	124969 LINDSAY SIMMONS	04-16	020536	VO	REFUND CONTRIB	10/1/2015	0.00	536.21
025663	CK	10/1/2015	116843 JESSICA ALVAREZ	04-16	020537	VO	REFUND CONTRIB	10/1/2015	0.00	39,895.58
025664	CK	10/1/2015	116601 YADIRA C. RUIZ	04-16	020538	VO	REFUND CONTRIB	10/1/2015	0.00	35,931.44
025665	CK	10/1/2015	123525 ANGELA NICOLE TAYLOR	04-16	020539	VO	REFUND CONTRIB	10/1/2015	0.00	4,286.75
025666	CK	10/1/2015	105738 RITA HALLETT	04-16	020540	VO	REFUND T2 COL	10/1/2015	0.00	10,184.34
025667	CK	10/1/2015	F4227 DEVEN MAY	04-16	020541	VO	PENSION PMT	10/1/2015	0.00	2,277.25
025668	CK	10/1/2015	F2640B3 MARY N. SPRAGENS	04-16	020542	VO	DEATH BENEFIT	10/1/2015	0.00	584.24
025669	CK	10/1/2015	F2747S ELEANOR L. HAWKES	04-16	020543	VO	DEATH BENEFIT	10/1/2015	0.00	13,078.06
025670	CK	10/1/2015	F3844S ANASTACIA A. TAKAHASHI	04-16	020544	VO	DEATH BENEFIT	10/1/2015	0.00	3,399.10
025671	CK	10/1/2015	124160B1 PAULA GARCIA	04-16	020545	VO	DEATH BENEFIT	10/1/2015	0.00	702.93

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025672	CK	10/1/2015	F6867B1 MARGO MURPHY	04-16	020546	VO	DEATH BENEFIT	10/1/2015	0.00	4,063.36
025673	CK	10/1/2015	F6303B1 ROBIN L. RASCHKE	04-16	020547	VO	DEATH BENEFIT	10/1/2015	0.00	5,011.45
025674	CK	10/1/2015	F5714S EDITH A. MCGLYNN	04-16	020548	VO	DEATH BENEFIT	10/1/2015	0.00	4,096.58
025675	CK	10/1/2015	102661 LORI NEMIROFF	04-16	020549	VO	TRAVEL REIMB	10/1/2015	0.00	347.14
025676	CK	10/1/2015	104238 TRACY TOWNER	04-16	020550	VO	TRAVEL REIMB	10/1/2015	0.00	139.15
025677	CK	10/1/2015	107678 DOUGLAS ARNETT	04-16	020551	VO	REIMBURSEMENT	10/1/2015	0.00	2,000.00
025678	CK	10/1/2015	107877 DAVID RODRIGUEZ	04-16	020552	VO	REIMBURSEMENT	10/1/2015	0.00	1,795.84
025679	CK	10/1/2015	124709 LINDA WEBB	04-16	020553	VO	TRAVEL REIMB	10/1/2015	0.00	228.97
025680	CK	10/1/2015	990002 ARTHUR E. GOULET	04-16	020554	VO	TRAVEL REIMB	10/1/2015	0.00	634.32
025681	CK	10/1/2015	BOFA BUSINESS CARD	04-16	020555	VO	ADMIN/PAS/IT	10/1/2015	0.00	2,848.69
025682	CK	10/1/2015	BOE BOARD OF EQUALIZATION	04-16	020556	VO	ADMIN EXP	10/1/2015	0.00	352.50
025683	CK	10/1/2015	NPEA NPEA	04-16	020557	VO	ADMIN EXP	10/1/2015	0.00	1,005.00
025684	CK	10/1/2015	OPERS PUBLIC PENSION FINANCIAL	04-16	020558	VO	ADMIN EXP	10/1/2015	0.00	400.00

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025685	CK	10/1/2015	SPRUCE SPRUCEGROVE INVESTMEN	04-16	020559	VO	INVESTMENT FEES	10/1/2015	0.00	54,758.51
025686	CK	10/1/2015	CORPORATE STAPLES ADVANTAGE	04-16	020560	VO	ADMIN EXP	10/1/2015	0.00	858.65
025687	CK	10/1/2015	VOLT VOLT	04-16	020561	VO	ADMIN EXP	10/1/2015	0.00	3,640.14
025688	CK	10/1/2015	VSG VSG HOSTING, INC	04-16	020562	VO	PAS	10/1/2015	0.00	19,500.00
025689	CK	10/7/2015	101853 MARIA CERVANTES	04-16	020563	VO	REFUND T2 COL	10/7/2015	0.00	18,144.99
025690	CK	10/7/2015	100730 THOMAS R. JOHNSTON	04-16	020564	VO	REFUND T2 COL	10/7/2015	0.00	22,350.27
025691	CK	10/7/2015	104201 SUSAN D. LAPES	04-16	020565	VO	REFUND T2 COL	10/7/2015	0.00	3,174.64
025692	CK	10/7/2015	124146 JOHN EGSON	04-16	020566	VO	REFUND CONTRIB	10/7/2015	0.00	3,880.39
025693	CK	10/7/2015	124814 VANESSA RUIZ	04-16	020567	VO	REFUND CONTRIB	10/7/2015	0.00	1,461.66
025694	CK	10/7/2015	124342R FIRST CLEARING CORP, LLC	04-16	020568	VO	ROLLOVER	10/7/2015	0.00	5,899.03
025695	CK	10/7/2015	124609 ROBYN M. HOLLAND	04-16	020569	VO	REFUND CONTRIB	10/7/2015	0.00	1,460.05
025696	CK	10/7/2015	118158 BRENDA GARVIE	04-16	020570	VO	REFUND CONTRIB	10/7/2015	0.00	32,400.21
025697	CK	10/7/2015	F5072B2 KANDI BOWEN	04-16	020571	VO	DEATH BENEFIT	10/7/2015	0.00	2,084.26
025698	CK	10/7/2015	F3334S LUBOVA HOLT	04-16	020572	VO	DEATH BENEFIT	10/7/2015	0.00	4,872.14

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025699	CK	10/7/2015	F6535B2 TODD GROENEVELD	04-16	020573	VO	DEATH BENEFIT	10/7/2015	0.00	44.04
025700	CK	10/7/2015	F1816R EDWARD JONES	04-16	020574	VO	ROLLOVER	10/7/2015	0.00	4,665.04
025701	CK	10/7/2015	F0587B1 SANDRA L. BATES	04-16	020575	VO	DEATH BEENEFIT	10/7/2015	0.00	4,414.57
025702	CK	10/7/2015	100748 CHRIS JOHNSTON	04-16	020576	VO	TRAVEL REIMB	10/7/2015	0.00	274.60
025703	CK	10/7/2015	CS&A CALIFORNIA STRATEGIES & ,	04-16	020577	VO	ADMIN EXP	10/7/2015	0.00	1,250.00
025704	CK	10/7/2015	MEGAPATH GLOBAL CAPACITY	04-16	020578	VO	IT/PAS	10/7/2015	0.00	603.63
025705	CK	10/7/2015	NEPC NEPC, LLC	04-16	020579	VO	INVESTMENT FEES	10/7/2015	0.00	70,750.00
025706	CK	10/7/2015	CORPORATE STAPLES ADVANTAGE	04-16	020580	VO	ADMIN EXP	10/7/2015	0.00	20.19
025707	CK	10/15/2015	F8711 THERESA M. RAITT	04-16	020581	VO	PENSION PMT	10/15/2015	0.00	1,024.90
025708	CK	10/15/2015	101395 ROBERT L. WISMA	04-16	020582	VO	REFUND T2 COL	10/15/2015	0.00	14,223.30
025709	CK	10/15/2015	101785 CHERYL E. WINTERS	04-16	020583	VO	REFUND T2 COL	10/15/2015	0.00	120.22
025710	CK	10/15/2015	115956 ALICIA R. LODSTROM	04-16	020584	VO	REFUND T2 COL	10/15/2015	0.00	12,475.95
025711	CK	10/15/2015	120811 ANTHONY E. HUDSON	04-16	020585	VO	REFUND CONTRIB	10/15/2015	0.00	13,747.69

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025712	CK	10/15/2015	F1710S FRANKIE B. CARDENAS	04-16	020586	VO	DEATH BENEFIT	10/15/2015	0.00	39,646.11
025713	CK	10/15/2015	F8529 EDGAR PEREZ	04-16	020587	VO	DEATH BENEFIT	10/15/2015	0.00	4,074.53
025714	CK	10/15/2015	F3218B2 SHENANDOAH MARR	04-16	020588	VO	DEATH BENEFIT	10/15/2015	0.00	1,873.99
025715	CK	10/15/2015	F8653S MARTHA BLEDSOE	04-16	020589	VO	DEATH BENEFIT	10/15/2015	0.00	3,965.88
025716	CK	10/15/2015	F5072B1 JODI L. STEVENSON	04-16	020590	VO	DEATH BENEFIT	10/15/2015	0.00	2,084.27
025717	CK	10/15/2015	124709 LINDA WEBB	04-16	020591	VO	TRAVEL REIMB	10/15/2015	0.00	333.35
025718	CK	10/15/2015	124968 DAN GALLAGHER	04-16	020592	VO	TRAVEL REIMB	10/15/2015	0.00	188.51
025719	CK	10/15/2015	990002 ARTHUR E. GOULET	04-16	020593	VO	TRAVEL REIMB	10/15/2015	0.00	251.25
025720	CK	10/15/2015	AT&T AT & T MOBILITY	04-16	020594	VO	IT	10/15/2015	0.00	307.65
025721	CK	10/15/2015	COUNTY COUNTY COUNSEL	04-16	020595	VO	ADMIN EXPENSE	10/15/2015	0.00	18,507.00
025722	CK	10/15/2015	TWC TIME WARNER CABLE	04-16	020596	VO	IT	10/15/2015	0.00	452.24
025723	CK	10/21/2015	121066R FIDELITY MANAGEMENT TR L	04-16	020597	VO	ROLLOVER	10/21/2015	0.00	4,422.15
025724	CK	10/21/2015	F0245B1R VENTURA COUNTY CREDIT L	04-16	020598	VO	ROLLOVER	10/21/2015	0.00	5,070.71
025725	CK	10/21/2015	122478R MORGAN STANLEY	04-16	020599	VO	ROLLOVER	10/21/2015	0.00	11,565.81

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025726	CK	10/21/2015	121955 YOLANDA RANGEL	04-16	020600	VO	REFUND CONTRIB	10/21/2015	0.00	8,528.60
025727	CK	10/21/2015	F6349S ANTOINETTE MESTA	04-16	020601	VO	DEATH BENEFIT	10/21/2015	0.00	3,824.30
025728	CK	10/21/2015	F2186B1 MUSA L. CUNNINGHAM	04-16	020602	VO	DEATH BENEFIT	10/21/2015	0.00	4,191.72
025729	CK	10/21/2015	F6126B1 BRIAN E. MAHONEY	04-16	020603	VO	DEATH BENEFIT	10/21/2015	0.00	337.49
025730	CK	10/21/2015	F2931B1 KELLY CARRANZA	04-16	020604	VO	DEATH BENEFIT	10/21/2015	0.00	1,260.18
025731	CK	10/21/2015	F2931B3 RONALD J. CARRANZA	04-16	020605	VO	DEATH BENEFIT	10/21/2015	0.00	1,223.13
025732	CK	10/21/2015	120128 EDWARD F. NIEDZWIECKI	04-16	020606	VO	REFUND T2 COL	10/21/2015	0.00	7,985.59
025733	CK	10/21/2015	102277 STELLA FASULO	04-16	020607	VO	REFUND T2 COL	10/21/2015	0.00	14,462.23
025734	CK	10/21/2015	990002 ARTHUR E. GOULET	04-16	020608	VO	TRAVEL REIMB	10/21/2015	0.00	39.10
025735	CK	10/21/2015	102661 LORI NEMIROFF	04-16	020609	VO	TRAVEL REIMB	10/21/2015	0.00	225.91
025736	CK	10/21/2015	990006 MICHAEL SEDELL	04-16	020610	VO	TRAVEL REIMB	10/21/2015	0.00	2,239.45
025737	CK	10/21/2015	ACCESS ACCESS INFORMATION MAN	04-16	020611	VO	ADMIN EXP	10/21/2015	0.00	320.62
025738	CK	10/21/2015	BARNEY A.B.U. COURT REPORTING, II	04-16	020612	VO	ADMIN EXP	10/21/2015	0.00	315.00

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025739	CK	10/21/2015	BOFA BUSINESS CARD	04-16	04-16	020613	VO	ADMIN/IT	10/21/2015	0.00	3,661.55
025739	VC	10/21/2015	BOFA BUSINESS CARD	04-16	04-16	020613	VO	ADMIN/IT	10/21/2015	0.00	-3,661.55
Check Total											0.00
025740	CK	10/21/2015	BROWN BROWN ARMSTRONG	04-16		020614	VO	ADMIN EXP	10/21/2015	0.00	3,277.85
025741	CK	10/21/2015	CMP CMP & ASSOCIATES, INC	04-16		020615	VO	IT	10/21/2015	0.00	16,222.50
025742	CK	10/21/2015	GFOA GOVERNMENT FINANCE	04-16		020616	VO	ADMIN EXP	10/21/2015	0.00	570.00
025743	CK	10/21/2015	HANSONBRID HANSON BRIDGETT LLP	04-16		020617	VO	LEGAL FEES	10/21/2015	0.00	2,953.20
025744	CK	10/21/2015	HEXAVEST HEXAVEST INC	04-16		020618	VO	INVESTMENT FEES	10/21/2015	0.00	90,780.28
025745	CK	10/21/2015	INTERGRATE INTEGRATED FIRE & SAFETY	04-16		020619	VO	IT	10/21/2015	0.00	250.00
025746	CK	10/21/2015	LINEA LINEA SOLUTIONS	04-16		020620	VO	IT/PAS	10/21/2015	0.00	58,037.50
025747	CK	10/21/2015	NOSSAMAN NOSSAMAN LLP	04-16		020621	VO	LEGAL FEES	10/21/2015	0.00	23,663.95
025748	CK	10/21/2015	PRUDENTIAL PRUDENTIAL INSURANCE	04-16		020622	VO	INVESTMENT FEES	10/21/2015	0.00	212,015.28
025749	CK	10/21/2015	SACRS SACRS	04-16		020623	VO	ADMIN EXP	10/21/2015	0.00	1,320.00
025750	CK	10/21/2015	SEGAL SEGAL CONSULTING	04-16		020624	VO	ACTUARY FEES	10/21/2015	0.00	29,000.00
025751	CK	10/21/2015	SHRED-IT SHRED-IT USA	04-16		020625	VO	ADMIN EXP	10/21/2015	0.00	130.40

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 Report: 03630.rpt
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
025752	CK	10/21/2015	CORPORATE STAPLES ADVANTAGE	04-16	020626	VO	ADMIN EXP	10/21/2015	0.00	1,024.65
025753	CK	10/21/2015	VOLT VOLT	04-16	020627	VO	ADMIN EXP	10/21/2015	0.00	4,455.81
025754	CK	10/22/2015	BOFA BUSINESS CARD	04-16	020613	VO	ADMIN/IT	10/21/2015	0.00	3,661.55
025754	CK	10/22/2015	BOFA BUSINESS CARD	04-16	020628	AD	VOID	10/21/2015	0.00	-3,661.55
025754	CK	10/22/2015	BOFA BUSINESS CARD	04-16	020629	VO	ADMIN/IT	10/22/2015	0.00	3,660.82
Check Total										3,660.82
025755	CK	10/29/2015	MF M.F. DAILY CORPORATION	04-16	020650	VO	ADMIN EXP	10/29/2015	0.00	16,611.72
025756	CK	10/29/2015	ADP ADP, LLC	04-16	020651	VO	ADMIN EXP	10/29/2015	0.00	12,220.60
025757	CK	10/29/2015	DELL DELL BUSINESS CREDIT	04-16	020652	VO	IT	10/29/2015	0.00	49,882.69
025758	CK	10/29/2015	IFEBP INT'L FOUNDATION OF EMPL	04-16	020653	VO	ADMIN EXP	10/29/2015	0.00	1,400.00
025759	CK	10/29/2015	LOOMIS LOOMIS, SAYLES & CO., LP	04-16	020654	VO	INVESTMENT FEES	10/29/2015	0.00	181,048.50
025760	CK	10/29/2015	PBI PENSION BENEFIT INFORMA	04-16	020655	VO	ADMIN EXP	10/29/2015	0.00	750.00
025761	CK	10/29/2015	SBS SBS GROUP	04-16	020656	VO	IT	10/29/2015	0.00	87.50
025762	CK	10/29/2015	VITECH VITECH SYSTEMS GROUP, IN	04-16	020657	VO	PAS	10/29/2015	0.00	464,336.00
025763	CK	10/29/2015	VOLT VOLT	04-16	020658	VO	ADMIN EXP	10/29/2015	0.00	2,945.81

Date: Thursday, November 12, 2015
 Time: 01:34PM
 User: 103745

Ventura County Retirement Assn
Check Register - Standard
 Period: 04-16 As of: 11/12/2015

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 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
025764	CK	10/29/2015	CVMP COUNTY OF VENTURA	04-16	020630	VO	INSURANCE	10/29/2015	0.00	615,637.96
025765	CK	10/29/2015	CALPERS CALPERS LONG-TERM	04-16	020631	VO	INSURANCE	10/29/2015	0.00	20,901.72
025766	CK	10/29/2015	VCDSA VENTURA COUNTY DEPUTY	04-16	020632	VO	INSURANCE	10/29/2015	0.00	245,968.76
025767	CK	10/29/2015	VCPFF VENTURA COUNTY PROFES	04-16	020633	VO	INSURANCE	10/29/2015	0.00	71,174.12
025768	CK	10/29/2015	VRSD VENTURA REGIONAL	04-16	020634	VO	INSURANCE	10/29/2015	0.00	7,926.64
025769	CK	10/29/2015	VSP VISION SERVICE PLAN - (CA)	04-16	020635	VO	INSURANCE	10/29/2015	0.00	10,181.56
025770	CK	10/29/2015	SEIU SEIU LOCAL 721	04-16	020636	VO	DUES	10/29/2015	0.00	379.50
025771	CK	10/29/2015	REAVC RETIRED EMPLOYEES' ASSO	04-16	020637	VO	DUES	10/29/2015	0.00	4,297.50
025772	CK	10/29/2015	FTBCA3 FRANCHISE TAX BOARD	04-16	020638	VO	GARNISHMENT	10/29/2015	0.00	137.26
025773	CK	10/29/2015	IRS6 INTERNAL REVENUE SERVIC	04-16	020639	VO	GARNISHMENT	10/29/2015	0.00	321.00
025774	CK	10/29/2015	CA SDU CALIFORNIA STATE	04-16	020640	VO	CRT ORDERED PMT	10/29/2015	0.00	1,052.47
025775	CK	10/29/2015	CHILD5 STATE DISBURSEMENT UNIT	04-16	020641	VO	CRT ORDERED PMT	10/29/2015	0.00	511.00
025776	CK	10/29/2015	CHILD9 SHERIDA SEGALL	04-16	020642	VO	CRT ORDERED PMT	10/29/2015	0.00	260.00
025777	CK	10/29/2015	CHILD21 OREGON DEPT OF JUSTICE	04-16	020643	VO	CRT ORDERED PMT	10/29/2015	0.00	171.74

Date: Thursday, November 12, 2015
 Time: 01:34PM
 User: 103745

Ventura County Retirement Assn
Check Register - Standard
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Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
025778	CK	10/29/2015	SPOUSE2 KELLY SEARCY	04-16	020644	VO	CRT ORDERED PMT	10/29/2015	0.00	1,874.00
025779	CK	10/29/2015	SPOUSE3 ANGELINA ORTIZ	04-16	020645	VO	CRT ORDERED PMT	10/29/2015	0.00	250.00
025780	CK	10/29/2015	SPOUSE4 CATHY C. PEET	04-16	020646	VO	CRT ORDERED PMT	10/29/2015	0.00	550.00
025781	CK	10/29/2015	SPOUSE5 SUZANNA CARR	04-16	020647	VO	CRT ORDERED PMT	10/29/2015	0.00	829.00
025782	CK	10/29/2015	SPOUSE6 BARBARA JO GREENE	04-16	020648	VO	CRT ORDERED PMT	10/29/2015	0.00	675.00
025783	CK	10/29/2015	SPOUSE7 MARIA G. SANCHEZ	04-16	020649	VO	CRT ORDERED PMT	10/29/2015	0.00	104.00

Check Count: 126

Acct Sub Total: 2,750,291.70

Check Type	Count	Amount Paid
Regular	125	2,753,953.25
Hand	0	0.00
Electronic Payment	0	0.00
Void	1	-3,661.55
Stub	0	0.00
Zero	0	0.00
Mask	0	0.00
Total:	126	2,750,291.70

Company Disc Total	0.00	Company Total	2,750,291.70
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VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015 (UNAUDITED)

ASSETS

CASH & CASH EQUIVALENTS	\$166,343,309
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RECEIVABLES

EMPLOYER/EMPLOYEE CONTRIBUTIONS	142
ACCRUED INTEREST AND DIVIDENDS	3,472,770
SECURITY SALES	56,727,233
MISCELLANEOUS	3,649
TOTAL RECEIVABLES	60,203,794

INVESTMENTS AT FAIR VALUE

DOMESTIC EQUITY SECURITIES	121,919,180
DOMESTIC EQUITY INDEX FUNDS	1,114,042,614
INTERNATIONAL EQUITY SECURITIES	321,676,915
INTERNATIONAL EQUITY INDEX FUNDS	230,128,039
GLOBAL EQUITY	397,821,094
PRIVATE EQUITY	144,500,310
DOMESTIC FIXED INCOME - CORE PLUS	619,176,817
DOMESTIC FIXED INCOME - U.S. INDEX	140,941,338
GLOBAL FIXED INCOME	280,391,863
REAL ESTATE	351,454,664
ALTERNATIVES	362,668,073
CASH OVERLAY - CLIFTON	1,737
TOTAL INVESTMENTS	4,084,722,645

CAPITAL ASSET - SOFTWARE DEVELOPMENT	9,426,005
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TOTAL ASSETS	4,320,695,753
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LIABILITIES

SECURITY PURCHASES PAYABLE	90,486,704
ACCOUNTS PAYABLE	1,971,484
PREPAID CONTRIBUTIONS	130,089,650

TOTAL LIABILITIES	222,547,838
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NET POSITION RESTRICTED FOR PENSIONS	\$4,098,147,915
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**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015 (UNAUDITED)**

ADDITIONS

CONTRIBUTIONS

EMPLOYER	\$34,944,786
EMPLOYEE	13,966,818
TOTAL CONTRIBUTIONS	48,911,604

INVESTMENT INCOME

NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	(276,183,393)
INTEREST INCOME	3,960,500
DIVIDEND INCOME	17,362,373
REAL ESTATE OPERATING INCOME, NET	4,031,165
SECURITY LENDING INCOME	38,109
TOTAL INVESTMENT INCOME	(250,791,246)

LESS INVESTMENT EXPENSES

MANAGEMENT & CUSTODIAL FEES	3,583,354
SECURITIES LENDING BORROWER REBATES	10,201
SECURITIES LENDING MANAGEMENT FEES	11,417
TOTAL INVESTMENT EXPENSES	3,604,971

NET INVESTMENT INCOME	(254,396,217)
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TOTAL ADDITIONS	(205,484,613)
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DEDUCTIONS

BENEFIT PAYMENTS	58,767,300
MEMBER REFUNDS	845,523
ADMINISTRATIVE EXPENSES	1,549,837
TOTAL DEDUCTIONS	61,162,660

NET INCREASE/(DECREASE)	(266,647,273)
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NET POSITION RESTRICTED FOR PENSIONS

BEGINNING OF YEAR	4,364,795,188
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ENDING BALANCE	\$4,098,147,915
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VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENTS AND CASH EQUIVALENTS
SEPTEMBER 30, 2015 (UNAUDITED)

EQUITY

DOMESTIC EQUITY

WESTERN ASSET INDEX PLUS	\$121,919,180	\$11,908,676
TOTAL DOMESTIC EQUITY	121,919,180	11,908,676

DOMESTIC INDEX FUNDS

BLACKROCK - US EQUITY MARKET	1,070,309,612	0
BLACKROCK - EXTENDED EQUITY	43,733,003	1
TOTAL EQUITY INDEX FUNDS	1,114,042,614	1

INTERNATIONAL EQUITY

SPRUCEGROVE	161,094,129	0
HEXAVEST	74,816,577	0
WALTER SCOTT	85,766,209	0
TOTAL INTERNATIONAL EQUITY	321,676,915	0

INTERNATIONAL INDEX FUNDS

BLACKROCK - ACWIXUS	230,128,039	0
TOTAL INTERNATIONAL INDEX FUNDS	230,128,039	0

GLOBAL EQUITY

GRANTHAM MAYO AND VAN OTTERLOO (GMO)	190,343,844	0
BLACKROCK - GLOBAL INDEX	207,477,250	0
TOTAL GLOBAL EQUITY	397,821,094	0

PRIVATE EQUITY

ADAMS STREET	87,461,022	0
PANTHEON	13,658,831	0
HARBOURVEST	43,380,457	0
TOTAL PRIVATE EQUITY	144,500,310	0

FIXED INCOME

DOMESTIC

LOOMIS SAYLES AND COMPANY	67,312,152	3,595,308
REAMS	284,414,281	17,743
WESTERN ASSET MANAGEMENT	267,450,384	2,078,457
TOTAL DOMESTIC	619,176,817	5,691,509

DOMESTIC INDEX FUNDS

BLACKROCK - US DEBT INDEX	140,941,338	0
TOTAL DOMESTIC INDEX FUNDS	140,941,338	0

GLOBAL

LOOMIS SAYLES AND COMPANY	89,092,585	0
LOOMIS ALPHA	42,014,133	0
PIMCO	149,285,145	(506,665)
TOTAL GLOBAL	280,391,863	(506,665)

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENTS AND CASH EQUIVALENTS
SEPTEMBER 30, 2015 (UNAUDITED)

REAL ESTATE		
PRUDENTIAL REAL ESTATE	120,621,253	0
RREEF	4,197,651	0
UBS REALTY	226,635,760	0
TOTAL REAL ESTATE	351,454,664	0
 ALTERNATIVES		
BRIDGEWATER	263,193,000	0
TORTOISE (MLP's)	99,475,073	3,794,387
TOTAL ALTERNATIVES	362,668,073	3,794,387
 CASH OVERLAY - CLIFTON GROUP	 1,737	 140,020,701
IN HOUSE CASH		5,434,700
TOTAL INVESTMENTS AND CASH	\$4,084,722,645	\$166,343,309

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF INVESTMENT MANAGEMENT FEES
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015**

EQUITY MANAGERS

DOMESTIC

BLACKROCK - US EQUITY	\$58,504
BLACKROCK - EXTENDED EQUITY	4,615
WESTERN ASSET INDEX PLUS	64,004
TOTAL	127,123

INTERNATIONAL

BLACKROCK - ACWIXUS	21,785
SPRUCEGROVE	165,170
HEXAVEST	90,780
WALTER SCOTT	200,785
TOTAL	478,520

GLOBAL

GRANTHAM MAYO VAN OTTERLOO (GMO)	303,267
BLACKROCK - GLOBAL INDEX	60,869
TOTAL	364,136

PRIVATE EQUITY

ADAMS STREET	363,847
HARBOURVEST	152,755
PANTHEON	149,897
TOTAL	666,499

FIXED INCOME MANAGERS

DOMESTIC

BLACKROCK - US DEBT INDEX	24,034
LOOMIS, SAYLES AND COMPANY	70,799
REAMS ASSET MANAGEMENT	125,405
WESTERN ASSET MANAGEMENT	125,941
TOTAL	346,179

GLOBAL

LOOMIS, SAYLES AND COMPANY	67,480
LOOMIS ALPHA	42,769
PIMCO	104,703
TOTAL	214,953

REAL ESTATE

PRUDENTIAL REAL ESTATE ADVISORS	218,016
RREEF	9,846
UBS REALTY	533,465
TOTAL	761,327

ALTERNATIVES

BRIDGEWATER	265,874
TORTOISE	160,466
TOTAL	426,339

CASH OVERLAY - CLIFTON

36,329

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF INVESTMENT MANAGEMENT FEES
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015

SECURITIES LENDING	
BORROWERS REBATE	10,201
MANAGEMENT FEES	11,417
TOTAL	21,617
OTHER	
INVESTMENT CONSULTANT	70,750
INVESTMENT CUSTODIAN	91,199
TOTAL	161,949
TOTAL INVESTMENT MANAGMENT FEES	\$3,604,971

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BUDGET SUMMARY FISCAL YEAR 2015-2016
October 2015 - 33.33% of Fiscal Year Expended

<u>EXPENDITURE DESCRIPTIONS</u>	<u>Adopted 2015/2016 Budget</u>	<u>Adjusted 2015/2016 Budget</u>	<u>Oct-15</u>	<u>Year to Date Expended</u>	<u>Available Balance</u>	<u>Percent Expended</u>
Salaries & Benefits:						
Salaries	\$ 2,322,000.00	\$ 2,322,000.00	\$ 246,048.78	\$ 661,470.79	\$ 1,660,529.21	28.49%
Extra-Help	50,000.00	50,000.00	11,041.76	26,810.60	23,189.40	53.62%
Overtime	3,000.00	3,000.00	0.00	101.99	2,898.01	3.40%
Supplemental Payments	70,800.00	70,800.00	7,122.86	19,410.56	51,389.44	27.42%
Vacation Redemption	111,400.00	111,400.00	5,077.71	13,070.26	98,329.74	11.73%
Retirement Contributions	427,700.00	427,700.00	43,340.96	121,586.44	306,113.56	28.43%
OASDI Contributions	139,800.00	139,800.00	13,068.68	38,547.74	101,252.26	27.57%
FICA-Medicare	36,400.00	36,400.00	3,698.91	9,926.09	26,473.91	27.27%
Retiree Health Benefit	8,700.00	8,700.00	723.60	3,618.00	5,082.00	41.59%
Group Health Insurance	201,000.00	201,000.00	21,384.00	59,598.91	141,401.09	29.65%
Life Insurance/Mgmt	1,100.00	1,100.00	128.02	355.77	744.23	32.34%
Unemployment Insurance	2,900.00	2,900.00	299.58	803.98	2,096.02	27.72%
Management Disability Insurance	18,000.00	18,000.00	2,781.72	5,751.35	12,248.65	31.95%
Worker' Compensation Insurance	18,700.00	18,700.00	1,920.46	5,157.95	13,542.05	27.58%
401K Plan Contribution	47,500.00	47,500.00	5,007.73	13,368.28	34,131.72	28.14%
Transfers In	103,400.00	103,400.00	7,824.98	35,046.46	68,353.54	33.89%
Transfers Out	(103,400.00)	(103,400.00)	(7,824.98)	(35,046.46)	(68,353.54)	33.89%
Total Salaries & Benefits	\$ 3,459,000.00	\$ 3,459,000.00	\$ 361,644.77	\$ 979,578.71	\$ 2,479,421.29	28.32%
Services & Supplies:						
Telecommunication Services - ISF	\$ 36,500.00	\$ 36,500.00	\$ 3,109.46	\$ 10,897.33	\$ 25,602.67	29.86%
General Insurance - ISF	12,500.00	12,500.00	0.00	0.00	12,500.00	0.00%
Office Equipment Maintenance	2,000.00	2,000.00	0.00	0.00	2,000.00	0.00%
Membership and Dues	10,400.00	10,400.00	1,970.00	6,670.00	3,730.00	64.13%
Education Allowance	10,000.00	10,000.00	3,795.84	3,795.84	6,204.16	37.96%
Cost Allocation Charges	17,000.00	17,000.00	0.00	0.00	17,000.00	0.00%
Printing Services - Not ISF	4,300.00	4,300.00	0.00	376.26	3,923.74	8.75%
Books & Publications	2,500.00	2,500.00	0.00	50.00	2,450.00	2.00%
Office Supplies	20,000.00	20,000.00	1,944.49	4,739.31	15,260.69	23.70%
Postage & Express	60,000.00	60,000.00	4,165.00	4,298.30	55,701.70	7.16%
Printing Charges - ISF	13,300.00	13,300.00	0.00	0.00	13,300.00	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	1,400.00	3,200.00	8,800.00	26.67%
Professional Services	1,002,300.00	1,002,300.00	92,101.00	289,306.37	712,993.63	28.86%
Storage Charges	4,500.00	4,500.00	320.62	1,013.86	3,486.14	22.53%
Equipment	5,000.00	5,000.00	0.00	0.00	5,000.00	0.00%
Office Lease Payments	205,200.00	205,200.00	16,611.72	66,446.88	138,753.12	32.38%
Private Vehicle Mileage	10,000.00	10,000.00	2,179.07	3,734.87	6,265.13	37.35%
Conference, Seminar and Travel	100,000.00	100,000.00	11,459.23	20,781.01	79,218.99	20.78%
Furniture	24,000.00	24,000.00	0.00	0.00	24,000.00	0.00%
Facilities Charges	6,900.00	6,900.00	250.00	325.00	6,575.00	4.71%
Judgement & Damages	0.00	0.00	0.00	1,838.57	(1,838.57)	#DIV/0!
Transfers In	10,900.00	10,900.00	826.89	3,703.47	7,196.53	33.98%
Transfers Out	(10,900.00)	(10,900.00)	(826.89)	(3,703.47)	(7,196.53)	33.98%
Total Services & Supplies	\$ 1,564,900.00	\$ 1,564,900.00	\$ 139,306.43	\$ 417,473.60	\$ 1,147,426.40	26.68%
Total Sal, Ben, Serv & Supp	\$ 5,023,900.00	\$ 5,023,900.00	\$ 500,951.20	\$ 1,397,052.31	\$ 3,626,847.69	27.81%
Technology:						
Computer Hardware	\$ 91,600.00	\$ 91,600.00	\$ 50,016.74	52,181.11	\$ 39,418.89	56.97%
Computer Software	204,400.00	204,400.00	533.20	9,488.94	194,911.06	4.64%
Systems & Application Support	693,100.00	693,100.00	52,720.50	171,760.03	521,339.97	24.78%
Pension Administration System	2,660,500.00	2,660,500.00	512,846.00	1,025,127.75	1,635,372.25	38.53%
Total Technology	\$ 3,649,600.00	\$ 3,649,600.00	\$ 616,116.44	\$ 1,258,557.83	\$ 2,391,042.17	34.48%
Contingency	\$ 812,400.00	\$ 812,400.00	\$ -	\$ -	\$ 812,400.00	0.00%
Total Current Year	\$ 9,485,900.00	\$ 9,485,900.00	\$ 1,117,067.64	\$ 2,655,610.14	\$ 6,830,289.86	28.00%



Ventura County Employees' Retirement Association

November 16, 2015

Veronica A. Amici

Travis M. Carr, CFA



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- II. Core Full Review
- III. Index Plus Review
- IV. Investment Outlook
- V. Appendix

Organizational Update

Western Asset Management

*Western Asset is a global investment management firm committed to
understanding the needs of each client,
identifying investment solutions and
delivering superior long-term investment results*

Global Breadth and Local Depth

September 30, 2015

Total AUM: \$446.1 billion

8 Countries

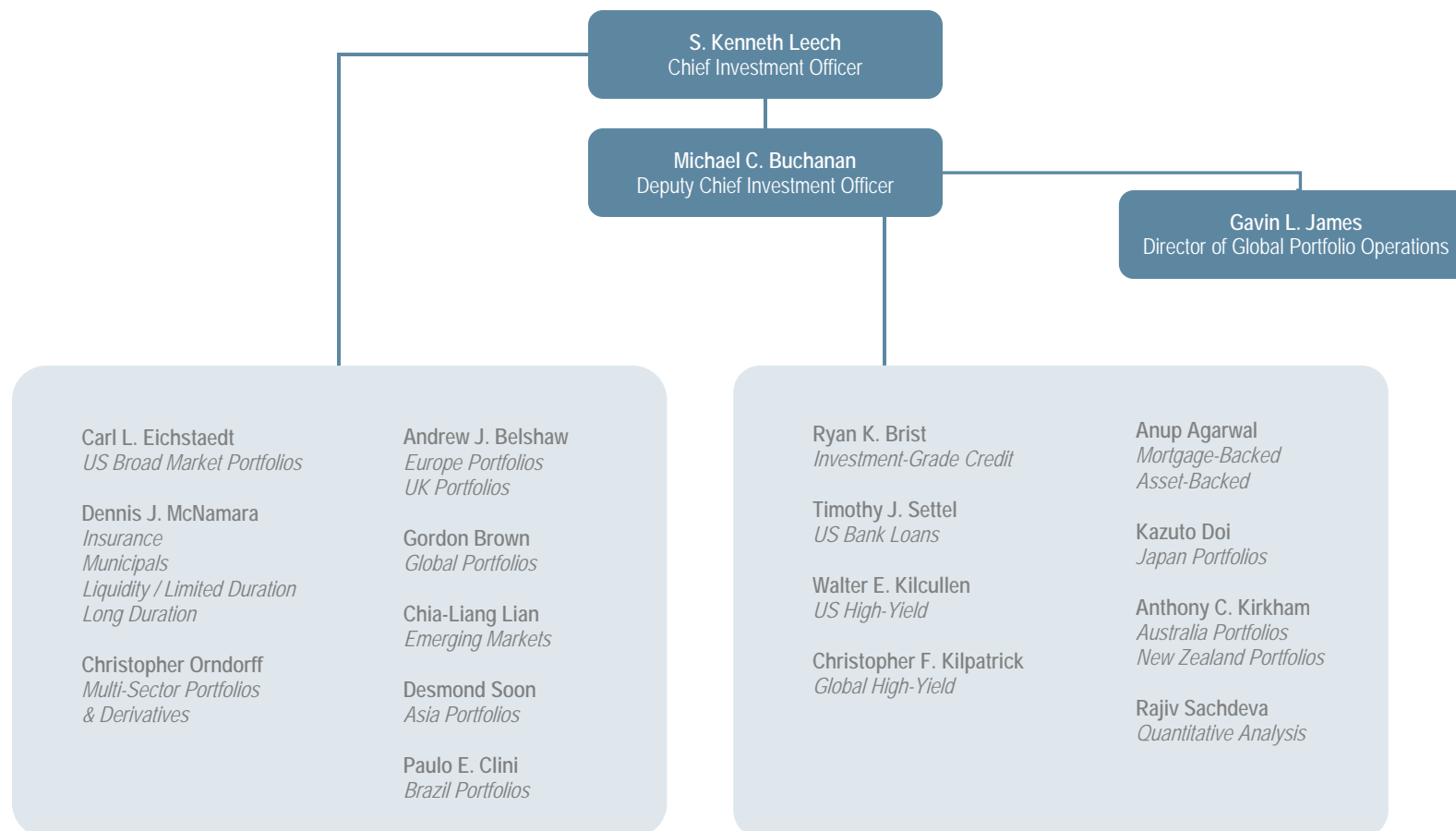
Total Staff: 827



Assets under management in USD (billions)

*Splits time between Hong Kong and Singapore offices

Investment Management Organization*



As of 30 Sep 15

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

Committed to Excellence in Client Service

Representative Client List

Corporate	Public	Multi-Employer / Union	Eleemosynary
AGL Resources, Inc.	Arkansas Local Police and Fire Retirement System	1199 SEIU Health Care Employees Pension Fund	Abilene Christian University
Alcoa Inc.	Baltimore County (MD) Employees Retirement System	Alaska Electrical Trust Funds	Baha'i World Centre
Allergan, Inc.	California State Teachers' Retirement System	Automotive Machinists Pension Trust	Bill & Melinda Gates Foundation Trust
Alliant Techsystems Inc.	City of Grand Rapids	Bert Bell / Pete Rozelle NFL Player Retirement Plan	Creighton University
Allied Domecq Pension Fund	City of Orlando	Boilermaker Blacksmith National Pension Trust	Domestic & Foreign Missionary Society ECUSA
American Cast Iron Pipe Company	compenswiss	Carpenters District Council of Kansas City	E. Rhodes & Leona B. Carpenter Foundation
ArcelorMittal USA Inc.	East Bay Municipal Utility District	Directors Guild of America-Producer Pension and Health Plans (DGA - PPHP)	Indiana University
AT&T Investment Management Corporation	Employees' Retirement System of the State of Rhode Island	Heating, Piping and Refrigeration Local 602 Pension Fund	Saint Louis University
Atmos Energy Corporation	Fife Council Pension Fund	Heavy & General Laborers' Locals 472/172	Salk Institute for Biological Studies
Bayer Corporation	Fresno County Employees' Retirement Association	IBEW Local 25	San Francisco Foundation
Campbell Soup Company	Gloucestershire County Council	IUOE Employers Construction Industry Retirement Plan, Locals 302 and 612	United Negro College Fund
Chrysler LLC	Government of Bermuda Public Funds	Iron Workers Local #11 Benefit Funds	University of Southern California
Clark Enterprises, Inc.	Hampshire County Council	Line Construction Benefit Fund	University of Wisconsin Foundation
Consolidated Edison Company Of New York, Inc.	Indiana State Treasurer's Office	Major League Baseball Players Benefit Plan	Voelcker Foundation
Consolidated Rail Corporation	Iowa Public Employees' Retirement System	National Asbestos Workers	Washington College
Energy Transfer Partners LP	Kansas Public Employees Retirement System	National Education Association of the United States	Washington State University
FairPoint Communications, Inc.	Los Angeles County Employees Retirement Association	New England Healthcare Employees Union, District 1199, AFL-CIO	Insurance
Flowers Foods	Marin County Employees' Retirement Association	Operating Engineers Local #428 Trust Funds	AAA of Northern California, Nevada, & Utah
Graphic Packaging International Incorporated	Minnesota State Board of Investment	Retail Wholesale & Department Store Union	American Contractors Insurance Group
Hawaiian Telcom	New Jersey Transit	Screen Actors Guild - Producers Pension Plan	Anthem, Inc.
Highbury Pacific Capital Corp.	North Dakota State Investment Board	Southern Nevada Culinary & Bartenders Pension Trust Fund	Blue Cross Blue Shield of Massachusetts
International Paper Company	Ohio Police & Fire Pension Fund	UAU Local No. 290 Plumber, Steamfitter & Shipfitter Industry Pension Trust	Catalina Holdings (Bermuda) Ltd
John Lewis Partnership Pensions Trust	Orange County Transportation Authority	United Food and Commercial Workers Union Local 919	Great-West Life & Annuity Insurance Company
Lennox International, Inc.	Oregon Investment Council	Western Washington Laborers Employers Pension Trust	Health Care Service Corporation
Macy's, Inc.	Phoenix City Employees' Retirement System	Healthcare	Maryland Automobile Insurance Fund
National Grid USA	Public Employee Retirement System of Idaho	Abington Memorial Hospital	Oil Investment Corporation Ltd.
Nestle USA, Inc.	Public School Teachers' Pension and Retirement Fund of Chicago	Ascension Investment Management	United Services Automobile Association
Nisource, Inc.	Salt River Project Agricultural Improvement and Power District	Baptist Healthcare System, Inc.	Sub-Advisory
PCS Administration (USA), Inc.	School Employees Retirement System of Ohio	Baylor Scott & White Holdings	AXA
Pensioenfond Horeca & Catering	Seattle City Employees Retirement System	Catholic Health Initiatives	Cathay Securities Investment Trust
PPG Industries	State of Ohio Bureau of Workers Compensation	Children's Hospital of New Orleans	Commonfund
Southern California Edison	Surrey County Council	CHRISTUS Health	DIAM Co., Ltd.
Stichting Pensioenfond DSM-Nederland	Tennessee Valley Authority	Kaiser Permanente	GuideStone Capital Management, LLC
The Dun & Bradstreet Corporation	Ventura County Employees' Retirement Association	Lehigh Valley Hospital	Legg Mason, Inc.
ThyssenKrupp North America, Inc.	Virginia Retirement System	NorthShore University HealthSystem	Morgan Stanley
Unilever United States, Inc.	Washington Metro Area Transit Authority	Pinnacle Health System	Reliance Standard Life Insurance Company
Unisys Corporation	Wichita (KS) Retirement Systems	Sisters of Charity of St. Augustine Health System, Inc.	Russell Investment Group
Vidanova Pension Management	Wyoming Retirement System	St. George Corporation	SEI Investments Management Corporation
			Shinko Asset Management Co., Ltd.
			Sumitomo Mitsui Asset Management Company, Limited

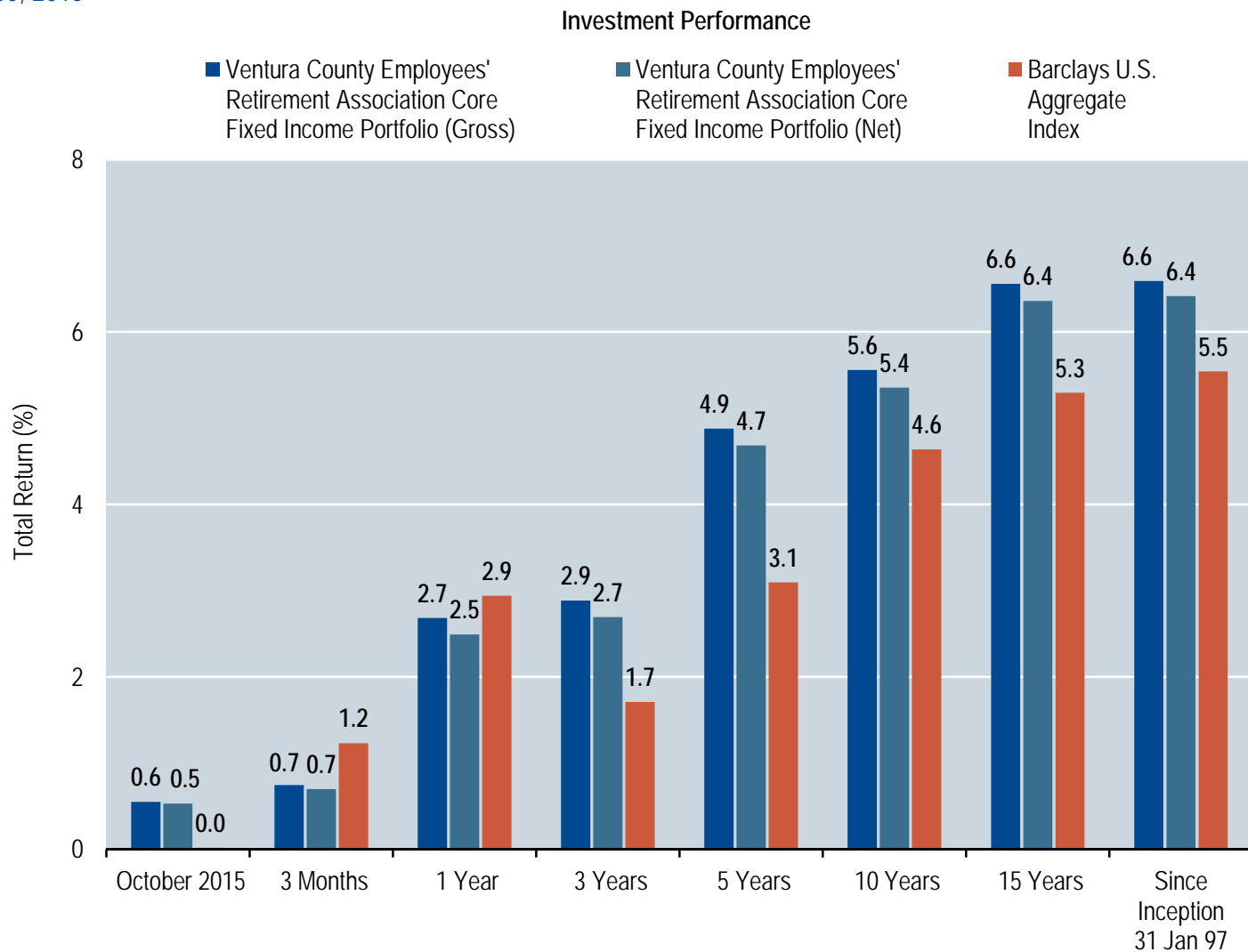
As of 30 Sep 15. Please see the Representative Client List Disclosure in the Appendix for more information. All have authorized the use of their names by Western Asset for marketing purposes. Such authorization does not imply approval, recommendation or otherwise of Western Asset or the advisory services provided.

Core Full Review

Investment Results

Ventura County Employees' Retirement Association Core Fixed Income Portfolio

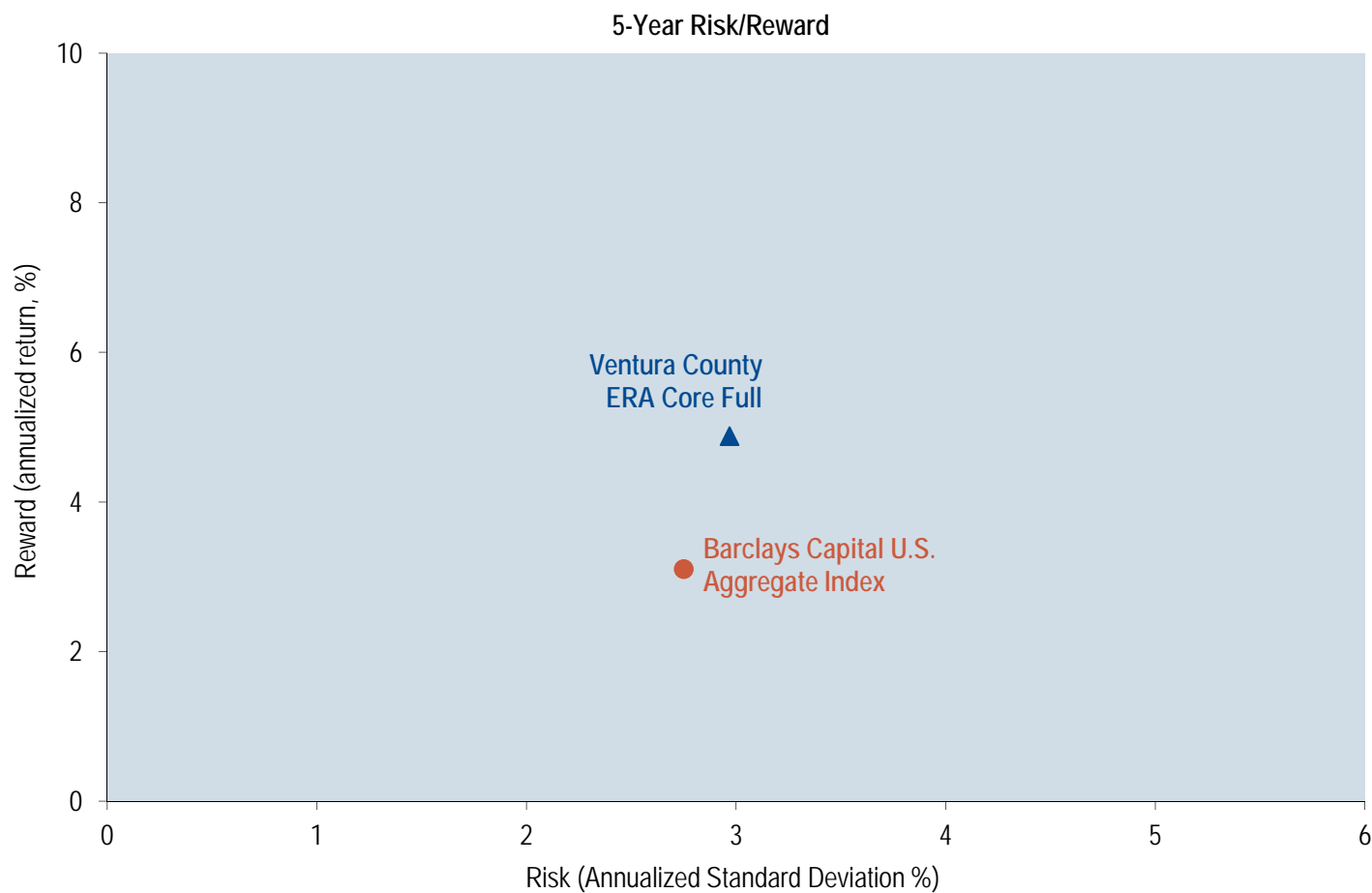
September 30, 2015



As of 30 Sep 15. Returns for periods greater than one year are annualized. Returns since inception are as of the indicated close of business day.

Investment Results

September 30, 2015

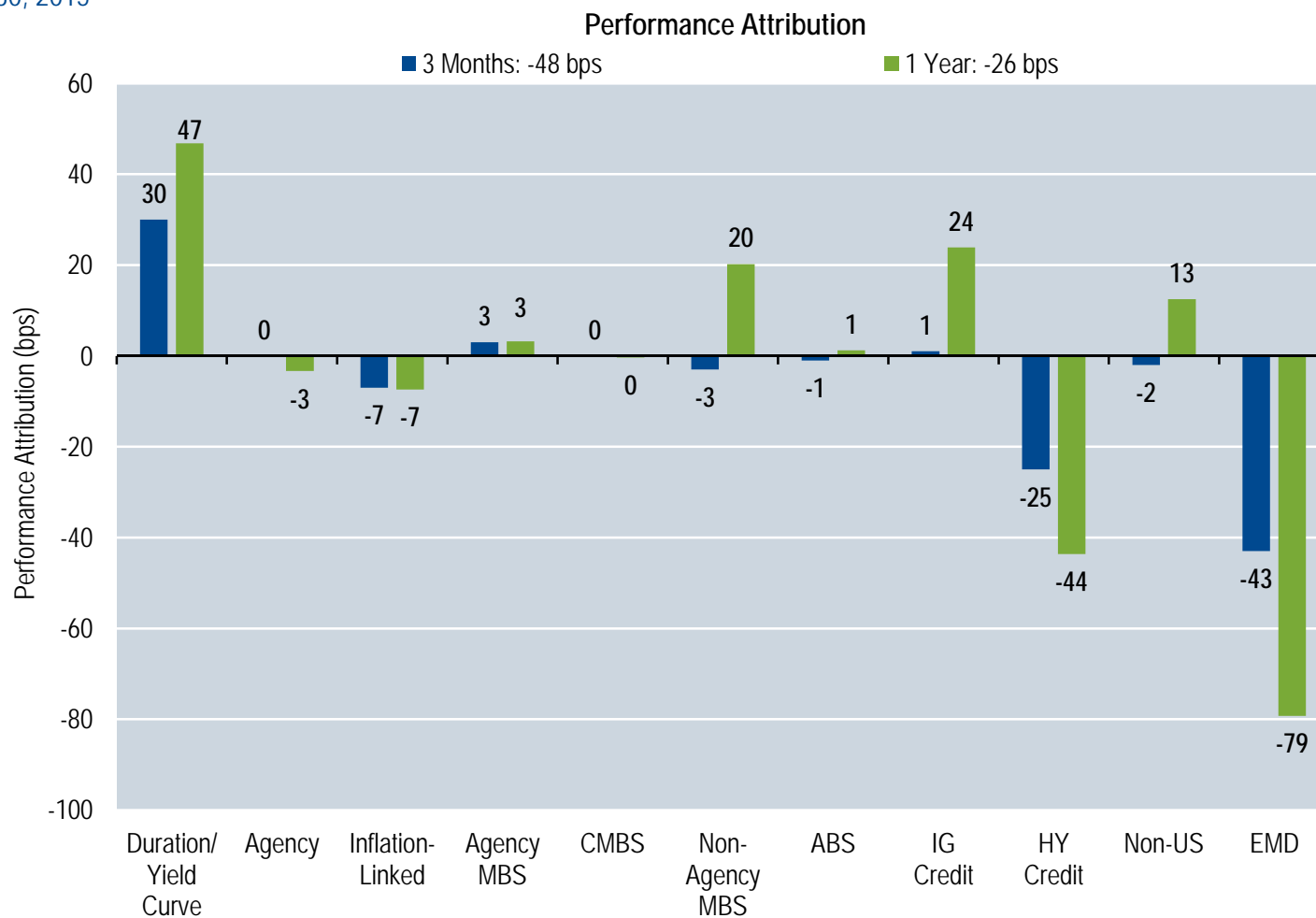


Source: Western Asset. As of 30 Sep 15. Performance shown is gross of fees. The account's actual return will be reduced by those fees and any other expenses chargeable to the account. The fee schedule for this strategy may be found in Part 2 of Western Asset's Form ADV. As fees are deducted quarterly, the compounding effect will be to increase the impact of the fees by an amount directly related to the gross account performance. For example, on an account with a 1% annual fee, if the gross performance were 10%, the compounding effect of the fees would result in a net performance of approximately 8.93%. Returns for periods greater than one year are annualized. Returns since inception are as of the indicated close of business day.

Attribution Analysis

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

September 30, 2015

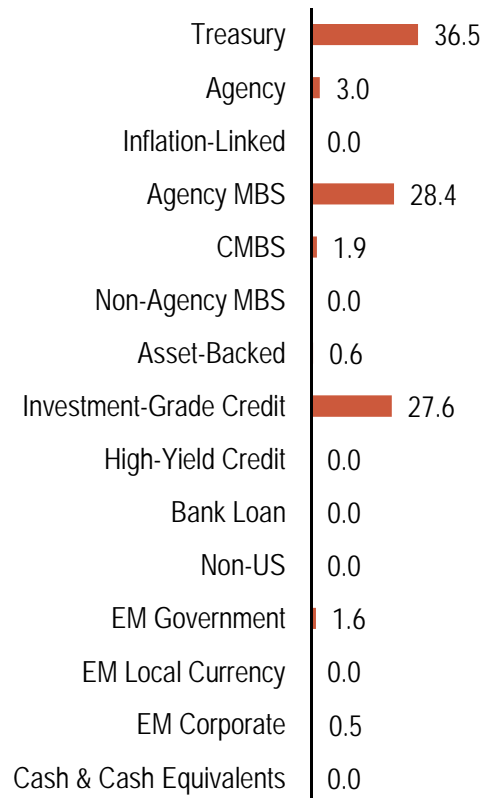


Western Asset believes that attribution is not a hard science, but rather a means of evaluating strategies to determine their relative impact on overall portfolio performance. The intent of the manager, therefore, is critical in the evaluation of different strategies, and the return attribution for any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

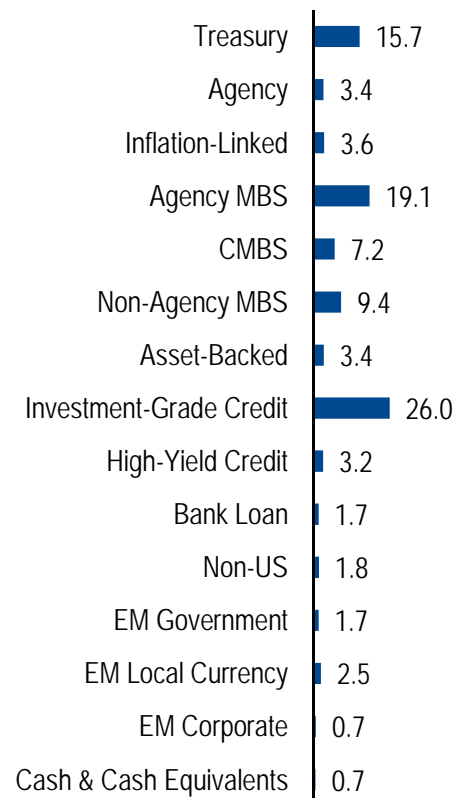
Sector Exposure

September 30, 2015

Barclays U.S. Aggregate Index (%)
Yield: 2.31



Ventura County ERA Core Fixed Income (%)
Yield: 3.52



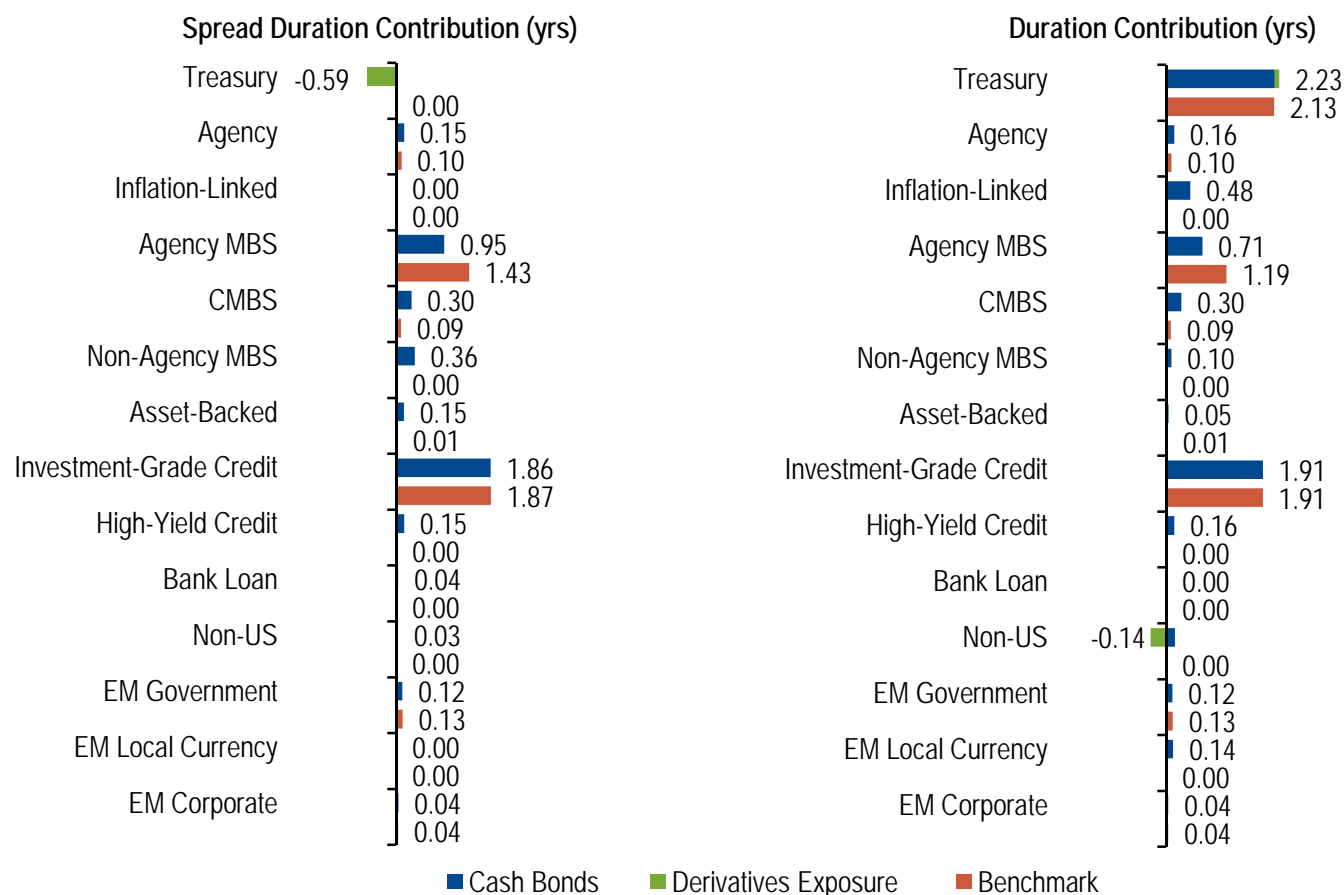
Note: Sector exposure includes look-through to any underlying commingled vehicles if held. All weightings are a percentage of total market value. A negative cash position may be reported, which is primarily due to the portfolio's unsettled trade activity. Data may not sum to 100% due to rounding.

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

Sector Exposure

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

September 30, 2015



Total Spread Duration

Portfolio: 3.57
Benchmark: 3.67

Total Duration

Portfolio: 6.25
Benchmark: 5.59

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

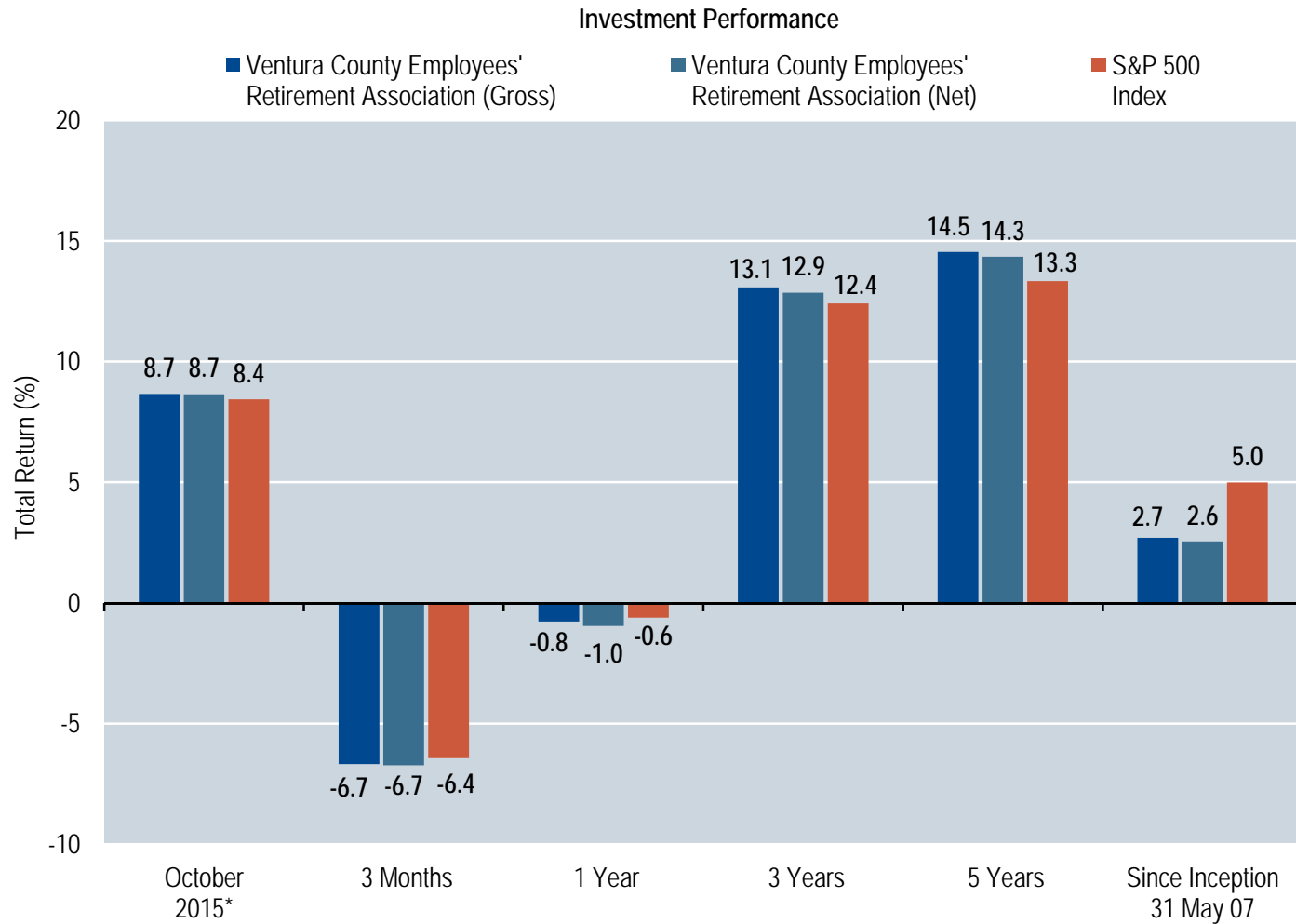
The benchmark does not provide an allocation to the "Emerging Markets" sector. The emerging market sector allocation shown for the benchmark above is based on Western Asset's emerging market countries definition for comparison purposes.

Index Plus Review

Investment Results

Ventura County Employees' Retirement Association

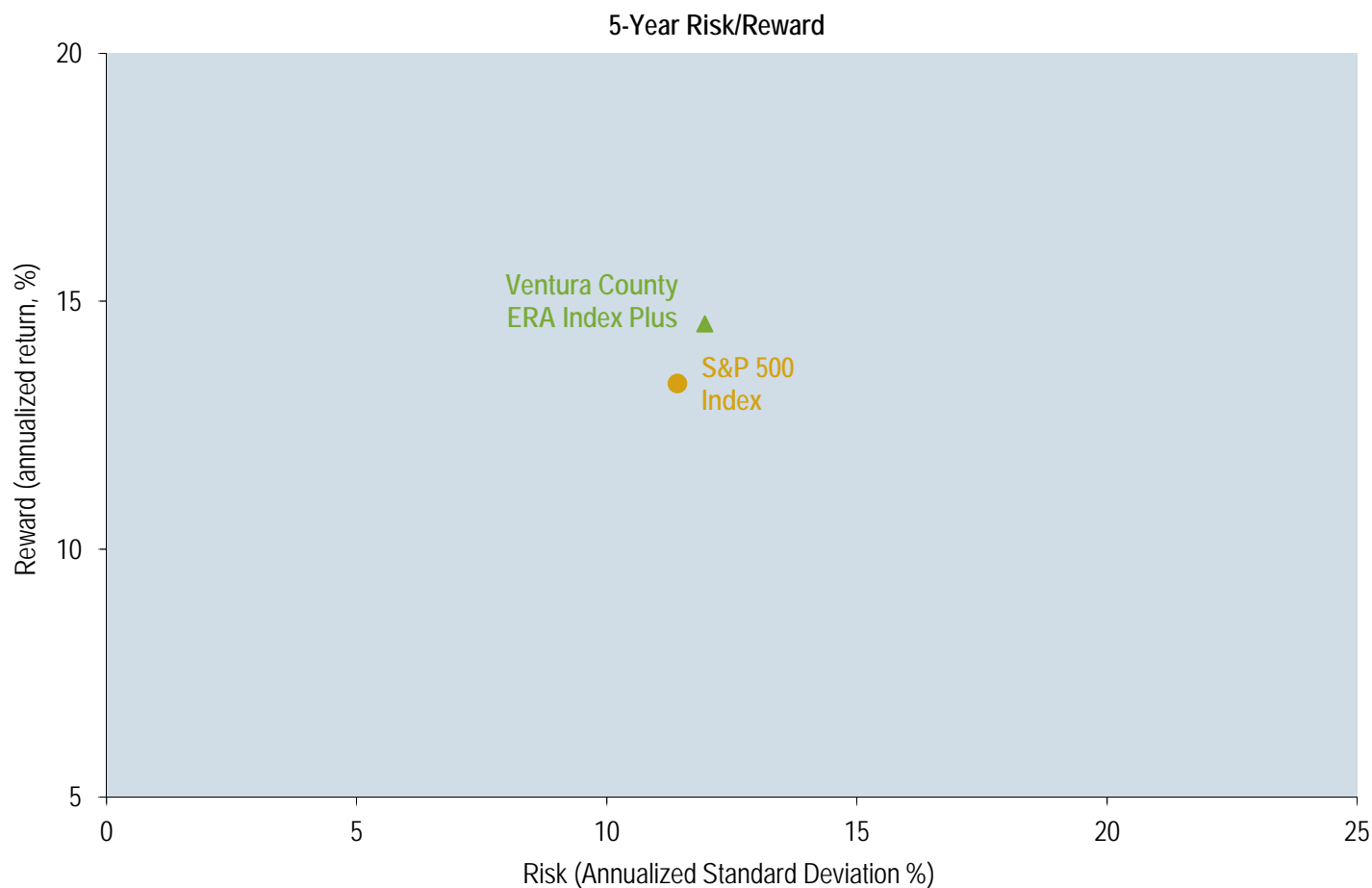
September 30, 2015



As of 30 Sep 15. Returns for periods greater than one year are annualized. Returns since inception are as of the indicated close of business day.

Investment Results

September 30, 2015

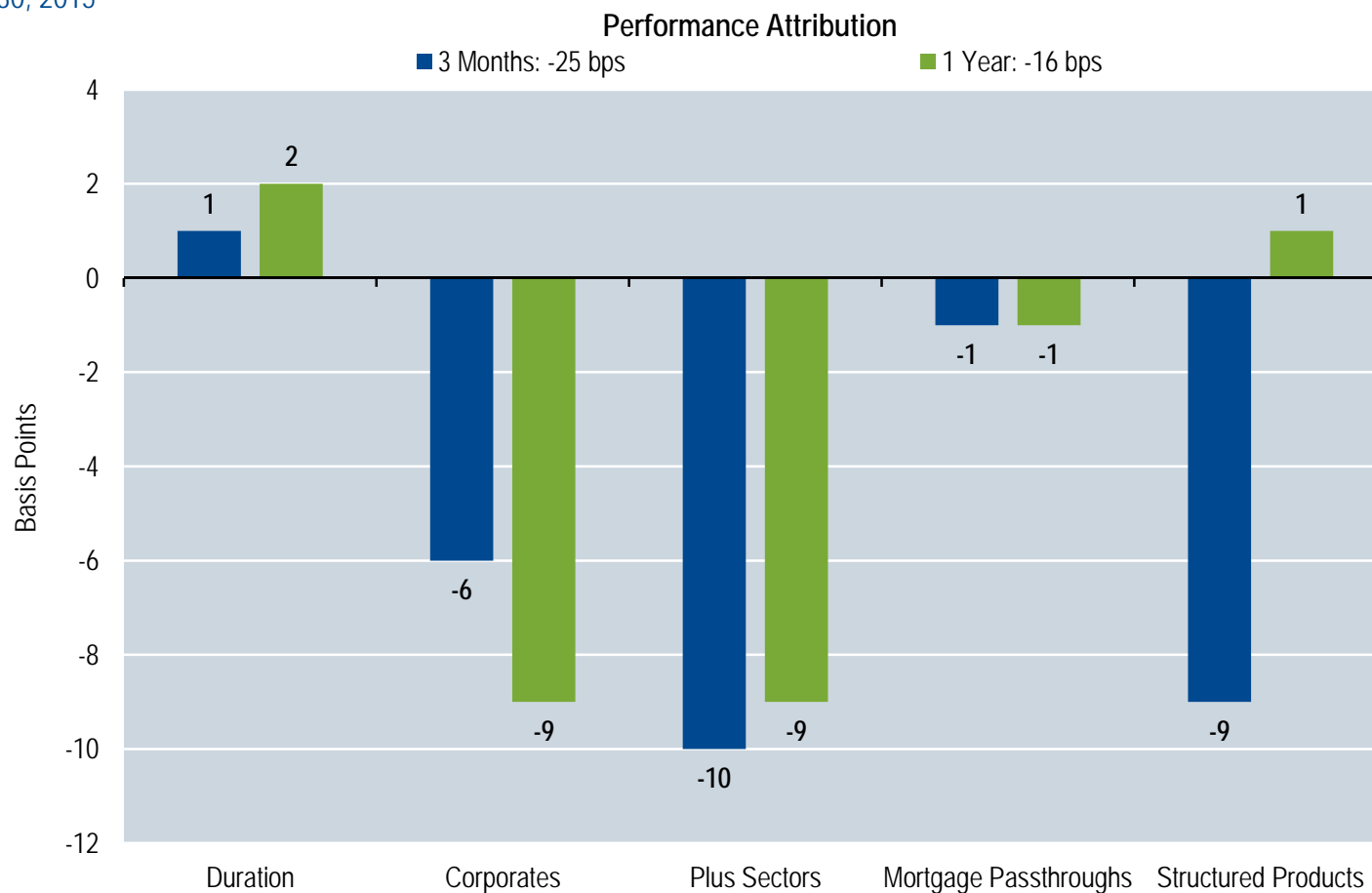


Source: Western Asset. As of 30 Sep 15. Performance shown is gross of fees. The account's actual return will be reduced by those fees and any other expenses chargeable to the account. The fee schedule for this strategy may be found in Part 2 of Western Asset's Form ADV. As fees are deducted quarterly, the compounding effect will be to increase the impact of the fees by an amount directly related to the gross account performance. For example, on an account with a 1% annual fee, if the gross performance were 10%, the compounding effect of the fees would result in a net performance of approximately 8.93%. Returns for periods greater than one year are annualized. Returns since inception are as of the indicated close of business day.

Attribution Analysis

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

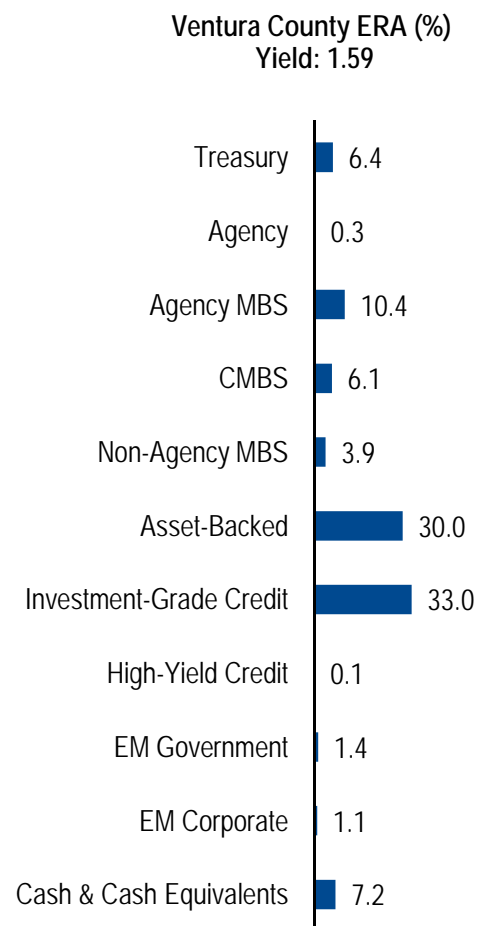
September 30, 2015



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

Sector Exposure

September 30, 2015

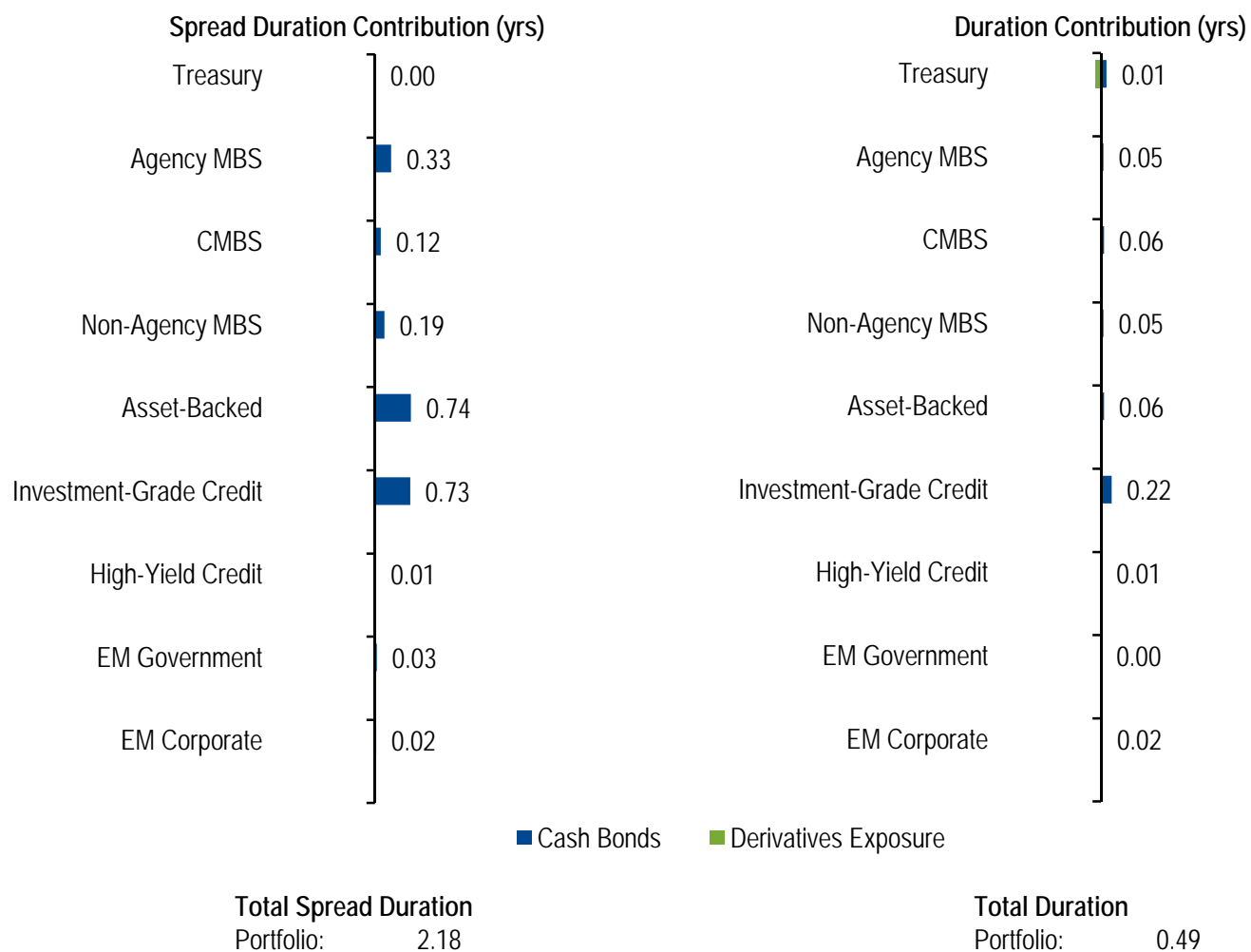


Note: Sector exposure includes look-through to any underlying commingled vehicles if held. All weightings are a percentage of total market value. A negative cash position may be reported, which is primarily due to the portfolio's unsettled trade activity. Data may not sum to 100% due to rounding.

Sector Exposure

Ventura County ERA

September 30, 2015



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

Investment Outlook

Summary

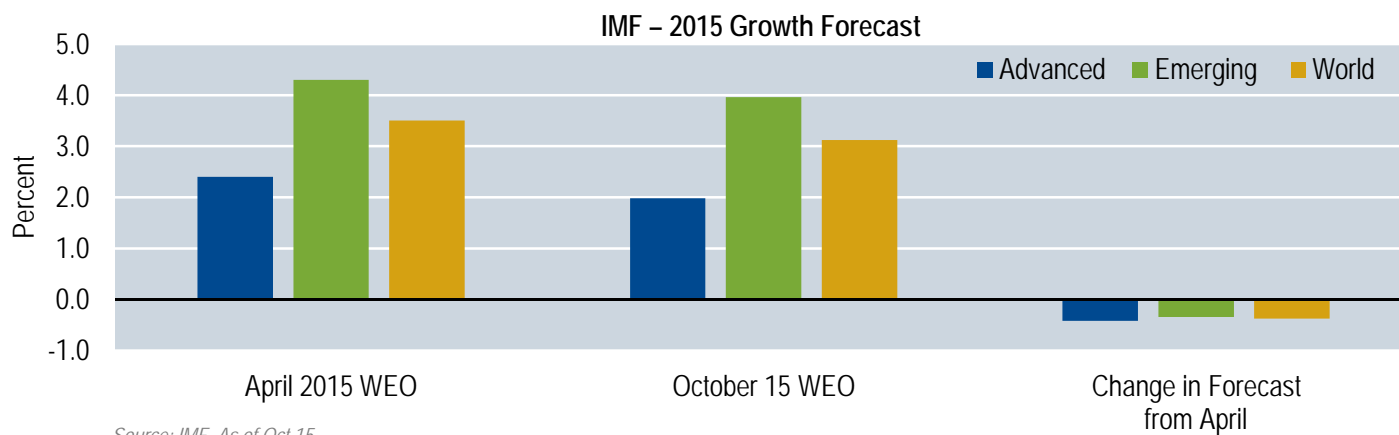
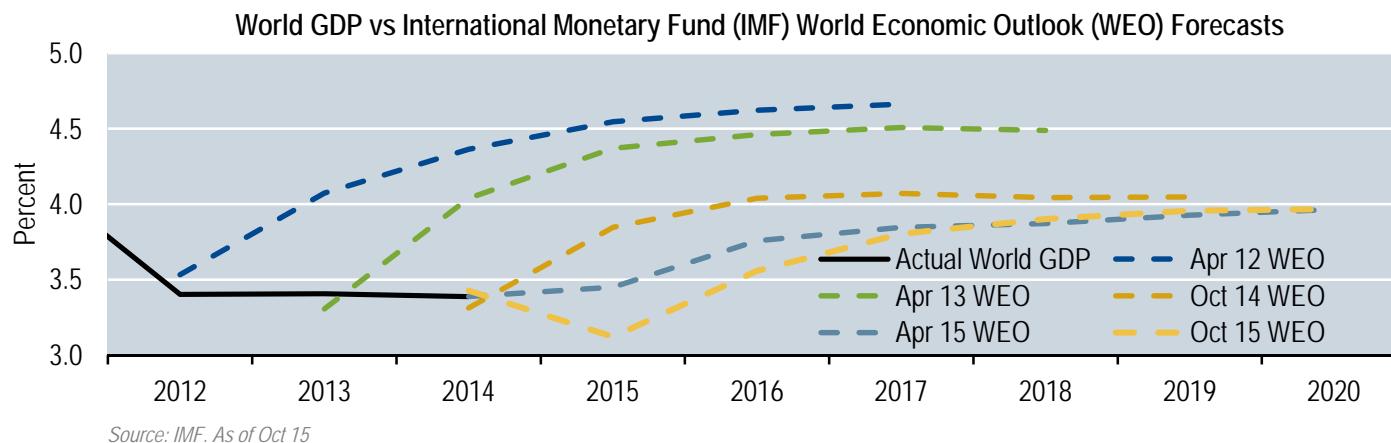
Global growth and inflation have moved lower. While downside risks persist we believe the downshift will not extend to a global recession

Accommodative monetary policy remains crucial for ongoing global recovery and is likely to be sustained or accelerated

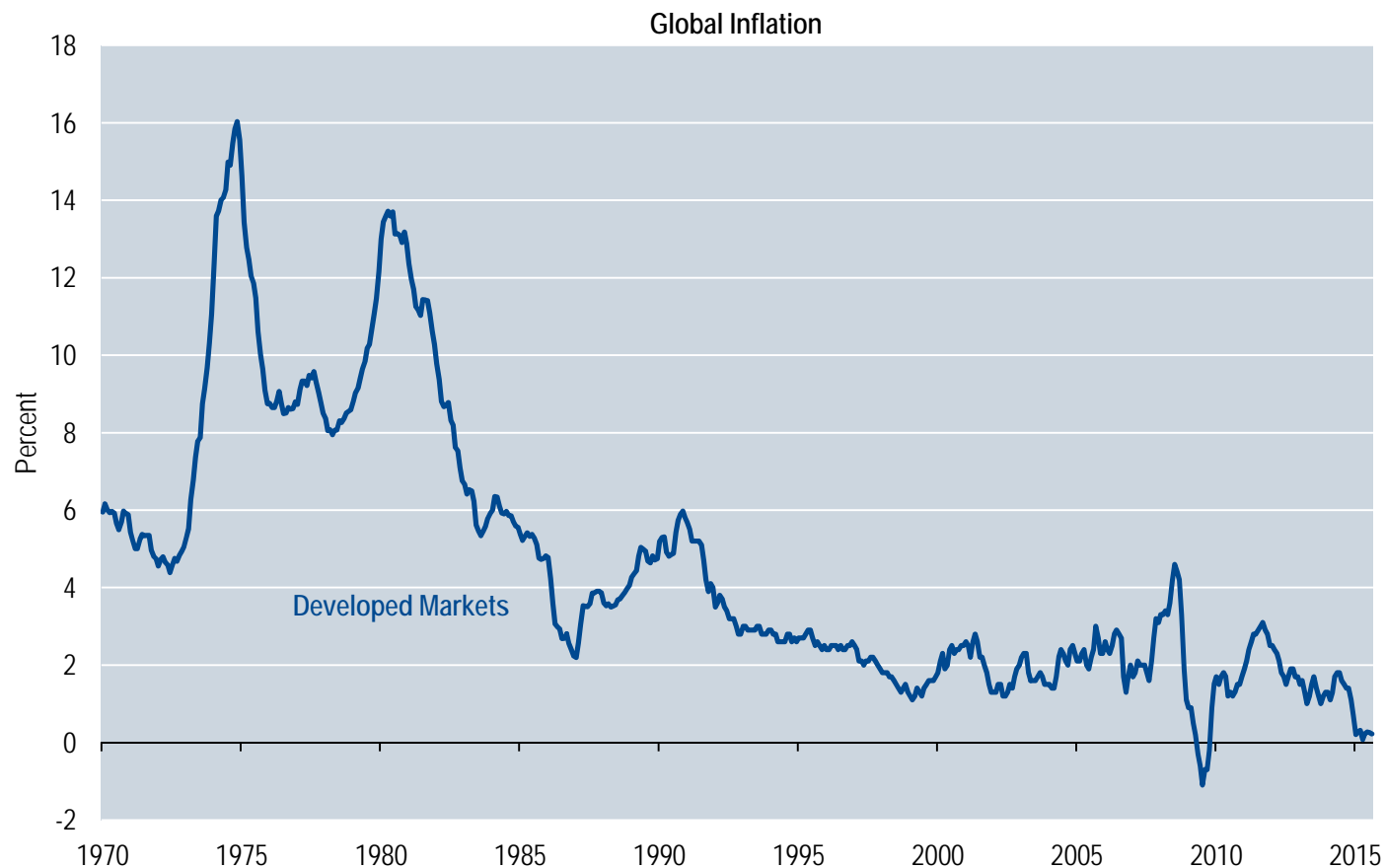
US interest rate normalization will proceed, but very slowly

Spread sectors are expected to outperform government bonds

Global Growth Has Downshifted. While Downside Risks Persist, We Believe It Will Not Extend to a Global Recession



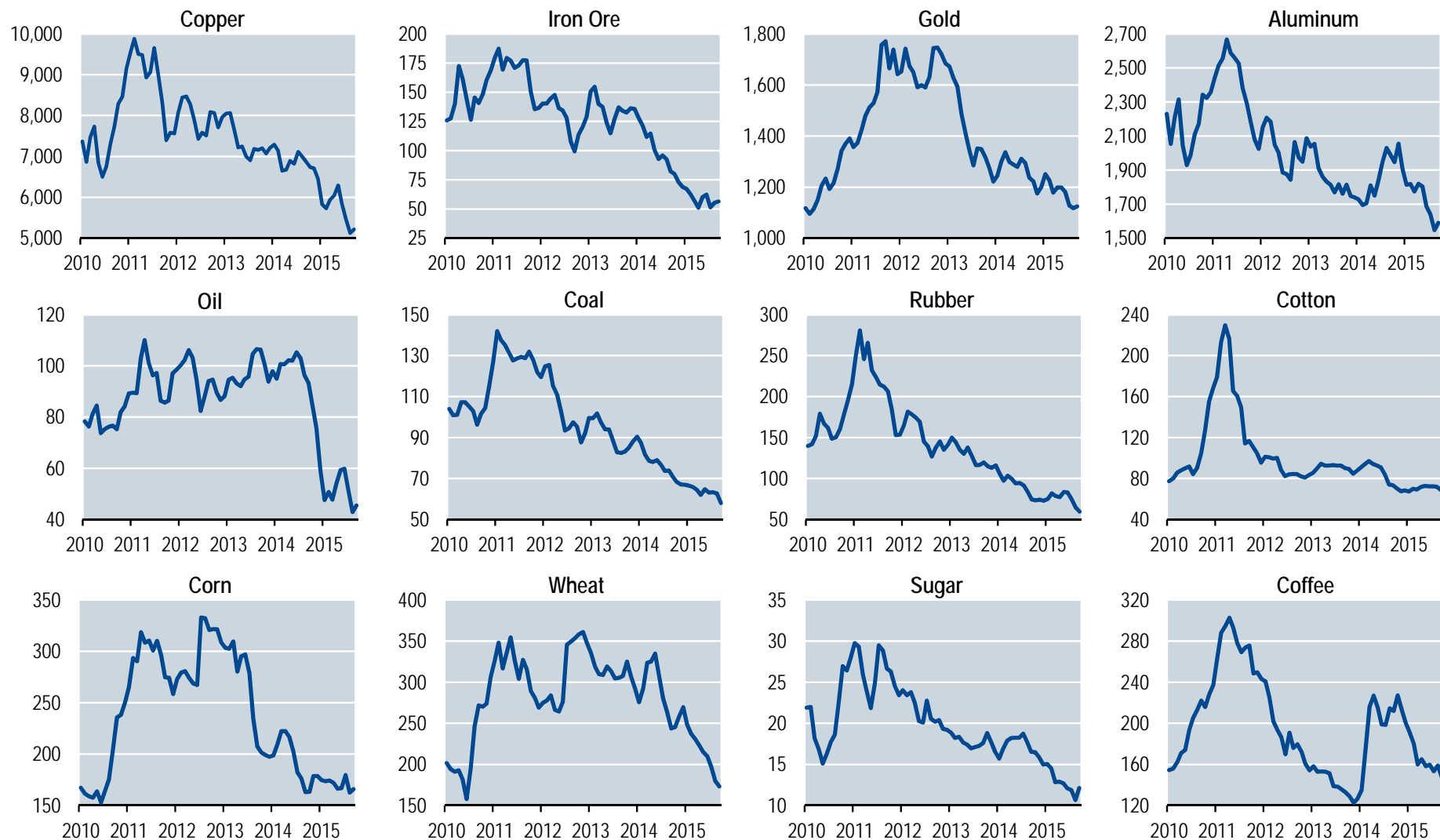
Global Inflation Continues to Decline, Suggesting a Weakening of Global Demand. This Will Likely Lead to Continued Accommodative Policies from Central Banks



Source: IMF World Economic Outlook Oct 15

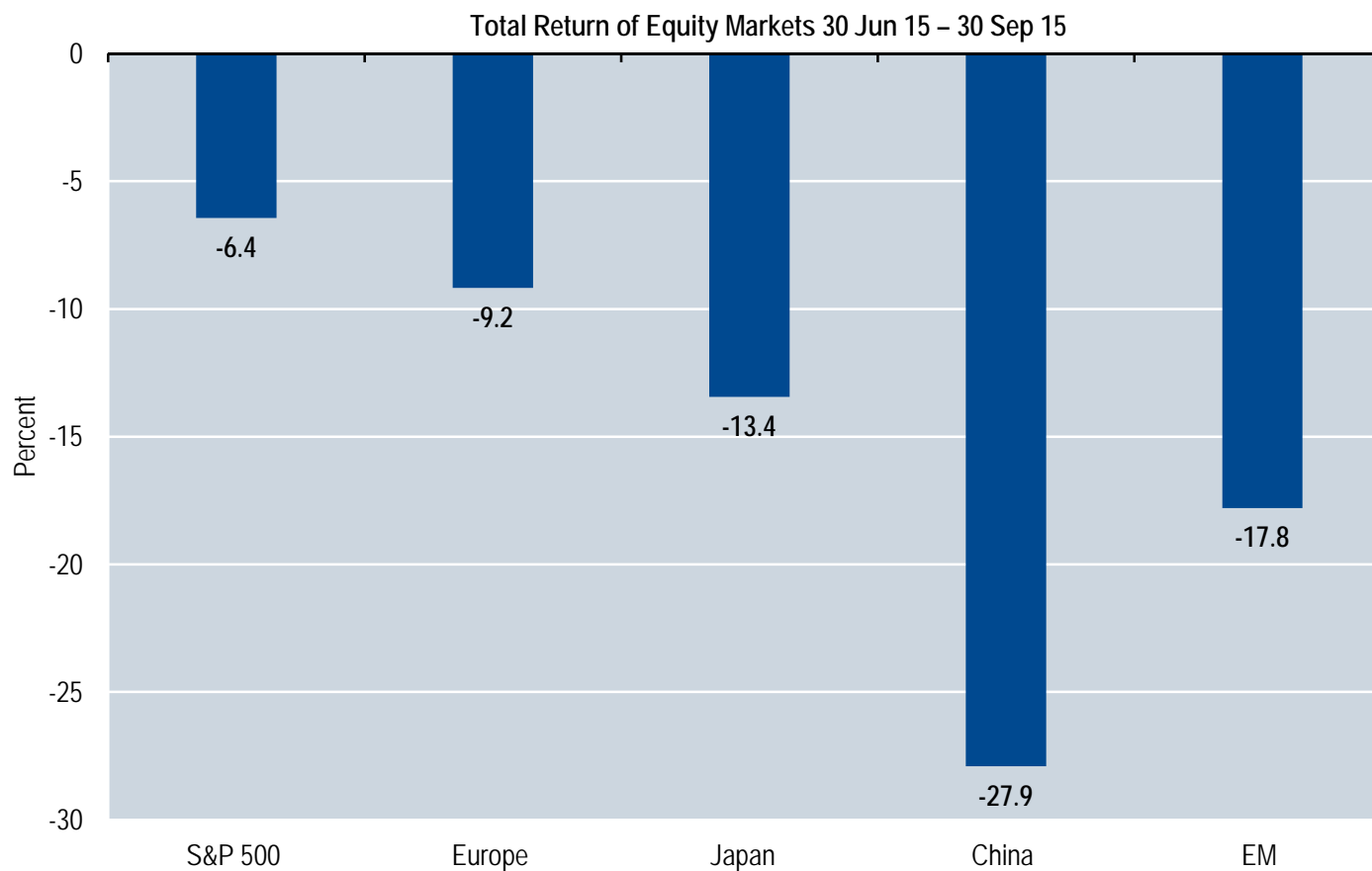
The Broad-Based Decline in Commodity Prices Illustrates Weakening Global Demand

Price Trends of Key Commodities in US Dollars



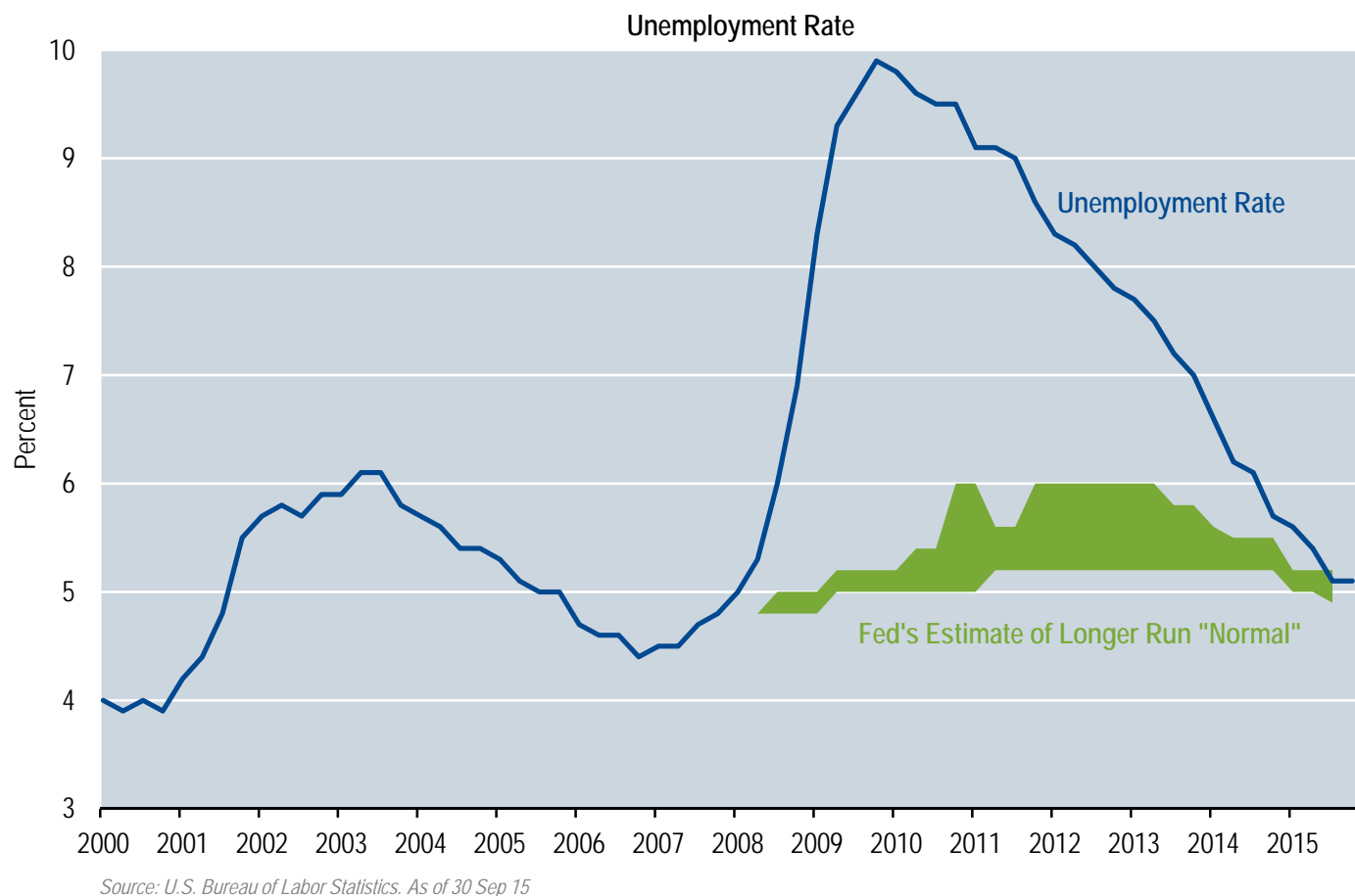
Commodity units priced in US Dollars. Source: Indexmundi.com. As of 30 Sep 15

Meanwhile, the Downshift in Global Growth Has Challenged Global Equity Markets

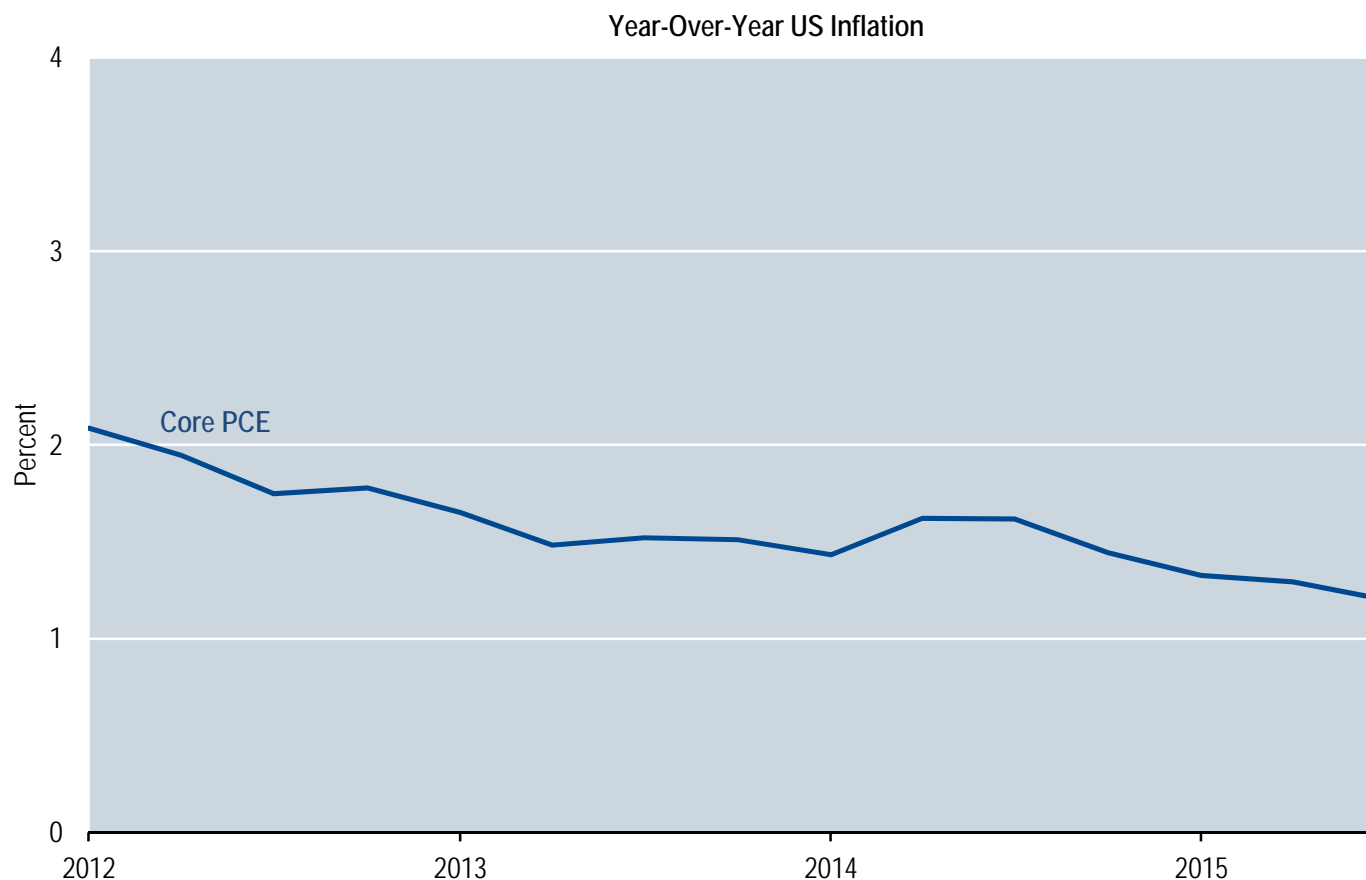


Source: Bloomberg. As of 30 Sep 15

In the US, the Fed Has a Conundrum: Unemployment Is Reaching the Fed's Estimates of Longer Run "Normal" Levels, Which Suggests that They Would Raise Rates

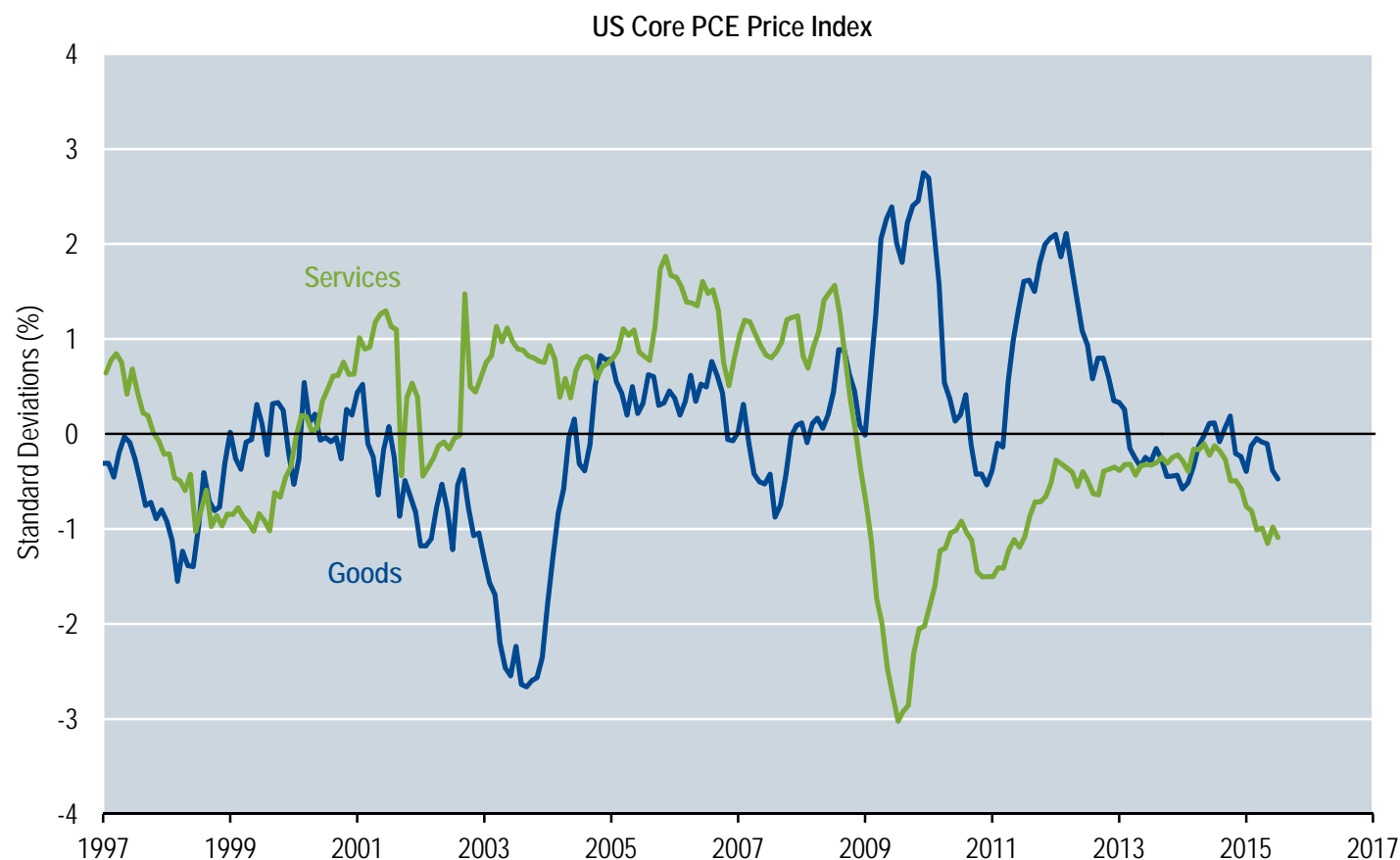


However, US Inflation Continues to Be Much More Subdued than Expected, Partially Driven by Slow Global Growth and Declining Commodity Prices



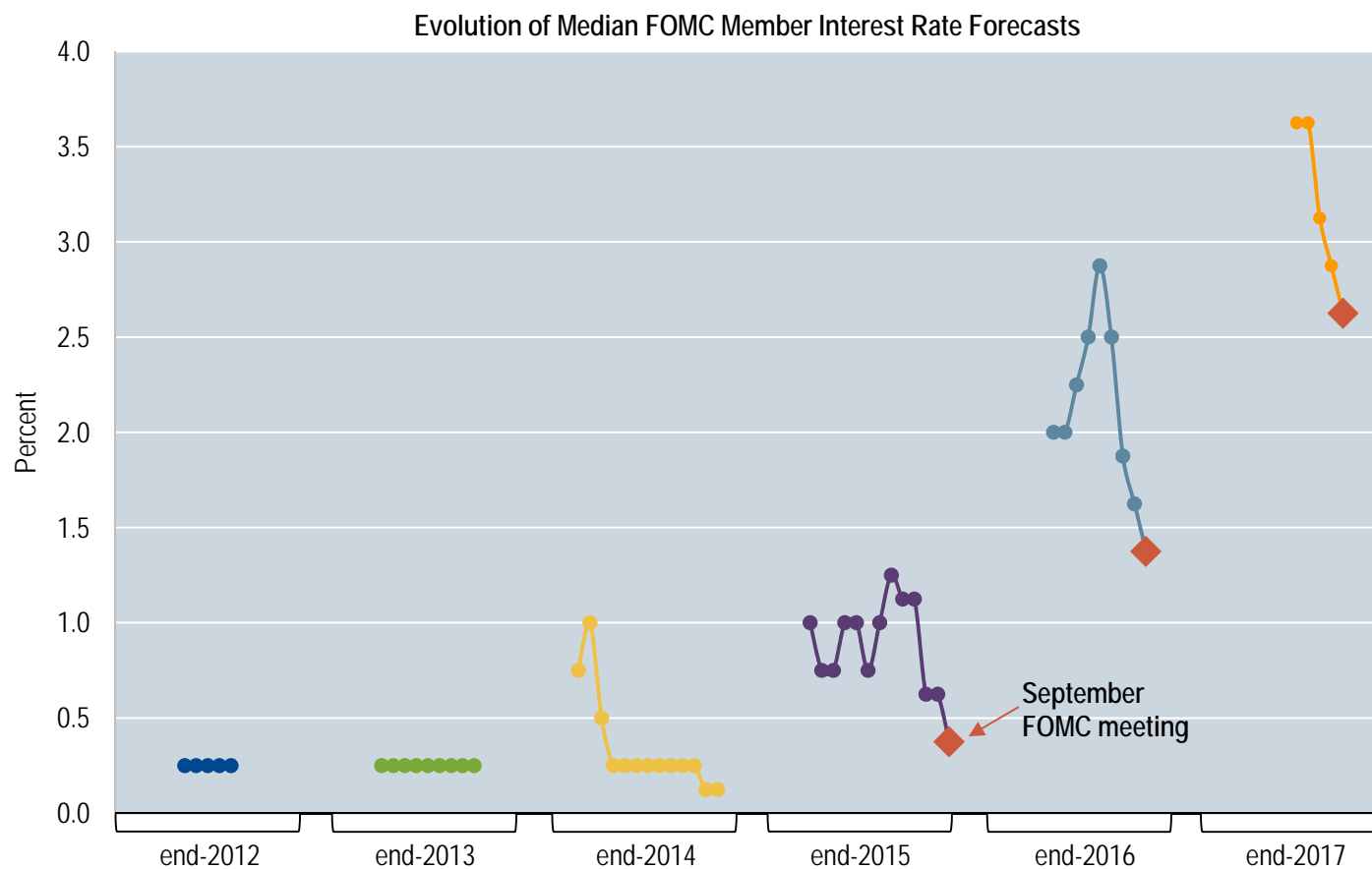
Source: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics. As of 30 Jun 15
Note: Core PCE = Core Personal Consumption Expenditures

We Believe Inflation Will Remain Subdued for a Significant Period of Time With Neither Goods Nor Services Showing Signs of Driving Inflation



Source: Goldman Sachs, Census, and U.S. Bureau of Labor Statistics. As of 31 Jul 15
Note: Core PCE = Core Personal Consumption Expenditures

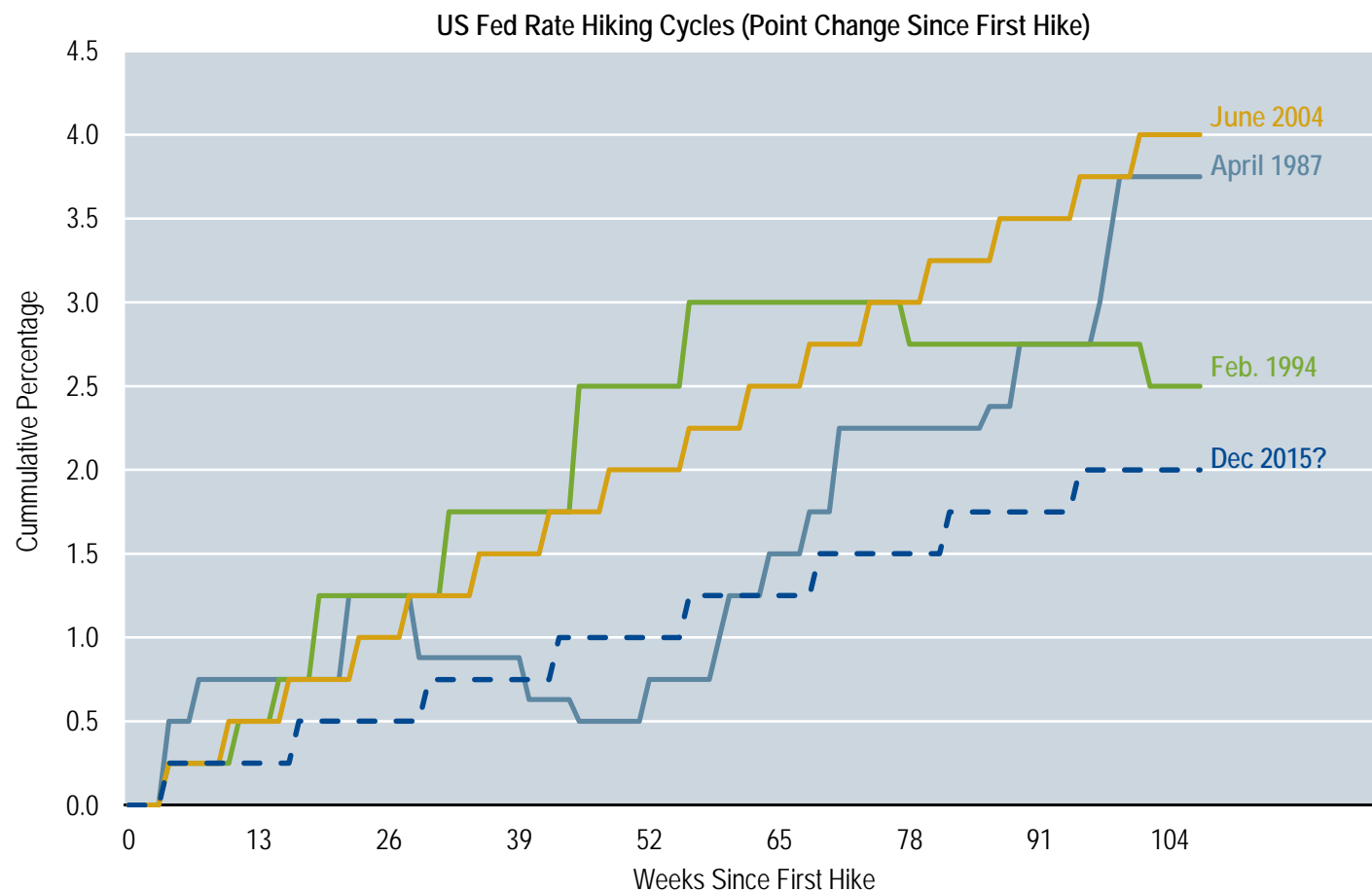
Fed Members Have Gradually Lowered Their Medium-Term Fed Funds Forecast with the Lowest Point So Far Reached After the September FOMC



Source: Federal Reserve. As of 18 Sep 15
Note: FOMC = Federal Open Market Committee

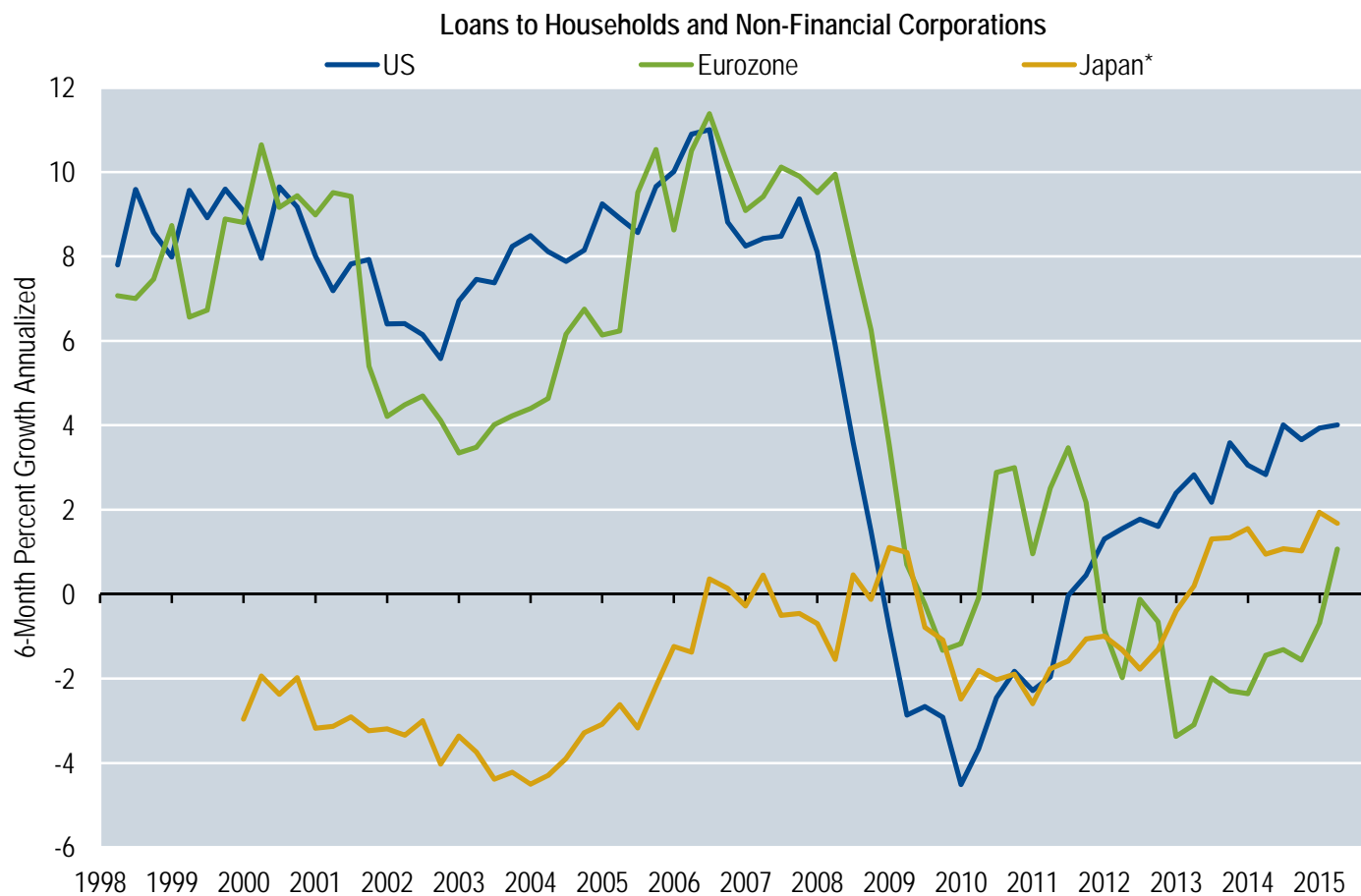
Note: The Fed's "dot plot" is released alongside their policy decision statement following quarterly FOMC meetings. Shaded circles indicate the median prediction of the federal funds rate by FOMC members for the current and subsequent calendar years.

Although the Start of the Rate Cycle Is Important, the Path and Trajectory of Rates Is Much More Important. We Believe This Path Will Be Slow and Gradual



Source: Federal Reserve, Bloomberg. As of 18 Sep 15

ECB Monetary Policy Appears to Be Gaining Traction, but Experience from the US and Japan Shows the ECB Will Need to Be Accommodative for an Extended Period of Time



Source: Fed, ECB, BoJ, BIS. As of 30 Jun 15

*Japan as of 31 Mar 15

The Volatility in Chinese Markets is Driven by a Long-Term Secular Downshift in Growth – Challenging in the Short Term but Manageable Longer Term ("Soft Landing")

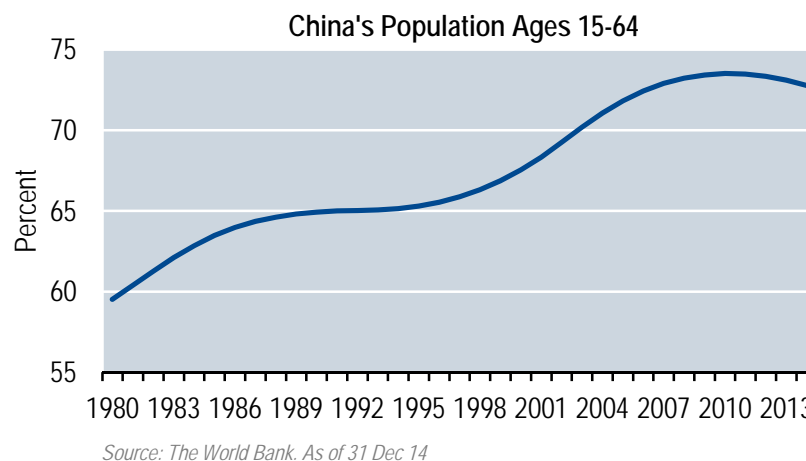


Source: Bloomberg. As of 30 Sep 15

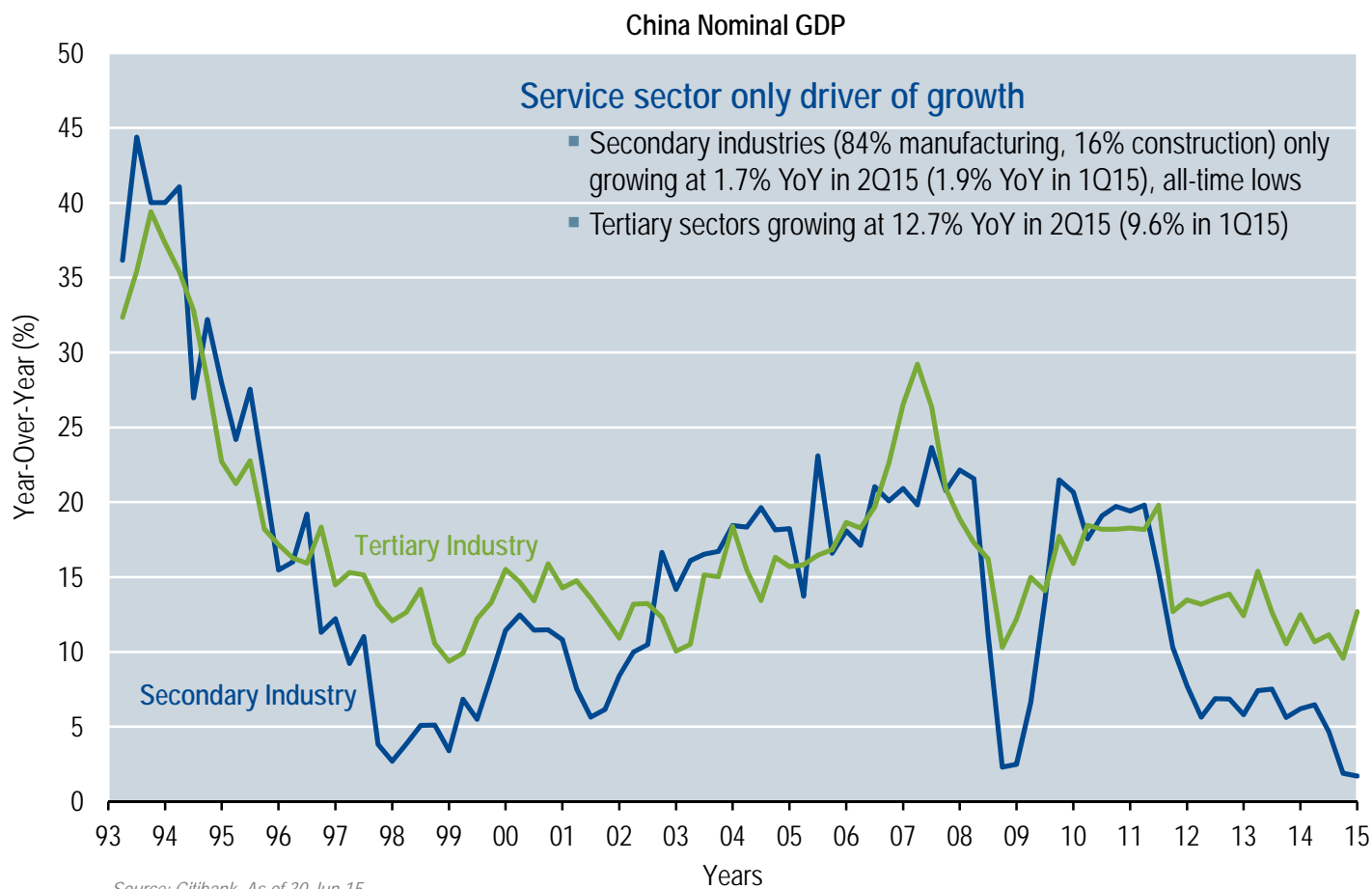


Source: Bloomberg. As of 30 Sep 15

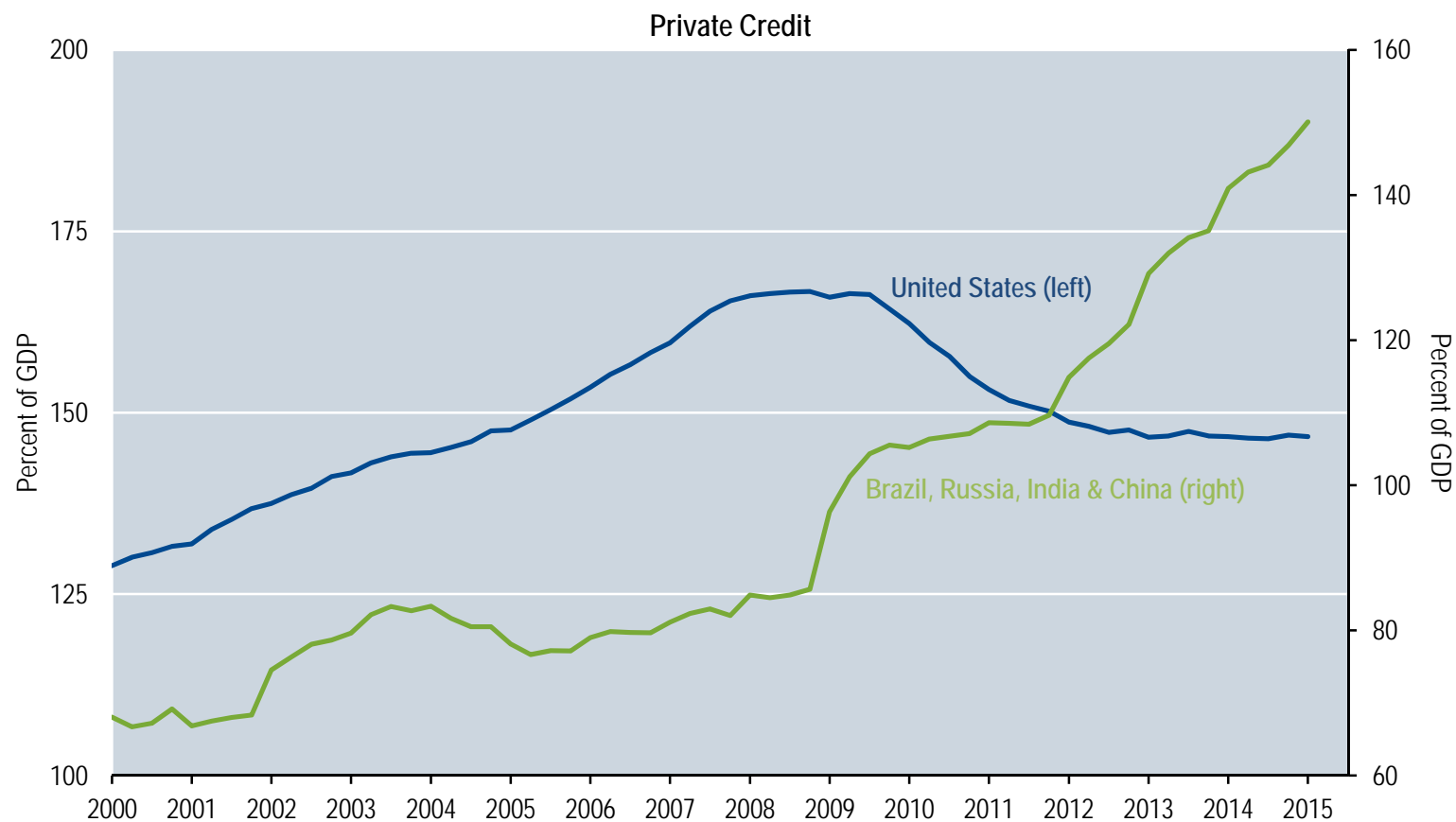
China is Evolving From an Export-Driven Economy to One More Balanced and More Dependent on Internal Demand. This Transition is Resulting in a Slower Growth Rate



China's Growth Will Come Increasingly from the Service Sector and Less from Manufacturing and Construction. This Will Put Additional Pressure on Commodity Prices

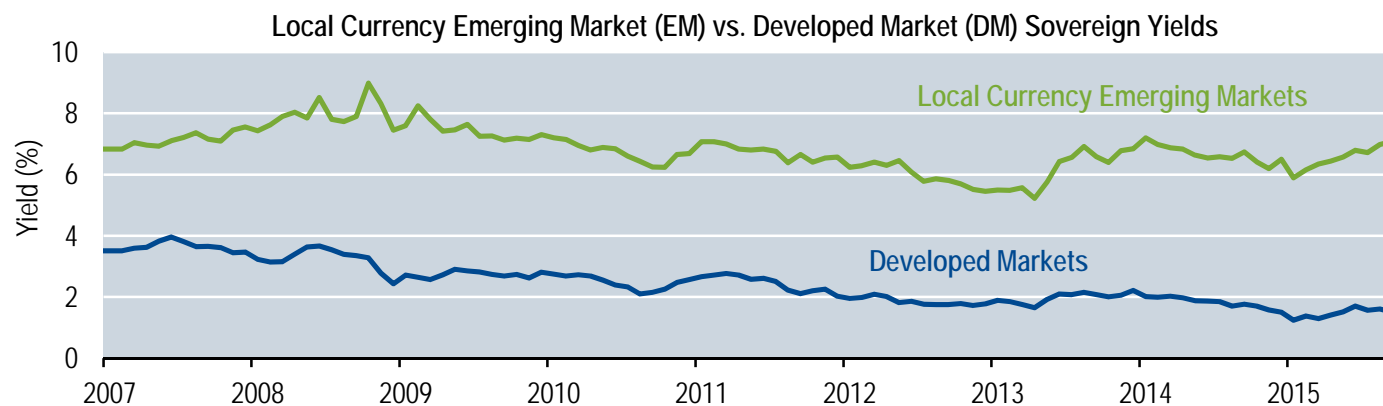


Emerging Markets Have Increased Their Debt, Which Has Increased Risk. Meanwhile, Developed Markets Have Delevered

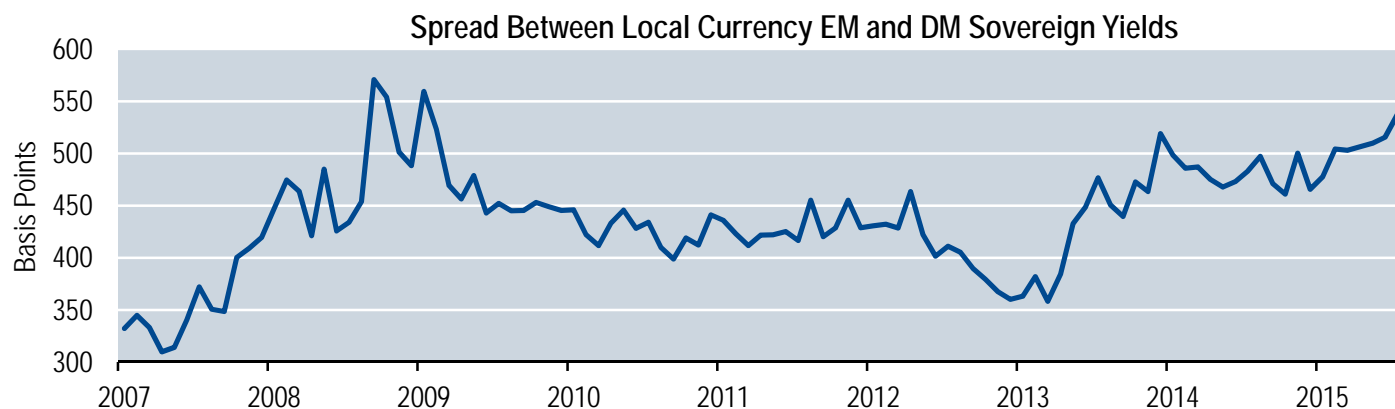


Source: BIS. As of 31 Mar 15

Emerging Market Performance Has Been Severely Challenged by the Downshift in Global Growth. However, There Are Pockets of Opportunity with Compelling Valuations

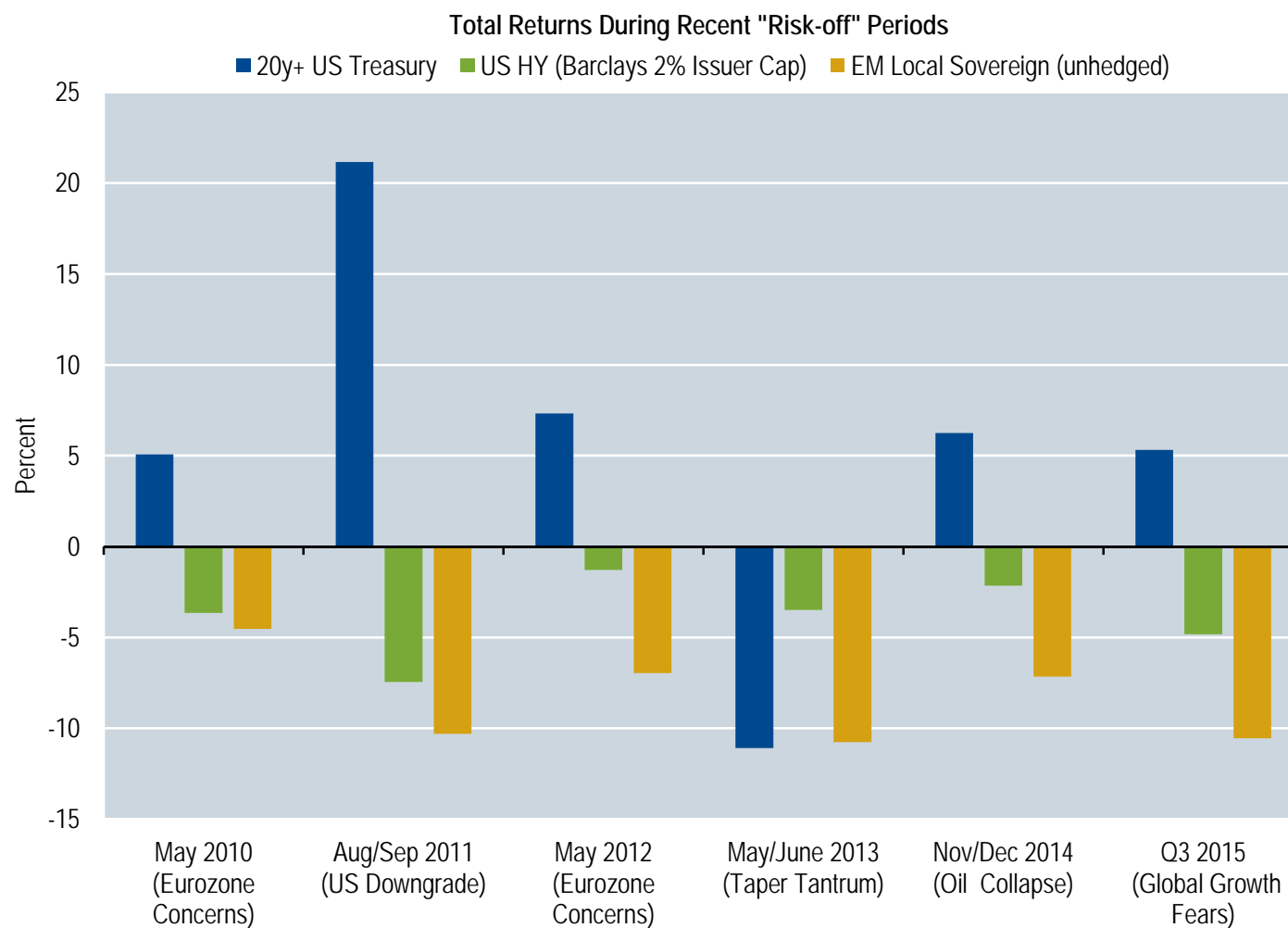


Source: JP Morgan. As of 30 Sep 15



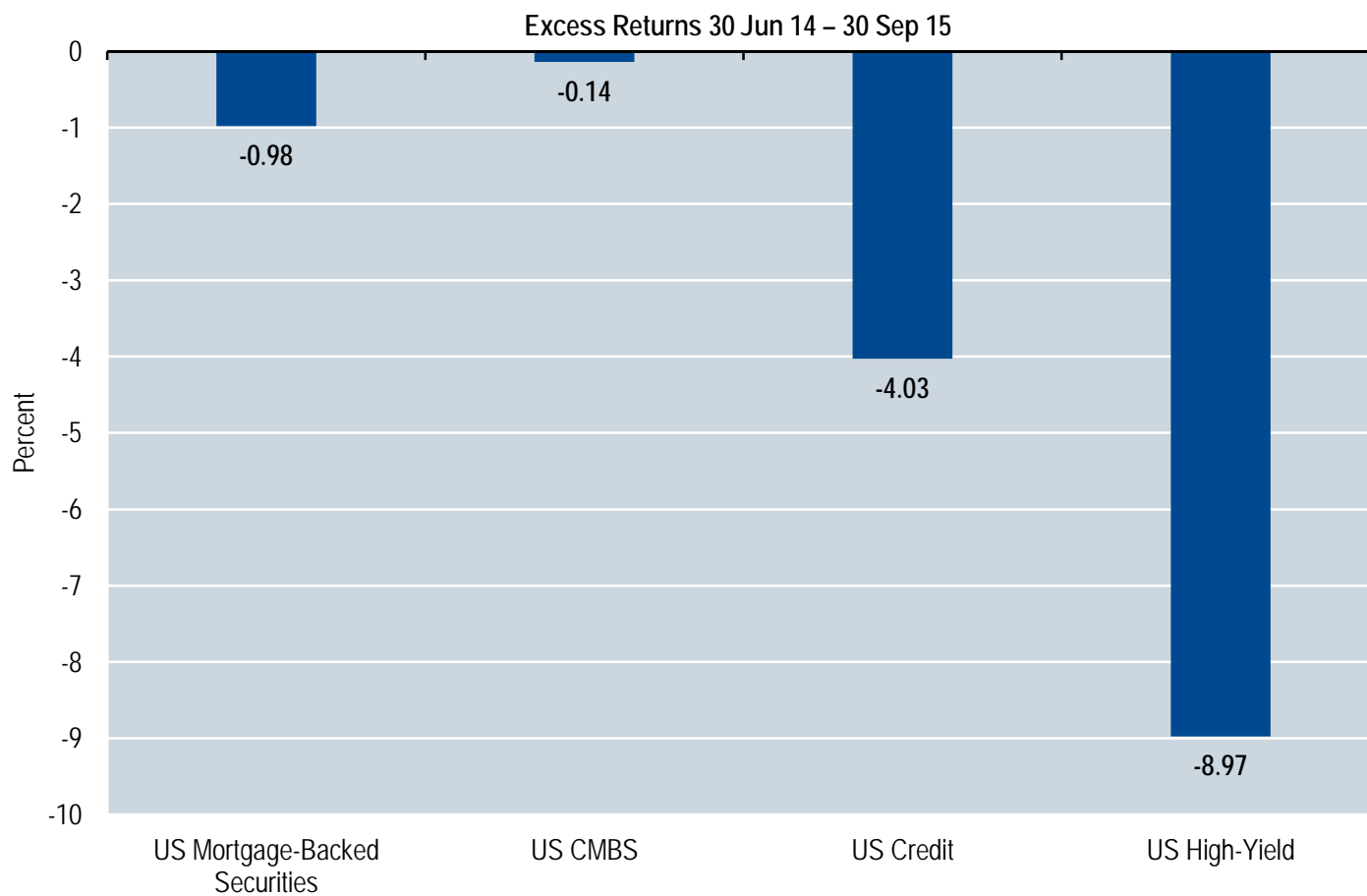
Source: J.P. Morgan. As of 30 Sep 15

We Continue to Use Long US Treasuries as a Diversifier to Credit Risk



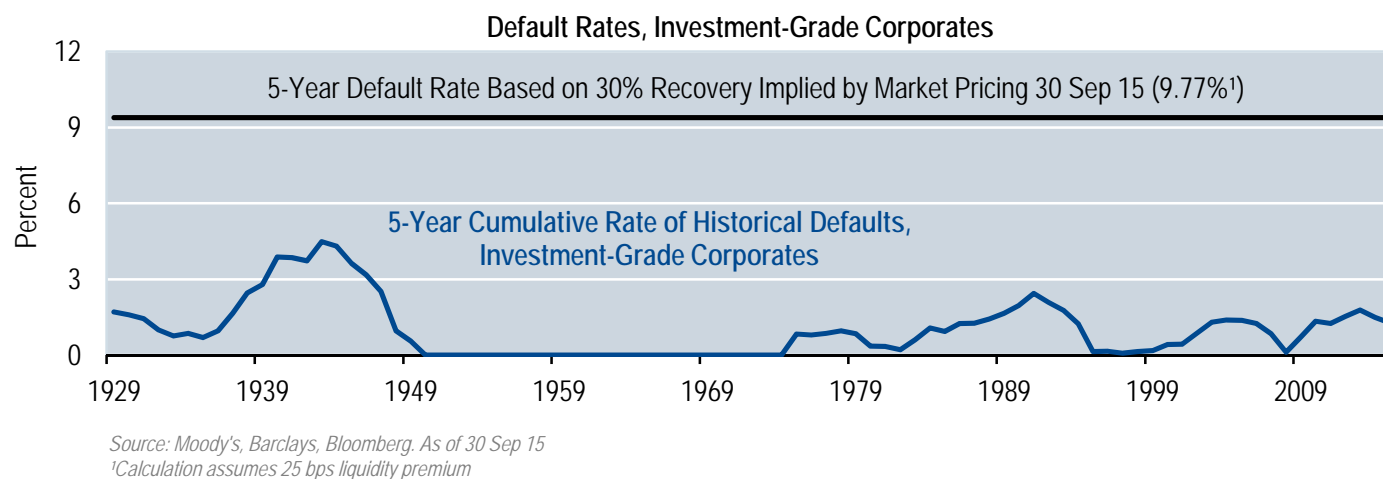
Source: Bloomberg, Barclays. As of 30 Sep 15

Spread Sectors Have Been under Pressure for over a Year. We Believe They Will Outperform Treasuries Going Forward and We Are Positioned Accordingly

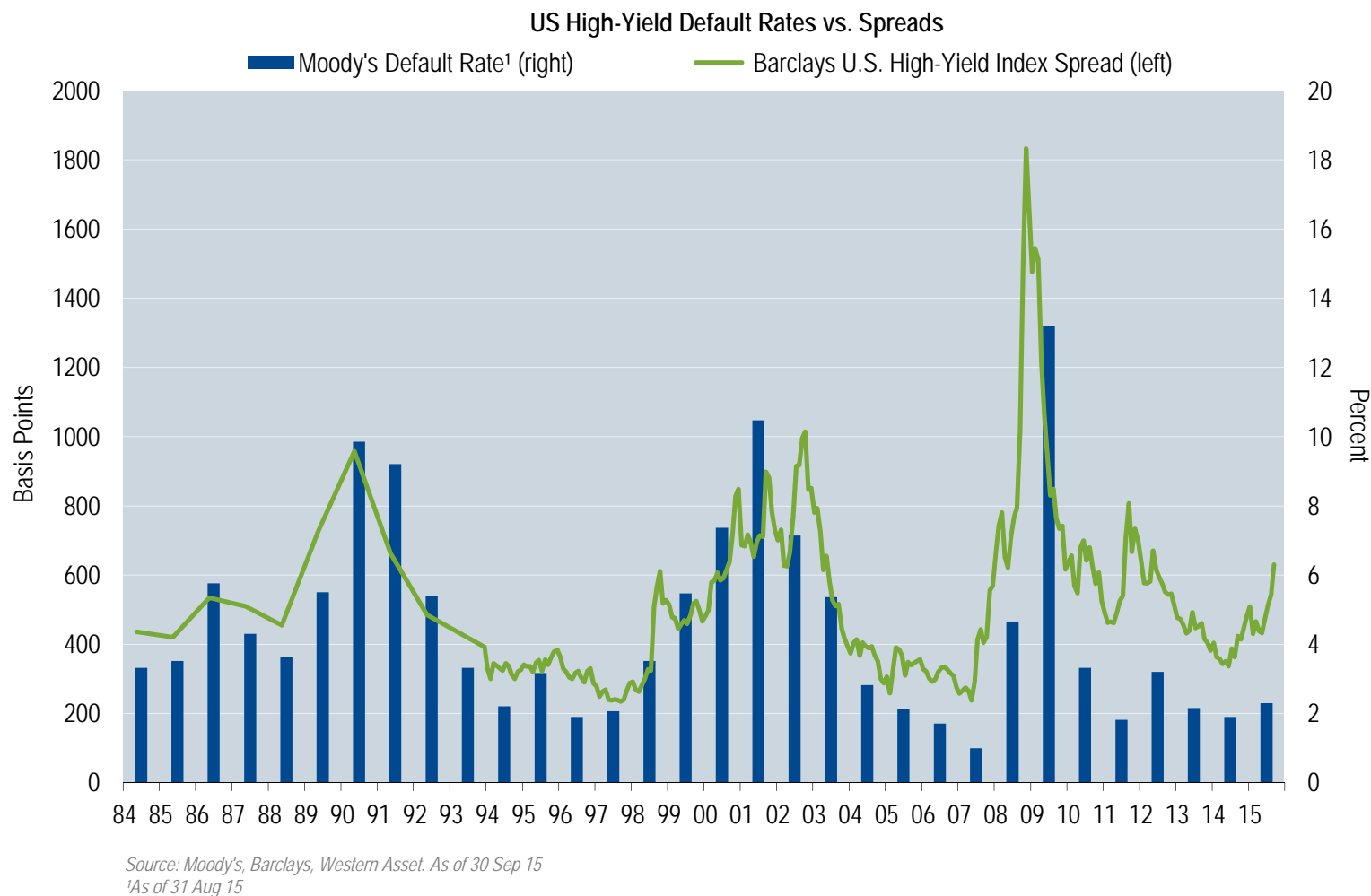


Source: Barclays. As of 30 Sep 15

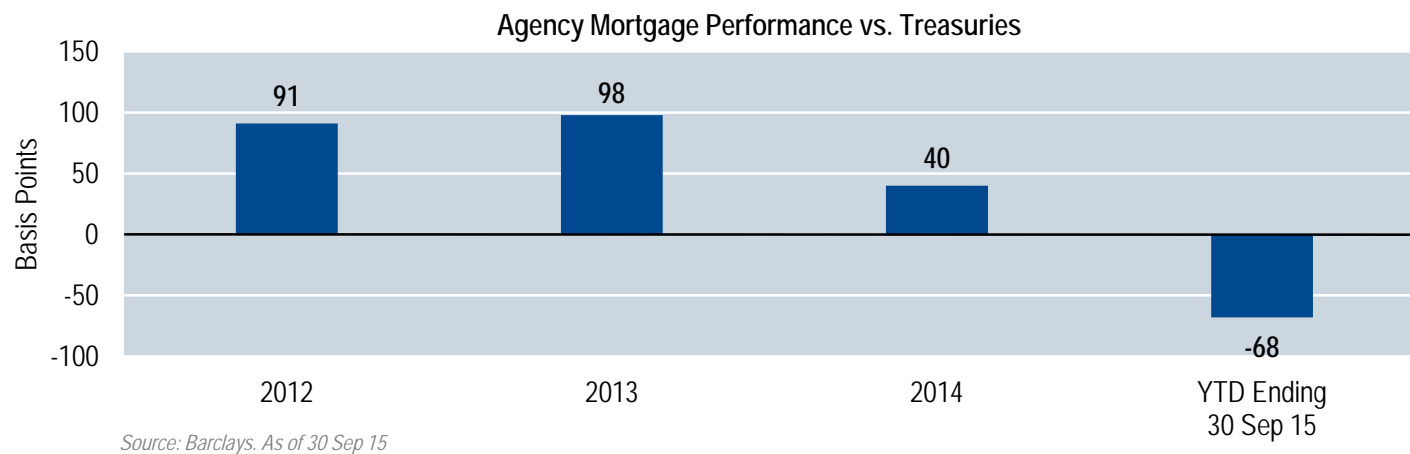
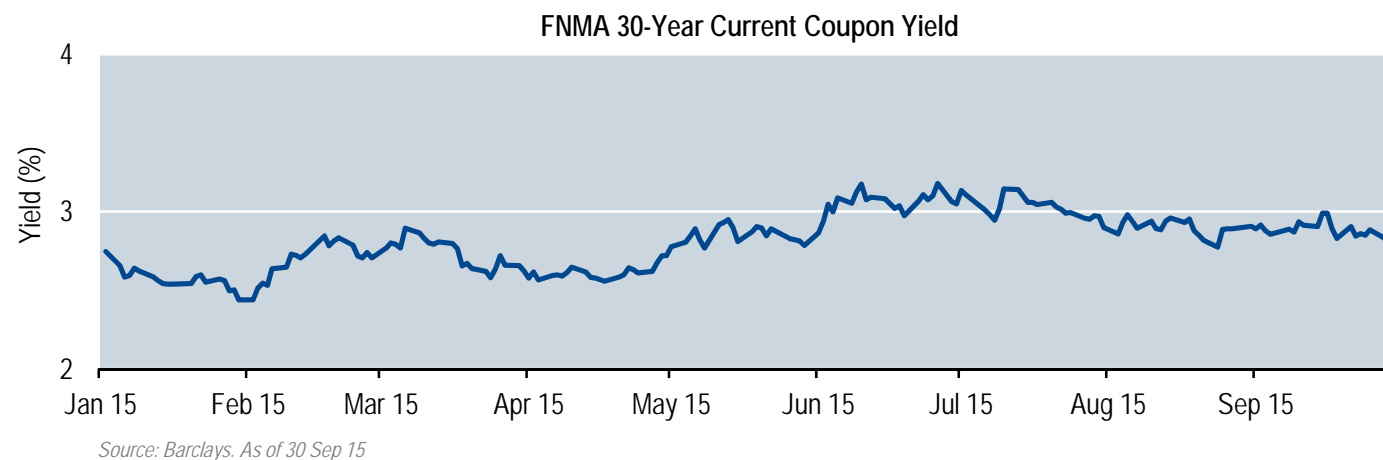
Investment-Grade Corporate Bonds Are Attractive from a Fundamental Long-Term Value Perspective with Historical Default Rates Lower than Implied Default Rates



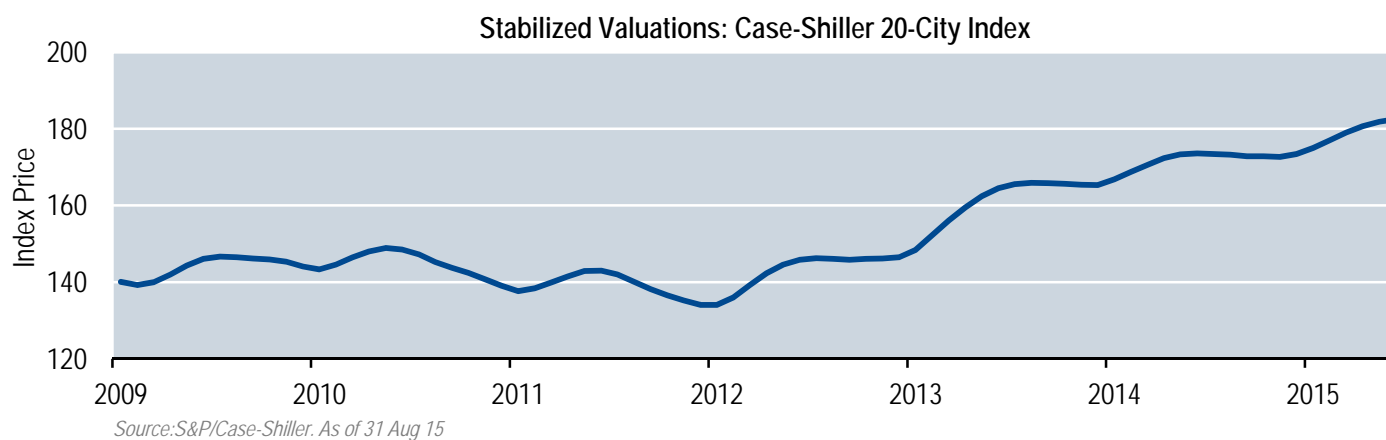
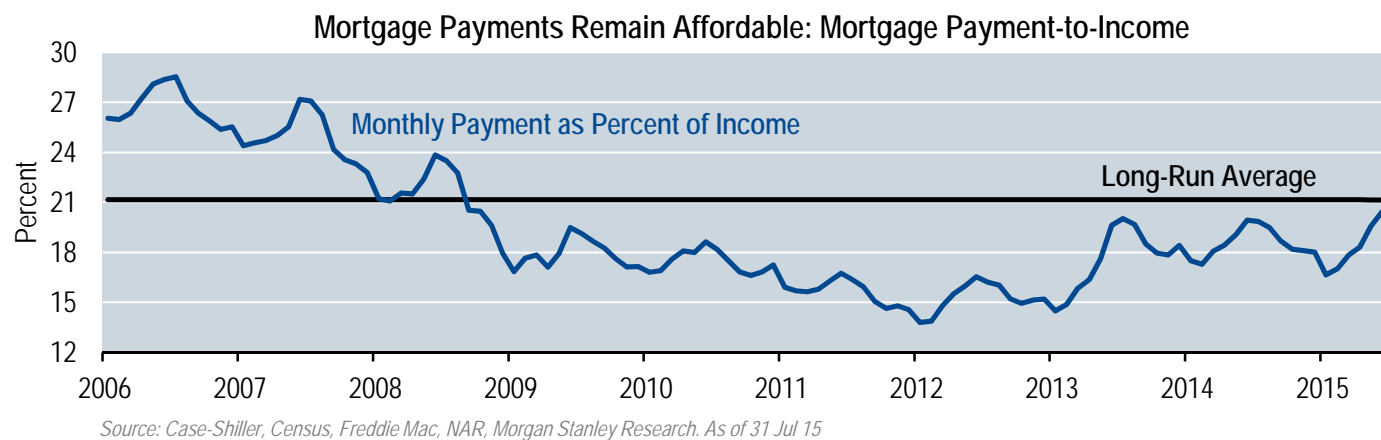
Similarly, High-Yield Spreads Are Currently Attractive, Even Accounting for an Expected Increase in Default Rates



We Continue to Be Underweight Agency Mortgages as We Believe They Will Come under Pressure When the Fed Eventually Stops Buying Mortgages



Fundamentals for Mortgage Securities Continue to Improve



Conclusion

Global growth and inflation have moved lower. While downside risks persist we believe the downshift will not extend to a global recession

Accommodative monetary policy remains crucial for ongoing global recovery and is likely to be sustained or accelerated

US interest rate normalization will proceed, but very slowly

Spread sectors are expected to outperform government bonds

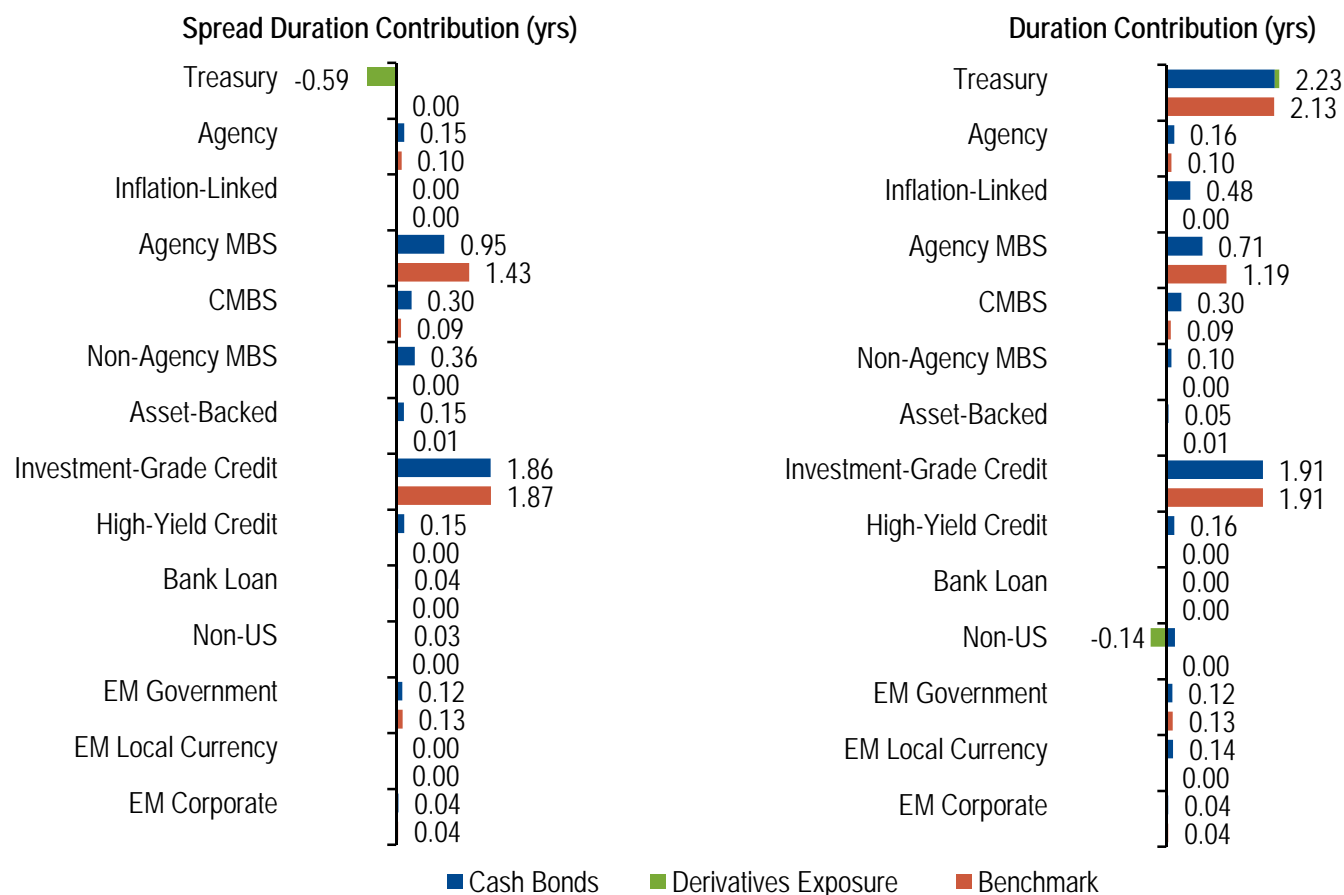
Appendix

Ventura County ERA Core Fixed Income

Sector Exposure

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

September 30, 2015



Total Spread Duration

Portfolio: 3.57
Benchmark: 3.67

Total Duration

Portfolio: 6.25
Benchmark: 5.59

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

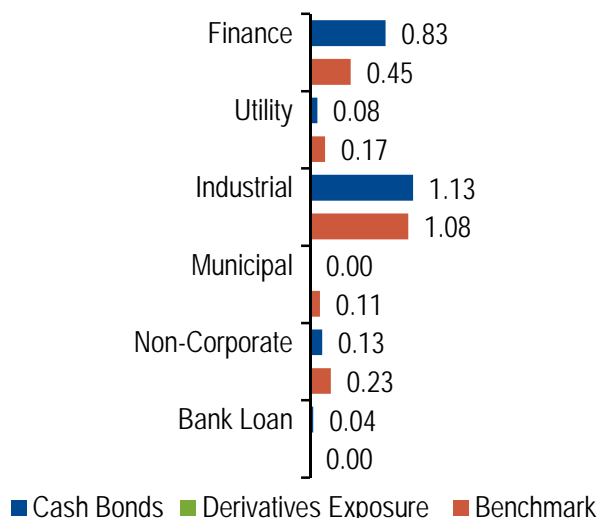
The benchmark does not provide an allocation to the "Emerging Markets" sector. The emerging market sector allocation shown for the benchmark above is based on Western Asset's emerging market countries definition for comparison purposes.

Credit Sector Exposure

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

September 30, 2015

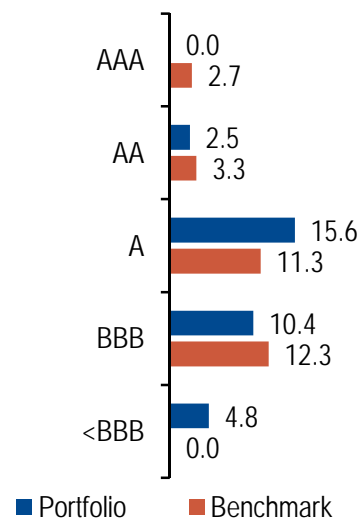
Spread Duration Contribution (yrs)



Credit Spread Duration

Portfolio: 2.21
Benchmark: 2.03

Quality Exposure (%)¹



33.3% of Portfolio

Barclays U.S. Credit Index Excess Returns

	2014	2015*
Finance	0.55%	-0.63%
Utility	-0.15%	-2.51%
Industrial	-1.10%	-2.81%
Non-Corporate	0.93%	-2.77%

*As of 30 Sep 15

	2014	2015*
AAA	0.25%	-0.24%
AA	0.26%	-1.09%
A	-0.39%	-1.28%
BBB	-0.22%	-3.77%
<BBB**	-1.12%	-4.66%

*As of 30 Sep 15; **Barclays U.S. High-Yield Index

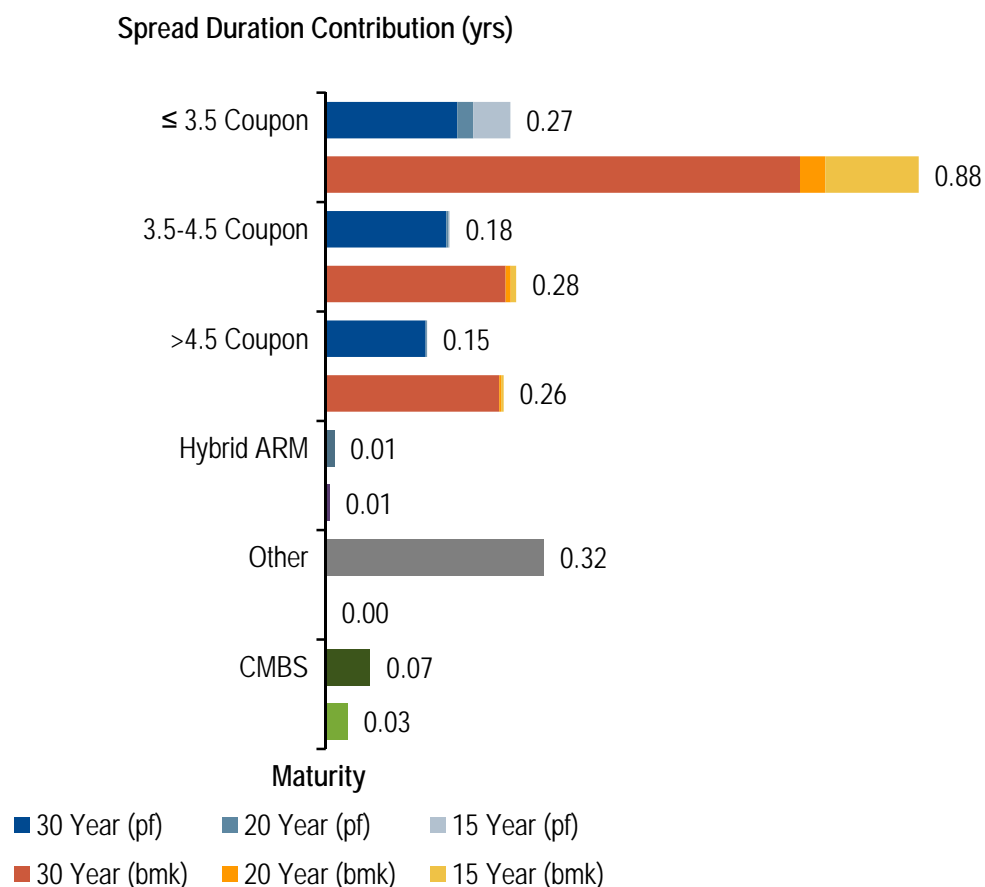
Note: Sector exposure includes look-through to any underlying commingled vehicles if held. Data may not sum to total due to rounding. Includes investment-grade, high-yield, bank loans, emerging market governments and emerging market corporates.

¹All weightings are a percentage of total market value

Agency Mortgage-Backed Sector Exposure

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

September 30, 2015



Agency MBS Spread Duration

Portfolio: 1.01

Benchmark: 1.47

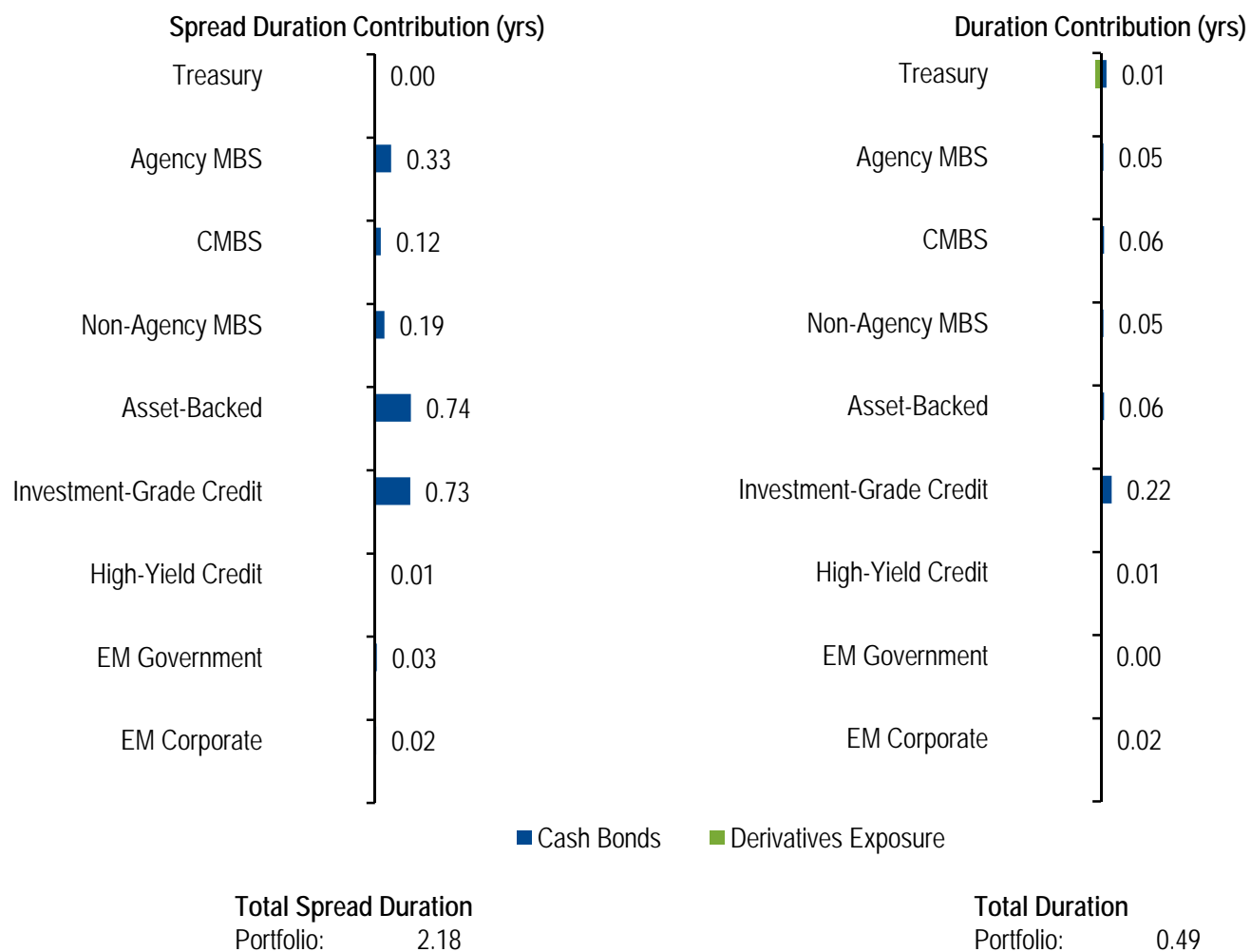
*Note: Sector exposure includes look-through to any underlying commingled vehicles if held. Data may not sum to total due to rounding.
The CMBS allocation only includes agency CMBS. Non-agency CMBS is not reflected in this calculation*

Ventura County ERA

Sector Exposure

Ventura County ERA

September 30, 2015



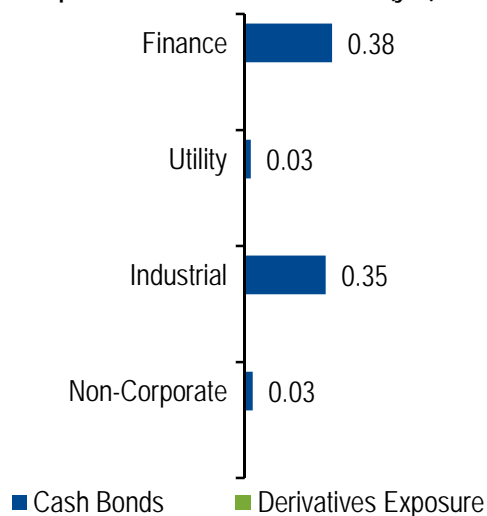
Note: Sector exposure includes look-through to any underlying commingled vehicles if held. Data may not sum to total due to rounding.

Credit Sector Exposure

Ventura County ERA

September 30, 2015

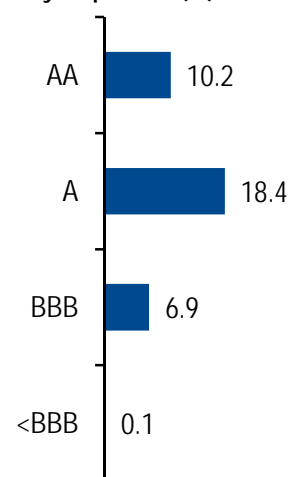
Spread Duration Contribution (yrs)



Credit Spread Duration

Portfolio: 0.79

Quality Exposure (%)¹



35.7% of Portfolio

Barclays U.S. Credit Index Excess Returns

	2014	2015*
Finance	0.55%	-0.63%
Utility	-0.15%	-2.51%
Industrial	-1.10%	-2.81%
Non-Corporate	0.93%	-2.77%

*As of 30 Sep 15

	2014	2015*
AAA	0.25%	-0.24%
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*As of 30 Sep 15; **Barclays U.S. High-Yield Index

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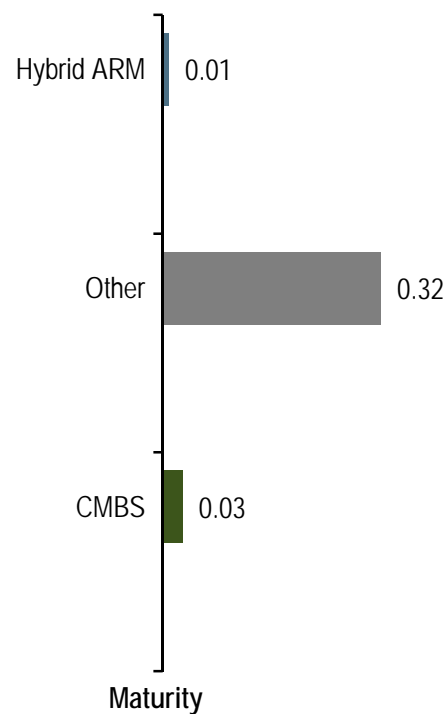
¹All weightings are a percentage of total market value

Agency Mortgage-Backed Sector Exposure

Ventura County ERA

September 30, 2015

Spread Duration Contribution (yrs)



Agency MBS Spread Duration

Portfolio: 0.36

*Note: Sector exposure includes look-through to any underlying commingled vehicles if held. Data may not sum to total due to rounding.
The CMBS allocation only includes agency CMBS. Non-agency CMBS is not reflected in this calculation*

Biographies

VERONICA A. AMICI

34 Years Experience

- Western Asset Management Company – Head of Public/Multi-Employer Relationships, 1993–
- Unisys Corporation – Senior Financial Analyst, 1980 – 1992
- *Gwynedd Mercy College, BS*

TRAVIS M. CARR

22 Years Experience

- Western Asset Management Company – Product Specialist, 2000–
- Pacific Investment Management Company – Senior Associate, 1997-2000
- Royal Thrift & Loan Company – Secondary Market Analyst, 1994–1997
- Home State Financial Corp. – Mortgage Broker, 1993–1994
- *University of California, Los Angeles, B.A.*
- *Chartered Financial Analyst*

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

Representative Client List Disclosure

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

The clients listed in the Corporate company type have portfolios with an AUM of \$8(M) or greater.

The clients listed in the Public company type have portfolios with an AUM of \$84(M) or greater.

The clients listed in the Multi-Employer / Union company type have portfolios with an AUM of \$20(M) or greater.

The clients listed in the Healthcare company type have portfolios with an AUM of \$5(M) or greater.

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

The clients listed in the Insurance company type have portfolios with an AUM of \$5(M) or greater.

The clients listed in the Sub-Advisory company type have portfolios with an AUM of \$20(M) or greater.

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

Risk Disclosure

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VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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November 16, 2015

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

**SUBJECT: REQUEST FOR BOARD APPROVAL OF INVESTMENT ASSET ALLOCATION
POLICY TARGETS, RANGES, AND BENCHMARKS**

Dear Board Members:

The management of the Ventura County Retirement Association is vested with the Board of Retirement (Board) as provided for by Government Code Section 31520. The Board established its investment policy in general accordance with the provisions of Government Code sections 31594 and 31595.

As part of its investment policy, the Board has adopted an asset allocation policy to provide for diversification of assets, and to maximize risk-adjusted investment returns. Asset allocation modelling identifies asset classes VCERA will utilize, and the targeted percentage each asset class represents in the total fund. Due to the fluctuation of market values, positioning within a specified range is acceptable and constitutes compliance with the policy. It is anticipated that an extended period of time may be required to fully implement an asset allocation policy change, and that periodic revisions will occur. VCERA staff will monitor and assess the actual asset allocation versus policy targets, and will evaluate any variation considered significant.

The asset allocation policy is designed to maximize the probability that the investment goals will be fulfilled. The policy is regularly reviewed, and revised as fund conditions change and as investment conditions warrant.

The policy is predicated upon a number of factors including:

- The actuarially projected liabilities, benefit payments, and the cost to both covered employees and employers;
- Capital market assumptions;
- The risk tolerance of the Board; and,
- The relationship between current and projected assets of the Plan and its actuarial requirements.

Background

In February, 2015, NEPC recommended new asset allocation targets. The Board adopted the recommendation, but put implementation on hold, subject to input from its soon-to-be-hired Chief Investment Officer. In May, 2015, VCERA hired its first CIO.

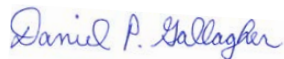
At the September 2015 Board Retreat, VCERA's CIO provided analysis of the February 2015 asset allocation, and proposed differing asset allocation mixes. The Board directed the CIO and NEPC to work together to bring back additional analysis and recommendations for adopted targets, ranges and benchmarks for the selected allocation mix.

The attached presentation is a joint asset allocation recommendation of staff and NEPC.

Subject to Board approval of the recommended asset allocation plan, staff and NEPC will bring back to the Board an asset allocation implementation plan for Board consideration.

RECOMMENDED: APPROVE THE INVESTMENT ASSET ALLOCATION POLICY TARGETS, RANGES, AND BENCHMARKS RECOMMENDED BY STAFF AND NEPC.

Sincerely,



Dan Gallagher
Chief Investment Officer

ASSET ALLOCATION POLICY
TARGETS, RANGES, BENCHMARKS

	<u>Target</u>	<u>Range</u>	<u>Benchmark</u>
U.S. Equity	28.0%	24.0% - 32.0%	Russell 3000 Index
Non-US Equity	15.0%	12.0% - 18.0%	MSCI ACWI ex U.S. Index
Global Equity	10.0%	7.0% - 13.0%	MSCI ACWI Index
Private Equity	10.0%	0.0% - 12.0%	DJ U.S. Total Stock Market Index + 3%
U.S. Fixed Income	20.0%	16.0% - 24.0%	Barclays Capital U.S. Aggregate Bond Index
Real Estate	7.0%	4.0% - 10.0%	NCREIF ODCE Index
Liquid Alternatives	10.0%	5.0% - 15.0%	CPI + 4%
Cash	0.0%	0.0% - 3.0%	90 day T-bills



NEPC, LLC

YOU DEMAND MORE. So do we.SM



Ventura County Employees' Retirement Association

Asset Allocation Study

November 16, 2015

Allan Martin, Partner

Dan LeBeau, Consultant

Tony Ferrara, CAIA, Senior Analyst

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

Background



For the Board to consider and approve the recommended asset allocation targets, ranges, and benchmarks.

- **Dynamic Asset Allocation Policy Study Approach**

- Asset allocation mix should be reviewed annually to ensure that long-term risk-adjusted return objectives are appropriate while considering evolving or changing investment opportunities.

- **Decision Making Methodology**

- Identify available asset classes and investing strategies
 - Analyze primary characteristics; assess their suitability and comprehensiveness for institutional portfolios.
 - Evaluate sources of returns, risks, and diversification in terms of quantitative and qualitative considerations.
- Utilize breadth of asset allocation tools for additional analysis
 - Mean-variance optimization, risk budgeting, factor analysis, scenario analysis, probabilities, etc.
 - Understand limitations of each to construct inclusive view

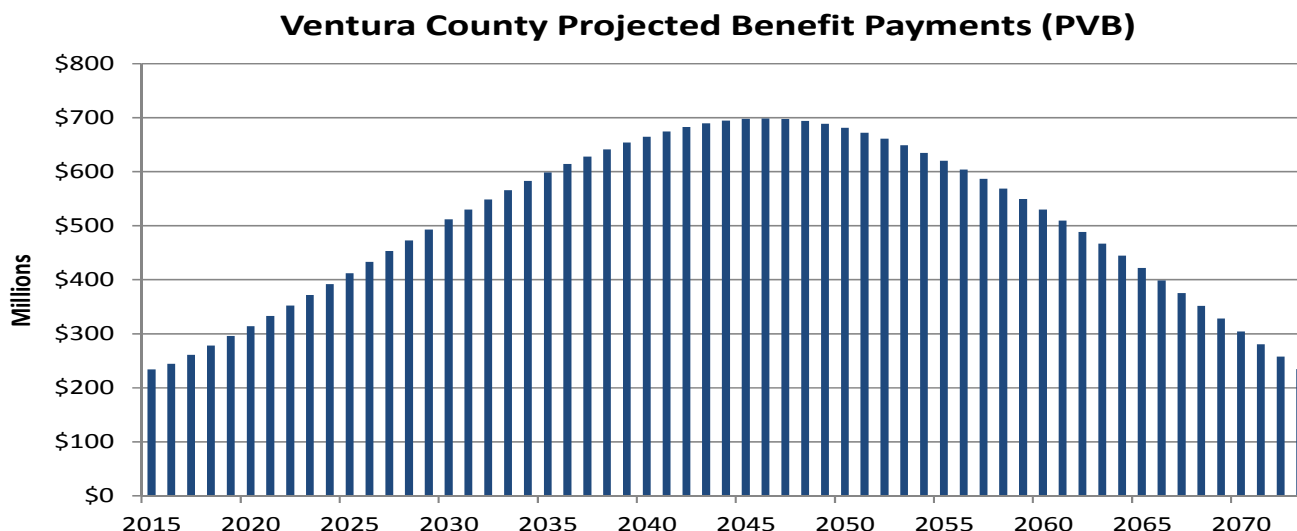
- **Asset Allocation Policy Investment Themes**

- Increase Diversification
- Optimize Risk-Adjusted Return in an Expected Low Return Environment
- Ensure Sufficient Liquidity
- Remain Fee and Cost Conscious

- **In 2014, NEPC began studying VCERA's asset allocation to understand and evaluate potential changes to the Plan's long-term asset allocation targets.**
 - NEPC worked with the Plan's actuary to understand the Plan's liability structure
 - Analysis incorporated 7.75% actuarial assumed rate of return combined with challenge of low expected return environment
 - In February 2015, NEPC recommended new asset allocation targets, which were approved by the Board, and subsequently put on hold subject to input from VCERA's Chief Investment Officer (CIO)
 - In May 2015, VCERA hired its first CIO
 - At the September 2015 Board Retreat, VCERA's CIO provided his analysis of the February 2015 asset allocation recommendation and proposed differing asset allocation mixes. The Board directed the CIO and NEPC to work together to bring back additional analysis and recommendations for adopted targets, ranges and benchmarks for the asset allocation mix.
- **Analysis completed using 2015 NEPC 5-7 year assumptions**
 - Time horizon provides balance between strategic views and long-term return target.
 - 5-7 year assumptions maintains strategic business cycle focus without being too focused on very near-term.
 - 30 year assumptions considered for efficiency, long-term target, and actuarial purposes, but not for strategic analysis.
 - Allows for direct comparisons across analysis types.

- **As of June 30, 2014, VCERA was 82.7% funded**
- **The current assumed rate of return target of 7.5% remains appropriate to maintain a path to full funding**
 - Recommended Target has an expected return of 7.7% over 30 years
- **Market environment remains challenging over medium term (5-7 years)**
 - Recommended Target has an expected return of 6.4% over the next 5-7 years
- **While seeking higher returns, it is critical for the fund to manage volatility**
 - Even though the Plan is well-funded, a significant asset drawdown can impair funded status and challenge long-term funding
 - Underfunded, open plans need to 'reach' for returns, even with higher volatility, as low returns cannot keep up with liability growth and funded status increases would be difficult to achieve
 - Plans that are close to or more than fully funded can be more conservative in the assets that they invest in, earning enough to pay benefits and keep up with liability growth without adding asset volatility

VCERA Projected Benefit Payments



- **Projected Value of Benefits (PVB) is a liability value that includes assumptions for future service and future salary increases**
 - Accrued Liability assumes no future service or salary is earned by participants, only measuring what has been earned to date
- **Volatility in liabilities comes from demographic changes (most of which are unpredictable), actuarial assumptions not being met, and changes in the discount rate assumption**
 - In public pension plans, liability (and funded status) volatility from the liability's duration is realized only if/when the discount rate assumption is changed
- **The discount rate sensitivity, or modified duration, of VCERA's PVB is 15.0, while the duration of the accrued liability would likely be closer to 10.0**
 - If the discount rate is decreased (or increased) by 1%, the liability will rise (or fall) by the % duration
 - The discount rate of public pension plans is closely tied to the expected return on assets of the pension fund, not marked to a daily-moving corporate bond rate like in corporate pension plans
- **The proposed asset allocation's volatility of 13.1 falls within the volatility of these two liability values, taking into account some, but not all future service and salary assumptions**

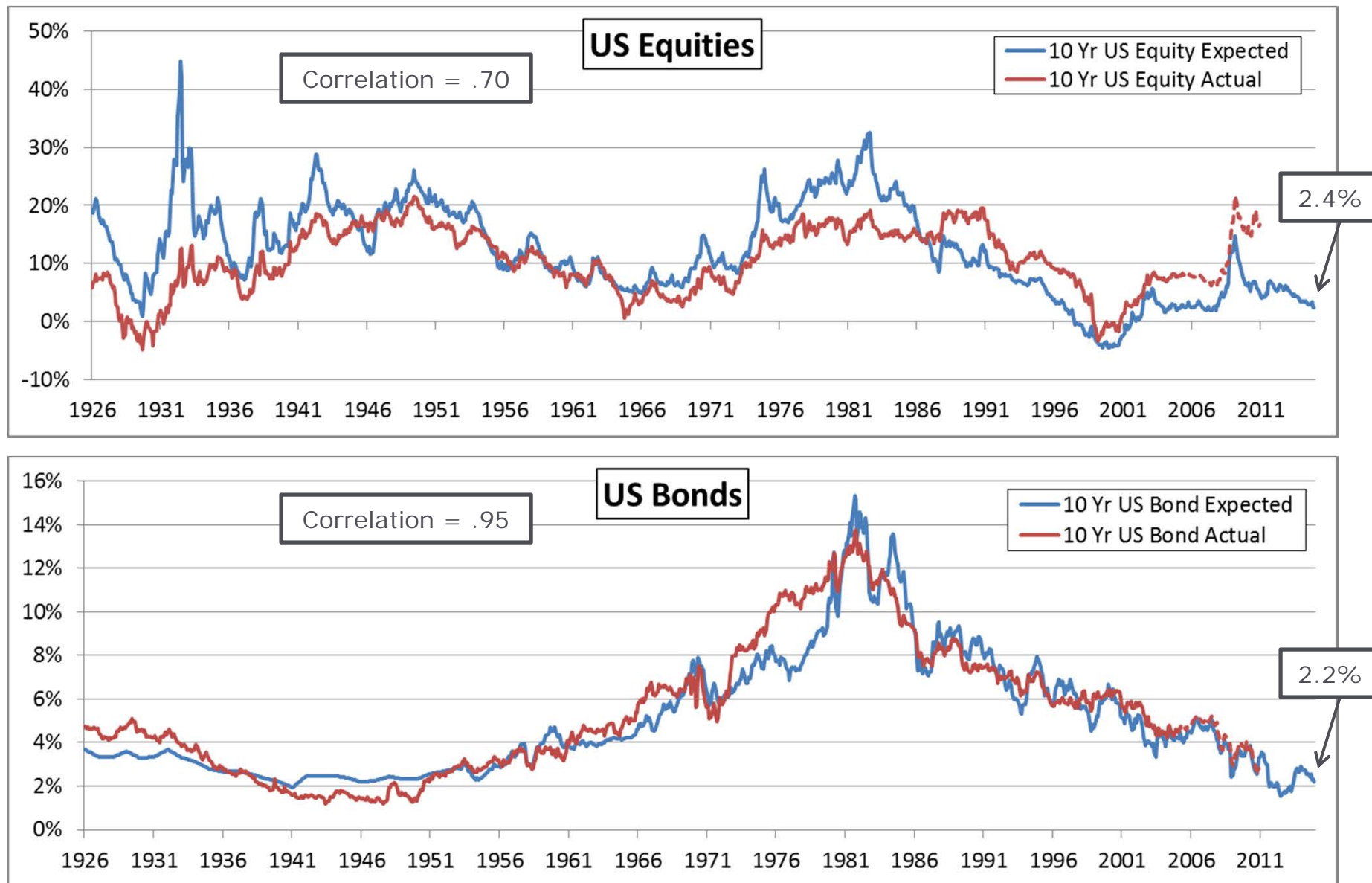
Recommendation and Analysis

Note: All of the analysis provided on the following pages is based on NEPC's 2015 5-7 Year Capital Market Assumptions, except where noted.

Key Asset Allocation Themes for 2015

- **Balance potential for short-term strength with an acknowledgement of lofty recent returns relative to global growth**
 - Reallocate risk as appropriate while maintaining downside protection as a counterweight
- **Public U.S. equity and U.S. credit markets similarly valued vs. history**
 - P/E multiples for U.S. equity substantially higher than historic norms
 - Credit's limited upside from potential investment grade spread compression, overall reduction in liquidity and proliferation of ETFs contribute to asymmetry
 - Real estate can be a substitute for high yield
 - Manage private commitments and maintain liquidity to exploit downturns
- **Non-U.S. equity markets have not experienced the same rally as U.S. equities**
 - Valuations and monetary easing support overweight; downside risks point to caution
 - Muted return expectations are sensitive to binary policy decisions (upside and downside)
 - Emerging growth expectations have compressed
 - Commodity driven countries face pressures but U.S. strength supports exporters
 - Fundamental strength vs. developed world likely to win in the long run
 - Be globally diversified and don't flee emerging markets
- **We are closer to rate hikes by the Federal Reserve**
 - Curve has shifted in anticipation making both cash/short duration and long duration bonds relatively more attractive than core duration
 - Long rates likely range bound due to dynamics of supply (shrinking deficits) and demand (increasing LDI hedgers, global investors, aging population of savers)
 - Barbell of long treasuries and cash can offer similar core bond duration, volatility, yield, and a higher sensitivity to recession protection (counterweight)

Yield and Valuation Drive Returns Over the Long Term



Recommended Target, Ranges and Benchmarks – Exhibit A

	<u>Policy</u>	<u>Policy Range</u>	<u>Benchmark</u>
U.S. Equity	28.0%	24.0% - 32.0%	Russell 3000 Index
Non-US Equity	15.0%	12.0% - 18.0%	MSCI ACWI ex U.S. Index
Global Equity	10.0%	7.0% - 13.0%	MSCI ACWI Index
Private Equity	10.0%	0.0% - 12.0%	DJ U.S. Total Stock Market Index + 3%
U.S. Fixed Income	20.0%	16.0% - 24.0%	Barclays Capital U.S. Aggregate Bond Index
Real Estate	7.0%	4.0% - 10.0%	NCREIF ODCE Index
Liquid Alternatives	10.0%	5.0% - 15.0%	CPI + 4%
Cash	0.0%	0.0% - 3.0%	90 day T-bills

**Subject to change based on managers selected*

Summary of Recommended Changes

	Prior Target	Recommended Target	Change
Cash	0%	0%	--

Large Cap Equity	27%	25%	-2.0%
Small/Mid Cap Equity	3%	3%	--
Int'l Developed Mkts Equity	12%	12%	--
Int'l Emerging Mkts Equity	2%	3%	1.0%
Global Equity	10%	10%	--
Total Public Equity	54%	53%	-1.0%
Private Equity	5%	10%	5.0%
Total Equity	59%	63%	4.0%

U.S. Treasuries	0%	2%	2.0%
Domestic Core Fixed Income	12%	10%	-2.0%
Global Core Fixed Income	5%	0%	-5.0%
Absolute Return Fixed Income	7%	8%	1.0%
Total Public Fixed Income	24%	20%	-4.0%

Real Estate	7%	7%	--
MLPs	4%	4%	--
Risk Parity	6%	6%	--
Total Other	17%	17%	--

5-7 Year	Expected Return	6.0%	6.4%
	Standard Deviation	12.6%	13.1%
	Sharpe Ratio	0.34	0.35

30 Year	Expected Return	7.3%	7.7%
	Standard Deviation	12.6%	13.1%
	Sharpe Ratio	0.32	0.34

Estimated Fees	0.29%	0.32%
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- Modest Reduction in Public Equity Exposure

- Reflects lower return outlook after strong rally over recent years, as well as higher valuations
- Reduction is moderated by stronger U.S. economic outlook

- Increase Private Equity Allocation

- Accepting illiquidity for potentially higher returns
- Includes Private Equity and Private Debt

- Add Dedicated U.S. Treasuries Allocation

- Hedges equity risk
- Liquid
- No credit risk
- Beneficiary of 'flight to quality'

- Reduce Core Fixed Income Allocation

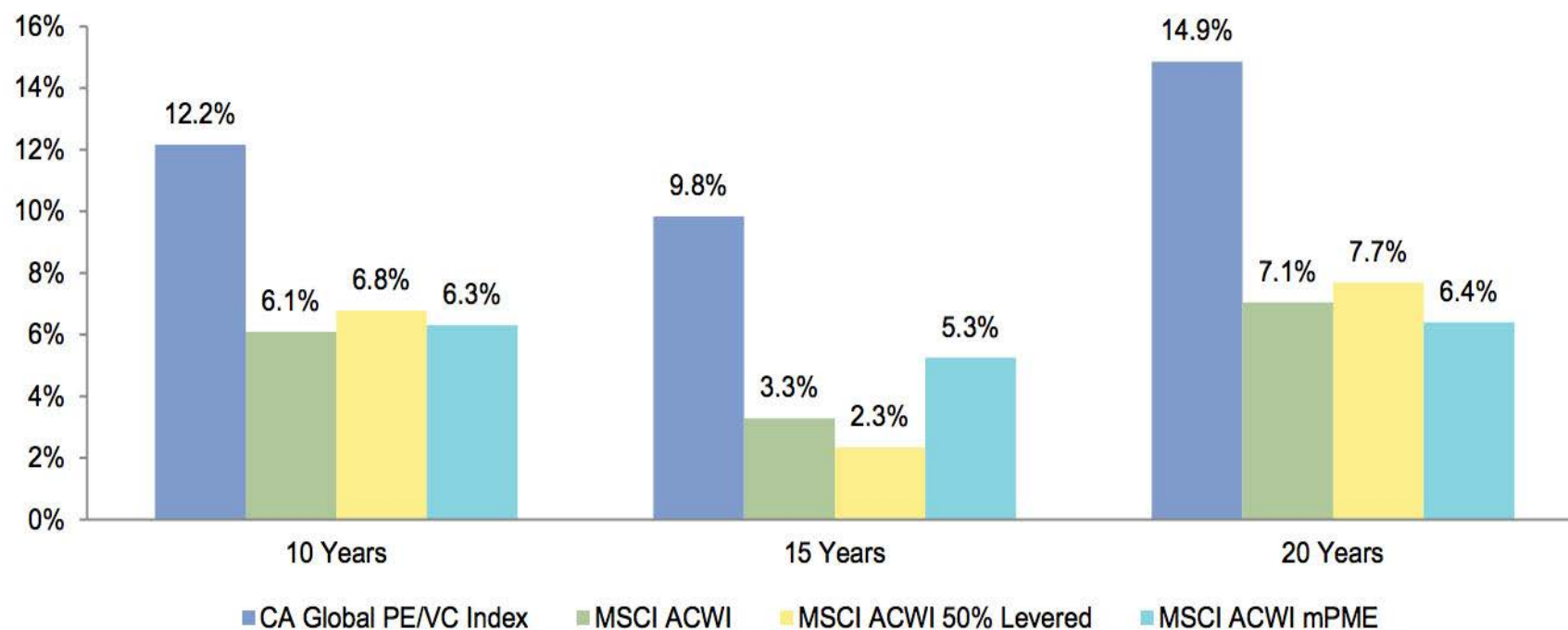
- Reduce interest rate/duration exposure in rising rate environment

- Eliminate Global Bond Allocation

- U.K., Europe and Japan all with negative 10-year real yields

Figure 2. Global Private Equity/Venture Capital Performance

As of December 31, 2014



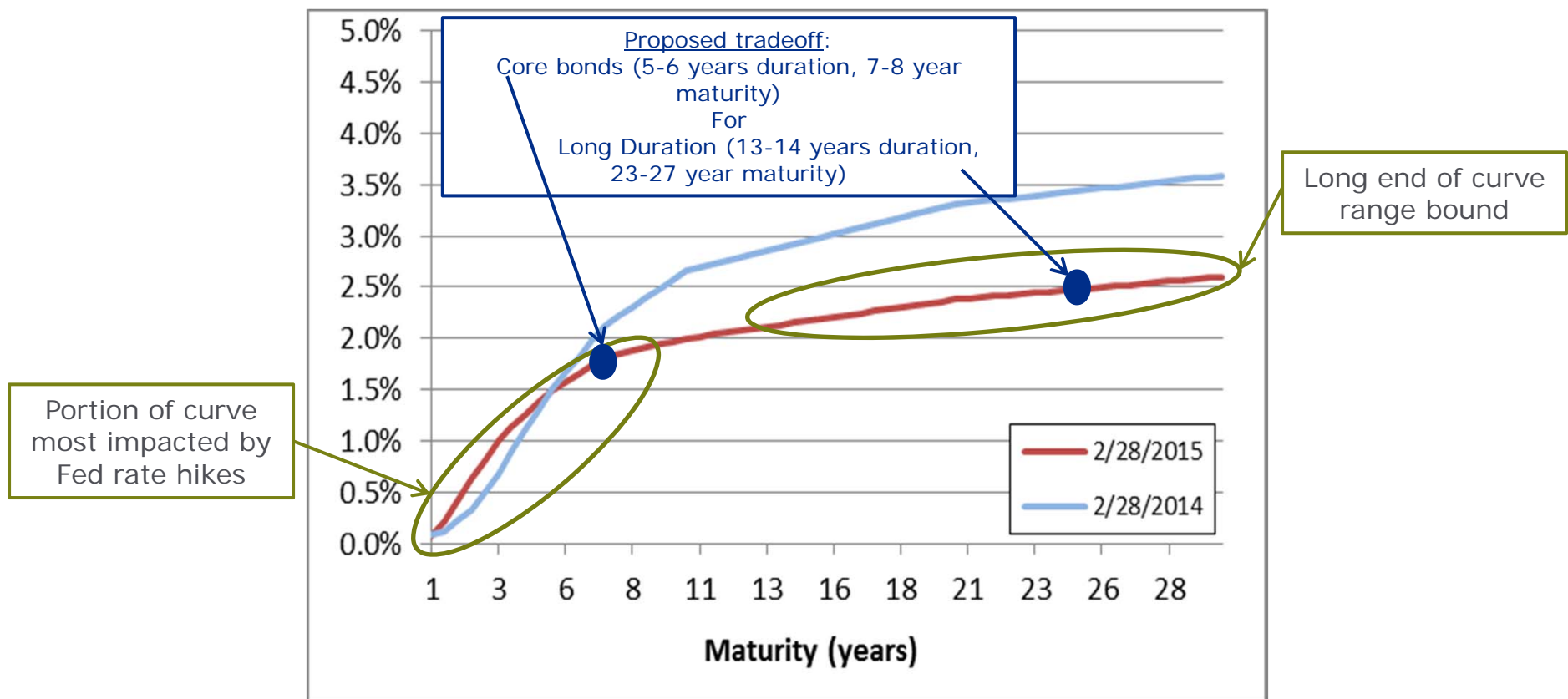
Source: Cambridge Associates, Research Note October 2015, PRIVATE INVESTMENTS: FILLING A PENSION'S RETURN VOID, page 4

Public market equivalent (PME) analysis takes into account the size and timing of actual private investment contributions and distributions in the calculation of a public market index return and compares its performance to the actual private investment performance. Cambridge Associates uses a modified version of the traditional PME analysis where distributions are calculated in the same proportion as in the private investment rather than matched on a market value basis. The public equivalent "sells" the same proportion of the value of public shares as the private investment sells in private shares.

U.S. Treasury Forward Rates

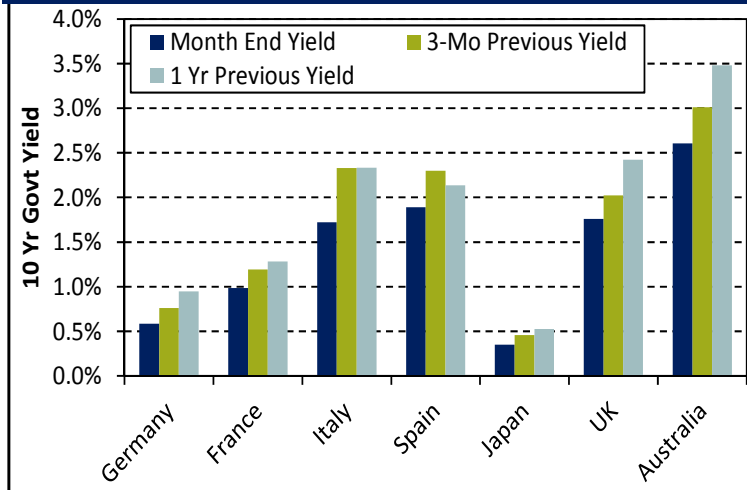
- **Yield curve has shifted in anticipation of rate hike by the Federal Reserve, making both cash/short duration and long duration bonds relatively more attractive than core duration**
 - Market expectations point to substantial curve flattening over the next 3 years
- **Long rates likely range bound due to dynamics of supply (shrinking deficits), demand (increasing global investors, aging population of savers, use of LDI) and low global inflation**

U.S. Treasury Yield Curve



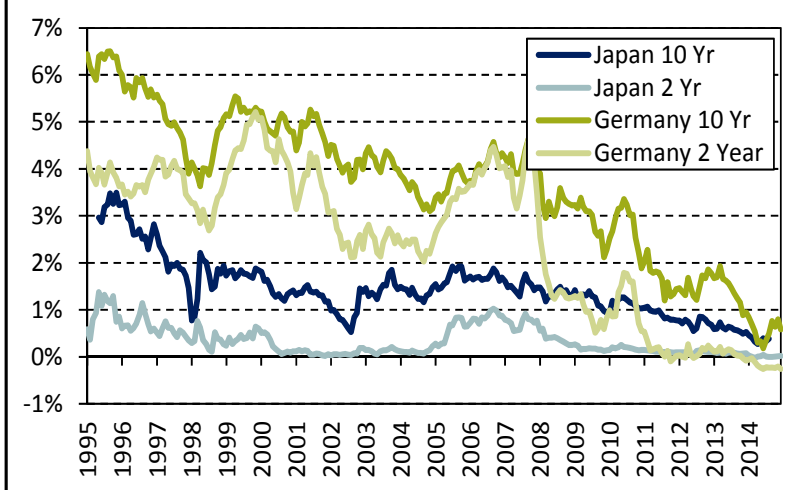
Global Developed Bonds Outlook

Global yields are at or near historic lows despite recent uptick



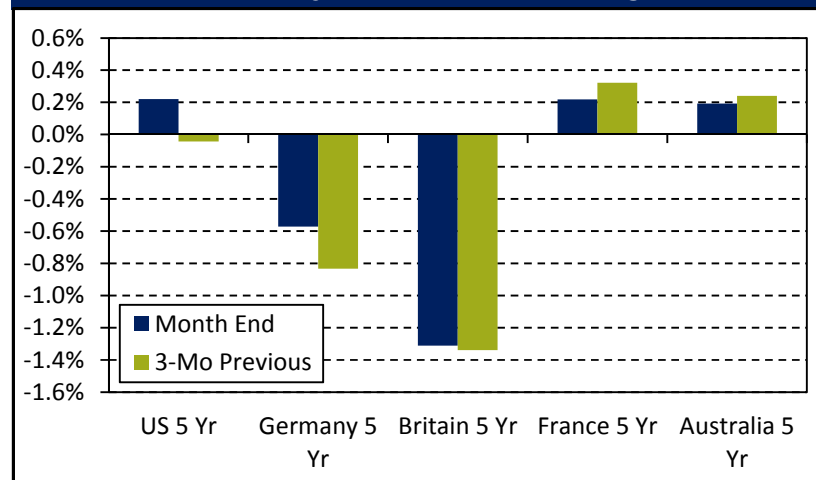
Source: Bloomberg

Global yields have trended lower over long term



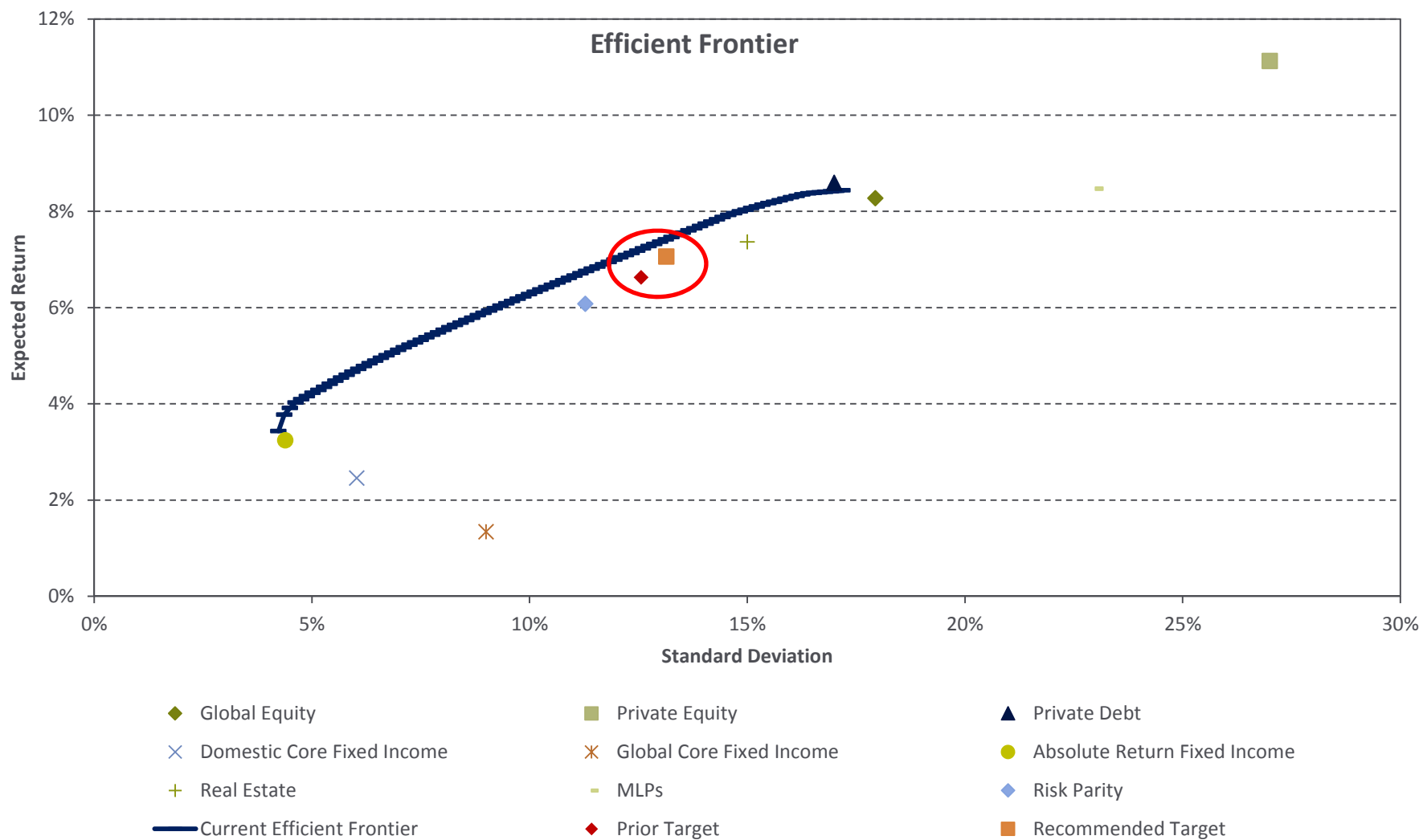
Source: Bloomberg

Global real yields are flat to negative



Source: Bloomberg

Efficient Frontier - VCERA



Probability Analysis

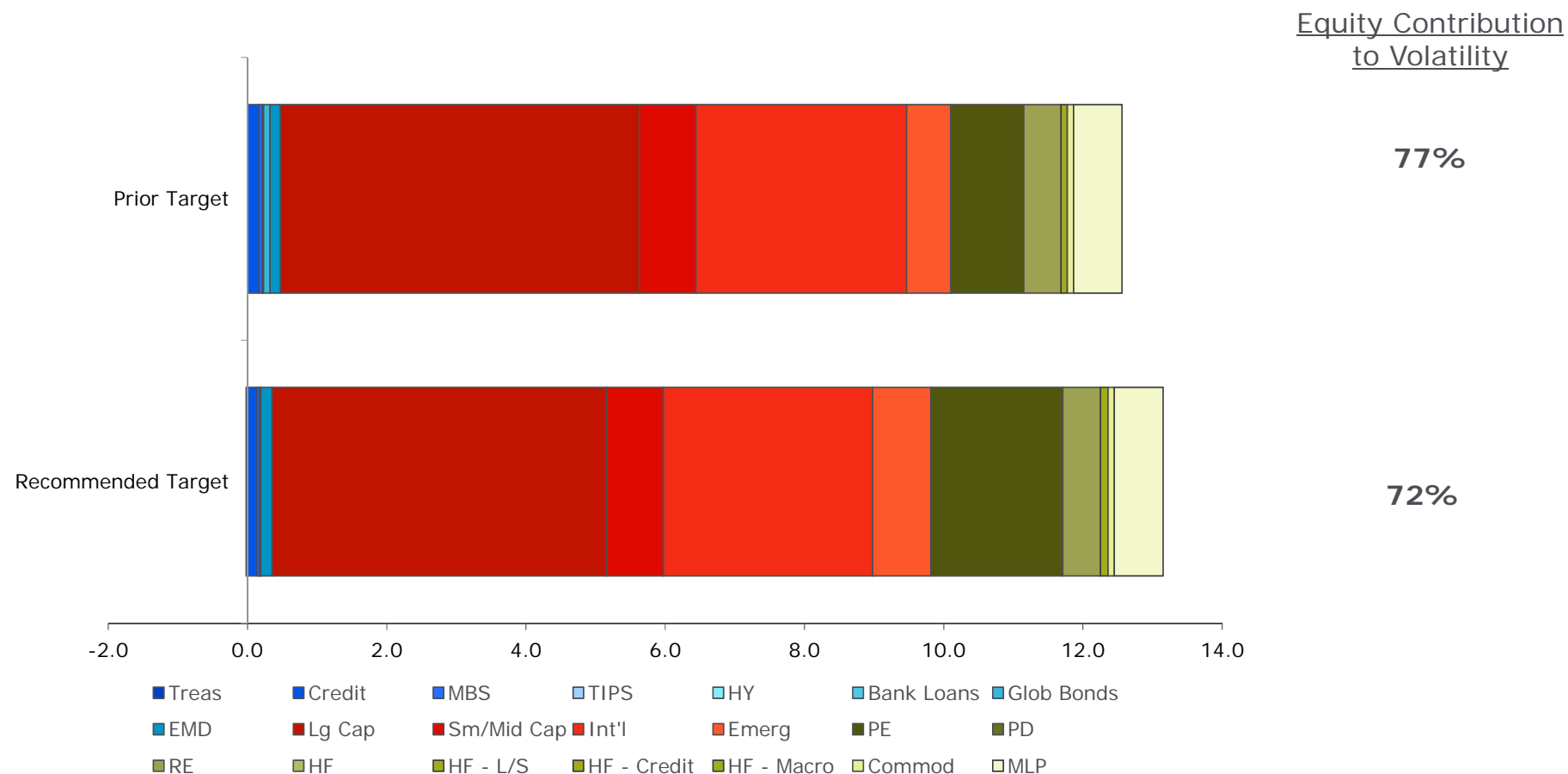
Using NEPC 5-7 Year Capital Market Assumptions

	Prior Target	Recommended Target
Probability of 1-Year Return Under -5%	19.0%	19.3%
Probability of 1-Year Return Under 0%	31.6%	31.3%
Probability of 1-Year Return Over 5%	53.2%	54.2%
Probability of 1-Year Return Over 7.5%	45.3%	46.7%
Probability of 5-Year Return Under -5%	2.5%	2.6%
Probability of 5-Year Return Under 0%	14.2%	13.8%
Probability of 5-Year Return Over 5%	57.1%	59.4%
Probability of 5-Year Return Over 7.5%	39.5%	42.6%
Probability of 10-Year Return Under -5%	0.3%	0.3%
Probability of 10-Year Return Under 0%	6.5%	6.2%
Probability of 10-Year Return Over 5%	60.0%	63.2%
Probability of 10-Year Return Over 7.5%	35.4%	39.6%

Using NEPC 30 Year Capital Market Assumptions

	Prior Target	Recommended Target
Probability of 30-Year Return Under 0%	0.1%	0.1%
Probability of 30-Year Return Under 5%	15.9%	13.5%
Probability of 30-Year Return Over 7.5%	46.4%	52.5%
Probability of 30-Year Return Over 10%	11.9%	16.4%

Risk Budgeting Analysis



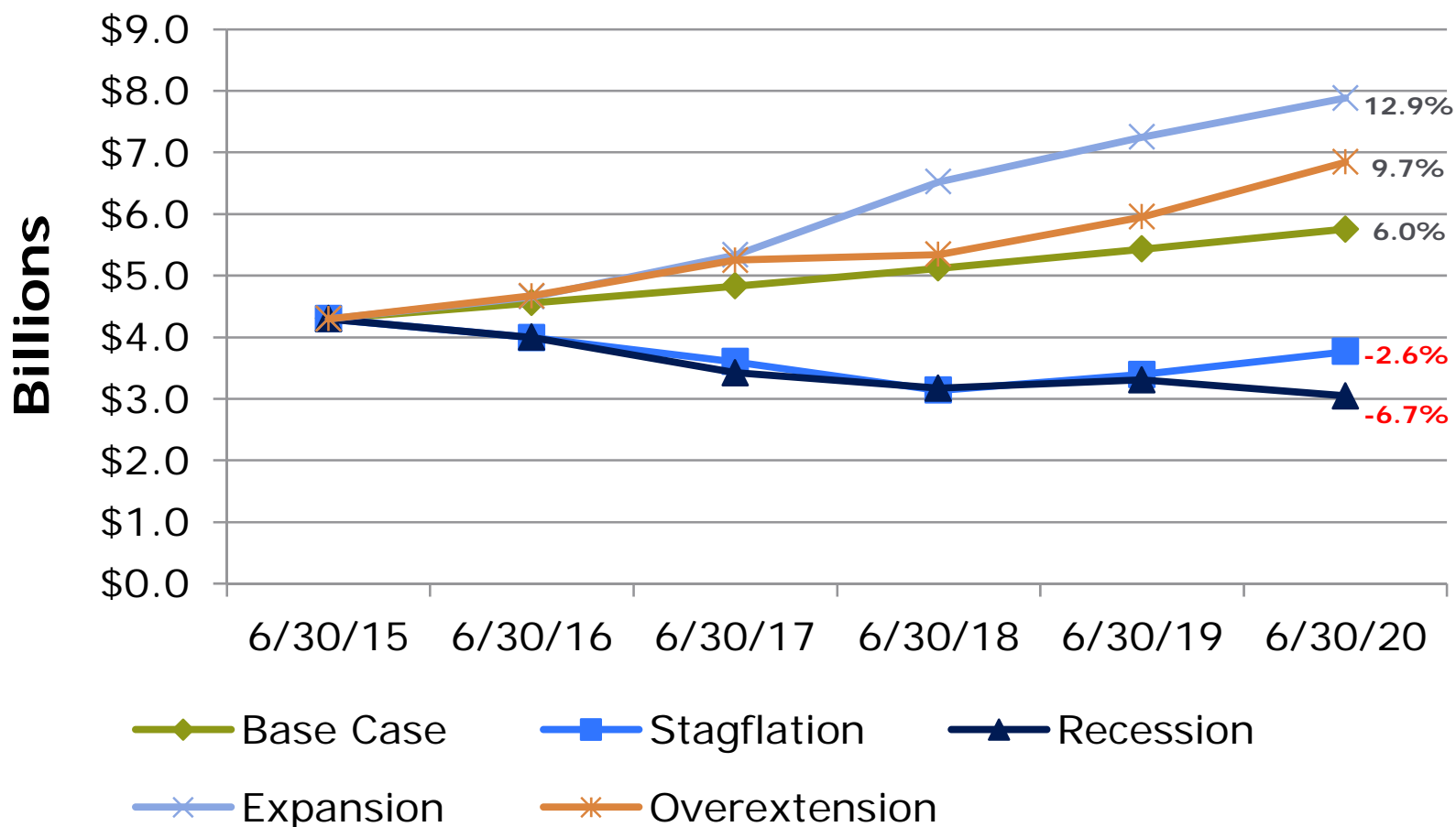
- **Recommended Target carries similar level of risk as prior target**
 - Higher risk budget allocated to private markets
- **Recommended Target still heavily biased toward public equities**
 - Consistent with historical orientation and long-term goals

Liquidity Analysis



Note: Based on target allocations, actual implementation may vary

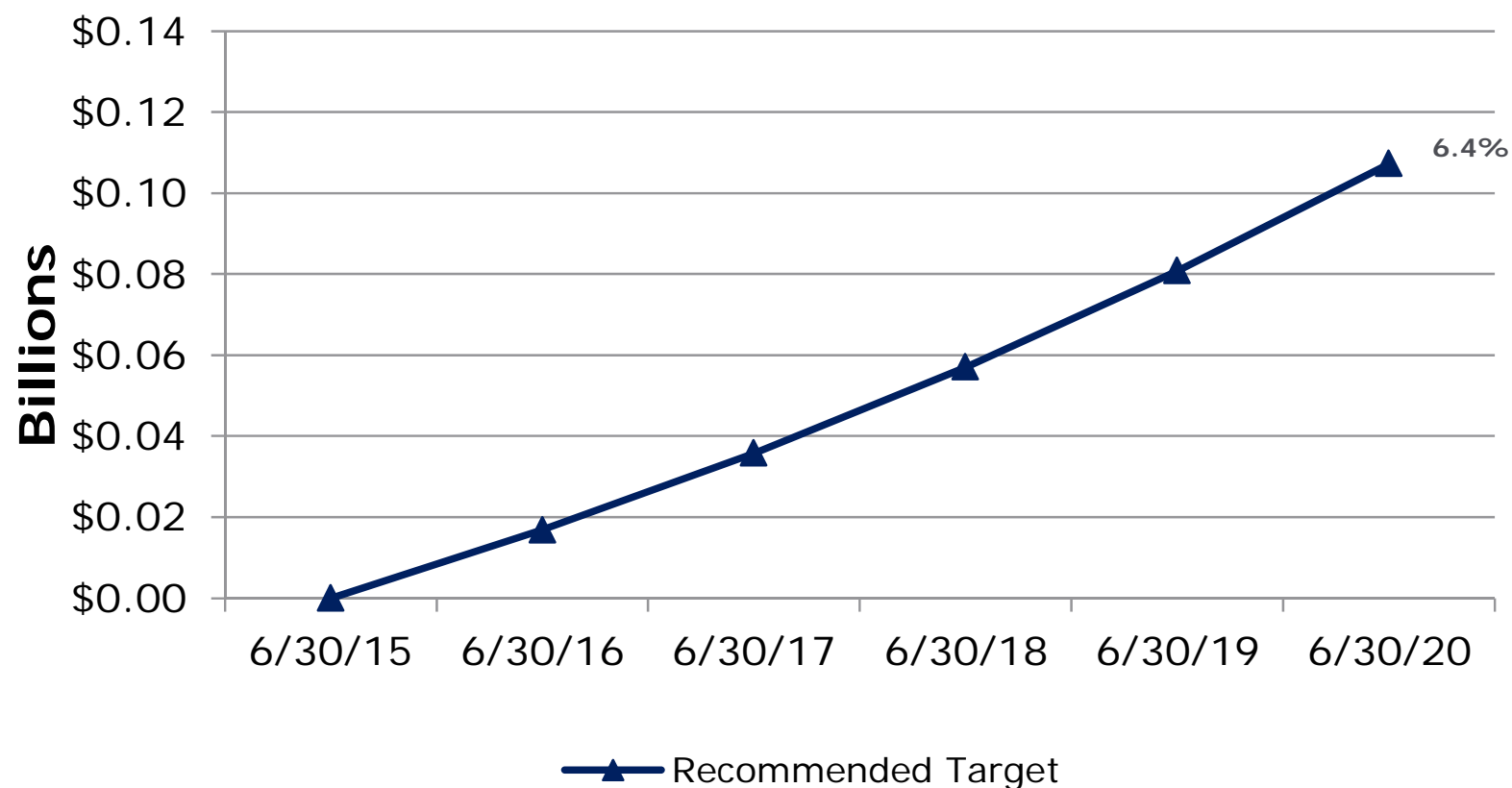
Scenario Analysis – Prior Target



- **Strong equity bias results in portfolio experiencing losses in lower than expected growth scenarios and experiencing gains when growth meets or exceeds expectations.**

Note: Analysis does not include assumptions for liabilities or other cash flow items and is calculated using current assets (as of 6/30/2015) only

Scenario Analysis – Base Case (Change from Prior Target)

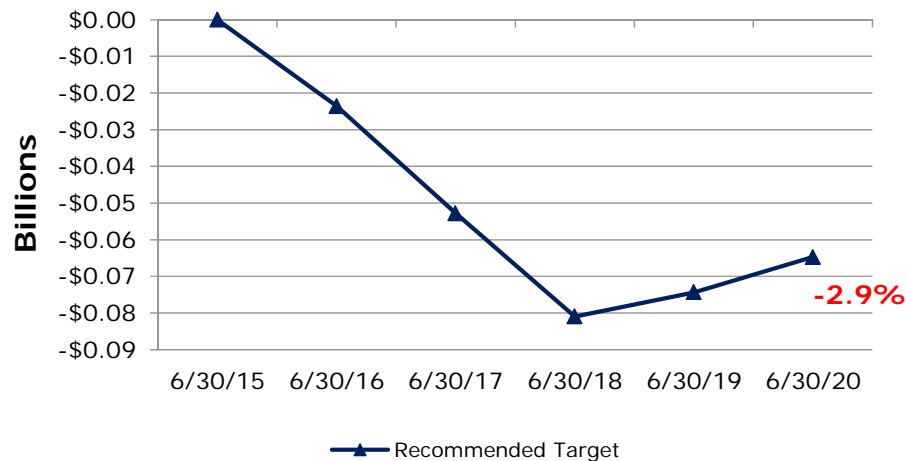


- **Recommended Target outperforms Prior Target in the Base Case**
 - Higher expected return achieved with slightly higher volatility

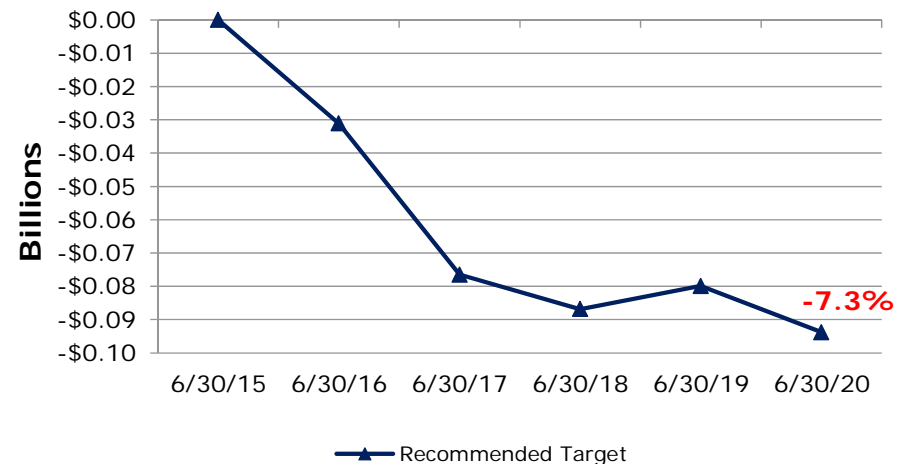
Note: Analysis does not include assumptions for liabilities or other cash flow items and is calculated using current assets (as of 6/30/2015) only

Scenario Analysis – Change from Prior Target

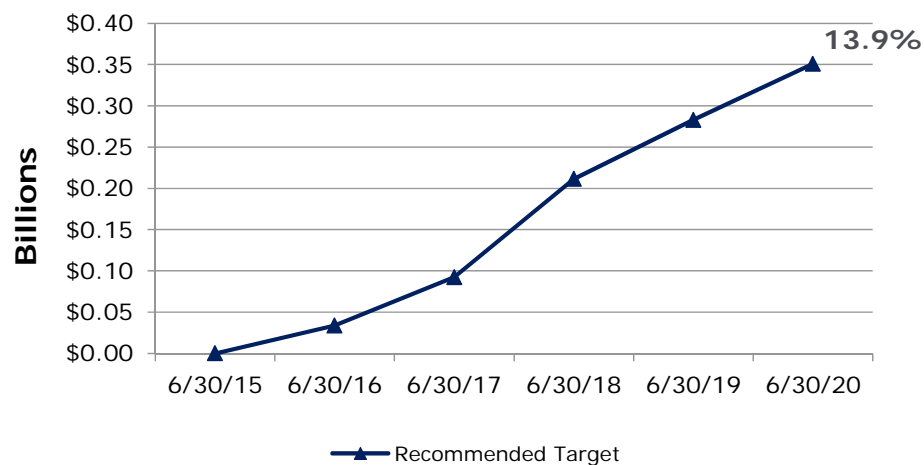
Stagflation



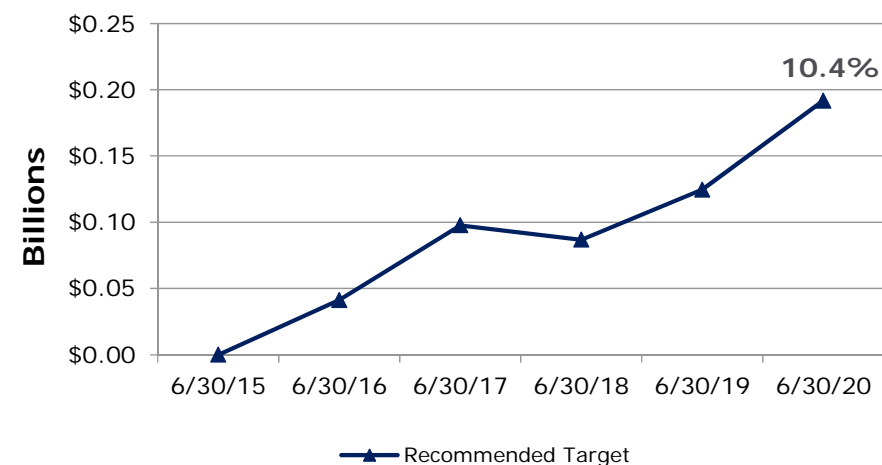
Recession



Expansion

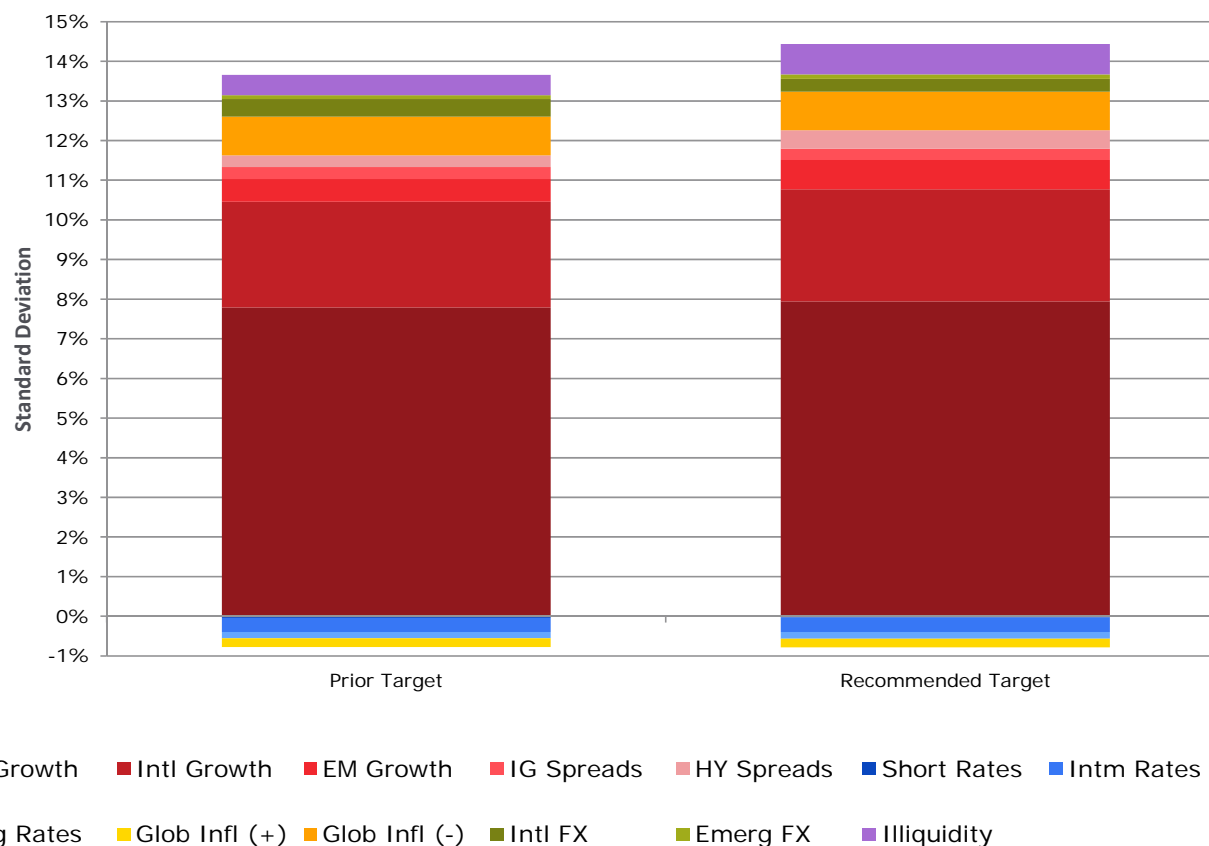


Overextension



Note: Analysis does not include assumptions for liabilities or other cash flow items and is calculated using current assets (as of 6/30/2015) only

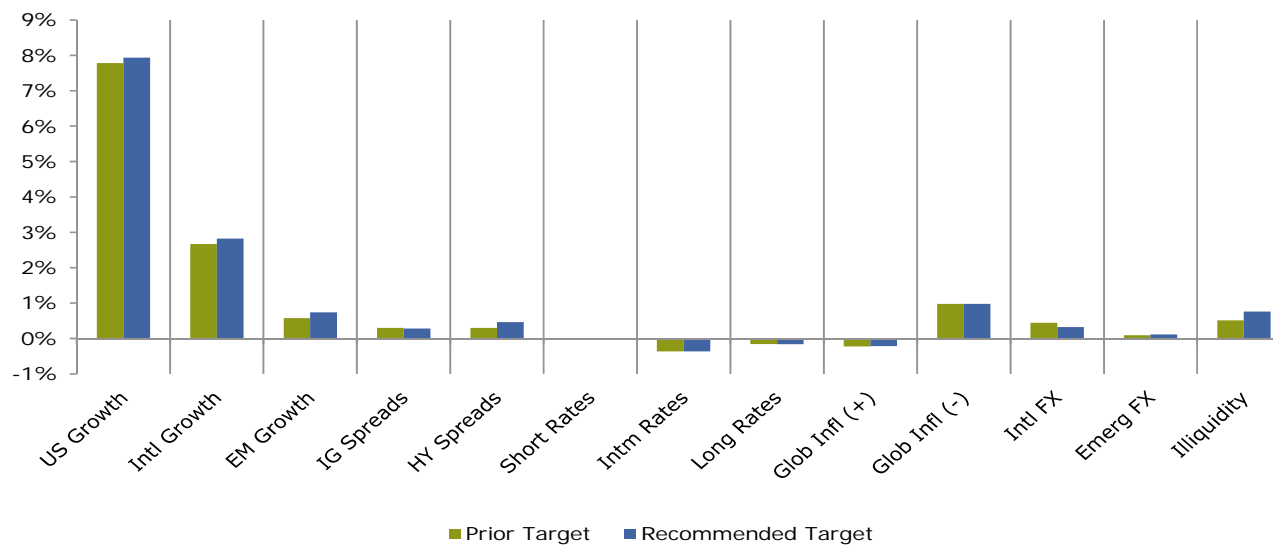
Contributions to Expected Volatility from Factors



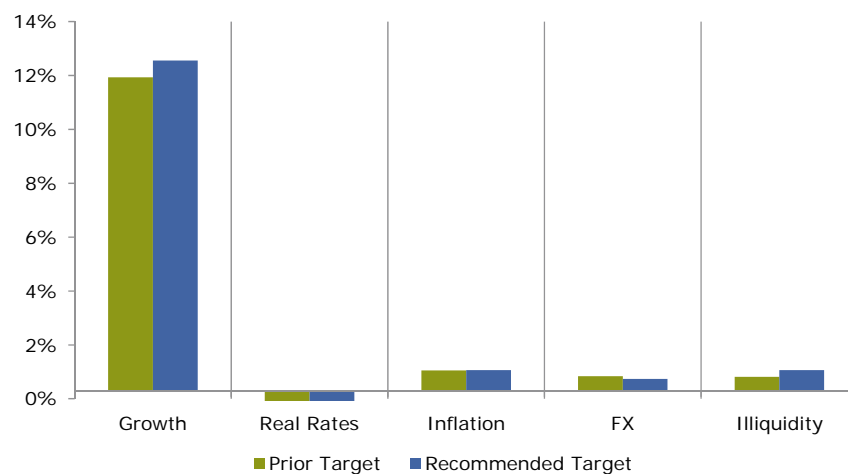
- **Heavy bias to growth factor in Prior Target and Recommended Target**
 - Recommended Target has more exposure to the illiquidity risk factor due to higher allocation to private equity, and slightly less exposure to developed market currencies due to elimination of allocation to global core fixed income

Factor Analysis – Detail

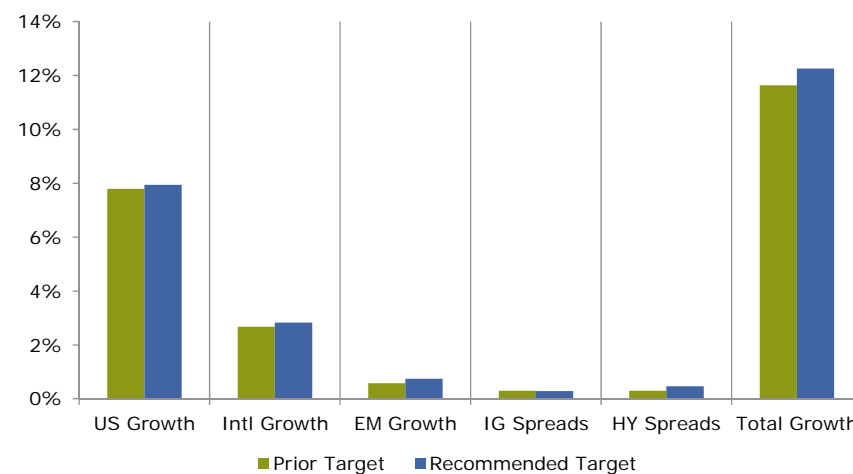
Assets



Combined Risk Exposures



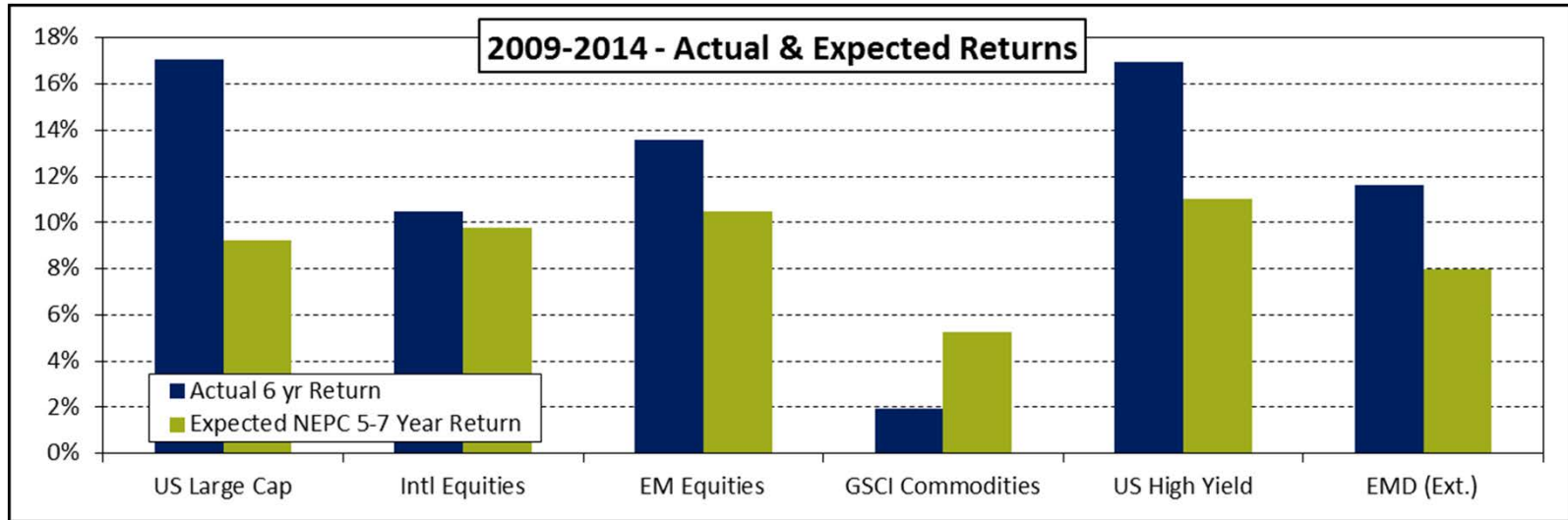
Components of Growth Risk



Appendix: NEPC 2015 Capital Market Assumptions Development



Remember How Far We've Come...But How Much Further Can We Go?



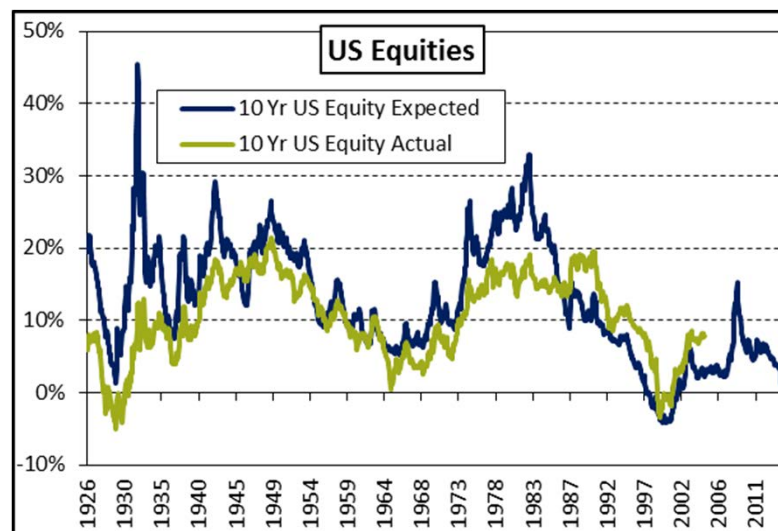
Source: Bloomberg and NEPC as of 11/30/2014

- **NEPC's 2009 5-7 assumptions were eye-popping relative to previous years**
 - Result of significant sell-off in the midst of the global financial crisis
- **Most fundamental forecasting models suggested even higher returns**
 - We discounted original expectations heavily given tremendous path uncertainty at that time
 - Still in the midst of drawdowns, frozen credit markets, unprecedented monetary policy
 - If we could have offered certainty of our expectations, most would have seized it
- **Patient, long-term investors have been rewarded beyond our expectations**
 - Tremendously beneficial in healing balance sheets, funded positions, grant making stability, etc.
 - But important to recall the range of outcomes that have been in play along the way
 - Quantitative Easing, Eurozone stability, etc.
- **Low yields and core fundamentals suggest muted returns looking forward**

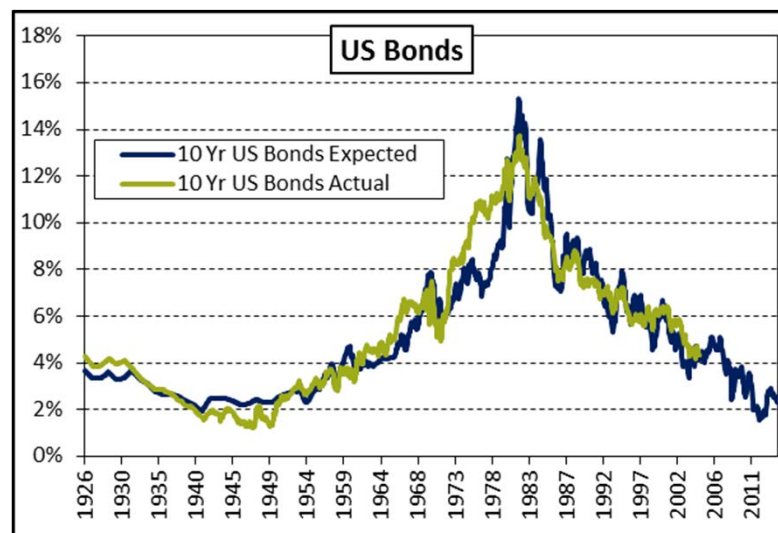
- **Returns have been exceptional since the global financial crisis**
 - Results dramatically outpaced expectations during a period of elevated uncertainty
 - Volatility spiked at times but overall experience well below expectations
- **Low realized volatility fuels shortsighted view for long-term investors**
 - Benefits of diversification are questioned but should be a cornerstone of success
- **NEPC's capital market forecasts cover a 5-7 year horizon which is unlikely to look like most recent trailing periods**
 - End point sensitivity pronounced; annualized returns for diversified investors show a 10.6% return for 3 years, 9.0% return for 5 years and 5.0% for 7 years
 - Last three years' results unlikely to continue for the next 5-7 years
- **Easy monetary policy supports near-term returns beyond what fundamentals may otherwise indicate**
 - Europe and Japan may provide further stimulus but effectiveness of extended easy monetary policy wanes in today's low yield environment
 - U.S. strength can spur consumption and buoy global growth but profit margins may compress impacting valuations
 - Timing is key, but difficult to pinpoint; risk balance is encouraged
- **30 year forecasts are lower, challenging feasibility of success**
 - Extension of easy monetary policy has stymied expectations of higher yields
 - Low long term rates drive return expectations back towards levels seen prior to 2013
 - Conventional approaches may fall short going forward

Long-Term Objectives Unchanged Amidst a Dramatically Changed World

- **Investors must adjust to changing global market environment to meet return objectives and/or balance risk**
 - Financialization of markets, secular decline in risk-free rates, central bank driven financial repression
- **Expected low return world creates challenges that VCERA must address in order to effectively meet and exceed 7.5%**
 - Take more risk
 - Take risk more efficiently
 - Increase funding/contributions
- **How to achieve 7.5% when U.S. 60/40 earns 2.3%**
 - Diversification
 - Be Opportunistic
 - Manager selection in areas where manager outperformance is a variable
- **Traditional approaches will likely be challenged**
 - Particularly true of strategies reliant on index construction independent of investor objectives



Source: Shiller Data, Morningstar Direct, NEPC as of 11/30/2014

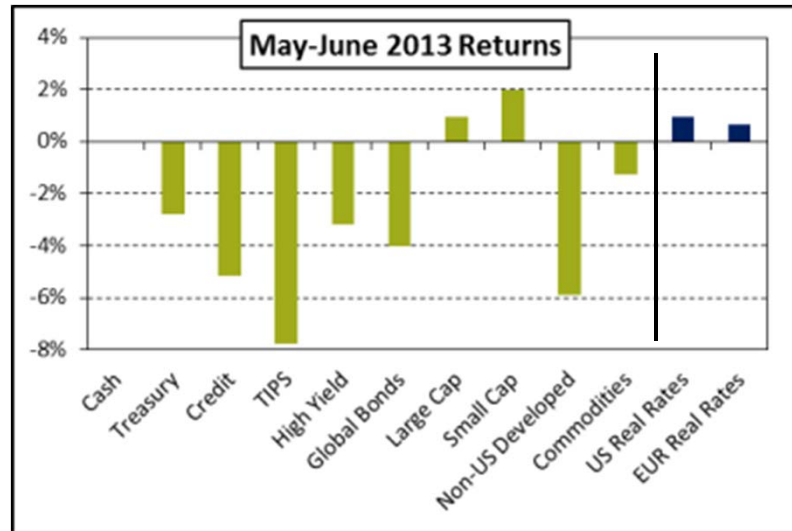


Source: Shiller Data, Morningstar Direct, NEPC as of 11/30/2014

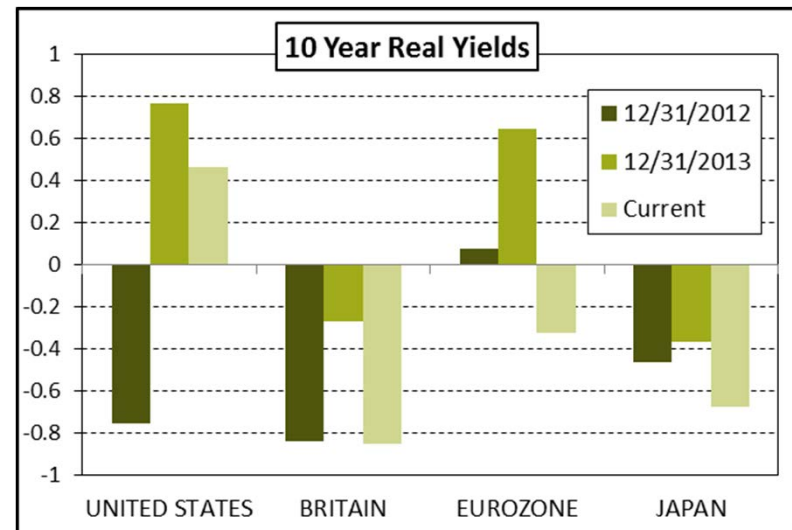
- **Since the crisis, we expected and experienced a range of outcomes**
 - Great uncertainty was a dominant theme over the last 6 years
- **Burned by losses and illiquidity, many institutions exercised caution**
 - Participate smartly in upside with dislocated credit markets but mitigate potential downside by diversifying growth risk away from long-only equity
- **Unconventional global monetary policies were unfamiliar & untested**
 - Diverse underlying economic conditions across regions complicated the issue
- **Politics, both national and “geo”, have proven to be a challenge**
 - “Fiscal cliff”, debt ceiling, socio-economic divide
 - European “dis-union”, austerity measures, periphery unemployment
 - Japan’s lost (two plus) decade(s), Abenomics
 - Unpredictable state actors such as Russia, Iran, North Korea, etc.
- **Markets have forged ahead with cautious optimism tied to improving U.S. economic conditions and continued easy global monetary policy**
 - Still a large range of outcomes
 - Complacency is fertile ground for volatility and loss
 - Tilt towards fundamental strength as U.S. recovers
 - Maintain diversification (economic hedges) to mitigate tail risk

Importance of Real Yields on Global Market Returns; Caution to our Optimism

- **Many investors surprised by market impact of Bernanke's taper comments in Spring 2013**
 - The Primary driver was a change in underlying global real yields
 - Market discount rates increased driving down present values
 - And the surprise change in expectations of tighter policy spooked sentiment
 - U.S. market strength may not persist with a repeat occurrence
- **Real yields in 2014 reversed the normalization trend of 2013 and are a key component of lower 5-7 year expected returns in 2015**
 - U.S. gave up far less than other developed markets
 - Gravity of low interest rates in Germany and Japan may draw U.S. rates lower



Source: Bloomberg as of 11/30/2014



Source: Bloomberg as of 11/30/2014

- **Combination of historical data and forward looking analysis**
 - Expected returns based on current market pricing and forward looking estimates
 - Volatility based on history, while recognizing current uncertainty
 - Correlations based on a mix of history and current trend
- **Historical data is used to frame current market environment as well as to compare to similar historical periods**
 - Historical index returns, volatility, correlations, valuations, and yields
- **Forward-looking analysis is based on current market pricing and a building blocks approach**
 - Return equals yield + changes in price (valuation, defaults, etc.)
 - Use of key economic observations (inflation, real growth, dividends, etc.)
 - Structural themes (supply and demand imbalances, capital flows, etc.)
- **Assumptions prepared by Asset Allocation Committee**
 - Asset Allocation team plus members of various consulting practice groups meet throughout Q4 to develop themes and assumptions
 - Public markets, hedge funds and private markets teams provide market insights
- **Assumptions and Actions reviewed and approved by Partners Research Committee**

Themes for 2015 Asset Class Assumptions

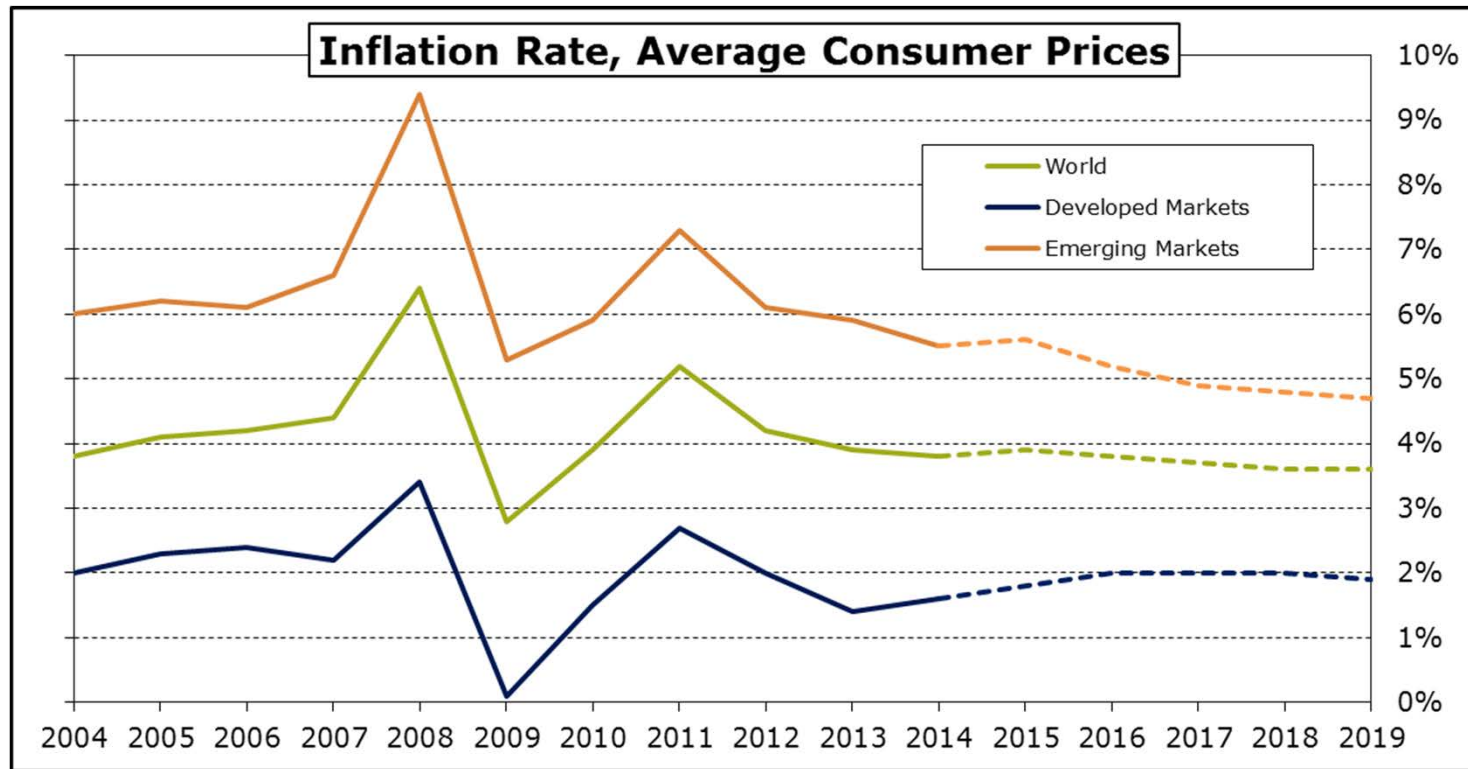
- **5-7 year return expectations lower relative to prior year**
 - Broadly expected return outlook remains subdued
 - Strong performance of domestic equity markets leads to reduction in expectations
 - Lower yields relative to prior year reduce bond market forecasts
 - Decrease in expectations for credit markets reflect normalization of default rates
 - Hedge Fund expectations increased due to anticipation of greater divergences across and within global markets
 - Private asset class adjustments mirror changes in liquid risky asset classes
- **30-year returns have similar themes to 5-7 year forecasts**
 - Yield decreases flow through to longer-term returns in fixed income
 - Equity markets reduced modestly
- **Volatility expectations reduced incrementally in certain asset classes**
 - Real Estate and Private Debt reductions echo more normalized asset class environment
 - Volatility increased for unhedged asset classes to reflect central bank divergences

Changes To Assumption Development

- **We continue to refine and enhance our process where appropriate**
 - Changes are evolutionary rather than revolutionary
 - Global Inflation-Linked Bonds now represent a USD hedged exposure
- **Improved modeling of Real Estate to more accurately reflect the underlying economic and market fundamentals**
 - Refined model sensitivity to changes in occupancy rates, supply, and new construction
 - Enhanced Cap Rate assumption to better reflect forward Treasury rates and spreads
- **Added Real Estate Investment Trust (REITs)**
 - Recognizing the unique role of REITs within a broad real estate allocation
- **Refined Emerging Market Debt Local Currency forecast model to better reflect underlying country forward rates**
 - Developed improved local yield curve forecast for major EM countries
 - Accounts for the significant exposure of a select number of countries in the index
- **Further refined term premium adjustment in fixed income model**
 - Accounts for the higher risk of longer dated maturities
- **Enhanced Risk Parity portfolio construction with the addition of a global cash and LIBOR assumption to reflect global leverage rates**
 - Divergence in expected global cash rates between the U.S. and develop world necessitated the change to reflect implicit leverage costs

- **Inflation is an integral component of our asset allocation assumptions**
 - An essential building block for projecting returns in stocks, bonds, and commodities
- **There are several measures of inflation used to inform our view, all with some type of shortcomings**
 - Global forecasts, local consumer and producer price indices, TIPS break-even inflation
- **Institutional investment pools will experience asset inflation globally, encompassing both developed and emerging countries**
 - We use a 3% global inflation projection over the next 5-7 years
 - Akin to assuming purchasing power parity holds across markets
 - Can be different from inflation experienced in local country liabilities or spending needs
 - For example our expectation of U.S. CPI is 2.25% over 5-7 years
- **Muted credit growth leaves inflation expectations unchanged in the near term, pressure for higher long-term inflation continues to build**
 - Money supply (M2) continued to expand in 2014 while velocity remains depressed
 - Global monetary policy likely to remain stimulative in 2015
- **Given increasing long-term inflation pressures, a modestly higher inflation assumption (3.25%) is used for determining 30 year return expectations**

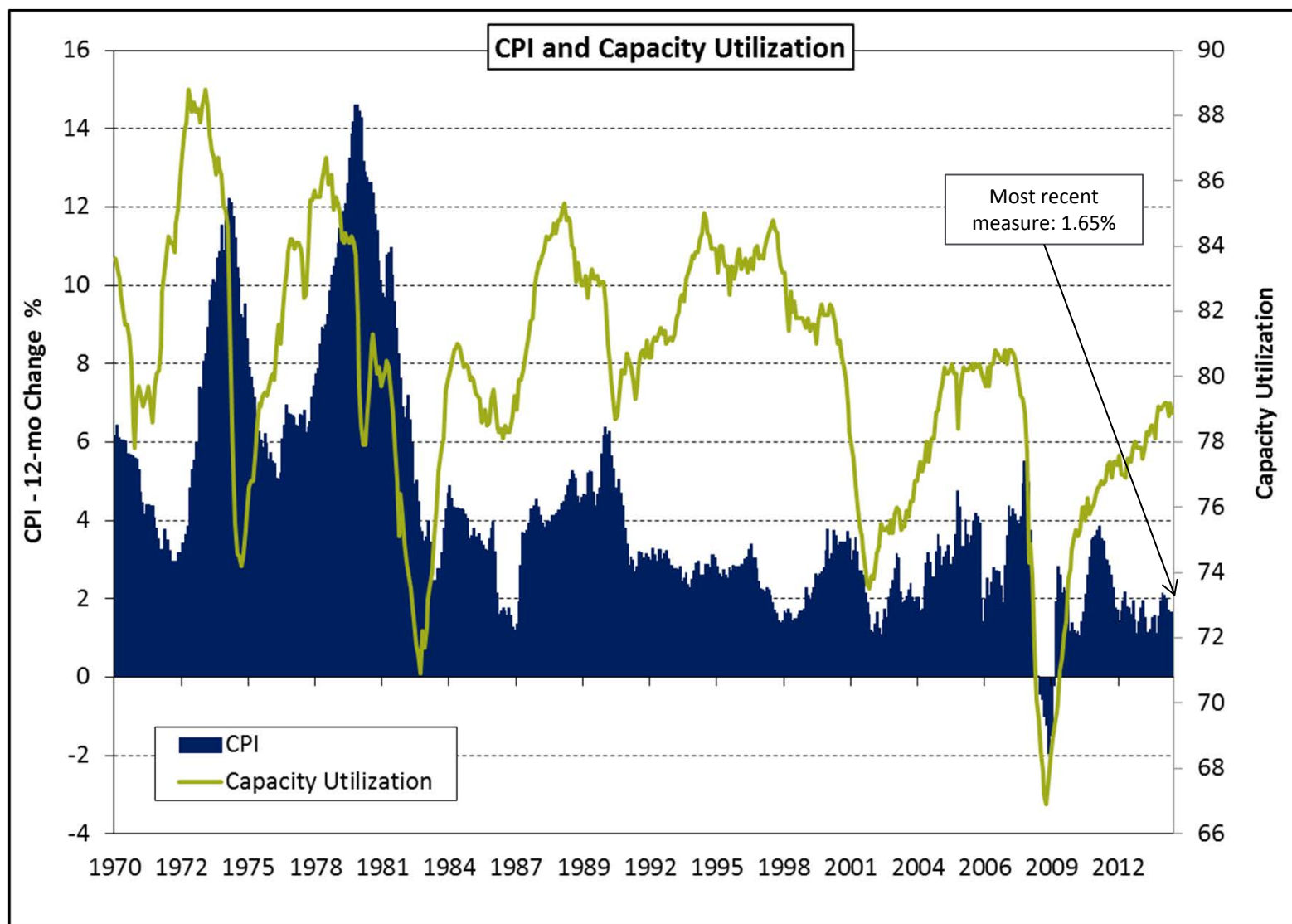
Global Inflation Forecasts



Source: IMF

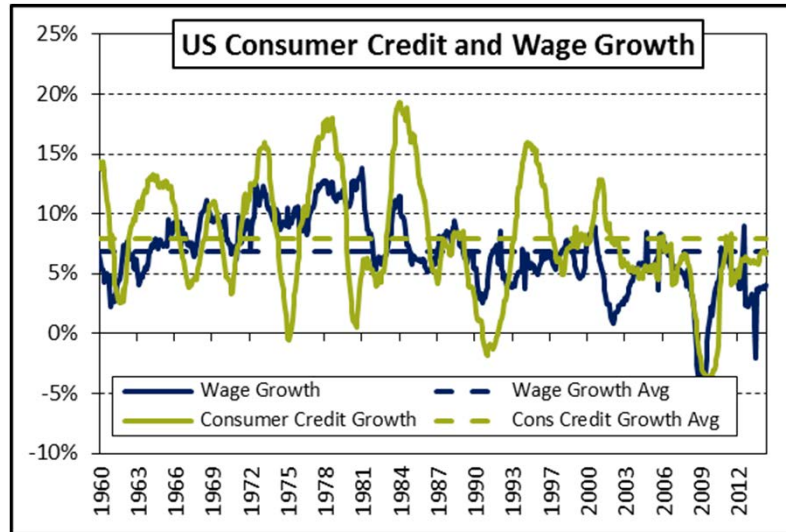
- **World inflation forecasts range from 3.6-3.9% annually over the next five years**
 - Investment programs biased toward developed markets would likely experience something less than the global average

Realized Inflation Has Stayed Low

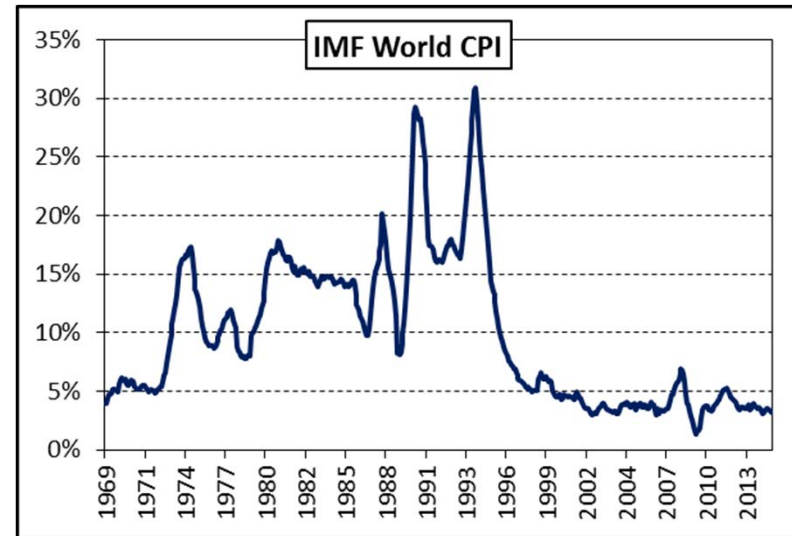


Source: St. Louis Fed as of 11/30/2014

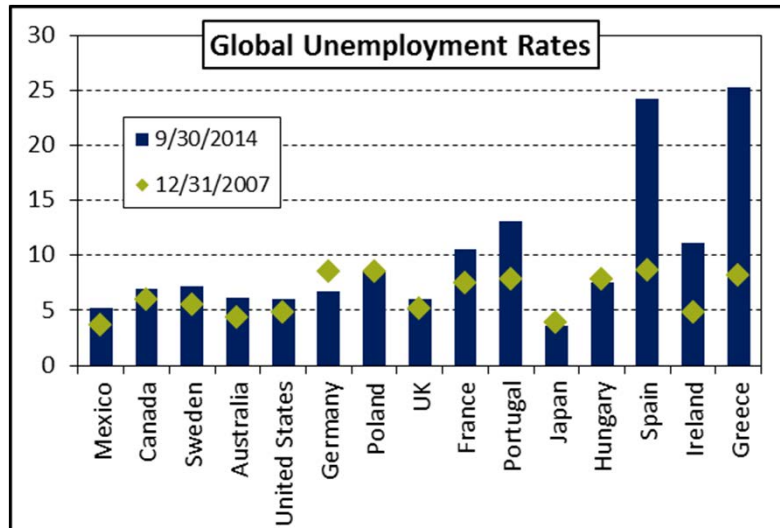
Economic Factors Driving Inflation Remain Subdued



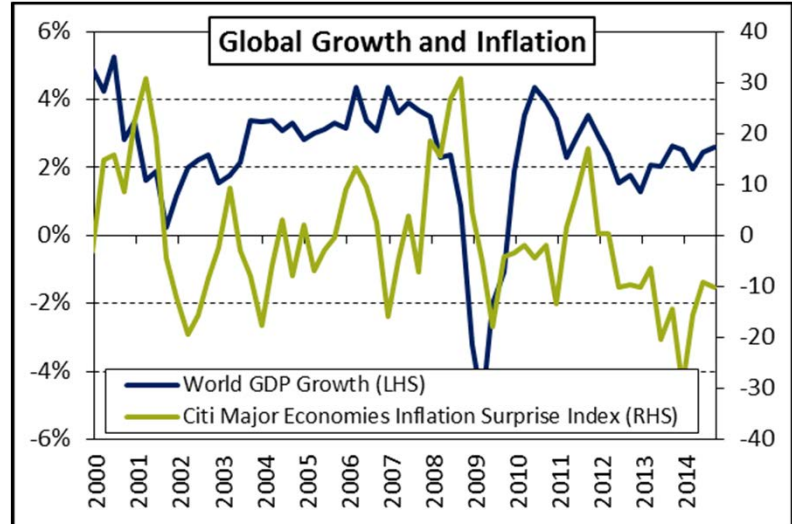
Source: Board of Governors of the Federal Reserve System as of 10/1/2014



Source: Bloomberg as of 9/30/2014



Source: Bloomberg as of 9/30/2014



Source: Bloomberg as of 9/30/2014

2015 5-to-7 Year Return Forecasts

Geometric Expected Return			
Asset Class	2014	2015	2015-2014
Global Inflation	3.00%	3.00%	--
Cash	1.50%	1.75%	0.25%
Treasuries	2.00%	1.75%	-0.25%
IG Corp Credit	3.50%	3.25%	-0.25%
MBS	2.25%	2.00%	-0.25%
<i>Core Bonds*</i>	<i>2.53%</i>	<i>2.30%</i>	<i>-0.23%</i>
TIPS	2.50%	2.25%	-0.25%
High-Yield Bonds	4.50%	4.00%	-0.50%
Bank Loans	5.00%	4.50%	-0.50%
Global Bonds (Unhedged)	1.25%	1.00%	-0.25%
Global Bonds (Hedged)	1.38%	1.17%	-0.21%
EMD External	5.00%	4.50%	-0.50%
EMD Local Currency	5.75%	5.50%	-0.25%
Large Cap Equities	6.25%	6.00%	-0.25%
Small/Mid Cap Equities	6.25%	6.00%	-0.25%
Int'l Equities (Unhedged)	7.25%	7.00%	-0.25%
Int'l Equities (Hedged)	7.50%	7.50%	--
Emerging Int'l Equities	9.50%	9.00%	-0.50%
Private Equity	8.75%	8.50%	-0.25%
Private Debt	8.00%	7.50%	-0.50%
Private Real Assets	7.75%	8.00%	0.25%
Real Estate	6.25%	6.50%	0.25%
Commodities	5.00%	5.25%	0.25%
Hedge Funds	5.50%	5.75%	0.25%

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

2015 30-Year Return Forecasts

Geometric Expected Return			
Asset Class	2014	2015	2015-2014
Global Inflation	3.25%	3.25%	--
Cash	3.75%	3.25%	-0.50%
Treasuries	4.00%	3.50%	-0.50%
IG Corp Credit	5.25%	4.75%	-0.50%
MBS	4.25%	3.75%	-0.50%
<i>Core Bonds*</i>	<i>4.40%</i>	<i>3.98%</i>	<i>-0.42%</i>
TIPS	4.50%	4.00%	-0.50%
High-Yield Bonds	6.00%	5.75%	-0.25%
Bank Loans	6.25%	6.00%	-0.25%
Global Bonds (Unhedged)	3.00%	2.25%	-0.75%
Global Bonds (Hedged)	3.13%	2.42%	-0.71%
EMD External	7.00%	6.00%	-1.00%
EMD Local Currency	7.25%	6.75%	-0.50%
Large Cap Equities	7.75%	7.50%	-0.25%
Small/Mid Cap Equities	8.00%	7.75%	-0.25%
Int'l Equities (Unhedged)	8.25%	8.00%	-0.25%
Int'l Equities (Hedged)	8.50%	8.50%	--
Emerging Int'l Equities	9.50%	9.25%	-0.25%
Private Equity	9.75%	9.50%	-0.25%
Private Debt	8.25%	8.00%	-0.25%
Private Real Assets	7.75%	7.75%	--
Real Estate	6.50%	6.50%	--
Commodities	6.00%	5.75%	-0.25%
Hedge Funds	7.00%	6.75%	-0.25%

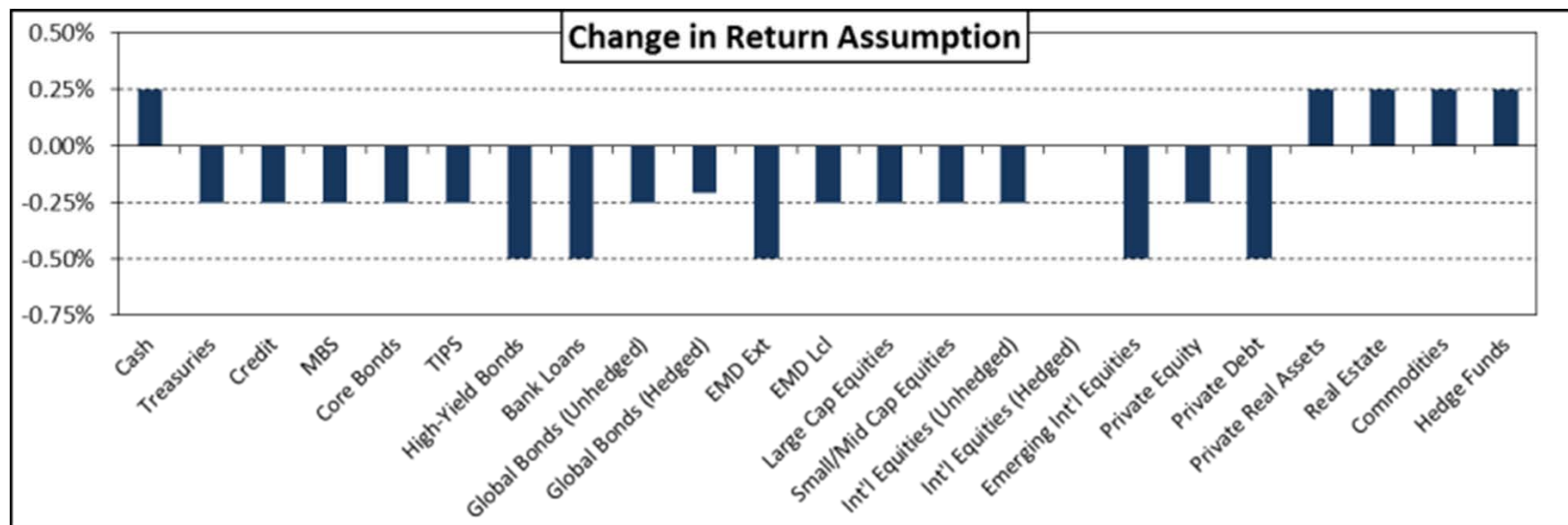
* Core Bonds assumption based on market weighted blend of components of Aggregate Index (Treasuries, IG Corp Credit, and MBS).

2015 Volatility Forecasts

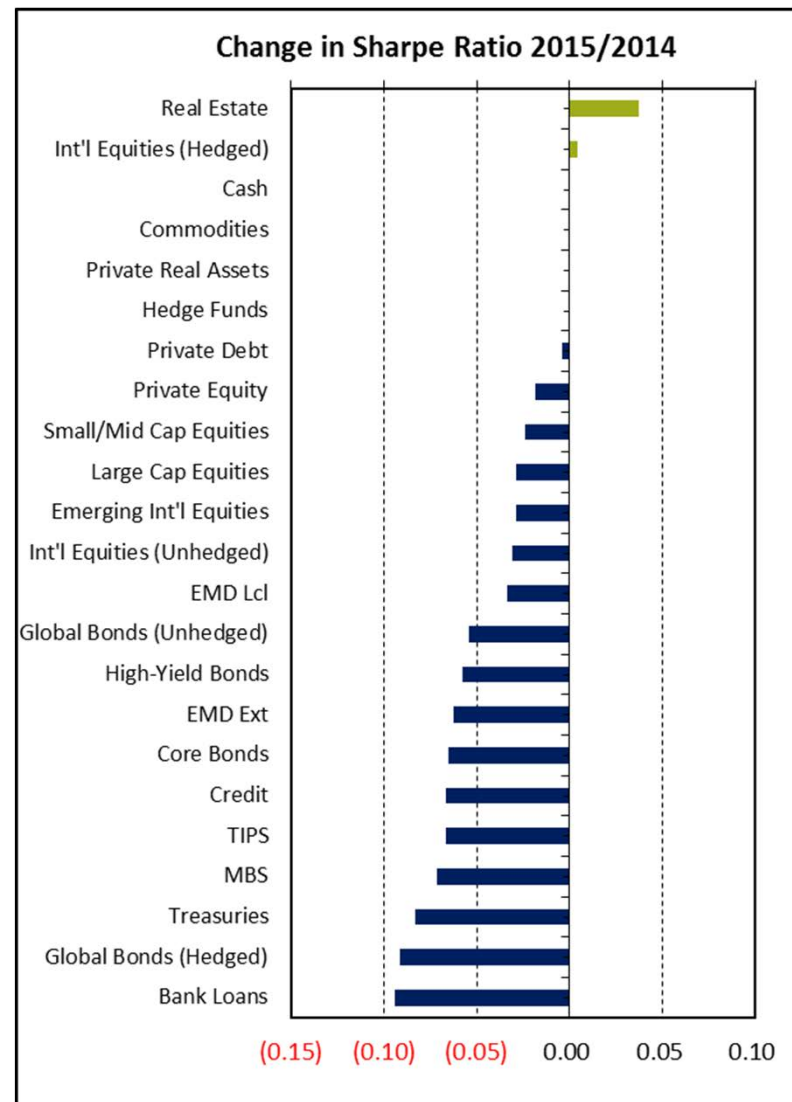
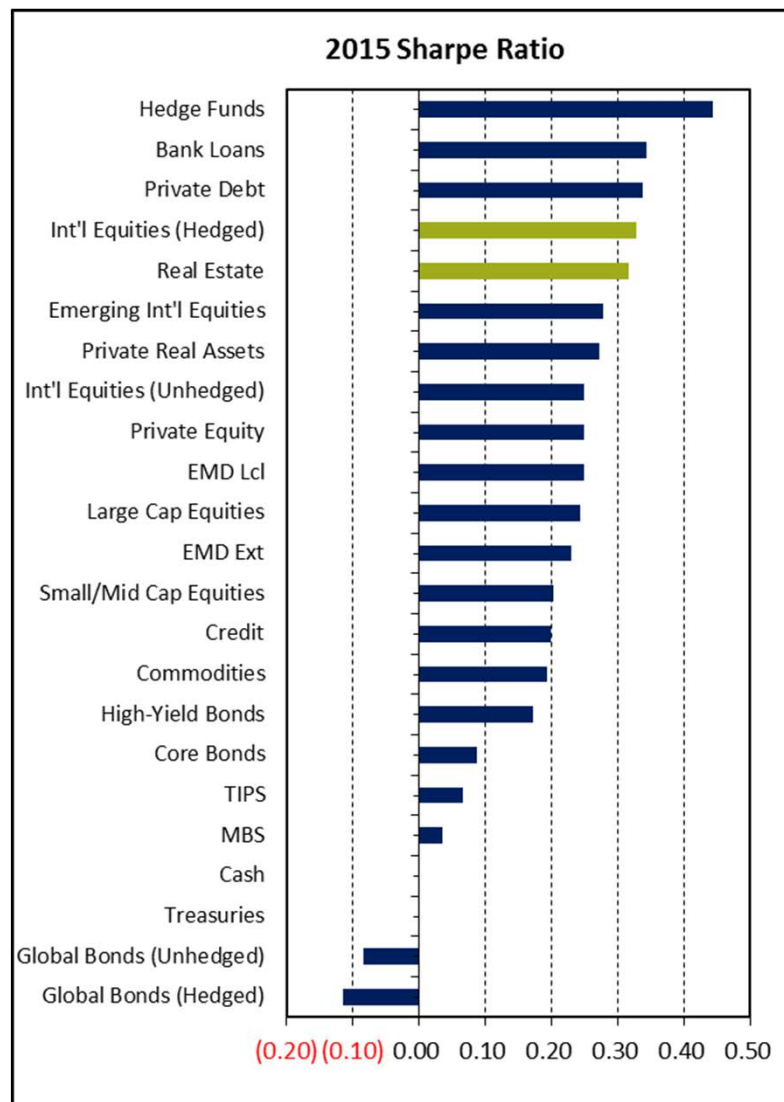
Volatility			
Asset Class	2014	2015	2015-2014
Cash	1.00%	1.00%	--
Treasuries	6.00%	5.50%	-0.50%
IG Corp Credit	7.50%	7.50%	--
MBS	7.00%	7.00%	--
<i>Core Bonds*</i>	<i>6.32%</i>	<i>6.03%</i>	<i>-0.29%</i>
TIPS	7.50%	7.50%	--
High-Yield Bonds	13.00%	13.00%	--
Bank Loans	8.00%	8.00%	--
Global Bonds (Unhedged)	8.50%	9.00%	0.50%
Global Bonds (Hedged)	5.00%	5.00%	--
EMD External	12.00%	12.00%	--
EMD Local Currency	15.00%	15.00%	--
Large Cap Equities	17.50%	17.50%	--
Small/Mid Cap Equities	21.00%	21.00%	--
Int'l Equities (Unhedged)	20.50%	21.00%	0.50%
Int'l Equities (Hedged)	18.50%	17.50%	-1.00%
Emerging Int'l Equities	26.00%	26.00%	--
Private Equity	27.00%	27.00%	--
Private Debt	12.00%	10.00%	-2.00%
Private Real Assets	23.00%	23.00%	--
Real Estate	17.00%	15.00%	-2.00%
Commodities	18.00%	18.00%	--
Hedge Funds	9.00%	9.00%	--

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

Summary of Changes to 2015 Return Expectations



Relative Asset Class Attractiveness

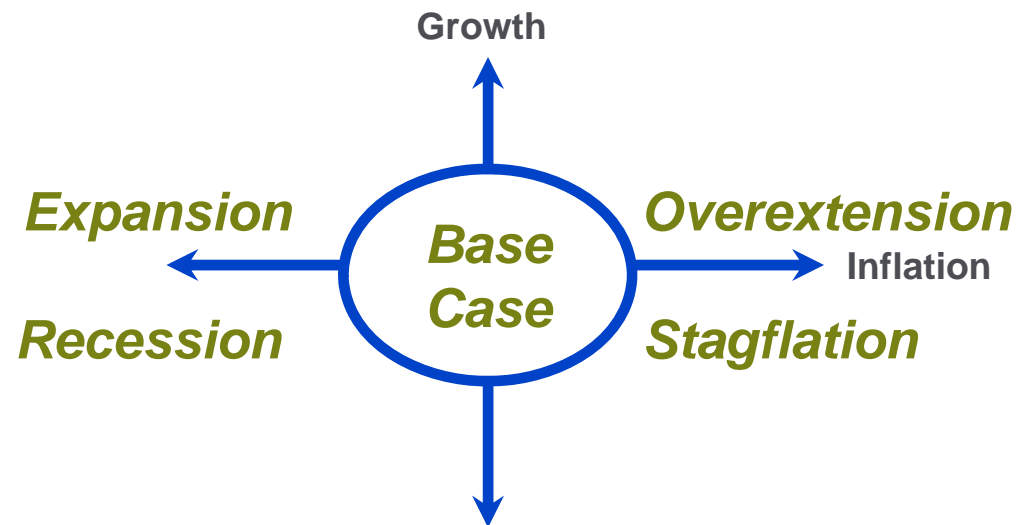


2015 Correlations

Asset Class	Cash	Treas	Credit	MBS	TIPS	HY	Glob Bonds	Glob (H)	EMD (Ext)	EMD (Loc)	Large Cap	Sm/Mid	Intl Eq	Intl Eq (H)	EM Eq	Priv Eq	Priv Debt	Priv Real	Real Estate	Cmdy	Hedge Funds
Cash	1.00																				
Treasuries	0.20	1.00																			
IG Corp Credit	0.10	0.65	1.00																		
MBS	0.25	0.90	0.75	1.00																	
TIPS	0.00	0.65	0.60	0.70	1.00																
High-Yield Bonds	-0.05	0.20	0.55	0.30	0.20	1.00															
Global Bonds (Unhedged)	0.10	0.50	0.50	0.45	0.40	0.10	1.00														
Global Bonds (Hedged)	0.15	0.80	0.65	0.70	0.65	0.20	0.60	1.00													
EMD (External)	0.05	0.35	0.65	0.35	0.30	0.60	0.25	0.35	1.00												
EMD (Local Currency)	0.05	0.30	0.60	0.25	0.25	0.60	0.30	0.25	0.80	1.00											
Large Cap Equities	-0.10	-0.10	0.45	0.10	0.00	0.65	0.00	-0.10	0.55	0.65	1.00										
Small/Mid Cap Equities	-0.15	-0.15	0.45	0.10	-0.10	0.70	-0.05	-0.15	0.55	0.60	0.90	1.00									
Int'l Equities (Unhedged)	-0.10	0.00	0.30	0.05	-0.05	0.65	0.35	0.00	0.60	0.70	0.70	0.60	1.00								
Int'l Equities (Hedged)	0.00	0.00	0.30	0.05	-0.05	0.65	0.05	0.00	0.60	0.65	0.75	0.65	0.85	1.00							
Emerging Int'l Equities	-0.10	-0.10	0.25	-0.10	-0.10	0.70	0.05	-0.05	0.70	0.80	0.60	0.65	0.70	0.70	1.00						
Private Equity	-0.20	-0.15	0.30	0.10	-0.10	0.60	-0.15	-0.20	0.35	0.40	0.70	0.75	0.60	0.65	0.45	1.00					
Private Debt	0.00	-0.35	0.15	-0.15	-0.10	0.65	-0.10	-0.10	0.50	0.60	0.60	0.65	0.75	0.75	0.80	0.65	1.00				
Private Real Assets	0.15	-0.20	0.05	-0.15	0.00	0.40	-0.05	-0.05	0.40	0.40	0.55	0.60	0.50	0.50	0.50	0.65	0.60	1.00			
Real Estate (Core)	0.25	-0.05	0.15	0.05	0.10	0.25	0.05	-0.05	0.20	0.30	0.40	0.40	0.35	0.40	0.30	0.50	0.40	0.40	1.00		
Commodities	0.10	-0.10	0.10	-0.10	0.30	0.20	0.10	-0.10	0.35	0.45	0.30	0.30	0.35	0.35	0.40	0.25	0.30	0.45	0.30	1.00	
Hedge Funds	0.00	-0.20	0.35	-0.15	0.20	0.60	0.05	-0.20	0.55	0.60	0.60	0.65	0.70	0.65	0.70	0.75	0.80	0.65	0.25	0.50	1.00

Appendix: Scenario and Factor Assumptions

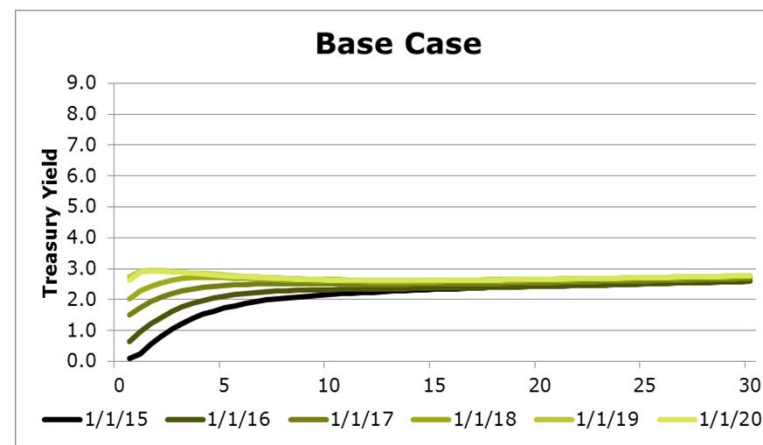
- **NEPC Scenario Analysis tests the viability of alternative asset mixes under multiple economic scenarios**
 - Allows better understanding of risk exposures under contrasting inflation and economic growth regimes
 - Can understand the effect on both assets and liabilities (funded status)



Scenarios Considered

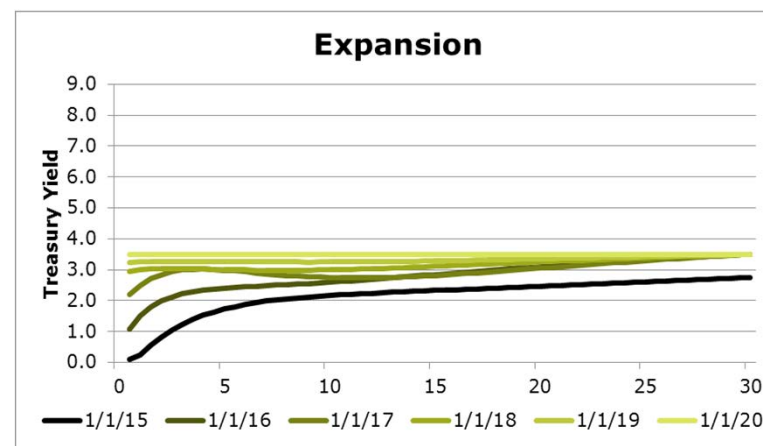
- **Base Case**

- Asset returns over 5 year period in line with NEPC 2015 5-7 Year Assumptions
- No volatility



- **Expansion**

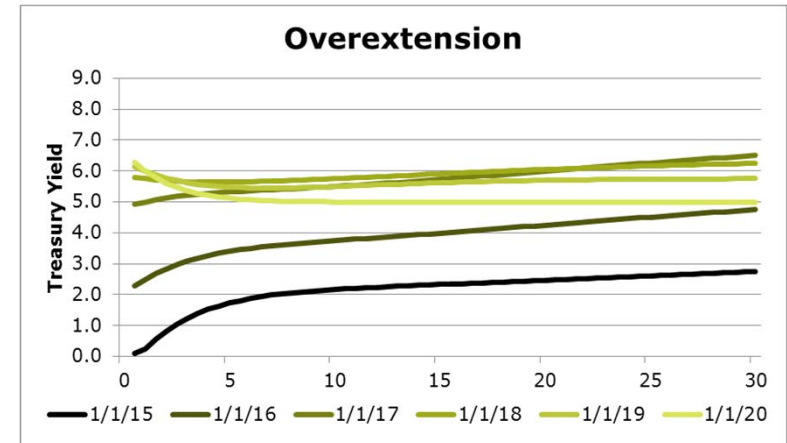
- Economy is growing by a strong, but seemingly sustainable level
- Bond yields are stable, inflation is manageable, equities and other high volatility asset classes perform quite well in this environment
- Historical example: 2004-2006
- *Large cap equities time-series: 10%, 17%, 28%, 12%, 10%*



Scenarios Considered

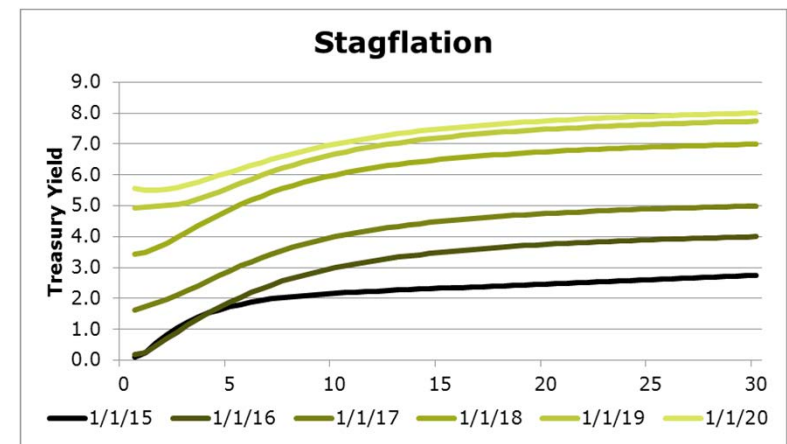
• Overextension

- Economy is growing at a rapid pace, inflation increases significantly – booming times but at the cost of future growth
- Bond yields move higher as a result of inflation; high yield does well with confidence in the economy
- Equities, real estate, and commodities fuel rapid expansion
- Historical example: Vietnam War era (1967-1971)
- *Large cap equities time-series: 12%, 16%, 0%, 12%, 16%*



• Stagflation

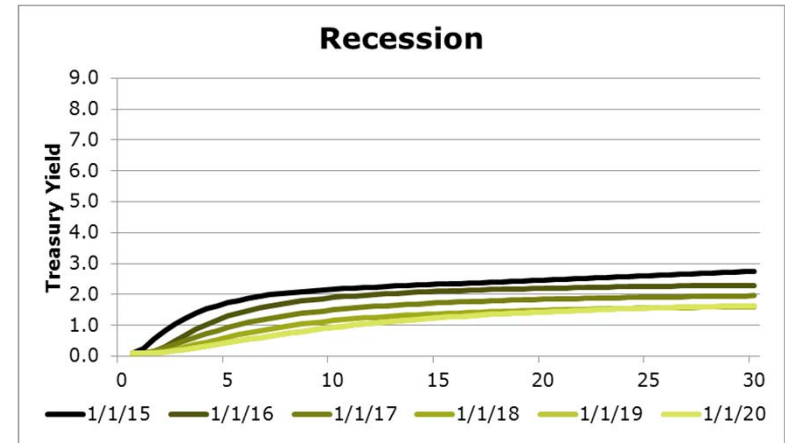
- Two problems – (1) the economy is not growing; (2) inflation has skyrocketed
 - Inflation is sticky – once it gets high, it stays high for several years
 - Fed has limited options to kick-start economy because easing only promotes further inflation
- Equities sag; bonds lose real value; real assets such as TIPS perform well on a relative basis because they are linked to inflation
- Historical example: flat stock market and double digit inflation of the mid-1970s
- *Large cap equities time-series: -8%, -12%, -15%, 9%, 12%*



Scenarios Considered

- **Recession**

- Economy stalls – there is a flight to quality as investors lose confidence
 - Equity markets fall
 - Bond yields fall
- Interest rate sensitive securities (bonds, especially long duration bonds) will perform well in this environment
- Historical example: early 1990s
- *Large cap equities time-series: -8%, -18%, -8%, 4%, -10%*



- **We focus on five key underlying macroeconomic risk factors**
 - Sub-factors used for modeling purposes in order to express differences in risk outlook
- **Volatility becomes a function of factor movements relative to expectations**
 - Example: Experience volatility when real rates rise more than expected; not necessarily when any rise occurs
- **Factor analysis is a risk exercise**
 - Investment recommendations also reflect how we expect an investor will be compensated for holding each risk factor

Growth	Real Rates	Inflation	Currency	Illiquidity
Domestic Growth	Short Real Rates	Rising Global Inflation	Developed vs. Base	Contractual Illiquidity
Developed Int'l Growth	Intermediate Real Rates	Falling Global Inflation	Emerging vs. Base	Pricing Illiquidity
Emerging Growth	Long Real Rates			
IG Credit Spreads				
HY Credit Spreads				

Risk/Reward of Factor Exposures

Growth

- Common and easily obtainable source of return, but brings volatility that may be difficult to hedge away without sacrificing return

Real Rates

- Generally lower return and volatility than growth factor; may be a lone bright spot in low/negative growth environment

Inflation

- Sensitivity to higher inflation is present in almost all investments, but can be partially offset through a real assets program

Currency

- Introduces additional volatility with a small risk premium from emerging currencies, but without a positive expected return from developed currencies

Illiquidity

- Attractive supplemental return source from being willing to lock up money contractually or taking on investments with lower market liquidity, but may introduce additional risks beyond traditional measures of volatility

Benefits

- Avoid misleading diversification
- Improved perspective on where risk is being taken and how changing market conditions will impact the portfolio
- Understand benefits of adding new asset classes

Challenges

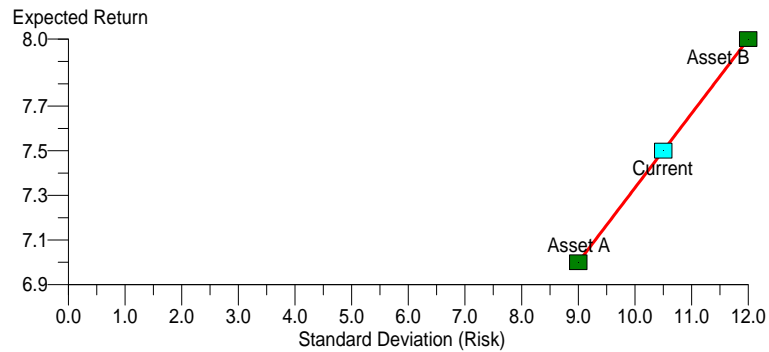
- May be difficult to obtain (or even define) data for investment program's unique definition of risk factors, particularly inflation
- Traditional ways of "bucketing" asset classes may be difficult
- Still uses portfolio theory framework which can oversimplify risk, particularly over shorter time periods

Appendix: Benefits of Diversification

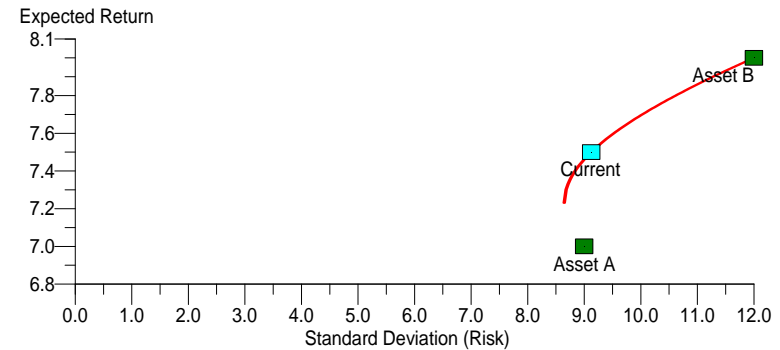
- **'Diversification is the only free lunch'**
 - References benefits of asset correlation
- **Asset correlation measures how two assets move together or separately**
 - Scale is from -1.0 to 1.0
 - A 1.0 correlation is perfect correlation – the two assets behave exactly alike
 - A -1.0 correlation is perfect negative correlation – the two assets behave in an opposite fashion; one goes up while the other goes down
 - A 0.0 correlation indicates a lack of correlation – the two assets are completely independent of one another and could behave in an exact or opposite fashion
- **Correlations between assets are very important in the asset allocation process**
 - Combining unlike assets reduces portfolio volatility
 - During periods of market stress, correlations between asset classes tend to increase
 - Having uncorrelated assets within the portfolio is critical

Benefits of Diversification

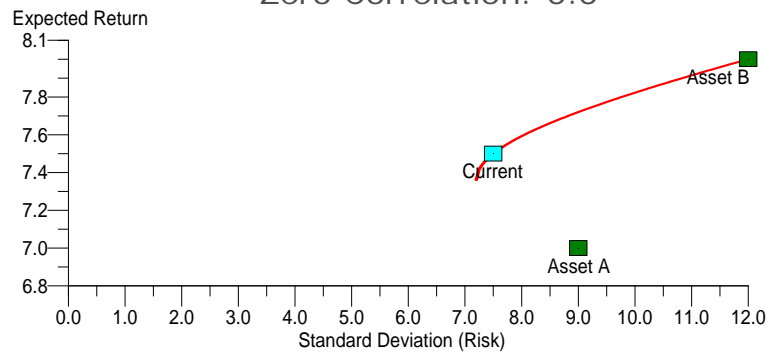
Perfect Positive Correlation: +1.0



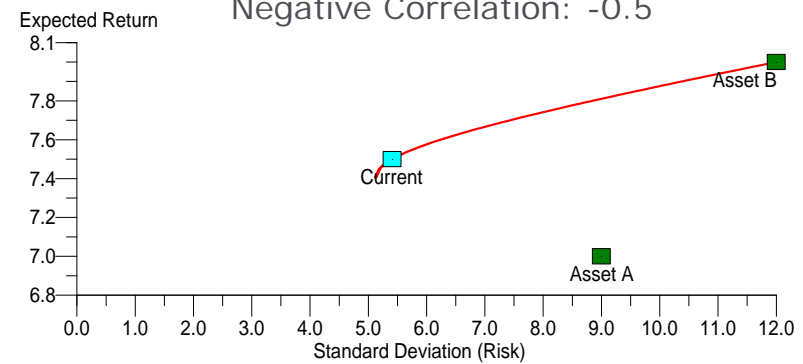
Positive Correlation: +0.5



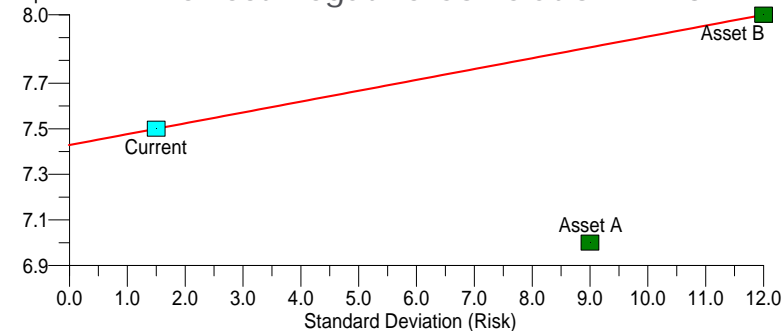
Zero Correlation: 0.0



Negative Correlation: -0.5



Perfect Negative Correlation: -1.0



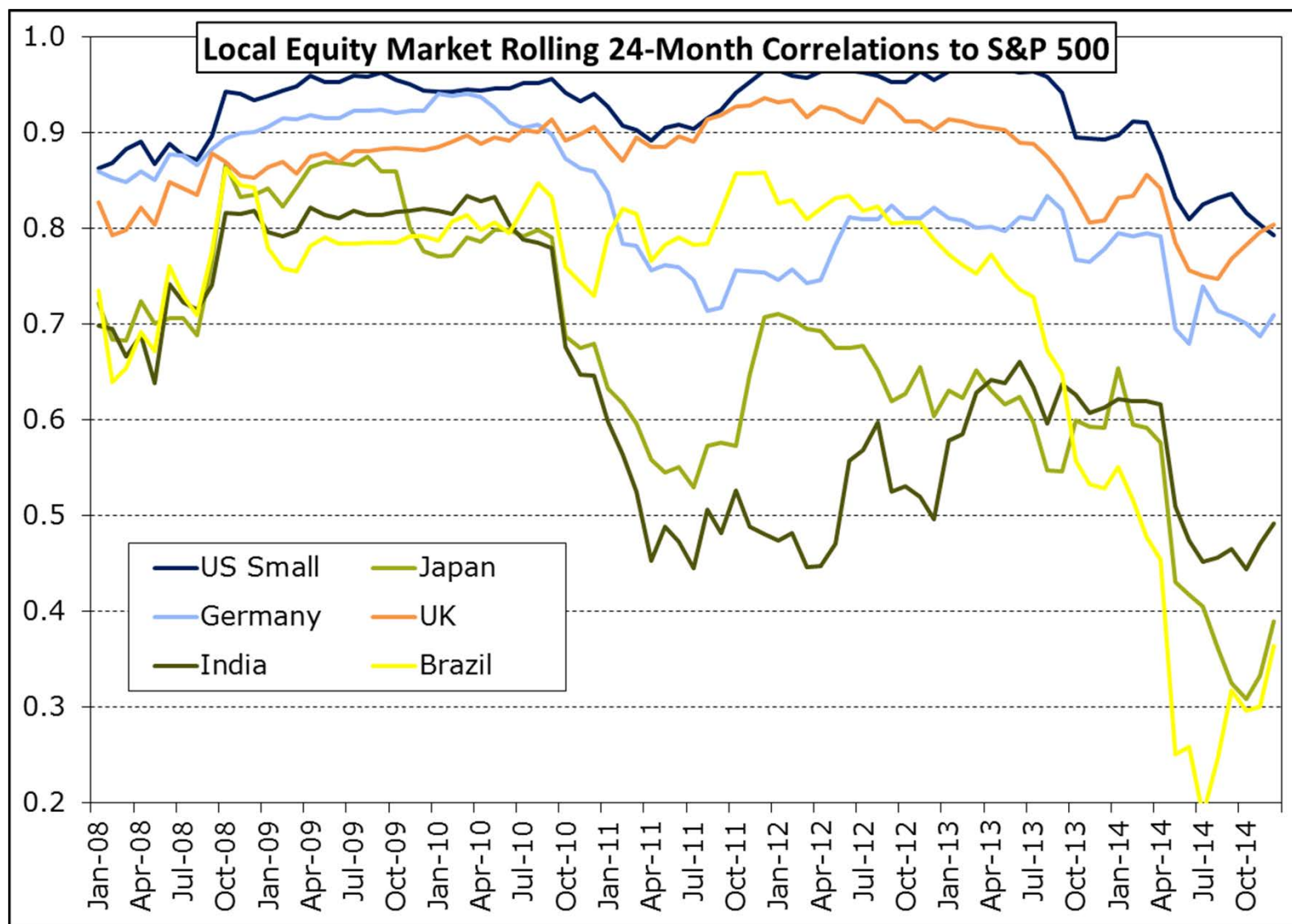
*The lower the correlation, the greater the risk reduction

Appendix: Establishing Risk Profile

- **Risk is an important concept in setting total return objectives as it becomes the anchor point for discussions about how to seek the right level or total return**
- **Risk is not simply defined by standard deviation / volatility**
- **Important concepts in risk include:**
 - Time Horizon
 - Liquidity needs – sources and uses of assets
 - Ability to withstand drawdowns
 - Attitudes toward risk
- **We highlight ‘attitudes toward risk’ because given the same parameters, some investors would choose to accept more or less risk**
 - Being able to articulate this becomes important

Appendix: Why International?

Global Dispersion Playing Out in Equities





NEPC, LLC

YOU DEMAND MORE. So do we.SM



Ventura County Employees' Retirement Association

Investment Performance Analysis for the period ending September 30, 2015

November 16, 2015

Allan Martin, Partner
Dan LeBeau, Consultant
Tony Ferrara, CAIA, Senior Analyst

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Market Environment Update and Outlook

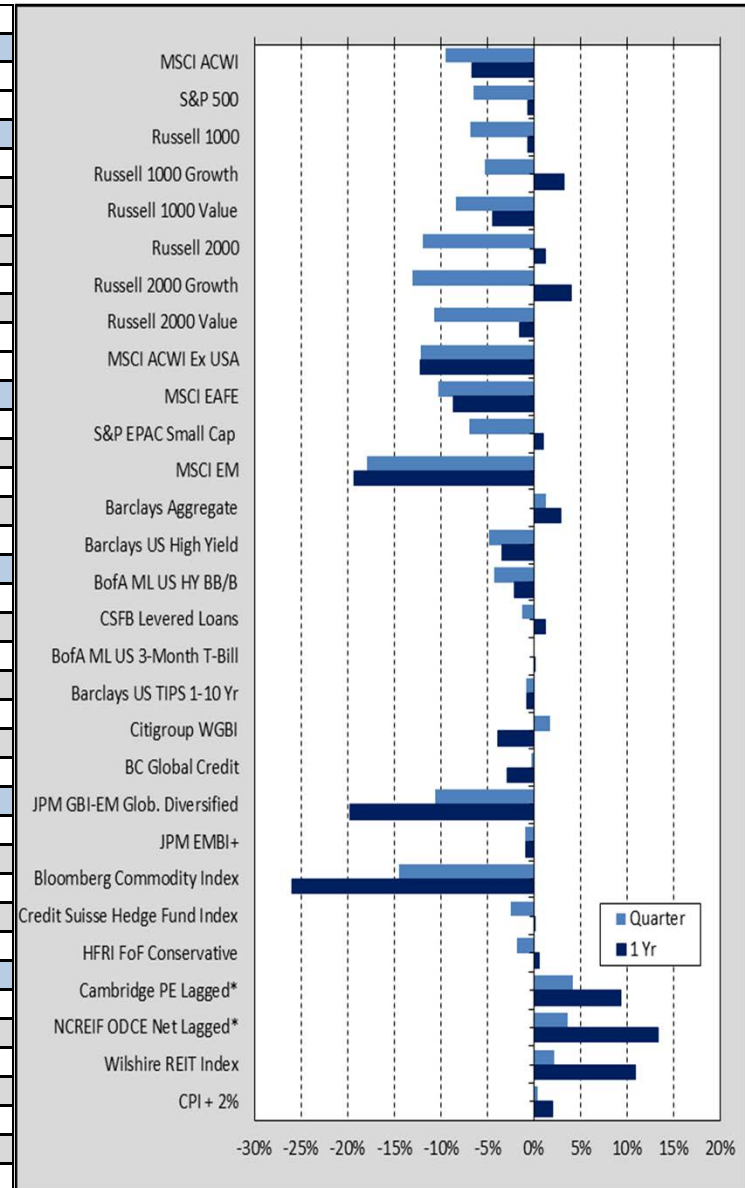


- **Third quarter 'advanced' estimate of GDP growth remains positive, but decreased to an annual rate of +1.5% after increasing by +3.9% in the second quarter.**
 - Retail sales (ended September) grew at +1.7% on a year-over-year growth rate basis. The year-over-year growth rate at this time last year was +4.0%.
 - The inventory-to-sales ratio (ended August) remained flat at 1.4, and has remained relatively flat since early 2010.
 - Corporate profits as a percent of GDP remain elevated relative to historical levels.
 - The U.S. trade deficit widened in August.
- **U.S. unemployment rate continues to steadily improve, falling to 5.1% at the end of the third quarter; U-6, a broader measure of unemployment, fell to 10.0% during the quarter.**
- **The Case-Shiller Home Price Index (ended August) increased slightly from second quarter levels (173.7) to 175.4, and is currently higher than pre-financial crisis levels.**
- **Rolling 12-month seasonally adjusted CPI decreased to -0.02% during the third quarter; Capacity Utilization remained flat during the quarter, ending September at 77.5%.**
- **Fed Funds rate remains at 0.25%, while the 10-year Treasury Yield finished Q3 at 2.2%, down approximately 20 basis points from Q2.**
- **The Fed balance sheet remained flat during the Q3, while the ECB and Japanese balance sheets increased in the same period as each is in the midst of a sizeable easing program.**
- **S&P valuations decreased in September, but remain above 10-year and long-term averages**
 - Cyclically-adjusted Shiller PE ratio (24.6x) is above the long-term average of 16.4x and above the 10-year average of 22.9x.
- **The U.S. Dollar continues its strength against a basket of major currencies as the Fed ends its quantitative easing program and the ECB and Japan continue easing.**
 - Currency volatility has seen a sustained uptick since Q1.

Ventura County Employees' Retirement Association

3Q 2015 Market Environment Overview

		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
World Equity Benchmarks						
MSCI ACWI	World	-9.4%	-6.7%	7.0%	6.8%	4.6%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Domestic Equity Benchmarks						
S&P 500	Large Core	-6.4%	-0.6%	12.4%	13.3%	6.8%
Russell 1000	Large Core	-6.8%	-0.6%	12.7%	13.4%	7.0%
Russell 1000 Growth	Large Growth	-5.3%	3.2%	13.6%	14.5%	8.1%
Russell 1000 Value	Large Value	-8.4%	-4.4%	11.6%	12.3%	5.7%
Russell 2000	Small Core	-11.9%	1.2%	11.0%	11.7%	6.5%
Russell 2000 Growth	Small Growth	-13.1%	4.0%	12.8%	13.3%	7.7%
Russell 2000 Value	Small Value	-10.7%	-1.6%	9.2%	10.2%	5.3%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
International Equity Benchmarks						
MSCI ACWI Ex USA	World ex-US	-12.2%	-12.2%	2.3%	1.8%	3.0%
MSCI EAFE	Int'l Developed	-10.2%	-8.7%	5.6%	4.0%	3.0%
S&P EPAC Small Cap	Small Cap Int'l	-6.9%	1.0%	10.7%	7.8%	5.8%
MSCI EM	Emerging Equity	-17.9%	-19.3%	-5.3%	-3.6%	4.3%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Domestic Fixed Income Benchmarks						
Barclays Aggregate	Core Bonds	1.2%	2.9%	1.7%	3.1%	4.6%
Barclays US High Yield	High Yield	-4.9%	-3.4%	3.5%	6.1%	7.3%
BofA ML US HY BB/B	High Yield	-4.3%	-2.1%	3.7%	6.0%	6.7%
CSFB Levered Loans	Bank Loans	-1.2%	1.2%	3.8%	4.8%	4.4%
BofA ML US 3-Month T-Bill	Cash	0.0%	0.0%	0.1%	0.1%	1.3%
Barclays US TIPS 1-10 Yr	Inflation	-0.9%	-0.8%	-1.4%	1.8%	3.6%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Global Fixed Income Benchmarks						
Citigroup WGBI	World Gov. Bonds	1.7%	-3.8%	-2.9%	-0.2%	3.4%
BC Global Credit	Global Bonds	-0.2%	-2.9%	0.6%	2.6%	4.3%
JPM GBI-EM Glob. Diversified	Em. Mkt. Bonds (Local)	-10.5%	-19.8%	-8.7%	-3.6%	4.5%
JPM EMBI+	Em. Mkt. Bonds	-0.9%	-0.9%	0.2%	4.2%	6.7%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Alternative Benchmarks						
Bloomberg Commodity Index	Commodity	-14.5%	-26.0%	-16.0%	-8.9%	-5.7%
Credit Suisse Hedge Fund Index	Hedge Fund	-2.5%	0.1%	5.0%	4.5%	5.2%
HFRI FoF Conservative	Fund of Funds	-1.8%	0.6%	4.2%	2.8%	2.1%
Cambridge PE Lagged*	Private Equity	4.2%	9.3%	16.0%	15.7%	13.2%
NCREIF ODCE Net Lagged*	Real Estate	3.6%	13.4%	12.1%	13.3%	5.9%
Wilshire REIT Index	REIT	2.2%	10.9%	9.8%	12.4%	6.7%
CPI + 2%	Inflation/Real Assets	0.4%	2.0%	2.9%	3.7%	3.8%



* As of 6/30/2015

- **A wave of volatility spread across global markets during the quarter**
 - Concerns of an economic slowdown in China sparked a rapid decline in global risk assets, with commodities and emerging markets suffering the most
 - A severe global growth downturn remains a low probability tail-risk for capital markets
- **U.S. economy continues to expand, albeit at a slow pace**
 - Overall conditions are supportive for growth, but a strong U.S. dollar creates challenges
 - Benefits of low oil prices slowly compound for U.S. consumers
- **Fed Funds rate increase...**
 - Timing is less relevant; of importance is the path of Fed policy tightening relative to expectations and long-term policy (LT policy rate of 2% or 4%)
 - Current Fed willingness to tighten monetary policy balanced between disruptive effects of a stronger dollar and inflation conditions of U.S. economy
- **Accommodative global monetary policies flow through to markets**
 - QE continues to support improving economic conditions in Europe and Japan
 - China policy responses broadly simulative with plenty of dry powder for further easing
- **Cyclical weak growth is not a financial crisis for the emerging markets**
 - Negative returns in emerging markets reflect the economic rebalances and adjustments necessary to generate sustainable growth and economic success
 - Political and economic reform initiatives drive the outlook for improved economic and earnings growth for countries willing to reform

Global Equity

- **U.S. equities posted sharp losses in the third quarter as global volatility ramped up.**
- **Small cap stocks underperformed large cap stocks during the quarter, with the Russell 2000 Index returning -11.9% and the Russell 100 Index returning 6.8%.**
- **International equities underperformed U.S. markets during the quarter, returning 12.2% as measured by the MSCI ACWI ex-U.S. Index.**
 - Developed markets returned -10.2% as measured by the MSCI EAFE Index. The Pacific Region led returns down, posting a -13.1% return, with Singapore posted the largest losses (-19.5%). Europe posted losses of -8.7%.
 - Emerging markets returned -17.9% as measured by the MSCI Emerging Markets Index. Indonesia and China were the largest detractors, returning -24.2% and -22.7%, respectively.

Private Equity

- **New private equity commitments totaled \$74.6 billion in Q3 2015.**
 - Represents a 25% decline from the \$101.5 billion raised in Q2 2015, resulting from public equity market volatility and increased economic uncertainties.
- **Buyout and growth equity funds raised \$45.3 billion during the quarter.**
 - Annual pace is in line with the \$180-\$190 billion that was raised in each of the past two years.
- **Venture capital funds raised \$10.0 billion during the quarter.**
 - Venture capital fundraising as a percent of total new private equity funds is in line with historical post-dot com levels.
- **Energy funds raised \$7.8 billion, representing 10% of the capital raised in Q3 2015.**
 - Investors are opportunistically approaching the energy market dislocation.
- **European commitments comprised 23% of all new private equity commitments during the quarter.**
 - Fifteen pan-European buyout managers closed with more than \$1 billion in commitments, accounting for over half of the total to date.
- **Asian private equity commitments slowed to a total of 7% of total assets raised, down from 11% in 2014.**

Fixed Income

- The U.S. Treasury yield curve flattened significantly during the quarter, with long duration yields declining 20-30 basis points.
- The spread between two- and ten-year rates decreased to 142 basis points at the end of the third quarter from 176 basis points at the end of June.
- Treasury Inflation-Protected Securities, or TIPS, returned -0.9% during the quarter, as measured by the Barclays U.S. TIPS Index.
- The Barclays Long Duration Credit Index gained +0.5%, as the long end of the curve ended the quarter 24 basis points lower.
- Long Treasuries gained +5.1% and investment grade corporate debt gained +3.8% during the quarter.
- The Barclays 1-3 Year Gov/Credit Index returned +0.3%, and U.S. high yield bonds lost -4.9%.
- **Emerging markets debt continued to slow in local and external currency terms.**
 - U.S. dollar-denominated debt, as measured by the JP Morgan EMBI Index, fell 90 basis points.
 - Local currency debt fell 10.5%, according to the JP Morgan GBI-EM Index.

Real Assets/Inflation-Linked Assets

- **Massive energy market dislocation**
 - Oil prices trending lower.
 - Private equity and private debt opportunities attractive.
 - Potential for public stressed/distressed credit, equity and commodity plays.
- **OPEC and Saudi Arabia have indicated a willingness to allow lower oil prices to persist in efforts to cement market share and reduce marginal supply.**
- **Select infrastructure opportunities are attractive.**
 - Target opportunistic strategies in niche sub-sectors to take advantage of market dislocations.
- **NEPC continues to believe in the long-term demand drivers in agriculture.**
 - Long-term commodity prices driven by growing emerging market demand.
 - Softness in commodity prices may provide an attractive entry point.
- **Timber opportunity set limited, but warrants further review.**

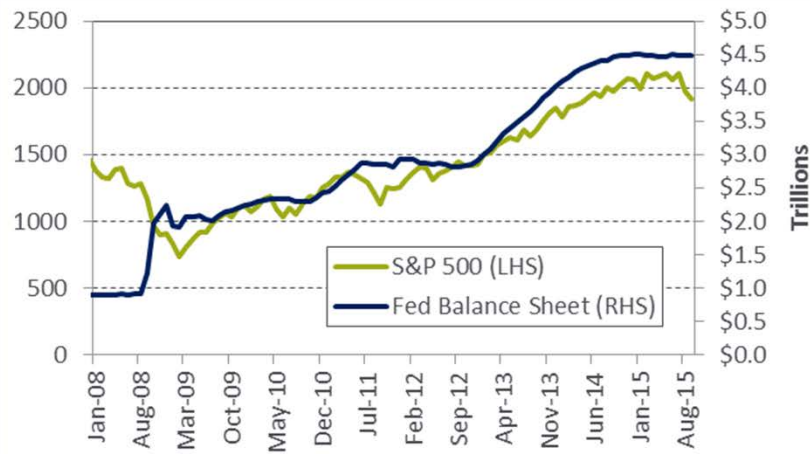
Commodities

- **Commodities retracted significantly, with the Bloomberg Commodity Index posting a -14.5% decline.**
 - Energy led the way, losing -24% (WTI Oil), while industrial metals, precious metals and agriculture also experienced declines.

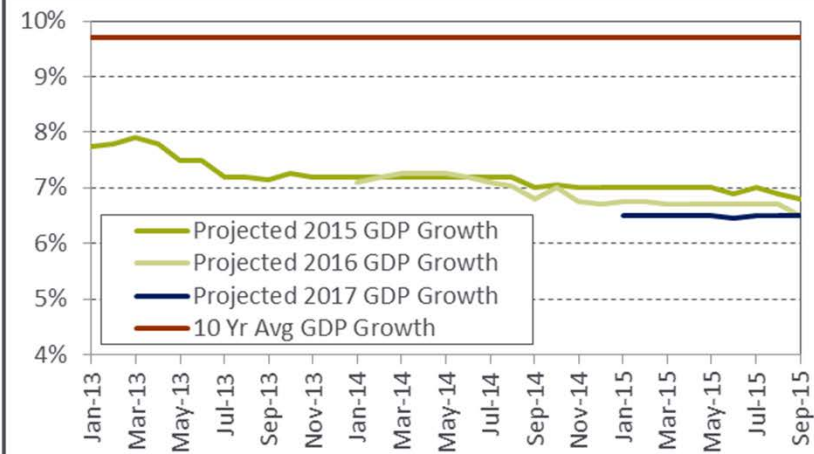
Real Estate

- **NEPC continues to be neutral on core real estate in the U.S. and remains positive on non-core real estate, e.g. value-add and opportunistic strategies.**
 - We are also neutral on real estate debt markets as competition among traditional lenders is keeping yields low.
- **Within U.S. core real estate, strong fundamentals continue to be the story along with attractive income spreads relative to interest rates.**
 - Real estate fundamentals and debt terms are attractive; however, valuations are high, with certain U.S. markets now trading above pre-recession peak values, and the possibility of rising interest rates and the impact on cap rates causes concern.
- **U.S. REITs posted modest gains with a +2.2% return.**
 - FFO multiples are high, at approximately 15x but are decreasing.
 - REITs are trading at a discount to NAV.
- **Overall, the non-core real estate investment environment in the U.S. is normalizing; however, select areas remain attractive.**
- **Europe is viewed as the best place for a marginal dollar of non-core real estate investment.**
 - Europe is emerging from multi-year recession, but recovery is slow and uneven with global markets experiencing large capital inflows.
 - Banks in EU are still overleveraged and have significant real estate exposure to jettison.

Equities have struggled since end of QE3



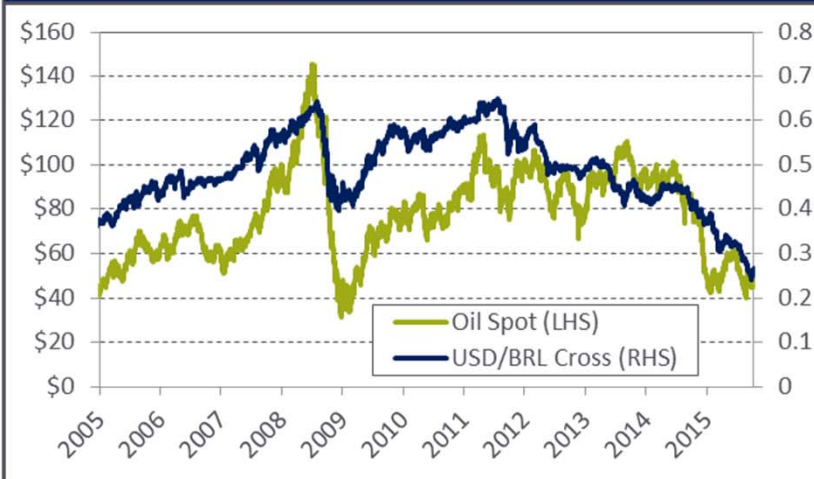
Slowing growth in China



ECB and BoJ in the midst of sizeable easing programs

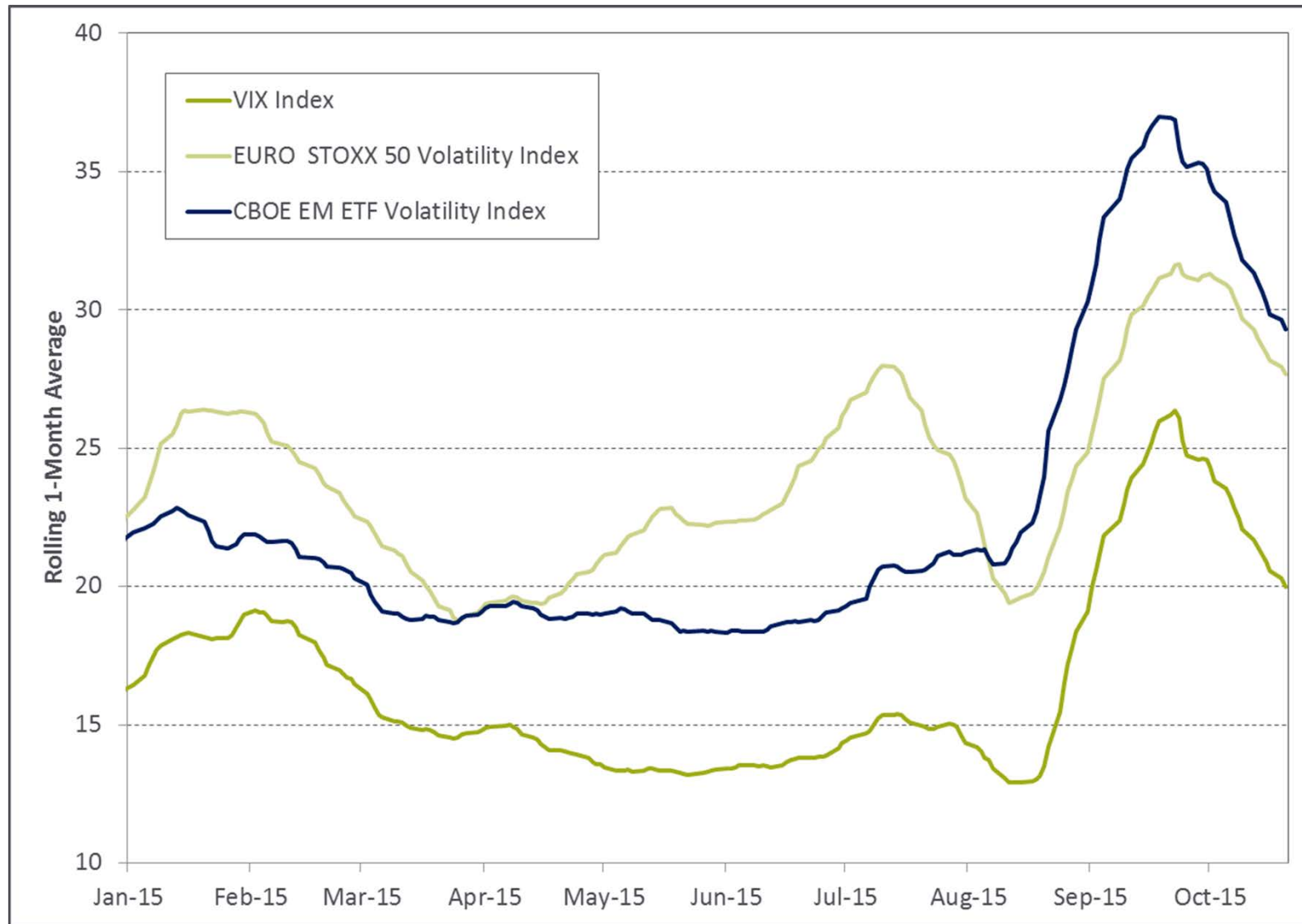


Commodity glut threatening export reliant Lat Am countries



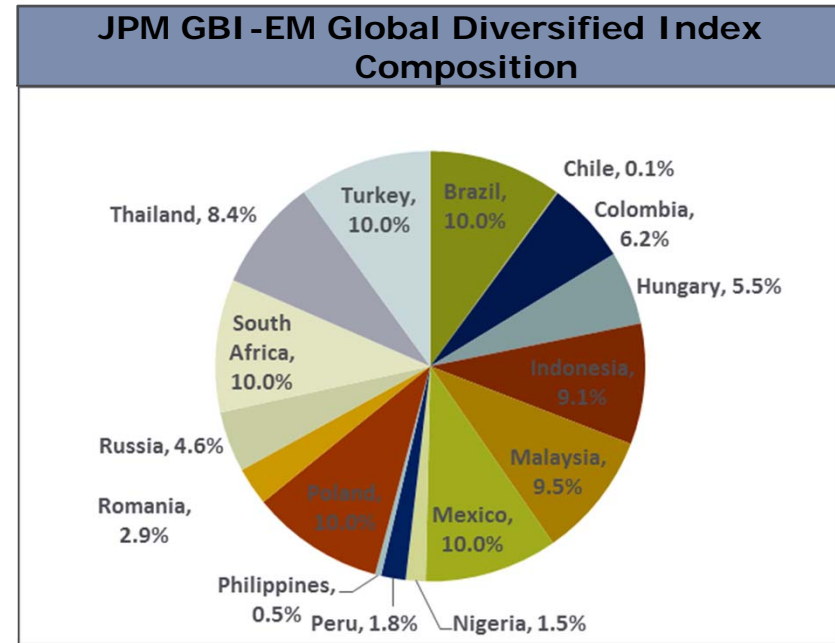
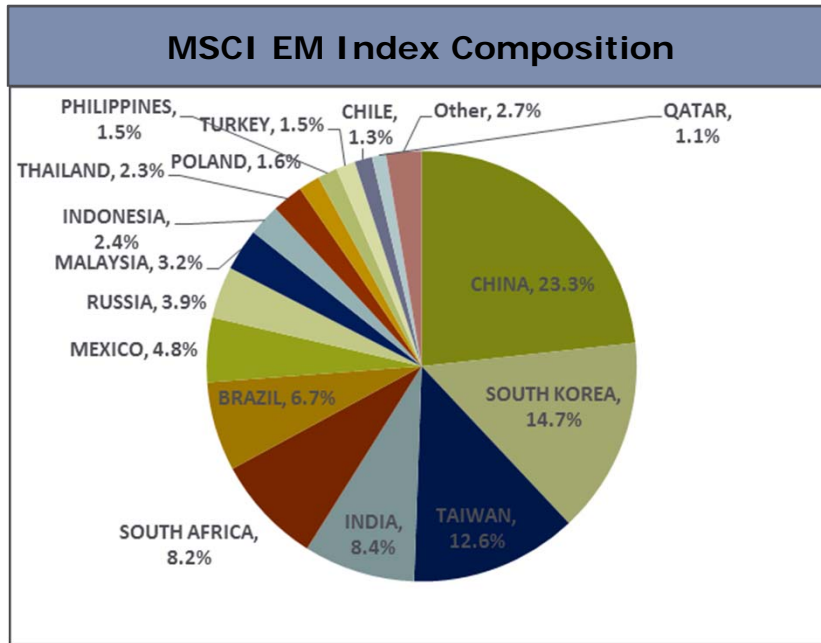
Sources: Standard & Poors, The Federal Reserve, ECB, BoJ, Bloomberg Energy, Bloomberg

Increase in Global Volatility Finally Caught Up with Equities



Source: Deutsche Borse, Goldman Sachs, CBOE, Bloomberg

Currency Risks are Not Only Unique by Country but also Vary Across Indices

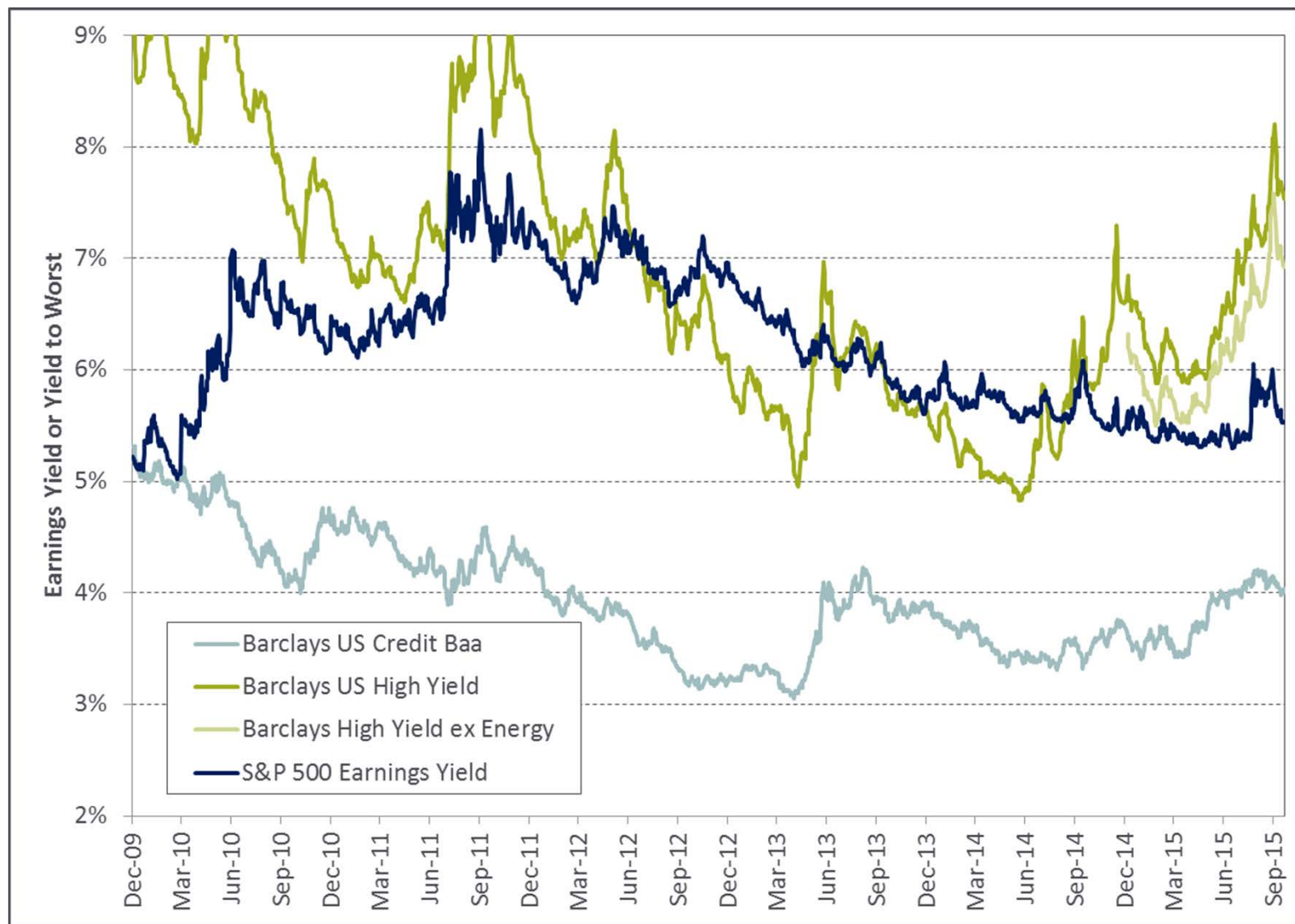


- **MSCI Emerging Markets Equity Index dominated by Asia**
 - Lots of countries with sensitivity to Chinese growth and competitiveness
 - Despite possibility for further depreciation, most currencies appear cheap or reasonably valued
- **Debt indices more concentrated in Latin/South America with exposure to balance of payments challenged countries**
 - Currencies of major commodity exporters are sensitive to oil and other commodity price weakness – but also stand to benefit from a rebound
 - Structural issues in Turkey and Brazil pose significant challenges, but with less contagion risk

Commodity Price Weakness Has Been Challenging for EM Currencies

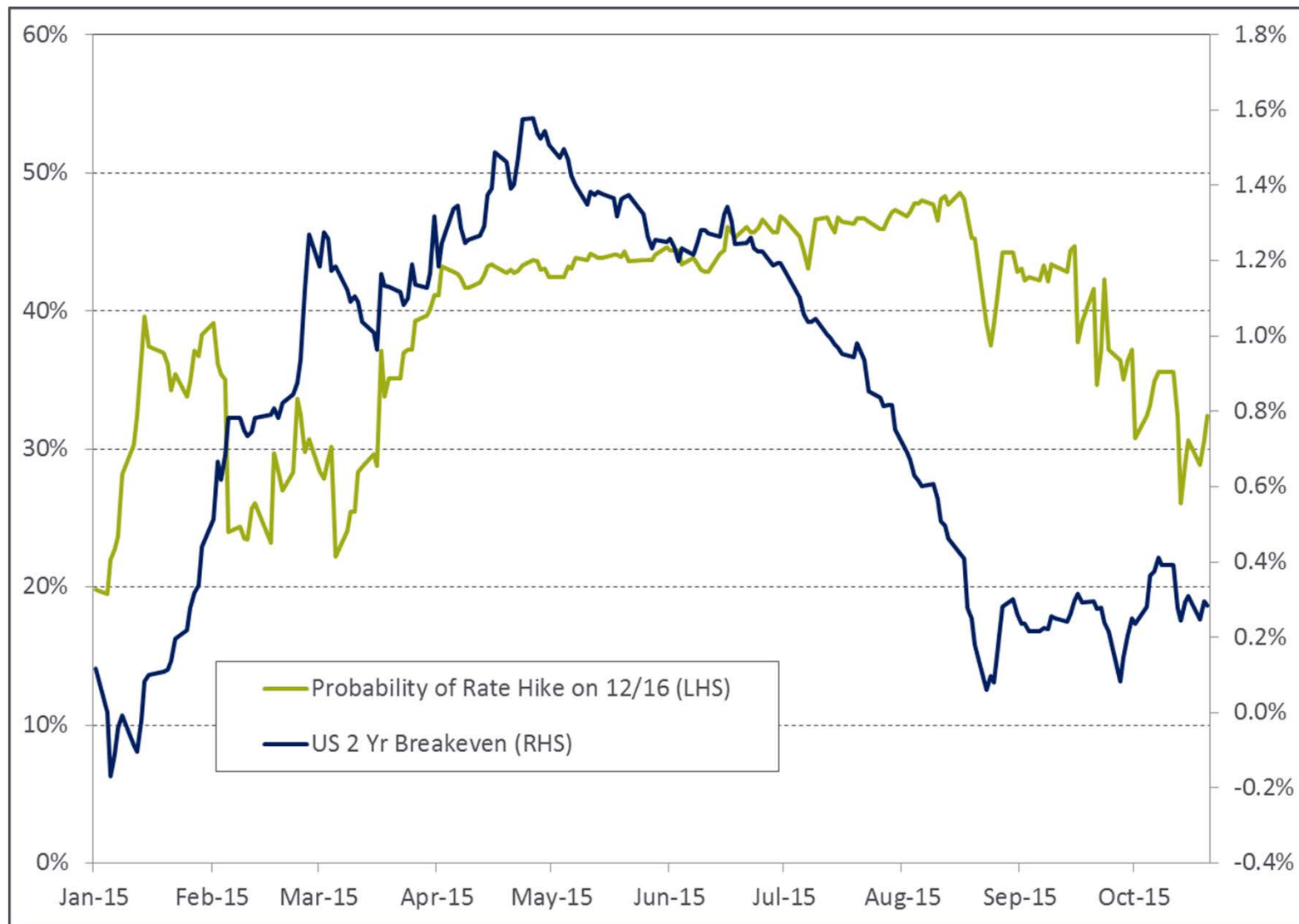


Source: MSCI, Bloomberg



Source: Barclays, Standard & Poors, Bloomberg

Near Term Inflation Expectations Have Declined as a Rate Hike Has Been Pushed Further Out



Source: Bloomberg

- **Risk-return profile of U.S. high yield is attractive relative to U.S. equities**
 - High yield credit spreads now exceed long-term averages with yields near 2012 levels
 - Make use of dynamic credit strategies as disruptions in credit markets move rapidly
 - Dollar strength is a headwind for equity earnings growth and profit margin expansion
- **Recommend an overweight exposure to developed market equities**
 - Suggest investors opportunistically exploit potential volatility to add to the overweight
 - Long-term opportunity remains as earnings improve off cyclical lows in Europe/Japan
 - Offers a more favorable return outlook with superior valuations relative to U.S. equities
- **Recommend, at minimum, market weight exposure to emerging markets equities**
 - Reasonable equity valuations, depressed currencies, and the attractiveness of long-term fundamentals represent a solid investment foundation
 - Volatility likely to continue as falling commodity prices, trade linkages to China, and external debt levels pose idiosyncratic country risks
 - Encourage the use of benchmark agnostic strategies with a bias towards small-cap and consumer focused strategies
- **Inflation expectations at historical lows, but value opportunities can be found in inflation-sensitive assets**
 - Encourage patience as volatility and opportunities evolve in commodity markets
 - Private strategies are evolving, but provide compelling return opportunities

NEPC Updates

Highlights of Third Quarter Happenings at NEPC

NEPC Recognitions



- Two of NEPC's Partners were named on the *Chief Investment Officer* magazine's (CIO) annual ranking of the world's most influential investment consultants. NEPC's Chief Investment Officer, **Tim McCusker**, was named **the most influential general consultant on the 2015** list of Knowledge Brokers. **KC Connors**, Head of NEPC's Philanthropic Practice Team, **ranked 10th on the 2015 Knowledge Brokers – Specialist list**. The lists are CIO's annual rankings of the most influential investment consultants worldwide¹.



NEPC Client Recognitions

- Two of our clients were recognized for their work in the healthcare industry by *Institutional Investor* on October 7th. Mary O'Reilly, Director, Treasury and Investments at Rochester Health, received the II Investor Intelligence Award for Asset Allocation. Joshua Rabuck, Executive Director, Investments, at Indiana University Health, was accorded the II Investor Intelligence Award for Risk Management.

NEPC Research

Recent White Papers

- Best Practices: Managing Risk in Corporate VEBA and SERP Plans* (October 2015) - Mike Valchine, CAIA, CIPM, Senior Consultant
- NEPC's 2015 Defined Contribution Plan & Fee Survey: What a Difference a Decade Makes* (October 2015) – Ross Bremen, CFA, Partner
- Market Chatter – Has the China Bubble Burst?* (July 2015)
- Market Chatter – China's Devaluation of the Yuan* (August 2015)
- 2015 Third Quarter Market Thoughts*

Upcoming/Recent Events

- Healthcare Defined Contribution Fee Survey Results** - Tuesday, November 3, 2015, 3:00 to 4:00 p.m. (EST)
- NEPC's 2015 Defined Benefit Plan Trends Webinar** - Wednesday, October 21, 2015, 2:00 - 3:00 p.m. (EST)
- NEPC, Newton Capital Management, and the Centre for Endowment Asset Management are hosting a special event that delves into the influence of British economist John Maynard Keynes on the U.S. Endowment Model on October 15, 2015 in Boston, MA.

¹CIO Magazine interviews pension and non-profit CIOs, asset managers and former consultants, to approximate what it calls "the hierarchy of today's institutional consultant industry." The results should not be considered a recommendation of any specific firm or individual consultant. For more information, please visit CIO Magazine's web site at <http://www.ai-cio.com/2015-knowledge-brokers/>. Past performance is no guarantee of future results

Total Fund Performance

Note: All of the data shown on the following pages is as of September 30, 2015 and reflects the deduction of investment manager fees, unless otherwise noted.



Ventura County Employees' Retirement Association

Total Fund Performance Summary (Net)

	Market Value	3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	10 Yrs	Rank	Return	Since
Total Fund	\$4,208,123,068	-5.3%	49	-3.6%	71	-2.6%	72	7.2%	34	8.2%	17	5.6%	34	7.8%	Apr-94
<i>Policy Index</i>		-4.6%	25	-2.4%	33	-0.6%	30	7.5%	15	8.1%	19	5.8%	22	7.8%	Apr-94
<i>Allocation Index</i>		-5.6%	54	-3.7%	76	-2.2%	69	6.6%	49	7.5%	38	5.3%	49	--	Apr-94
<i>InvestorForce Public DB > \$1B Net Median</i>		-5.5%		-2.8%		-1.4%		6.5%		7.3%		5.3%		7.3%	Apr-94

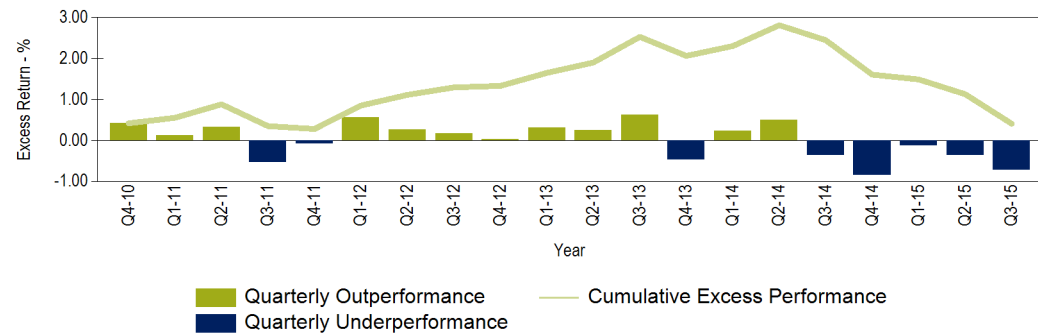
- For the five-year period ending September 30, 2015, the Fund returned 8.2%, outperforming the policy index by 0.1% and ranking in the 17th percentile of its peers. The Fund's volatility, as measured by standard deviation, ranked in the 77th percentile of its peers, and the risk-adjusted return, or Sharpe Ratio, ranks in the 39th percentile. This means that the Fund has earned more return per unit of risk taken than 61% of its peers.

- For the three-year period ending September 30, 2015, the Fund returned 7.2%, underperforming the policy index by 0.3% and ranking in the 34th percentile of its peers. The Fund's volatility ranks in the bottom half of its peers over this period, with the Fund's Sharpe Ratio again ranking in the 39th percentile.

- For the one-year period ending September 30, 2015, the Fund returned -2.6%, trailing the policy index by 2.0% and ranking in the 72nd percentile of the InvestorForce Public Funds > \$1 Billion Universe (Net of Fees).

- For the one-year period ending September 30, 2015, the Fund produced a net investment loss of \$92 million, which includes a net investment loss of \$232 million in the quarter. Assets decreased from \$4.33 billion one year ago to \$4.21 billion on September 30, 2015.

Quarterly and Cumulative Excess Performance



3 Years Ending September 30, 2015

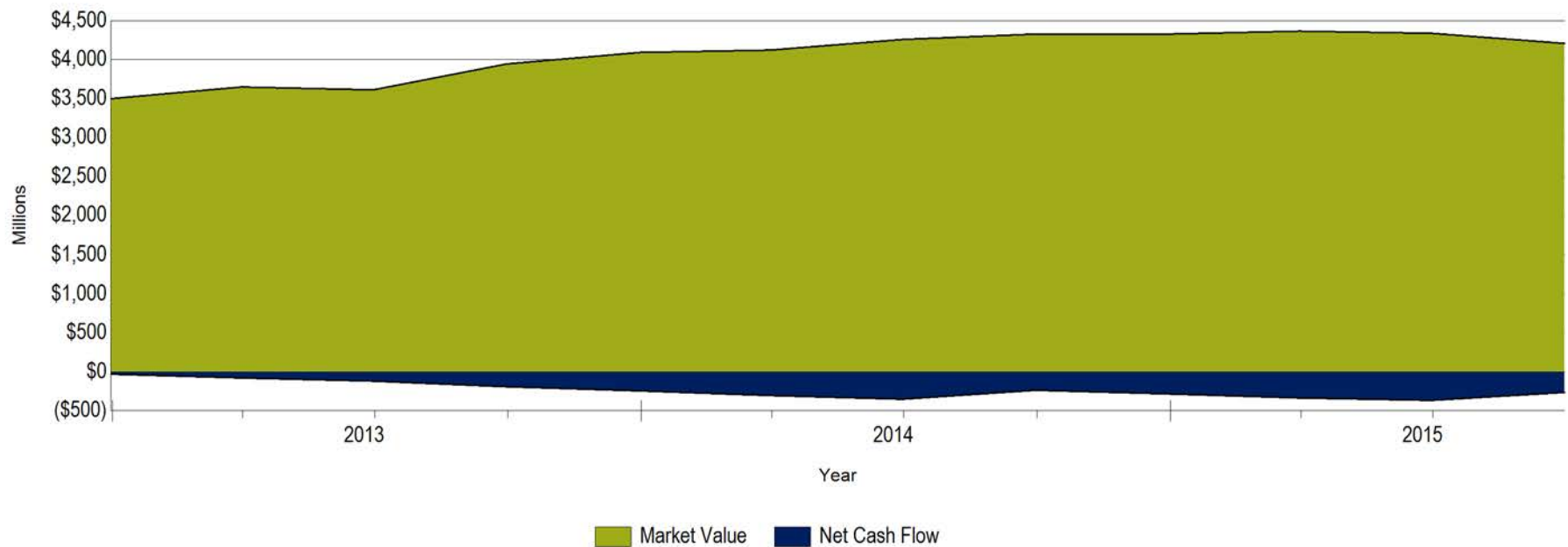
	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Total Fund	7.2%	34	6.4%	65	1.1	39	2.1	30
Policy Index	7.5%	15	6.1%	52	1.2	23	2.2	19
InvestorForce Public DB > \$1B Net Median	6.5%	--	6.0%	--	1.1	--	1.8	--

5 Years Ending September 30, 2015

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Total Fund	8.2%	17	8.1%	77	1.0	39	1.5	30
Policy Index	8.1%	19	8.0%	68	1.0	32	1.5	30
InvestorForce Public DB > \$1B Net Median	7.3%	--	7.4%	--	1.0	--	1.4	--

Total Fund Asset Growth Summary

Market Value History
3 Years Ending September 30, 2015

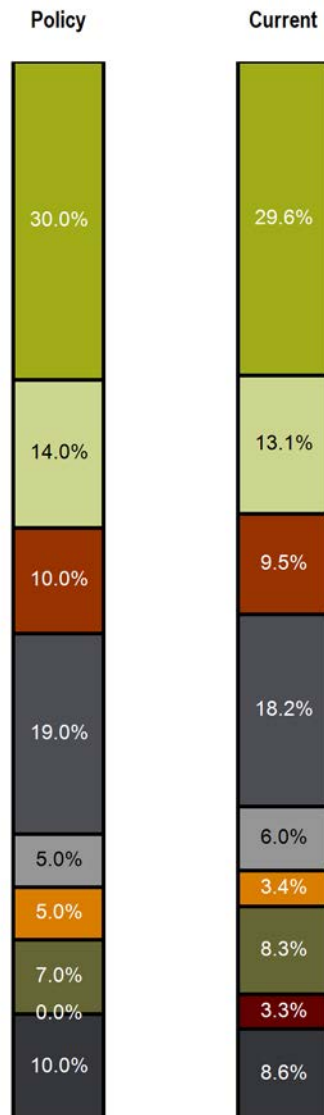


Summary of Cash Flows

Sources of Portfolio Growth	Third Quarter	One Year	Three Years
Beginning Market Value	\$4,338,136,581	\$4,328,104,648	\$3,483,762,393
Net Additions/Withdrawals	\$101,582,367	-\$27,557,883	-\$265,160,063
Investment Earnings	-\$231,595,881	-\$92,423,697	\$989,520,738
Ending Market Value	\$4,208,123,068	\$4,208,123,068	\$4,208,123,068

Ventura County Employees' Retirement Association

Total Fund Asset Allocation vs. Policy Targets



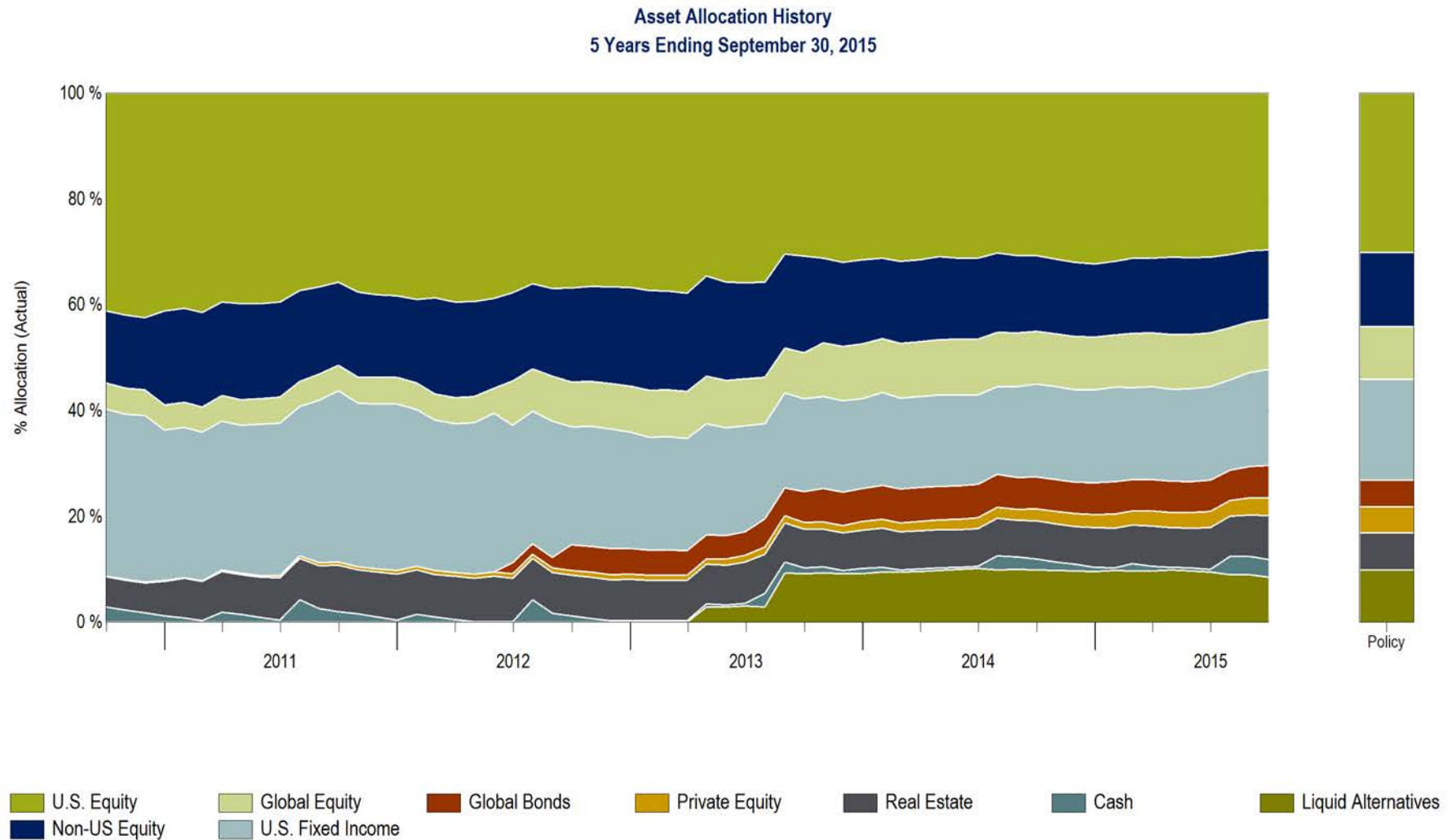
Asset Allocation vs. Target

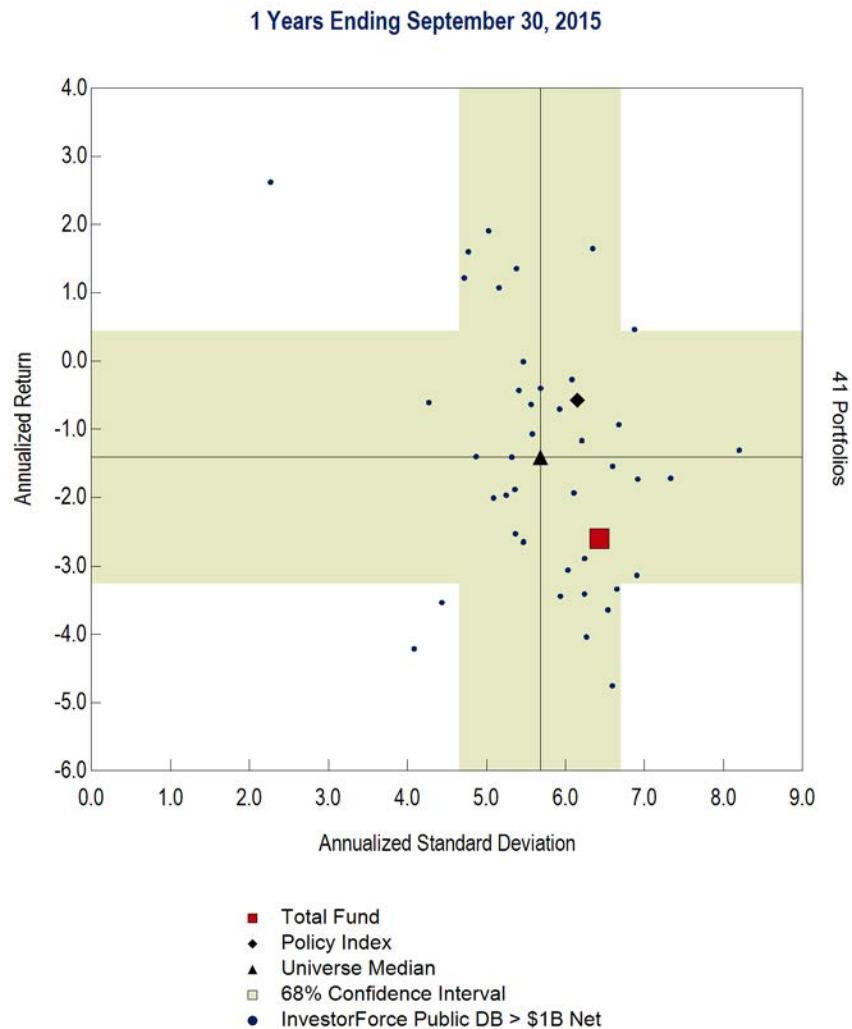
	Current	Current	Policy	Difference*	Policy Range	Within Range
U.S. Equity	\$1,245,732,873	29.6%	30.0%	-0.4%	26.0% - 34.0%	Yes
Non-US Equity	\$551,804,954	13.1%	14.0%	-0.9%	11.0% - 17.0%	Yes
Global Equity	\$397,821,094	9.5%	10.0%	-0.5%	7.0% - 13.0%	Yes
U.S. Fixed Income	\$765,965,707	18.2%	19.0%	-0.8%	15.0% - 23.0%	Yes
Global Bonds	\$254,196,806	6.0%	5.0%	1.0%	3.0% - 7.0%	Yes
Private Equity	\$144,302,186	3.4%	5.0%	-1.6%	3.0% - 7.0%	Yes
Real Estate	\$349,536,974	8.3%	7.0%	1.3%	4.0% - 10.0%	Yes
Cash	\$137,912,653	3.3%	0.0%	3.3%	0.0% - 3.0%	No
Liquid Alternatives	\$360,849,821	8.6%	10.0%	-1.4%	7.0% - 13.0%	Yes
Total	\$4,208,123,068	100.0%	100.0%			

*Difference between Policy and Current Allocation

Cash represents assets in Parametric Overlay

Total Fund Allocation History





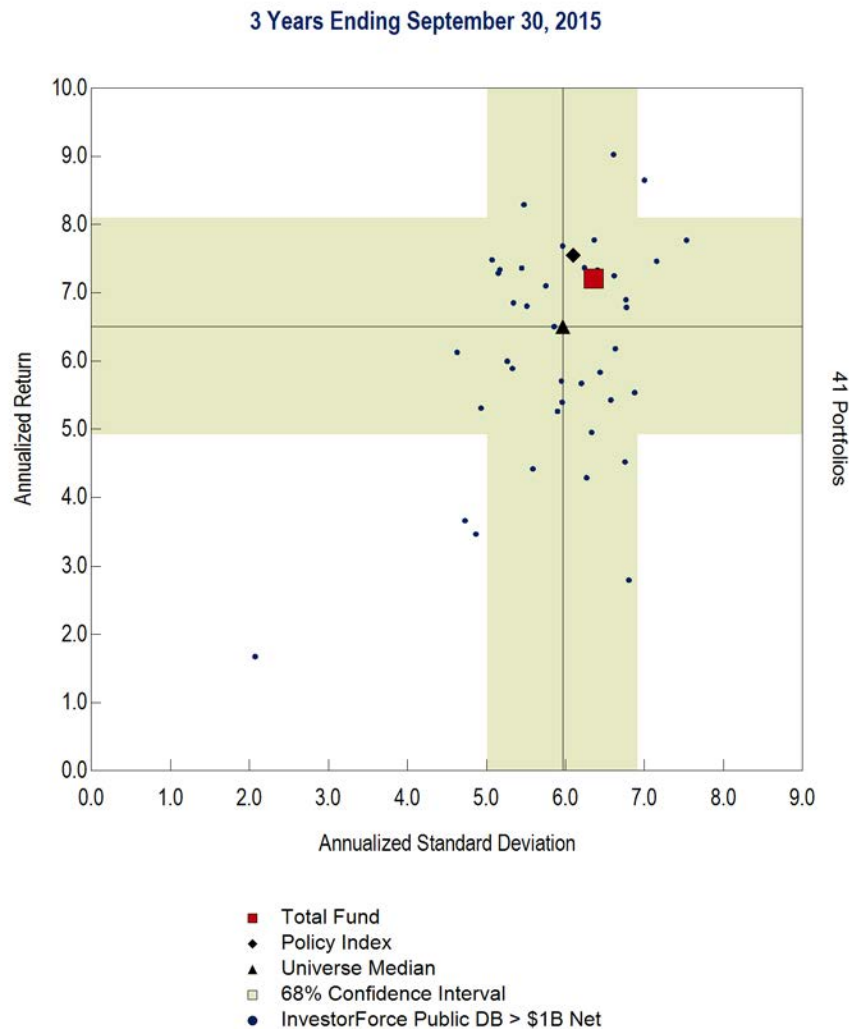
1 Years Ending September 30, 2015

	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Total Fund	-2.6%	72	6.4%	77
Policy Index	-0.6%	30	6.2%	64
InvestorForce Public DB > \$1B Net Median	-1.4%	--	5.7%	--

1 Years Ending September 30, 2015

	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	-0.4	68	-0.6	72
Policy Index	-0.1	29	-0.1	30
InvestorForce Public DB > \$1B Net Median	-0.2	--	-0.3	--

Total Fund Risk/Return

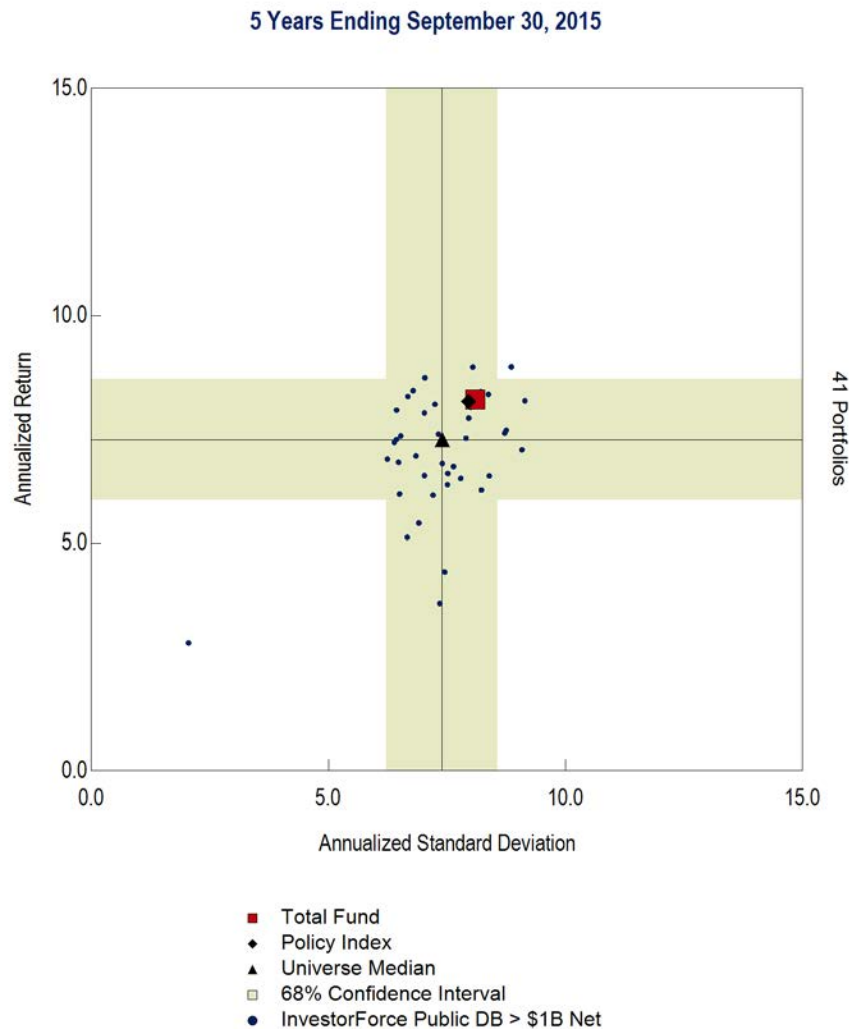


3 Years Ending September 30, 2015

	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Total Fund	7.2%	34	6.4%	65
Policy Index	7.5%	15	6.1%	52
InvestorForce Public DB > \$1B Net Median	6.5%	--	6.0%	--

3 Years Ending September 30, 2015

	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	1.1	39	2.1	31
Policy Index	1.2	23	2.2	19
InvestorForce Public DB > \$1B Net Median	1.1	--	1.8	--

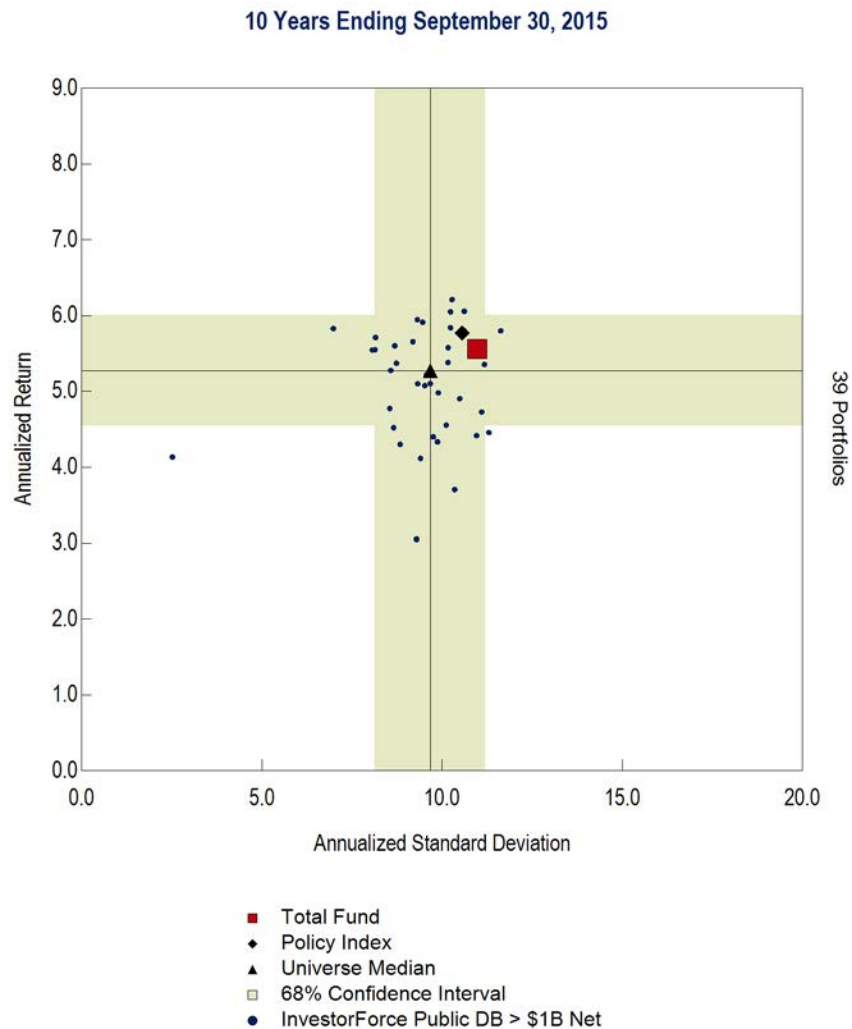


5 Years Ending September 30, 2015

	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Total Fund	8.2%	17	8.1%	77
Policy Index	8.1%	19	8.0%	68
InvestorForce Public DB > \$1B Net Median	7.3%	--	7.4%	--

5 Years Ending September 30, 2015

	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	1.0	39	1.5	30
Policy Index	1.0	32	1.5	30
InvestorForce Public DB > \$1B Net Median	1.0	--	1.4	--



10 Years Ending September 30, 2015

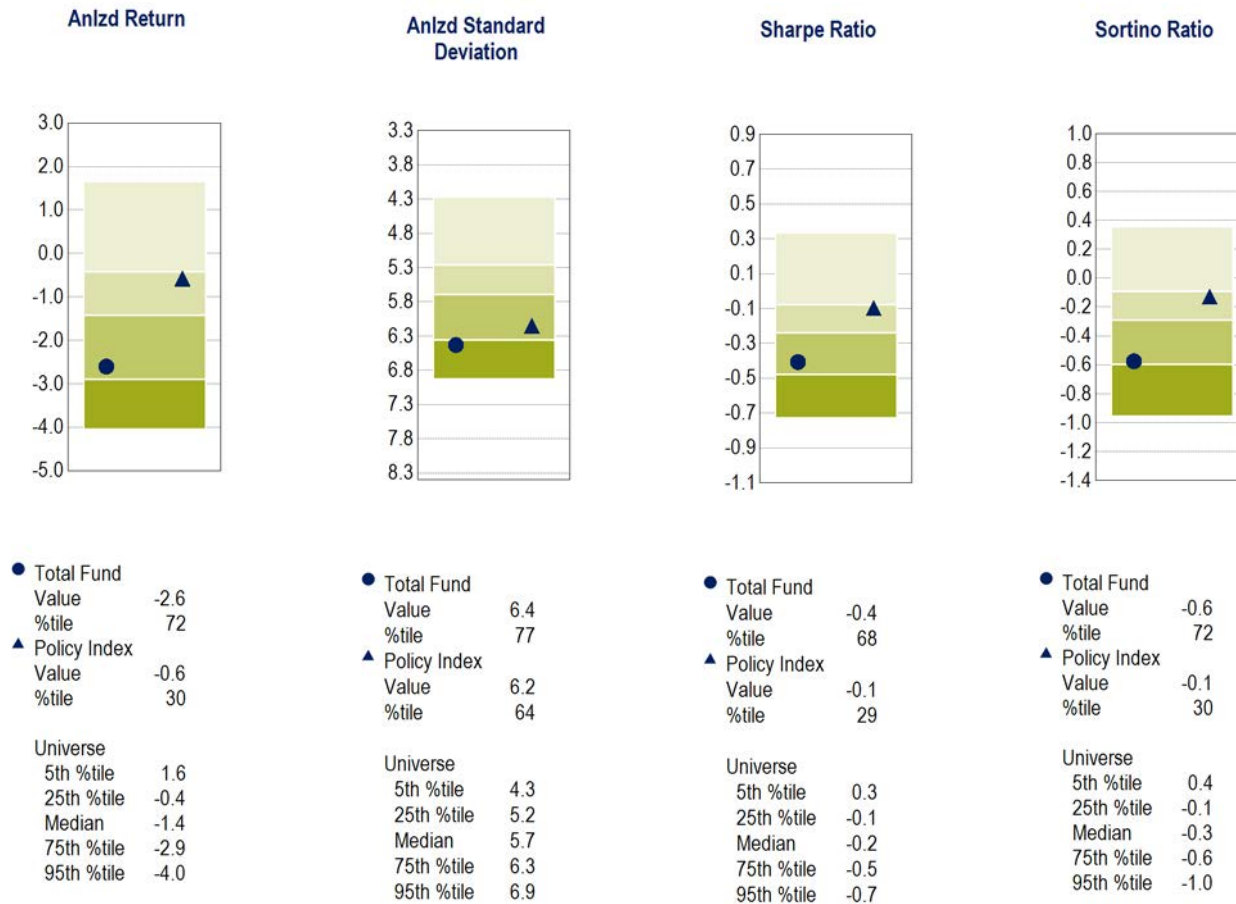
	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Total Fund	5.6%	34	11.0%	90
Policy Index	5.8%	22	10.6%	81
InvestorForce Public DB > \$1B Net Median	5.3%	--	9.7%	--

10 Years Ending September 30, 2015

	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	0.4	61	0.6	60
Policy Index	0.4	41	0.6	40
InvestorForce Public DB > \$1B Net Median	0.4	--	0.6	--

Total Fund Risk Statistics vs. Peer Universe

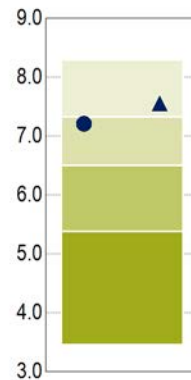
Total Fund vs. InvestorForce Public DB > \$1B Net 1 Year



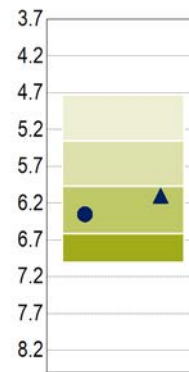
Total Fund Risk Statistics vs. Peer Universe

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

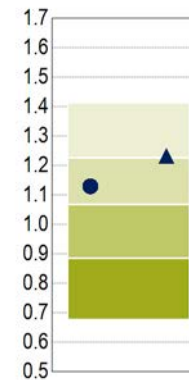
Anlzd Return



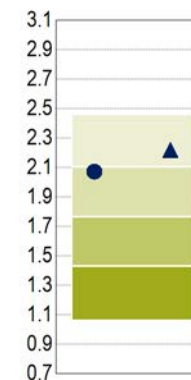
Anlzd Standard
Deviation



Sharpe Ratio



Sortino Ratio



● Total Fund
Value 7.2
%tile 34
▲ Policy Index
Value 7.5
%tile 15

Universe
5th %tile 8.3
25th %tile 7.3
Median 6.5
75th %tile 5.4
95th %tile 3.5

● Total Fund
Value 6.4
%tile 65
▲ Policy Index
Value 6.1
%tile 52

Universe
5th %tile 4.7
25th %tile 5.3
Median 6.0
75th %tile 6.6
95th %tile 7.0

● Total Fund
Value 1.1
%tile 39
▲ Policy Index
Value 1.2
%tile 23

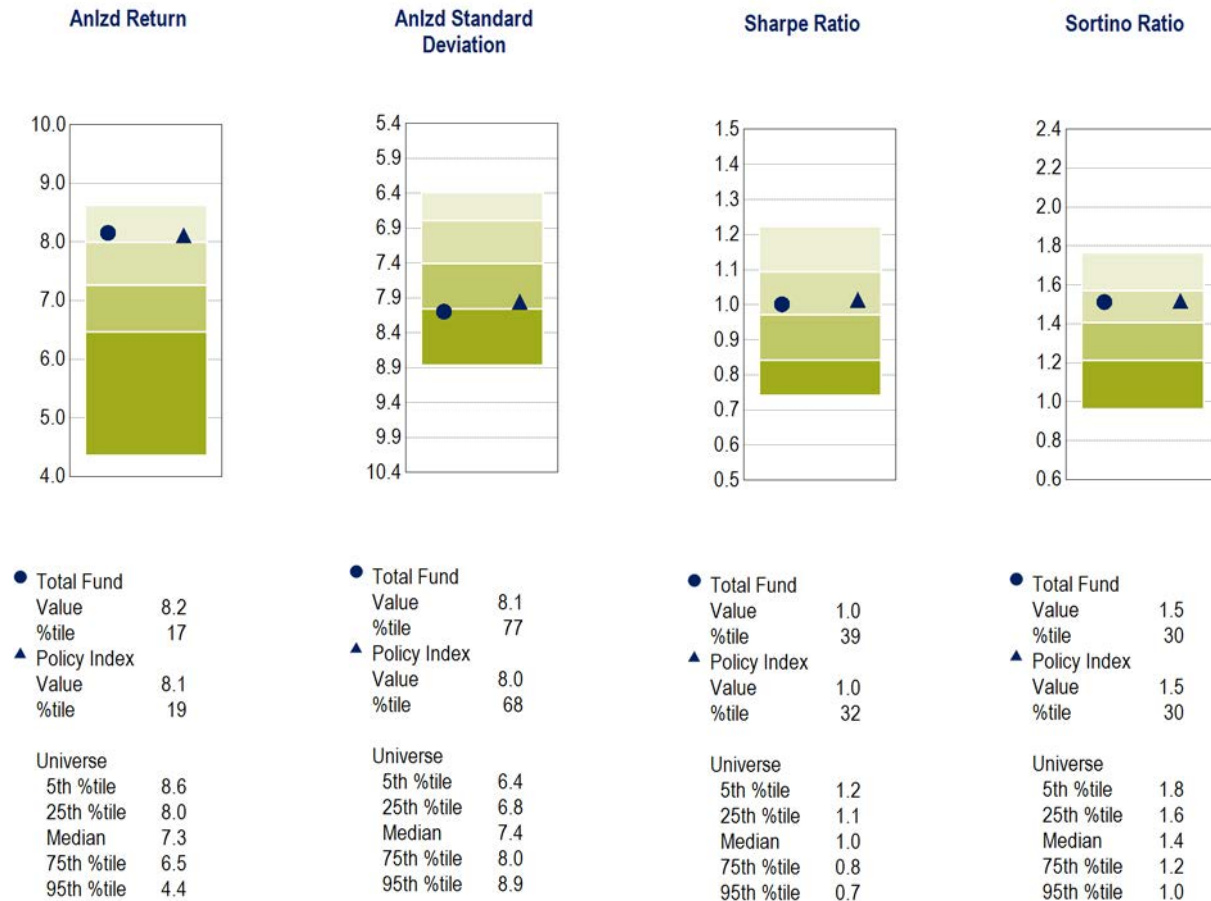
Universe
5th %tile 1.4
25th %tile 1.2
Median 1.1
75th %tile 0.9
95th %tile 0.7

● Total Fund
Value 2.1
%tile 31
▲ Policy Index
Value 2.2
%tile 19

Universe
5th %tile 2.5
25th %tile 2.1
Median 1.8
75th %tile 1.4
95th %tile 1.1

Total Fund Risk Statistics vs. Peer Universe

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

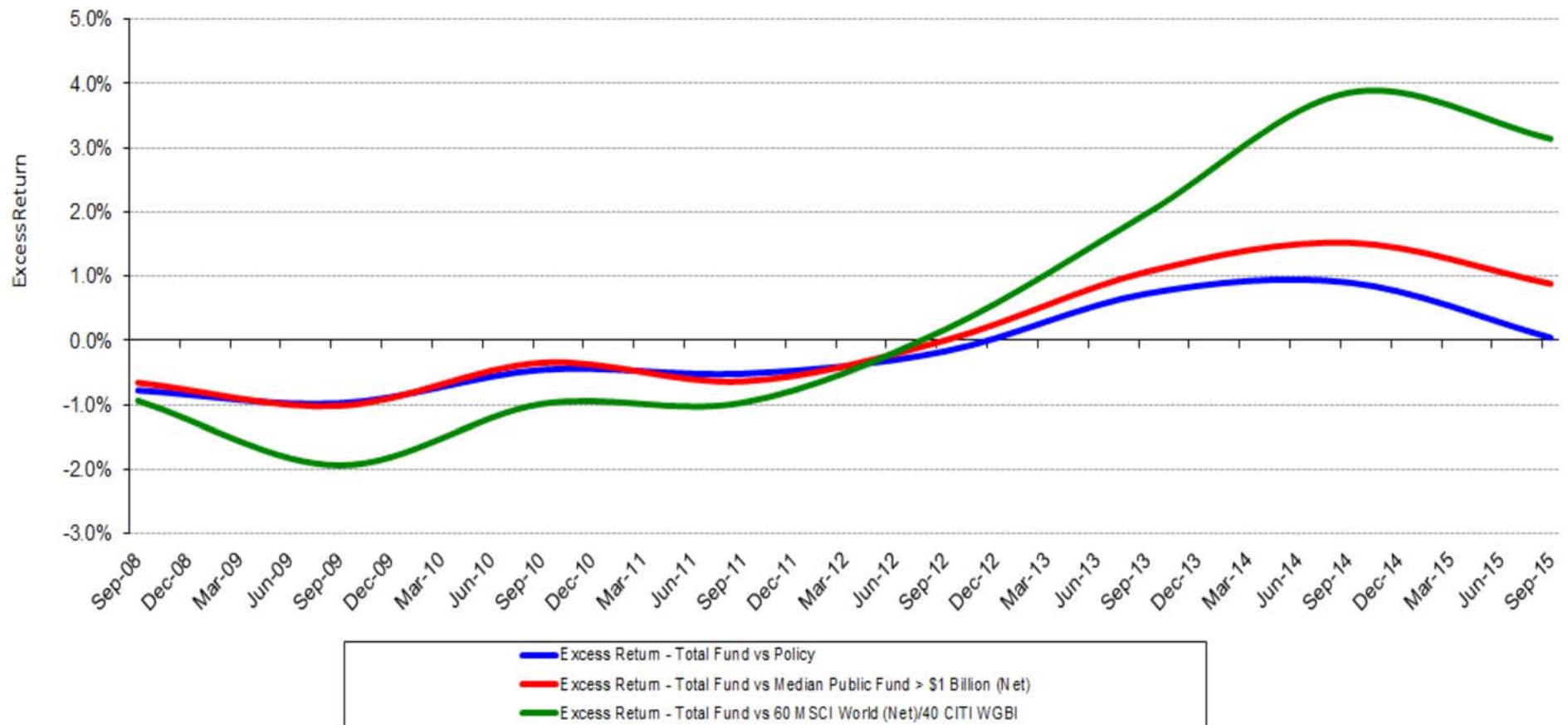


Total Fund Risk Statistics vs. Peer Universe

Total Fund vs. InvestorForce Public DB > \$1B Net 10 Years

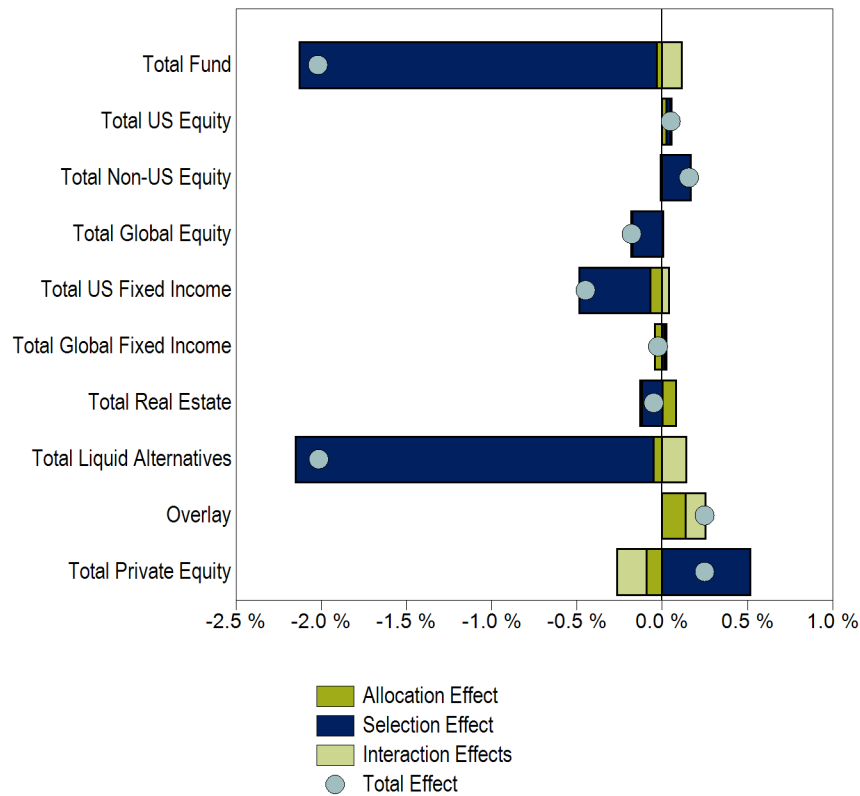


Rolling 5 Year Excess Returns- Net of Fees



Total Fund Attribution Analysis

Attribution Effects
1 Year Ending September 30, 2015



Attribution Summary
1 Year Ending September 30, 2015

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total US Equity	-0.5%	-0.5%	0.1%	0.0%	0.0%	0.0%	0.0%
Total Non-US Equity	-11.0%	-12.2%	1.2%	0.2%	0.0%	0.0%	0.2%
Total Global Equity	-8.4%	-6.7%	-1.7%	-0.2%	0.0%	0.0%	-0.2%
Total US Fixed Income	0.7%	2.9%	-2.2%	-0.4%	-0.1%	0.0%	-0.5%
Total Global Fixed Income	-3.0%	-3.3%	0.3%	0.0%	0.0%	0.0%	0.0%
Total Real Estate	13.0%	14.9%	-1.9%	-0.1%	0.1%	0.0%	-0.1%
Total Liquid Alternatives	-16.3%	4.0%	-20.3%	-2.1%	-0.1%	0.1%	-2.0%
Overlay	9.2%	0.0%	9.2%	0.0%	0.1%	0.1%	0.2%
Total Private Equity	13.8%	2.4%	11.4%	0.5%	-0.1%	-0.2%	0.2%
Total	-2.6%	-0.6%	-2.0%	-2.1%	0.0%	0.1%	-2.0%

Ventura County Employees' Retirement Association

Total Fund Risk Statistics

1 Year Ending September 30, 2015

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Tracking Error	Rank	Info Ratio	Rank	Anlzd AJ	Rank	Beta
Total Fund	100.0%	-2.6%	72	6.4%	77	-0.4	68	0.8%	15	-2.4	--	-2.0%	86	1.0
Policy Index	--	-0.6%	30	6.2%	64	-0.1	29	0.0%	1	--	--	0.0%	43	1.0
Total Equity	52.2%	-4.7%	58	10.7%	41	-0.4	58	1.4%	1	1.4	22	1.6%	56	0.9
MSCI ACWI	--	-6.7%	71	11.2%	55	-0.6	69	0.0%	1	--	--	0.0%	68	1.0
Total US Equity	29.6%	-0.5%	55	10.9%	34	0.0	55	0.1%	1	1.5	7	0.1%	55	1.0
Total U.S. Equity Benchmark	--	-0.5%	55	10.9%	35	-0.1	56	0.0%	1	--	--	0.0%	55	1.0
Total Non-US Equity	13.1%	-11.0%	93	11.9%	54	-0.9	94	1.2%	1	1.0	75	0.3%	95	0.9
Total Non-US Equity Benchmark	--	-12.2%	95	12.8%	84	-1.0	96	0.0%	1	--	--	0.0%	95	1.0
Total Global Equity	9.5%	-8.4%	77	11.6%	67	-0.7	76	1.5%	1	-1.2	--	-1.5%	77	1.0
MSCI ACWI	--	-6.7%	71	11.2%	55	-0.6	69	0.0%	1	--	--	0.0%	68	1.0
Total Fixed Income	24.2%	-0.2%	68	1.5%	5	-0.1	70	2.3%	85	1.3	7	0.7%	7	0.3
Barclays Global Aggregate	--	-3.3%	95	2.6%	62	-1.3	96	0.0%	1	--	--	0.0%	45	1.0
Total US Fixed Income	18.2%	0.7%	70	1.6%	27	0.5	67	2.5%	57	-0.9	--	-0.1%	56	0.3
Barclays Aggregate	--	2.9%	14	3.1%	67	1.0	48	0.0%	1	--	--	0.0%	52	1.0
Total Global Fixed Income	6.0%	-3.0%	47	2.1%	7	-1.4	80	1.4%	11	0.2	43	-0.8%	41	0.7
Barclays Global Aggregate	--	-3.3%	52	2.6%	22	-1.3	72	0.0%	1	--	--	0.0%	32	1.0
Total Real Estate	8.3%	13.0%	44	5.3%	66	2.4	49							
Total Real Estate Benchmark	--	14.9%	24	6.1%	73	2.5	48							
Total Liquid Alternatives	8.6%	-16.3%	--	9.7%	--	-1.7	--							
CPI + 4% (Unadjusted)	--	4.0%	--	1.4%	--	2.7	--							

Ventura County Employees' Retirement Association

Total Fund Risk Statistics

3 Years Ending September 30, 2015

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Tracking Error	Rank	Info Ratio	Rank	Anlzd AJ	Rank	Beta
Total Fund	100.0%	7.2%	34	6.4%	65	1.1	39	0.8%	16	-0.4	--	-0.6%	65	1.0
Policy Index	--	7.5%	15	6.1%	52	1.2	23	0.0%	1	--	--	0.0%	47	1.0
Total Equity	52.2%	8.7%	46	9.7%	19	0.9	39	1.4%	2	1.2	12	2.0%	50	1.0
MSCI ACWI	--	7.0%	69	10.0%	33	0.7	65	0.0%	1	--	--	0.0%	72	1.0
Total US Equity	29.6%	12.7%	44	10.0%	18	1.3	24	0.3%	1	0.8	7	0.2%	38	1.0
Total U.S. Equity Benchmark	--	12.4%	47	9.9%	17	1.2	26	0.0%	1	--	--	0.0%	42	1.0
Total Non-US Equity	13.1%	2.8%	96	10.9%	21	0.3	96	1.2%	1	0.4	88	0.6%	96	0.9
Total Non-US Equity Benchmark	--	2.3%	97	11.6%	69	0.2	97	0.0%	1	--	--	0.0%	97	1.0
Total Global Equity	9.5%	5.7%	78	10.3%	42	0.6	78	1.2%	1	-1.0	--	-1.3%	81	1.0
MSCI ACWI	--	7.0%	69	10.0%	33	0.7	65	0.0%	1	--	--	0.0%	72	1.0
Total Fixed Income	24.2%	1.0%	78	2.3%	22	0.4	72	2.5%	89	1.1	9	1.8%	9	0.5
Barclays Global Aggregate	--	-1.6%	99	3.8%	88	-0.4	99	0.0%	1	--	--	0.0%	66	1.0
Total US Fixed Income	18.2%	1.5%	63	2.1%	35	0.7	55	1.8%	43	-0.1	--	0.5%	43	0.6
Barclays Aggregate	--	1.7%	55	2.9%	56	0.6	67	0.0%	1	--	--	0.0%	74	1.0
Total Global Fixed Income	6.0%	-1.1%	75	3.7%	26	-0.3	78	1.2%	11	0.4	63	0.3%	72	0.9
Barclays Global Aggregate	--	-1.6%	80	3.8%	29	-0.4	83	0.0%	1	--	--	0.0%	79	1.0
Total Real Estate	8.3%	11.2%	61	4.6%	53	2.4	47							
Total Real Estate Benchmark	--	13.4%	16	5.4%	73	2.5	45							
Total Liquid Alternatives	8.6%	--	--	--	--	--	--							
CPI + 4% (Unadjusted)	--	5.0%	--	1.2%	--	4.2	--							

Ventura County Employees' Retirement Association

Total Fund Risk Statistics

5 Years Ending September 30, 2015

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Tracking Error	Rank	Info Ratio	Rank	Anlzd AJ	Rank	Beta
Total Fund	100.0%	8.2%	17	8.1%	77	1.0	39	0.8%	10	0.1	52	-0.1%	45	1.0
Policy Index	--	8.1%	19	8.0%	68	1.0	32	0.0%	1	--	--	0.0%	38	1.0
Total Equity	52.2%	--	--	--	--	--	--	--	--	--	--	--	--	--
MSCI ACWI	--	6.8%	73	13.1%	43	0.5	69	0.0%	1	--	--	0.0%	72	1.0
Total US Equity	29.6%	13.5%	33	12.0%	22	1.1	19	0.3%	1	0.8	2	0.1%	30	1.0
Total U.S. Equity Benchmark	--	13.3%	37	12.0%	21	1.1	20	0.0%	1	--	--	0.0%	32	1.0
Total Non-US Equity	13.1%	2.6%	91	14.3%	22	0.2	91	1.4%	1	0.6	75	0.9%	91	0.9
Total Non-US Equity Benchmark	--	1.8%	94	15.1%	63	0.1	94	0.0%	1	--	--	0.0%	94	1.0
Total Global Equity	9.5%	6.4%	76	12.1%	20	0.5	68	2.2%	7	-0.2	--	0.1%	71	0.9
MSCI ACWI	--	6.8%	73	13.1%	43	0.5	69	0.0%	1	--	--	0.0%	72	1.0
Total Fixed Income	24.2%	3.6%	41	2.6%	22	1.4	18	3.0%	90	0.9	13	3.3%	6	0.4
Barclays Global Aggregate	--	0.8%	99	4.4%	95	0.2	99	0.0%	1	--	--	0.0%	93	1.0
Total US Fixed Income	18.2%	4.0%	42	2.5%	39	1.5	20	2.0%	42	0.4	39	1.9%	24	0.7
Barclays Aggregate	--	3.1%	57	2.8%	49	1.1	62	0.0%	1	--	--	0.0%	80	1.0
Total Global Fixed Income	6.0%	--	--	--	--	--	--	--	--	--	--	--	--	--
Barclays Global Aggregate	--	0.8%	83	4.4%	28	0.2	78	0.0%	1	--	--	0.0%	80	1.0
Total Real Estate	8.3%	12.0%	67	5.0%	31	2.4	28							
Total Real Estate Benchmark	--	14.0%	11	5.7%	48	2.5	25							
Total Liquid Alternatives	8.6%	--	--	--	--	--	--							
CPI + 4% (Unadjusted)	--	5.8%	--	1.2%	--	4.8	--							

Ventura County Employees' Retirement Association

Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Fund	4,208,123,068	100.0	100.0	-5.3	49	-3.6	71	-2.6	72	7.2	34	8.2	17	5.6	34	7.8	Apr-94
Policy Index				-4.6	25	-2.4	33	-0.6	30	7.5	15	8.1	19	5.8	22	7.8	Apr-94
Over/Under				-0.7		-1.2		-2.0		-0.3		0.1		-0.2		0.0	
Allocation Index				-5.6	54	-3.7	76	-2.2	69	6.6	49	7.5	38	5.3	49	--	Apr-94
InvestorForce Public DB > \$1B Net Median				-5.5		-2.8		-1.4		6.5		7.3		5.3		7.3	Apr-94
Total Fund ex Parametric	4,059,742,319	96.5	--	-5.4	--	-3.6	--	-2.7	--	7.1	--	8.1	--	5.5	--	7.8	Apr-94
Total Fund ex Private Equity	4,063,820,882	96.6	--	-5.7	69	-4.0	91	-3.1	79	6.3	52	--	--	--	--	8.1	Jan-12
Policy Index				-4.6	25	-2.4	33	-0.6	30	7.5	15	8.1	19	5.8	22	9.0	Jan-12
Over/Under				-1.1		-1.6		-2.5		-1.2						-0.9	
InvestorForce Public DB > \$1B Net Median				-5.5		-2.8		-1.4		6.5		7.3		5.3		8.1	Jan-12
Total US Equity	1,245,732,873	29.6	30.0	-7.3	35	-5.4	50	-0.5	55	12.7	44	13.5	33	6.6	66	8.5	Dec-93
Total U.S. Equity Benchmark				-7.3	35	-5.5	51	-0.5	55	12.4	47	13.3	37	7.0	54	8.9	Dec-93
Over/Under				0.0		0.1		0.0		0.3		0.2		-0.4		-0.4	
eA All US Equity Net Median				-8.4		-5.5		0.0		12.3		12.6		7.1		9.9	Dec-93
BlackRock Equity Market Fund	1,070,309,612	25.4		-7.2	34	-5.4	49	-0.4	54	12.5	46	13.3	36	--	--	6.1	Dec-07
Dow Jones U.S. Total Stock Market				-7.3	35	-5.5	51	-0.5	56	12.4	47	13.3	37	7.1	52	6.1	Dec-07
Over/Under				0.1		0.1		0.1		0.1		0.0				0.0	
eA All US Equity Net Median				-8.4		-5.5		0.0		12.3		12.6		7.1		6.3	Dec-07
Western U.S. Index Plus	131,690,258	3.1		-6.7	28	-5.5	51	-1.0	60	12.8	42	14.3	21	--	--	2.5	May-07
S&P 500				-6.4	24	-5.3	48	-0.6	56	12.4	48	13.3	35	6.8	60	5.0	May-07
Over/Under				-0.3		-0.2		-0.4		0.4		1.0				-2.5	
eA All US Equity Net Median				-8.4		-5.5		0.0		12.3		12.6		7.1		5.4	May-07
BlackRock Extended Equity Index	43,733,003	1.0		-10.5	56	-6.2	62	-0.2	55	12.8	36	13.0	35	7.9	46	11.3	Oct-02
Dow Jones U.S. Completion Total Stock Market				-10.6	56	-6.3	63	-0.2	55	12.7	38	12.8	38	7.8	47	11.2	Oct-02
Over/Under				0.1		0.1		0.0		0.1		0.2		0.1		0.1	
eA US Small-Mid Cap Equity Net Median				-10.1		-5.2		0.3		12.2		12.3		7.6		10.8	Oct-02

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

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

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

Ventura County Employees' Retirement Association

Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Non-US Equity	551,804,954	13.1	14.0	-11.1	83	-8.0	92	-11.0	93	2.8	96	2.6	91	3.2	67	5.9	Mar-94
Total Non-US Equity Benchmark				-12.2	90	-8.6	95	-12.2	95	2.3	97	1.8	94	3.0	75	4.6	Mar-94
Over/Under				1.1		0.6		1.2		0.5		0.8		0.2		1.3	
eA All EAFE Equity Net Median				-9.0		-2.9		-5.7		6.4		5.4		3.8		6.1	Mar-94
BlackRock ACWI ex-U.S. Index	230,128,039	5.5		-11.9	75	-7.7	80	-11.3	83	2.9	79	2.3	84	--	--	0.3	Mar-07
MSCI ACWI ex USA				-12.2	82	-8.6	83	-12.2	87	2.3	81	1.8	87	3.0	74	-0.2	Mar-07
Over/Under				0.3		0.9		0.9		0.6		0.5				0.5	
eA ACWI ex-US All Cap Equity Net Median				-10.6		-5.1		-6.6		5.4		4.7		3.9		1.4	Mar-07
Sprucegrove	161,094,129	3.8		-12.2	90	-10.9	99	-13.4	99	2.2	98	2.9	84	3.5	53	6.6	Mar-02
MSCI EAFE				-10.2	72	-5.3	80	-8.7	80	5.6	65	4.0	76	3.0	68	5.4	Mar-02
Over/Under				-2.0		-5.6		-4.7		-3.4		-1.1		0.5		1.2	
MSCI ACWI ex USA				-12.2	90	-8.6	91	-12.2	97	2.3	98	1.8	93	3.0	66	5.8	Mar-02
eA EAFE All Cap Equity Net Median				-9.1		-2.9		-5.7		6.3		5.2		3.5		6.6	Mar-02
Hexavest	74,816,577	1.8		-7.1	12	-3.7	62	-7.6	70	4.2	85	--	--	--	--	2.8	Dec-10
MSCI EAFE				-10.2	72	-5.3	80	-8.7	80	5.6	65	4.0	76	3.0	68	2.8	Dec-10
Over/Under				3.1		1.6		1.1		-1.4						0.0	
eA EAFE All Cap Equity Net Median				-9.1		-2.9		-5.7		6.3		5.2		3.5		4.0	Dec-10
Walter Scott	85,766,209	2.0		-10.2	48	-6.6	70	-8.5	73	1.8	88	--	--	--	--	2.0	Dec-10
MSCI ACWI ex USA				-12.2	82	-8.6	83	-12.2	87	2.3	81	1.8	87	3.0	74	0.4	Dec-10
Over/Under				2.0		2.0		3.7		-0.5						1.6	
eA ACWI ex-US All Cap Equity Net Median				-10.6		-5.1		-6.6		5.4		4.7		3.9		2.9	Dec-10

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

Ventura County Employees' Retirement Association

Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Global Equity	397,821,094	9.5	10.0	-10.2	69	-7.6	73	-8.4	77	5.7	78	6.4	76	3.5	81	4.3	May-05
MSCI ACWI				-9.4	62	-7.0	71	-6.7	71	7.0	69	6.8	73	4.6	67	5.4	May-05
Over/Under				-0.8		-0.6		-1.7		-1.3		-0.4		-1.1		-1.1	
eA All Global Equity Net Median				-8.5		-5.1		-4.1		8.4		8.5		5.4		6.5	May-05
BlackRock MSCI ACWI Equity Index	207,477,250	4.9		-9.4	61	-6.7	68	-6.3	68	7.3	67	--	--	--	--	9.0	Jul-12
MSCI ACWI				-9.4	62	-7.0	71	-6.7	71	7.0	69	6.8	73	4.6	67	8.6	Jul-12
Over/Under				0.0		0.3		0.4		0.3						0.4	
eA All Global Equity Net Median				-8.5		-5.1		-4.1		8.4		8.5		5.4		9.8	Jul-12
GMO Global Equity	190,343,844	4.5		-11.1	79	-8.4	79	-10.5	84	4.1	86	5.8	79	4.4	72	5.3	Apr-05
MSCI ACWI				-9.4	62	-7.0	71	-6.7	71	7.0	69	6.8	73	4.6	67	5.4	Apr-05
Over/Under				-1.7		-1.4		-3.8		-2.9		-1.0		-0.2		-0.1	
eA All Global Equity Net Median				-8.5		-5.1		-4.1		8.4		8.5		5.4		6.5	Apr-05

Ventura County Employees' Retirement Association

Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Private Equity	144,302,186	3.4	5.0	6.1	3	12.1	13	13.8	23	17.4	6	--	--	--	--	15.8	Jan-12
<i>DJ U.S. Total Stock Market Index + 3%</i>				-6.6	99	-3.4	97	2.4	91	15.8	21	16.6	1	--	--	17.7	Jan-12
Over/Under				12.7		15.5		11.4		1.6						-1.9	
<i>InvestorForce Public DB Private Eq Net Median</i>				0.0		6.9		10.1		13.0		12.1		9.5		12.2	Jan-12
Adams Street Partners	87,461,015	2.1		2.9	--	7.4	--	10.3	--	15.2	--	--	--	--	--	14.2	Jan-12
<i>DJ U.S. Total Stock Market Index + 3%</i>				-6.6	--	-3.4	--	2.4	--	15.8	--	16.6	--	--	--	17.7	Jan-12
Over/Under				9.5		10.8		7.9		-0.6						-3.5	
Harbourvest	43,198,185	1.0		10.7	--	25.1	--	24.8	--	--	--	--	--	--	--	23.8	Jul-13
<i>DJ U.S. Total Stock Market Index + 3%</i>				-6.6	--	-3.4	--	2.4	--	15.8	--	16.6	--	--	--	13.4	Jul-13
Over/Under				17.3		28.5		22.4								10.4	
Pantheon Global Secondary Fund IV	13,642,986	0.3		13.1	--	7.9	--	5.3	--	14.8	--	--	--	--	--	10.6	Jan-12
<i>DJ U.S. Total Stock Market Index + 3%</i>				-6.6	--	-3.4	--	2.4	--	15.8	--	16.6	--	--	--	17.7	Jan-12
Over/Under				19.7		11.3		2.9		-1.0						-7.1	

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

Private Equity Limited Partnership Performance

Fund Name	Vintage Year	Initial Investment Date	Commitment	Capital Called to Date ¹	Outstanding Commitment ¹	Call Ratio	Interest Paid/(Rec'd)	Distributions to Date	Valuation	Total Value	Net Benefit	IRR	Since Inception	
													Distributions to Paid In Multiple (DPI)	Total Value to Paid In Multiple (TVPI)
Adams Street 2010 U.S. Fund	2010	5/21/2010	\$42,500,000	\$26,690,000	\$15,810,000	63%	\$15,213	\$8,147,483	\$30,489,272	\$38,636,755	\$11,931,542	15.7%	0.31x	1.45x
Adams Street 2010 Non-U.S. Dev. Mkts Fund	2010	5/21/2010	\$25,500,000	\$16,434,750	\$9,065,250	64%	\$1,589	\$4,669,887	\$14,278,525	\$18,948,412	\$2,512,073	6.9%	0.28x	1.15x
Adams Street 2010 Non-U.S. Emg Mkts Fund	2010	1/3/2011	\$8,500,000	\$5,729,000	\$2,771,000	67%	\$0	\$314,436	\$6,799,942	\$7,114,378	\$1,385,378	11.2%	0.05x	1.24x
Adams Street 2010 Direct Fund	2010	5/21/2010	\$8,500,000	\$7,837,000	\$663,000	92%	\$6,697	\$3,071,561	\$8,404,458	\$11,476,019	\$3,632,322	13.5%	0.39x	1.46x
Total Adams Street 2010	2010	5/21/2010	\$85,000,000	\$56,690,750	\$28,309,250	67%	\$23,499	\$16,203,367	\$59,972,197	\$76,175,564	\$19,461,315	12.9%	0.29x	1.34x
Adams Street 2013 Global Fund	2013	6/27/2013	\$75,000,000	\$27,337,500	\$47,662,500	36%	\$10,728	\$222,166	\$27,488,824	\$27,710,990	\$362,762	1.3%	0.01x	1.01x
HarbourVest - Dover Street VIII	2013	5/30/2013	\$67,500,000	\$40,500,000	\$27,000,000	60%	\$84,954	\$13,605,665	\$43,380,457	\$56,986,122	\$16,401,168	38.0%	0.34x	1.4x
Pantheon Global Secondary Fund IV	2010	8/20/2010	\$15,000,000	\$9,960,000	\$5,040,000	66%	\$0	\$7,830,001	\$6,920,072	\$14,750,073	\$4,790,073	17.1%	0.79x	1.48x
Pantheon Global Secondary Fund V	2015	2/26/2015	\$50,000,000	\$6,201,371	\$43,798,629	12%	\$29,922	\$75,205	\$6,726,156	\$6,801,361	\$570,069	8.2%	0.01x	1.09x
Total VCERA Private Equity Program	--	5/21/2010	\$292,500,000	\$140,689,621	\$151,810,379	48%	\$149,103	\$37,936,404	\$144,487,706	\$182,424,110	\$41,585,387	16.0%	0.27x	1.3x

1. Includes recycled/recallable distributions received to date.

Note: Private equity performance data is reported net of fees.

Distributions to Date shown for Pantheon Global Secondary Fund V includes management fee rebates paid to VCERA.

Performance shown is based on cash-adjusted market values as of 9/30/2015.

Ventura County Employees' Retirement Association

Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total US Fixed Income	765,965,707	18.2	19.0	0.0	71	0.7	55	0.7	70	1.5	63	4.0	42	5.7	25	6.1	Feb-94
Barclays Aggregate				<u>1.2</u>	18	<u>1.1</u>	35	<u>2.9</u>	14	<u>1.7</u>	55	<u>3.1</u>	57	<u>4.6</u>	50	<u>5.7</u>	Feb-94
Over/Under				-1.2		-0.4		-2.2		-0.2		0.9		1.1		0.4	
eA All US Fixed Inc Net Median				0.5		0.8		1.6		1.8		3.4		4.6		5.5	Feb-94
BlackRock U.S. Debt Fund	140,941,338	3.3		<u>1.3</u>	17	<u>1.2</u>	33	<u>3.0</u>	13	<u>1.8</u>	51	<u>3.2</u>	55	<u>4.7</u>	47	<u>5.5</u>	Nov-95
Barclays Aggregate				<u>1.2</u>	18	<u>1.1</u>	35	<u>2.9</u>	14	<u>1.7</u>	55	<u>3.1</u>	57	<u>4.6</u>	50	<u>5.5</u>	Nov-95
Over/Under				0.1		0.1		0.1		0.1		0.1		0.1		0.0	
eA All US Fixed Inc Net Median				0.5		0.8		1.6		1.8		3.4		4.6		5.4	Nov-95
Western	269,528,505	6.4		<u>0.7</u>	43	<u>1.0</u>	40	<u>2.5</u>	27	<u>2.7</u>	27	<u>4.7</u>	31	<u>5.4</u>	31	<u>6.4</u>	Dec-96
Barclays Aggregate				<u>1.2</u>	18	<u>1.1</u>	35	<u>2.9</u>	14	<u>1.7</u>	55	<u>3.1</u>	57	<u>4.6</u>	50	<u>5.5</u>	Dec-96
Over/Under				-0.5		-0.1		-0.4		1.0		1.6		0.8		0.9	
eA All US Fixed Inc Net Median				0.5		0.8		1.6		1.8		3.4		4.6		5.5	Dec-96
Reams	284,432,025	6.8		<u>-0.5</u>	79	<u>0.6</u>	57	<u>-1.4</u>	89	<u>0.2</u>	94	<u>3.3</u>	52	<u>5.9</u>	22	<u>5.7</u>	Sep-01
Reams Custom Index				<u>0.1</u>	68	<u>0.2</u>	68	<u>0.3</u>	78	<u>0.1</u>	96	<u>2.1</u>	79	<u>4.1</u>	64	<u>4.4</u>	Sep-01
Over/Under				-0.6		0.4		-1.7		0.1		1.2		1.8		1.3	
Barclays Aggregate				<u>1.2</u>	18	<u>1.1</u>	35	<u>2.9</u>	14	<u>1.7</u>	55	<u>3.1</u>	57	<u>4.6</u>	50	<u>4.8</u>	Sep-01
eA All US Fixed Inc Net Median				0.5		0.8		1.6		1.8		3.4		4.6		4.9	Sep-01
Loomis Sayles Multi Strategy	71,063,839	1.7		<u>-2.7</u>	89	<u>-1.3</u>	82	<u>-1.3</u>	89	<u>3.4</u>	15	<u>5.6</u>	21	<u>6.6</u>	13	<u>6.5</u>	Jul-05
Loomis Custom Index				<u>-0.9</u>	82	<u>-0.1</u>	73	<u>0.7</u>	71	<u>2.1</u>	40	<u>3.9</u>	43	<u>5.4</u>	31	<u>5.3</u>	Jul-05
Over/Under				-1.8		-1.2		-2.0		1.3		1.7		1.2		1.2	
Barclays Govt/Credit				<u>1.2</u>	19	<u>0.9</u>	47	<u>2.7</u>	20	<u>1.6</u>	61	<u>3.1</u>	57	<u>4.6</u>	51	<u>4.5</u>	Jul-05
eA All US Fixed Inc Net Median				0.5		0.8		1.6		1.8		3.4		4.6		4.6	Jul-05

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

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

Ventura County Employees' Retirement Association

Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Global Fixed Income	254,196,806	6.0	5.0	-0.3	34	-2.5	58	-3.0	47	-1.1	75	--	--	--	--	0.0	Jun-12
Barclays Global Aggregate				0.9	15	-2.3	51	-3.3	52	-1.6	80	0.8	83	3.7	80	-0.5	Jun-12
Over/Under				-1.2		-0.2		0.3		0.5						0.5	
eA All Global Fixed Inc Net Median				-1.5		-2.2		-3.2		1.1		2.8		4.4		2.2	Jun-12
Loomis Sayles Global Fixed Income	89,092,585	2.1		-0.4	41	-3.5	81	-4.9	75	-1.8	75	--	--	--	--	-0.6	Jun-12
Barclays Global Aggregate				0.9	16	-2.3	44	-3.3	49	-1.6	73	0.8	77	3.7	70	-0.5	Jun-12
Over/Under				-1.3		-1.2		-1.6		-0.2						-0.1	
eA Global Fixed Inc Unhedged Net Median				-1.0		-2.4		-3.3		-0.2		2.3		4.1		1.1	Jun-12
PIMCO Global Fixed Income	123,090,088	2.9		0.2	27	-2.4	53	-2.5	34	-1.4	69	--	--	--	--	-1.4	Sep-12
Barclays Global Aggregate				0.9	16	-2.3	44	-3.3	49	-1.6	73	0.8	77	3.7	70	-1.6	Sep-12
Over/Under				-0.7		-0.1		0.8		0.2						0.2	
eA Global Fixed Inc Unhedged Net Median				-1.0		-2.4		-3.3		-0.2		2.3		4.1		-0.2	Sep-12
Loomis Strategic Alpha	42,014,133	1.0		-1.5	53	-0.2	16	-0.2	12	--	--	--	--	--	--	1.6	Jul-13
Barclays Global Aggregate				0.9	16	-2.3	44	-3.3	49	-1.6	73	0.8	77	3.7	70	-0.3	Jul-13
Over/Under				-2.4		2.1		3.1								1.9	
eA Global Fixed Inc Unhedged Net Median				-1.0		-2.4		-3.3		-0.2		2.3		4.1		0.4	Jul-13

Ventura County Employees' Retirement Association

Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Real Estate	349,536,974	8.3	7.0	3.6	21	9.7	30	13.0	44	11.2	61	12.0	67	4.9	50	7.9	Mar-94
<i>Total Real Estate Benchmark</i>				<u>3.7</u>	17	<u>11.3</u>	3	<u>14.9</u>	24	<u>13.4</u>	16	<u>14.0</u>	11	<u>6.7</u>	23	<u>9.0</u>	<i>Mar-94</i>
Over/Under				-0.1		-1.6		-1.9		-2.2		-2.0		-1.8		-1.1	
<i>InvestorForce Public DB Real Estate Pub+Priv Net Median</i>				2.6		6.1		11.7		11.7		12.8		4.8		6.2	<i>Mar-94</i>
Prudential Real Estate	120,621,253	2.9		4.7	--	11.2	--	15.2	--	13.1	--	14.2	--	5.5	--	5.8	Jun-04
NCREIF ODCE				<u>3.7</u>	--	<u>11.3</u>	--	<u>14.9</u>	--	<u>13.4</u>	--	<u>14.0</u>	--	<u>6.7</u>	--	<u>8.0</u>	Jun-04
Over/Under				1.0		-0.1		0.3		-0.3		0.2		-1.2		-2.2	
UBS Real Estate	226,635,760	5.4		3.2	--	8.8	--	11.9	--	10.2	--	10.7	--	6.0	--	7.6	Mar-03
NCREIF ODCE				<u>3.7</u>	--	<u>11.3</u>	--	<u>14.9</u>	--	<u>13.4</u>	--	<u>14.0</u>	--	<u>6.7</u>	--	<u>8.2</u>	Mar-03
Over/Under				-0.5		-2.5		-3.0		-3.2		-3.3		-0.7		-0.6	
RREEF	2,279,961	0.1		-5.3	--	8.5	--	10.5	--	17.1	--	24.3	--	--	--	-5.0	Sep-07
NCREIF ODCE				<u>3.7</u>	--	<u>11.3</u>	--	<u>14.9</u>	--	<u>13.4</u>	--	<u>14.0</u>	--	<u>6.7</u>	--	<u>4.1</u>	Sep-07
Over/Under				-9.0		-2.8		-4.4		3.7		10.3				-9.1	

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

Ventura County Employees' Retirement Association

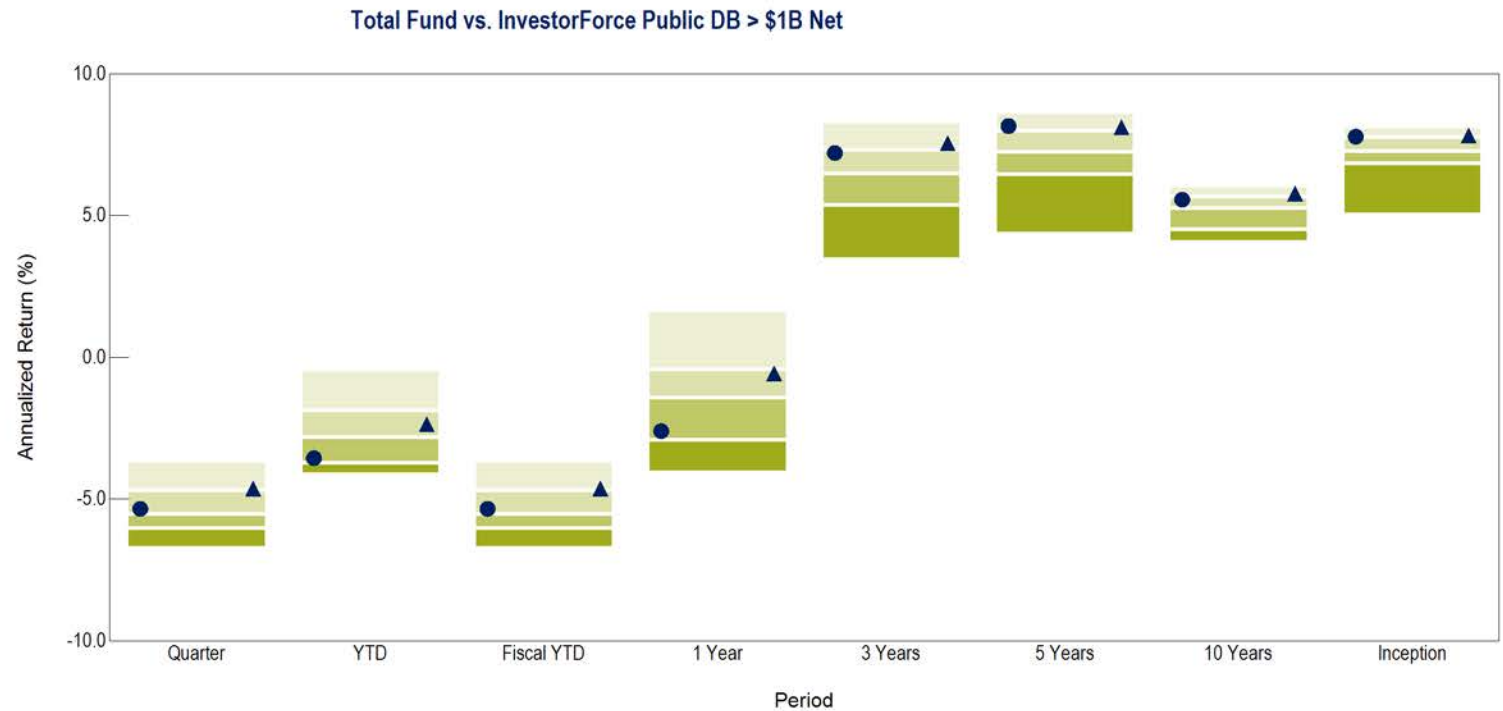
Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Liquid Alternatives	360,849,821	8.6	10.0	-12.4	--	-13.7	--	-16.3	--	--	--	--	--	--	--	2.2	Apr-13
<i>CPI + 4% (Unadjusted)</i>				<i>0.7</i>	--	<i>4.4</i>	--	<i>4.0</i>	--	<i>5.0</i>	--	<i>5.8</i>	--	<i>5.9</i>	--	<i>5.0</i>	<i>Apr-13</i>
Over/Under				-13.1		-18.1		-20.3								-2.8	
Bridgewater All Weather Fund	258,151,446	6.1		-6.4	--	-5.9	--	-5.8	--	--	--	--	--	--	--	2.2	Aug-13
<i>CPI + 5% (Unadjusted)</i>				<i>1.1</i>	--	<i>5.3</i>	--	<i>5.1</i>	--	--	--	--	--	--	--	<i>5.9</i>	<i>Aug-13</i>
Over/Under				-7.5		-11.2		-10.9								-3.7	
Tortoise Energy Infrastructure	102,698,375	2.4		-24.5	--	-28.7	--	-34.6	--	--	--	--	--	--	--	-3.1	Apr-13
<i>Wells Fargo MLP Index</i>				<i>-24.8</i>	--	<i>-29.9</i>	--	<i>-37.9</i>	--	<i>-2.4</i>	--	--	--	--	--	<i>-9.0</i>	<i>Apr-13</i>
Over/Under				0.3		1.2		3.3								5.9	
Overlay	137,912,653	3.3	0.0														
Parametric	137,912,653	3.3															

Overlay performance is not applicable on an individual account level

Ventura County Employees' Retirement Association

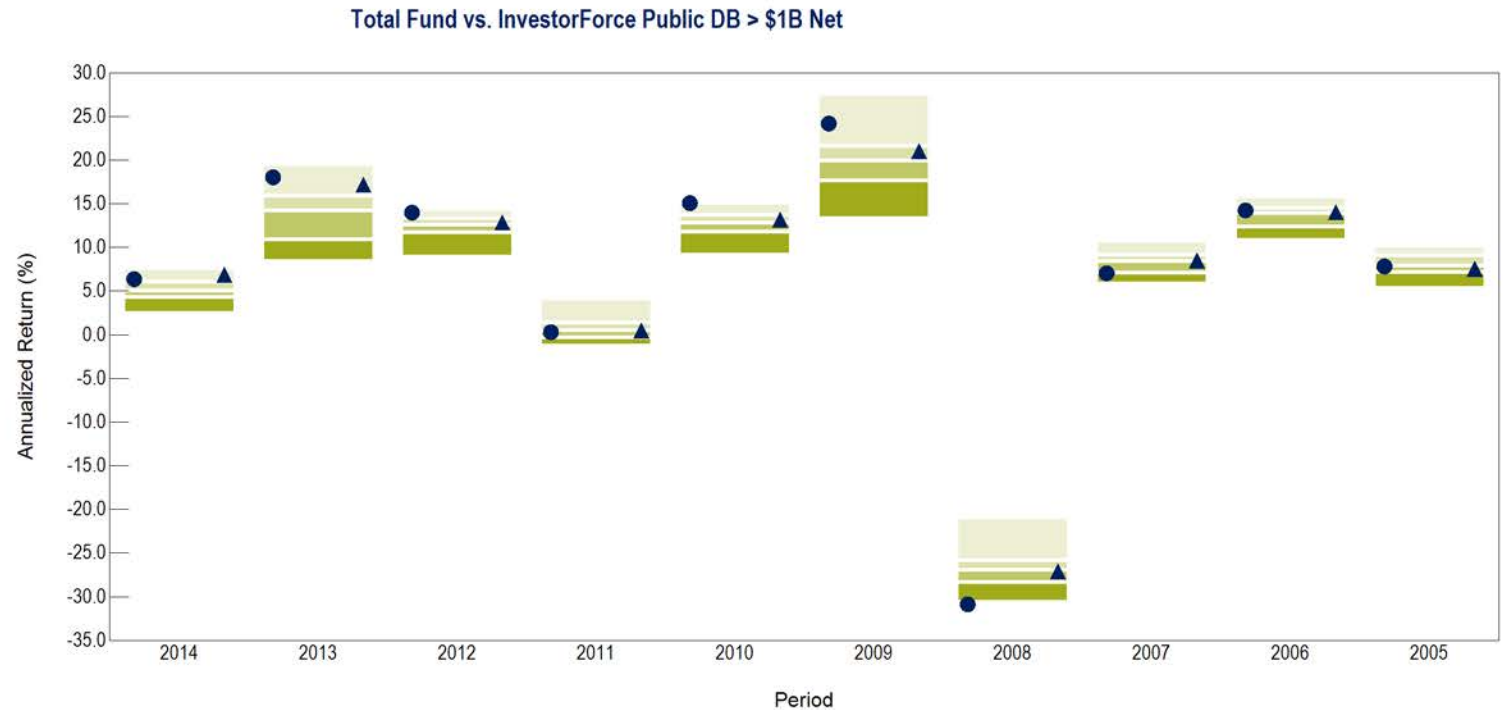
Total Fund Return Summary vs. Peer Universe



	Return (Rank)													
5th Percentile	-3.7	(49)	-0.4	(71)	-3.7	(49)	1.6	(72)	8.3	(34)	8.6	(17)	6.0	(34)
25th Percentile	-4.7	(25)	-1.8	(33)	-4.7	(25)	-0.4	(30)	7.3	(15)	8.0	(19)	5.7	(22)
Median	-5.5		-2.8		-5.5		-1.4		6.5		7.3		5.3	
75th Percentile	-6.0		-3.7		-6.0		-2.9		5.4		6.5		4.5	
95th Percentile	-6.7		-4.1		-6.7		-4.0		3.5		4.4		4.1	
# of Portfolios	41		41		41		41		41		41		39	
● Total Fund	-5.3	(49)	-3.6	(71)	-5.3	(49)	-2.6	(72)	7.2	(34)	8.2	(17)	5.6	(34)
▲ Policy Index	-4.6	(25)	-2.4	(33)	-4.6	(25)	-0.6	(30)	7.5	(15)	8.1	(19)	5.8	(22)

Ventura County Employees' Retirement Association

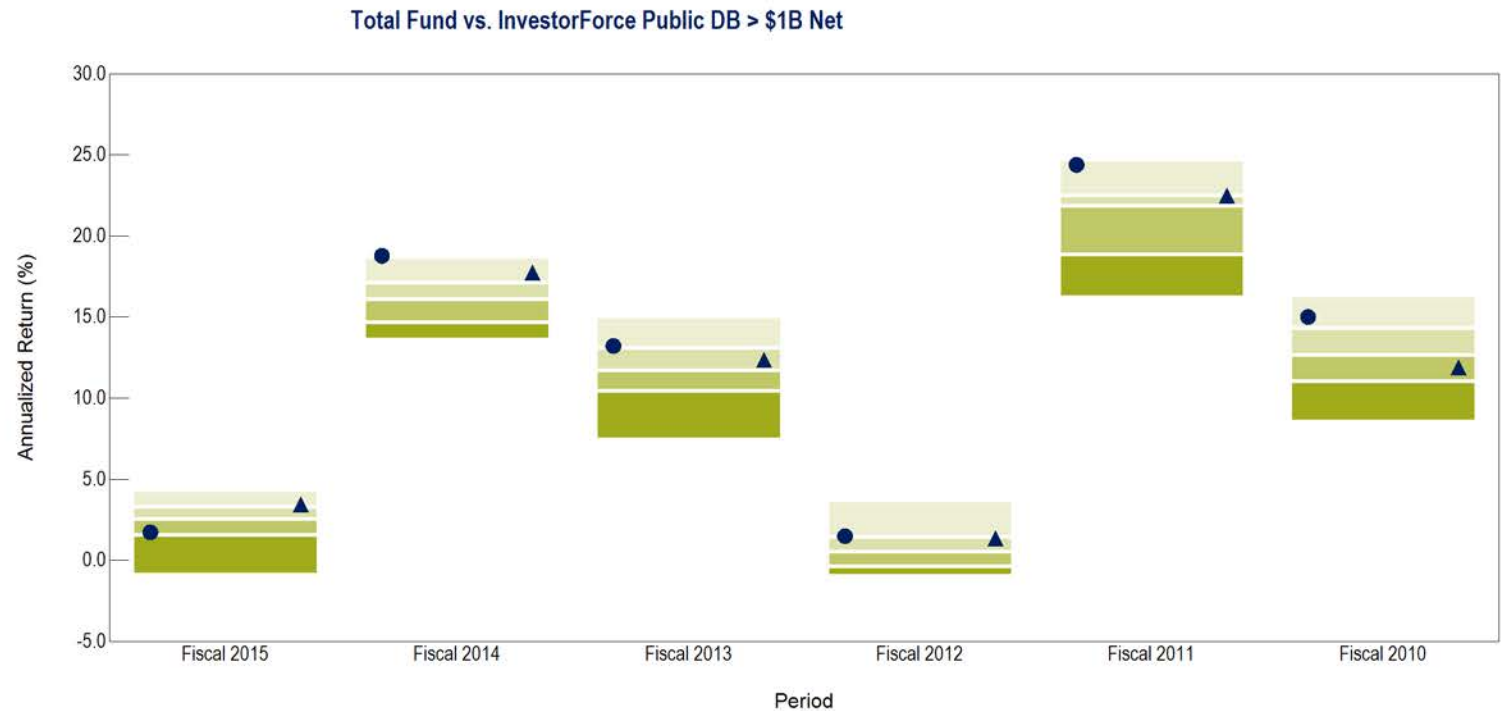
Total Fund Return Summary vs. Peer Universe



		Return (Rank)																			
5th Percentile		7.6	19.5	14.3	4.2	15.1	27.5	-20.9	10.7	15.8	10.2										
25th Percentile		6.1	16.0	13.4	1.5	13.8	21.7	-25.7	9.2	14.6	9.1										
Median		5.1	14.3	12.7	0.6	12.8	20.0	-26.9	8.5	14.0	8.0										
75th Percentile		4.4	11.0	11.8	-0.3	11.8	17.7	-28.3	7.1	12.5	7.2										
95th Percentile		2.6	8.5	9.0	-1.2	9.3	13.4	-30.5	5.9	10.9	5.4										
# of Portfolios		55	48	44	42	41	40	39	39	38	37										
●	Total Fund	6.4	(19)	18.0	(10)	14.0	(15)	0.3	(61)	15.1	(6)	24.2	(16)	-30.9	(98)	7.0	(77)	14.2	(41)	7.8	(56)
▲	Policy Index	6.9	(11)	17.2	(14)	12.9	(41)	0.5	(55)	13.2	(44)	21.0	(33)	-27.1	(54)	8.5	(50)	14.0	(50)	7.6	(67)

Ventura County Employees' Retirement Association

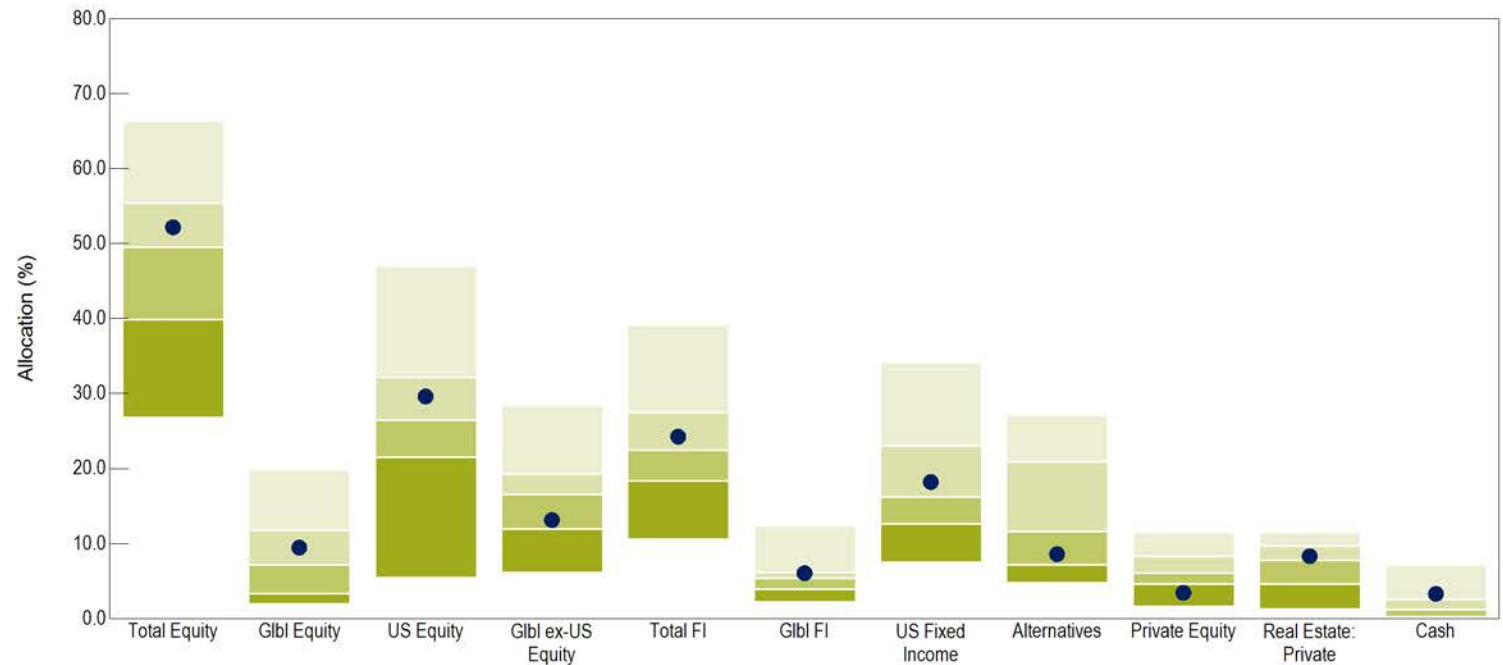
Total Fund Return Summary vs. Peer Universe



	Return (Rank)											
5th Percentile	4.3		18.7		15.0		3.7		24.7		16.3	
25th Percentile	3.3		17.2		13.1		1.5		22.5		14.4	
Median	2.6		16.1		11.8		0.5		21.9		12.7	
75th Percentile	1.6		14.7		10.5		-0.3		18.9		11.1	
95th Percentile	-0.9		13.6		7.5		-0.9		16.3		8.6	
# of Portfolios	53		43		56		41		42		41	
● Total Fund	1.7	(70)	18.8	(5)	13.2	(22)	1.5	(25)	24.4	(10)	15.0	(15)
▲ Policy Index	3.4	(24)	17.7	(19)	12.4	(39)	1.4	(27)	22.5	(30)	11.9	(64)

Total Fund Allocations vs. Peer Universe

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



	Allocation (Rank)																						
5th Percentile	66.3	19.7	47.1	28.4	39.1	12.4	34.1	27.1	11.5	11.5	7.1	--											
25th Percentile	55.5	11.8	32.3	19.4	27.6	6.3	23.2	21.0	8.4	9.7	2.6	--											
Median	49.6	7.2	26.6	16.6	22.5	5.5	16.3	11.7	6.2	7.8	1.3	--											
75th Percentile	39.9	3.4	21.6	12.0	18.4	4.0	12.7	7.3	4.7	4.6	0.3	--											
95th Percentile	26.8	2.0	5.5	6.2	10.7	2.3	7.6	4.8	1.7	1.3	0.1	--											
# of Portfolios	37	18	35	35	39	18	32	34	32	29	34	--											
● Total Fund	52.2	(48)	9.5	(36)	29.6	(34)	13.1	(68)	24.2	(45)	6.0	(42)	18.2	(43)	8.6	(70)	3.4	(85)	8.3	(39)	3.3	(18)	--

Manager Due Diligence

Ventura County Employees' Retirement Association

Due Diligence Monitor

The items below summarize the recent quarter's performance and any changes or announcements from the Plan's managers/products. A "-" indicates there were no material announcements. A "Yes" indicates there was an announcement and a brief summary is provided on the following pages. NEPC's Due Diligence Committee meets every two weeks to review events as they relate to investment managers and determine if any action should be taken (by NEPC and/or by our clients). Events are rated: No Action, Watch, Hold, Client Review or Terminate. NEPC's recommendation in view of the recent quarter's developments (performance, manager events, and any of the longer-term trending data) is refreshed quarterly.

Investment Options	Performance (Recent Quarter)	Changes/ Announcements (Recent Quarter)	NEPC DD Committee Rec.	Plan Rec.	Comments
BlackRock Equity Market Index	-	-	-	-	
Western U.S. Index Plus	-	-	-	-	
BlackRock Extended Equity Index	-	-	-	-	
BlackRock MSCI ACWI ex-U.S. Index	Bottom Quartile	-	-	-	
Sprucegrove	Bottom Decile	No	Hold	No Action	3Q 2014 Departure
Hexavest	Top Quartile	-	-	-	
Walter Scott	-	-	-	-	
BlackRock MSCI ACWI Index	-	-	-	-	
GMO	Bottom Quartile	-	-	-	
Adams Street	N/A	-	-	-	
HarbourVest	N/A	-	-	-	
Pantheon	N/A	-	-	-	
BlackRock U.S. Debt Fund	Top Quartile	-	-	-	
Western	-	-	-	-	
Reams	Bottom Quartile	-	-	-	
Loomis Sayles Multi-Sector Full Discretion	Bottom Quartile	-	-	-	
Loomis Sayles Global Fixed Income	-	-	-	-	
PIMCO Global Fixed Income	-	Yes	Watch	No Action	Bill Gross Lawsuit



Due Diligence Monitor Continued

Investment Options	Performance (Recent Quarter)	Changes/ Announcements (Recent Quarter)	NEPC DD Committee Rec.	Plan Rec.	Comments
Loomis Sayles Strategic Alpha	-	-	-	-	
Prudential	N/A	-	-	-	
RREEF	N/A	-	-	-	
UBS	N/A	-	-	-	
Bridgewater	N/A	-	-	-	
Tortoise	N/A	-	-	-	
Parametric/Clifton	N/A	-	-	-	

NEPC Due Diligence Committee Recommendation Key

No Action	Informational items have surfaced; no action is recommended.
Watch	Issues have surfaced to be concerned over; manager can participate in future searches, but current and prospective clients must be made aware of the issues.
Hold	Serious issues have surfaced to be concerned over; manager cannot participate in future searches unless a client specifically requests, but current and prospective clients must be made aware of the issues.
Client Review	Very serious issues have surfaced with an Investment Manager; manager cannot participate in future searches unless a client specifically requests. Current clients must be advised to review the manager.
Terminate	We have lost all confidence in the product; manager would not be recommended for searches and clients would be discouraged from using. The manager cannot participate in future searches unless a client specifically requests. Current clients must be advised to replace the manager.

Due Diligence Commentary

Below is a summary of manager changes, announcements and due diligence events since the issuance of our last quarterly report.

Manager Changes/Announcements

PIMCO

On October 8th, Bill Gross filed a lawsuit against PIMCO claiming wrongful termination. The lawsuit has a number of claims but the general basis of Gross's case is that the managing directors at PIMCO plotted against him in order to gain greater access to PIMCO's bonus pool. The lawsuit also makes a number of claims against certain individuals but Andrew Balls, Dan Ivascyn and Mohamed El-Erian seem to be Gross's main targets. PIMCO believes that these claims have no merit and announced that their legal team and executive committee will be taking the matter to court.

NEPC research was onsite the day that this lawsuit was announced and had a conversation with a member of their executive committee to discuss the filing. Given the timing of the suit and this conversation, there really wasn't much to be shared but this conversation was helpful to gauge any initial reactions from PIMCO. NEPC research is not concerned with this lawsuit and believe it is more of a publicity driven event than anything that will impact PIMCO's business operations. PIMCO was surprised by this lawsuit. Part of this surprise is due to the fact that the press broke this story before the court systems were even open, indicating that they were most likely tipped off about the story prior to it actually being filed with the courts. This speaks to Bill's incentives of the case which is centered on pride and vindication rather than monetary compensation. Gross has even stated that if he does win the case, he will be donating all the proceeds to charity. Another reason for PIMCO's surprise stems from the fact that the records support that Gross had resigned and was not actually fired. All in all, Bill's story has continually changed over the past year, it started off as one of him leaving to get a fresh start at a small firm and now it is a story of wrongful termination. In a hypothetical situation where Gross does win the case, PIMCO has insurance for these types of situations and would not payout from their reserves; thereby limiting any impact on the business. PIMCO really just wants to move past this, having tried and will continue to try to take the high road and avoid media confrontation throughout this case.

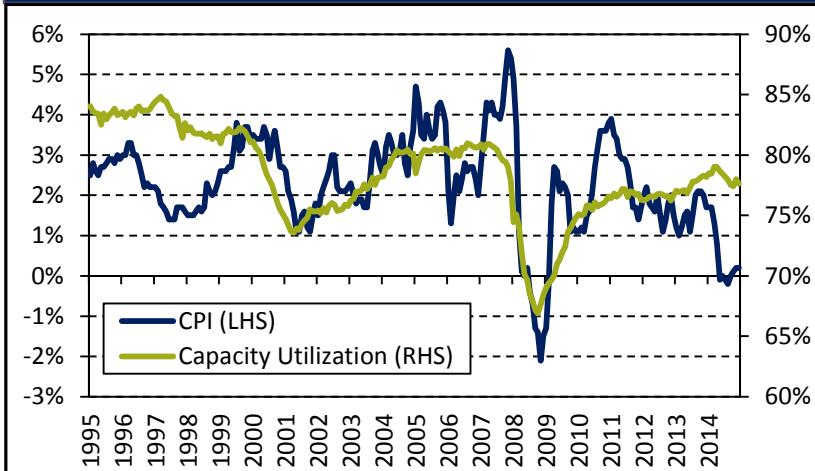
NEPC recommends maintaining the current due diligence status of WATCH for PIMCO as a firm and for the Global Fixed Income portfolio in which VCERA currently invests.

Appendix: Market Environment

Ventura County Employees' Retirement Association

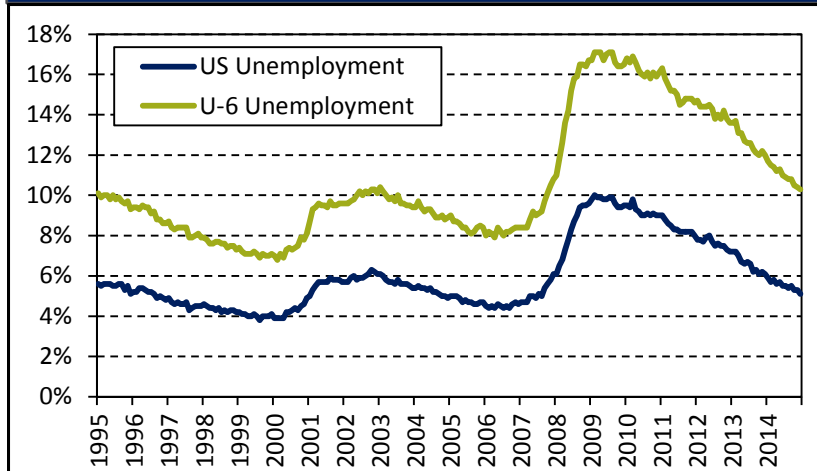
US Economic Indicators

Inflation has stayed low



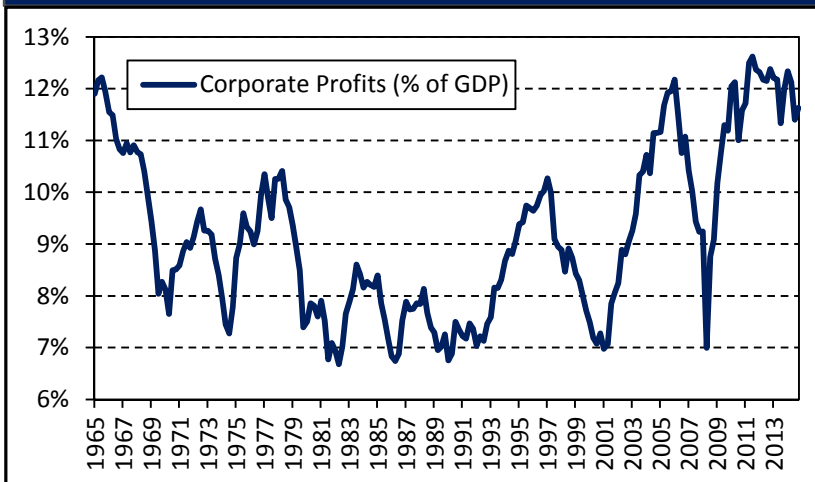
Source: Bloomberg, Federal Reserve, Bureau of Labor Statistics

Unemployment steadily improving



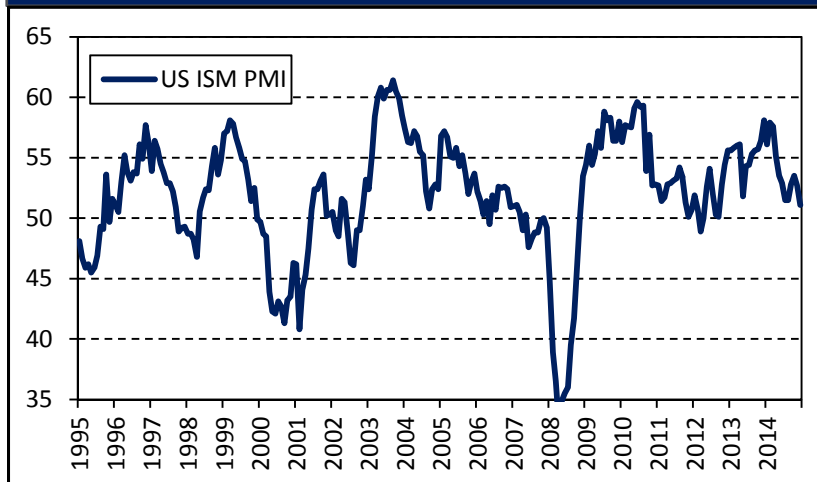
Source: Bloomberg, Bureau of Labor Statistics

Corporate profits at secular highs



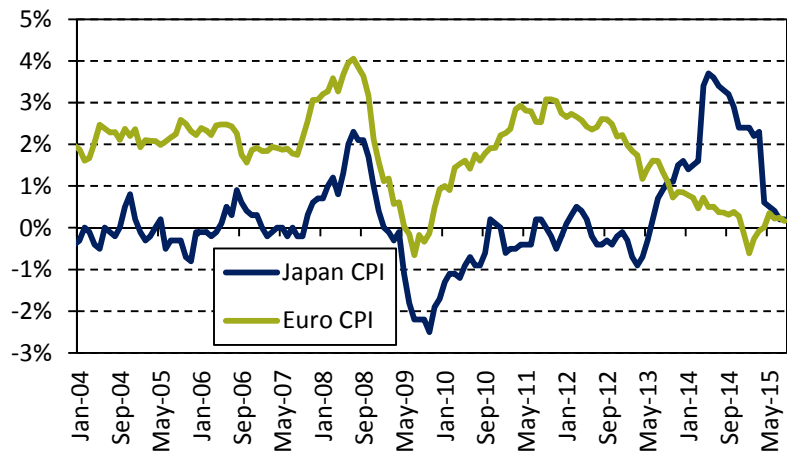
Source: Bloomberg, Bureau of Economic Analysis

Manufacturing above average but trending lower



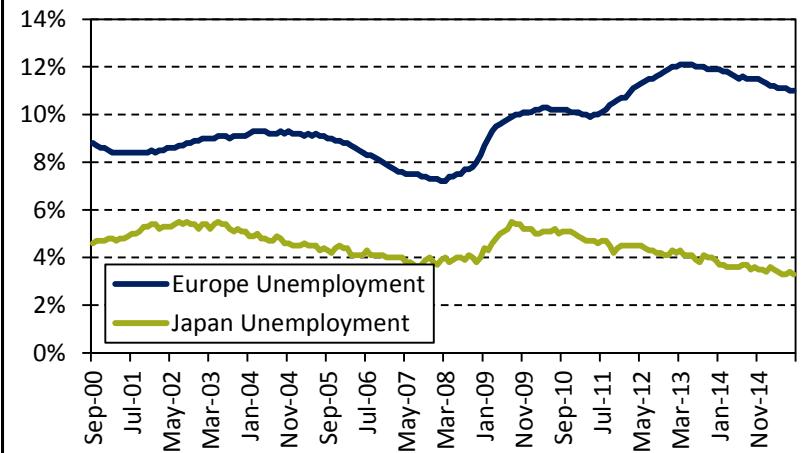
Source: Bloomberg, Institute for Supply Management

Inflation remains muted



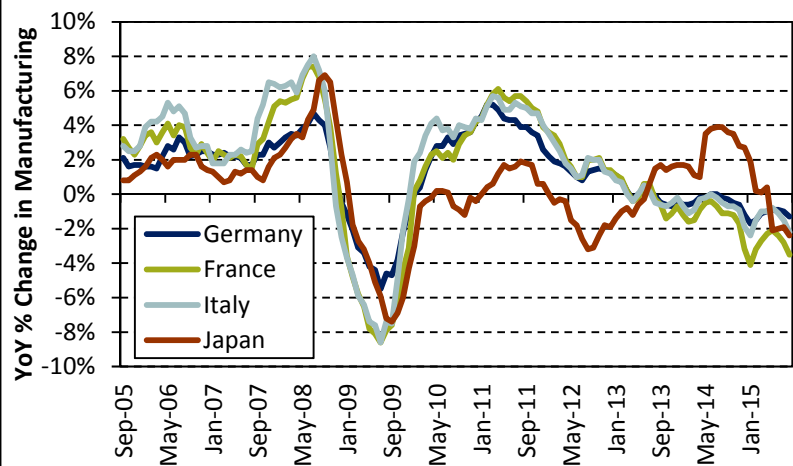
Source: Bloomberg, Japan Ministry of Internal Affairs and Communications, Eurostat

Europe employment recovery lagging



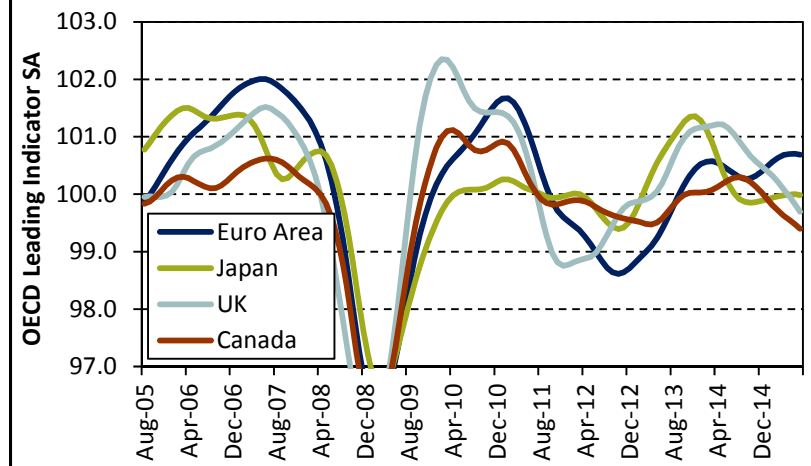
Source: Bloomberg, Japan Ministry of Internal Affairs and Communications, Eurostat

Manufacturing in developed economies has lagged



Source: Bloomberg, OECD, Eurostat

Leading indicators mostly neutral

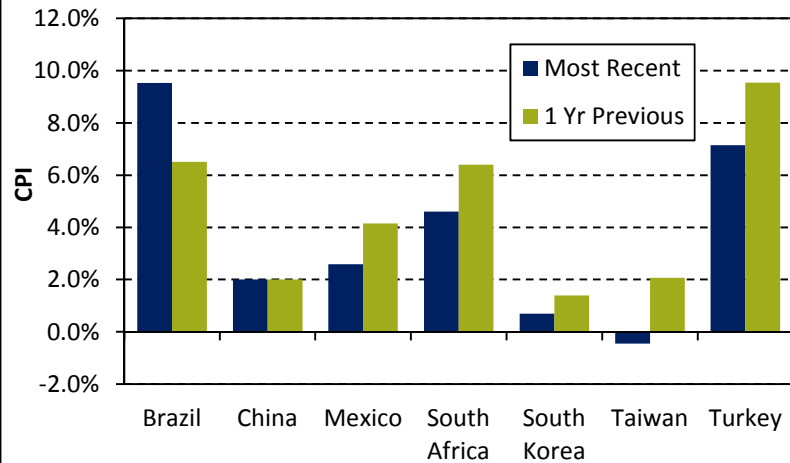


Source: Bloomberg, OECD

Ventura County Employees' Retirement Association

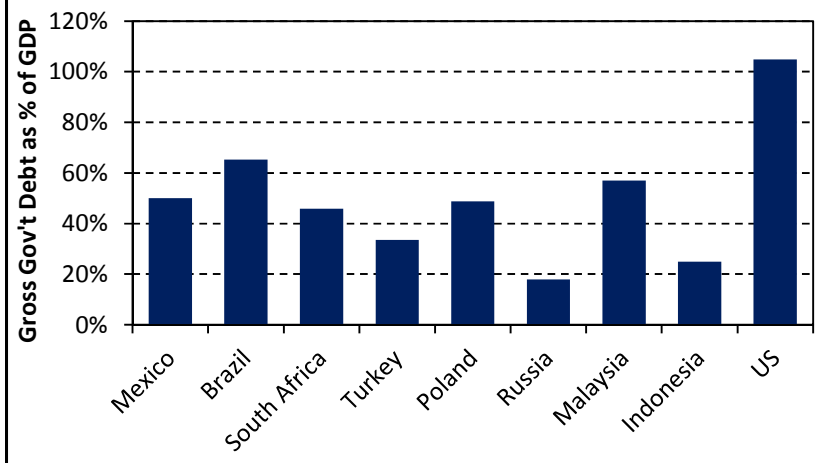
Emerging Market Economic Indicators

EM inflation is varied by country



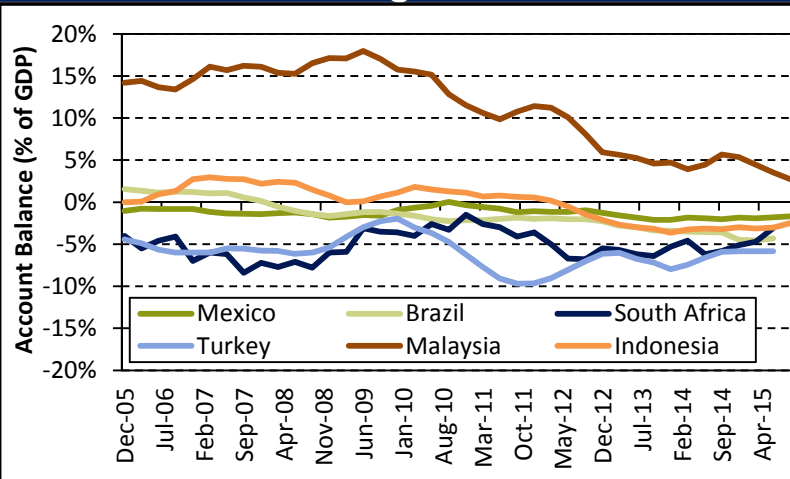
Source: Bloomberg

Relatively healthy Debt/GDP ratios



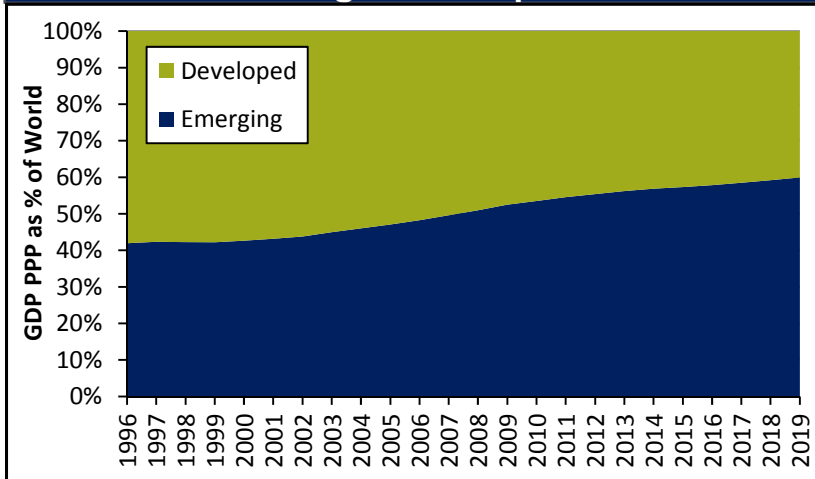
Source: Bloomberg, IMF

Some improvement in account balance challenged countries



Source: Bloomberg

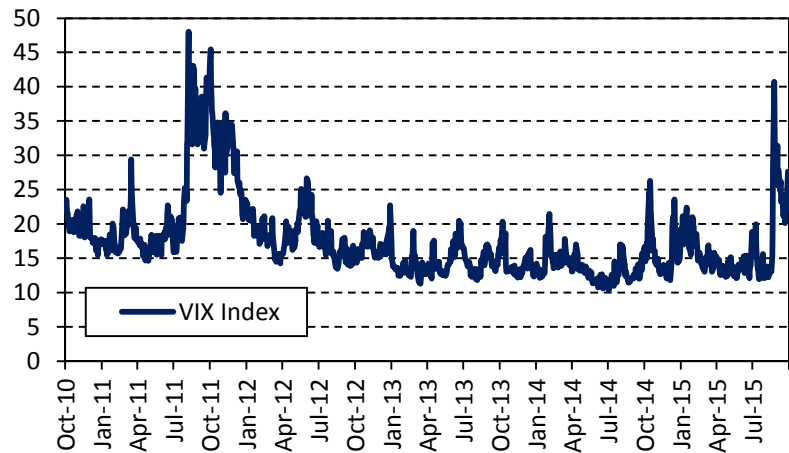
Emerging economies make up >50% of global output



Source: Bloomberg, IMF

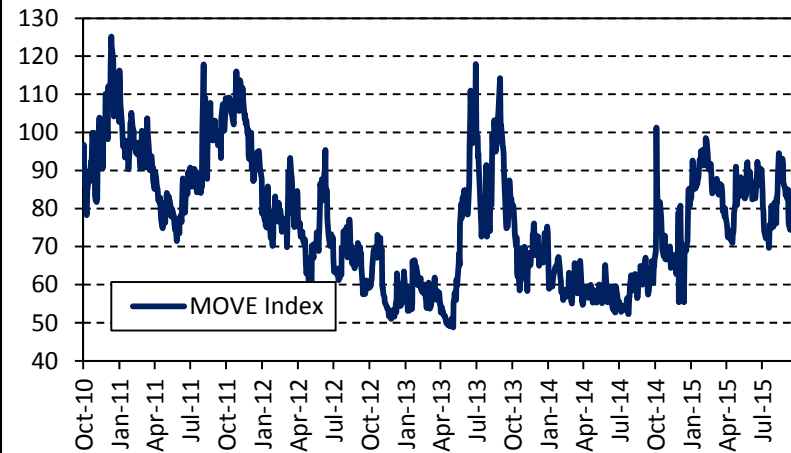
Volatility

Equity volatility has seen recent spike



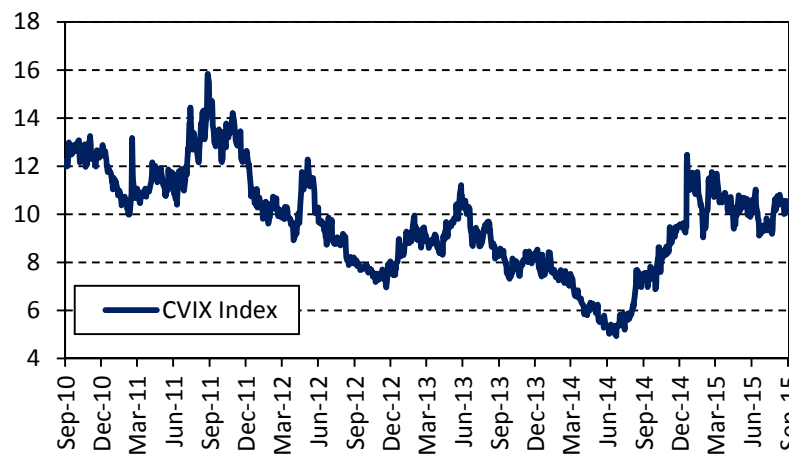
Source: Bloomberg, CBOE

Treasury rates experiencing periods of higher volatility



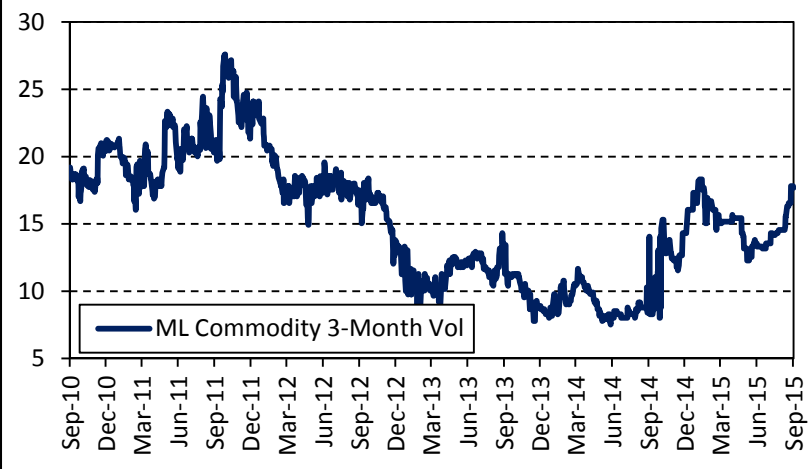
Source: Bloomberg, Merrill Lynch

Sustained uptick in currency volatilities



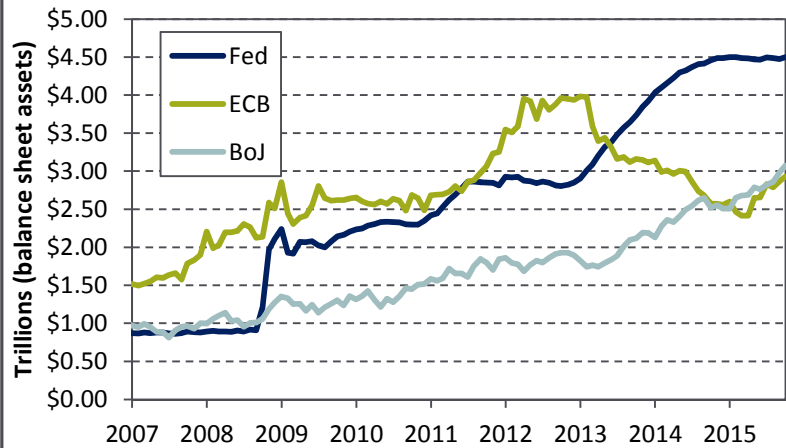
Source: Bloomberg, Deutsche Bank

Commodity pricing volatility has increased



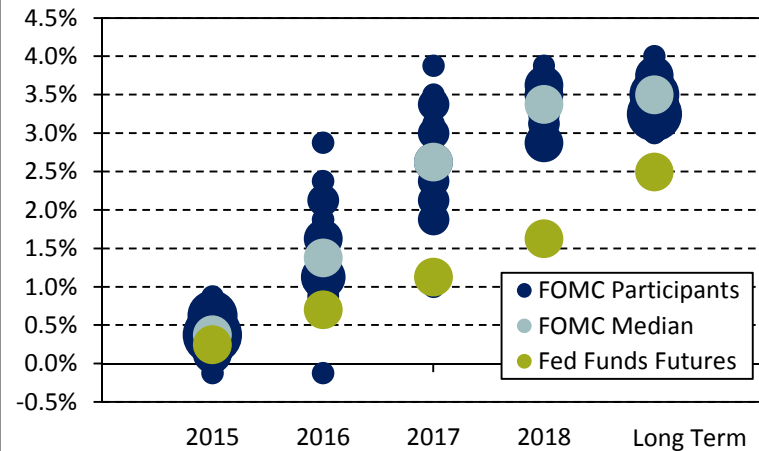
Source: Bloomberg, Merrill Lynch

Major central bank policy divergence



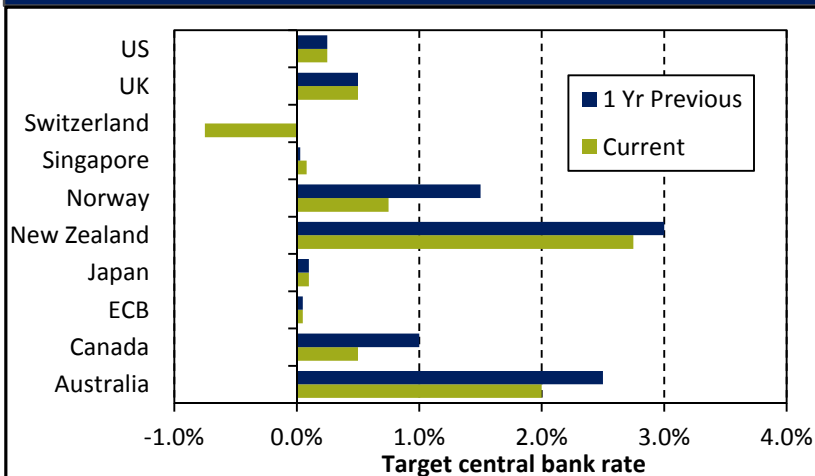
Source: Bloomberg, Federal Reserve, Bank of Japan, ECB, NEPC

Fed's ideal rate of policy firming above market expectations



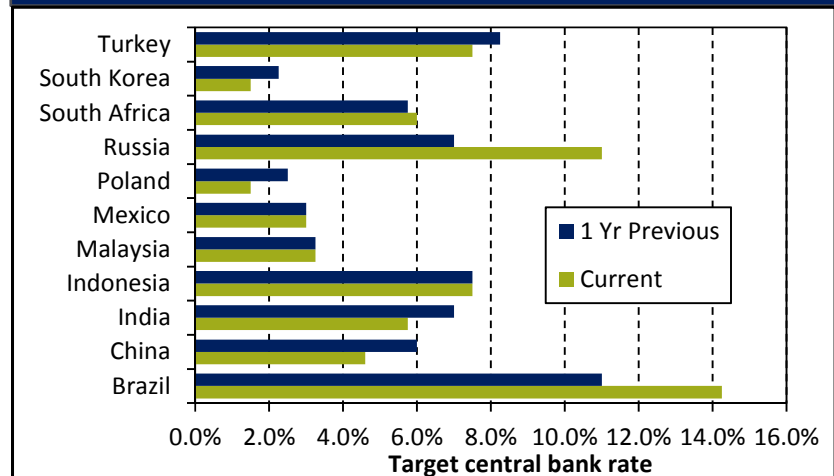
Source: Bloomberg, Federal Reserve, NEPC

Many developed central banks have maintained low interest rates



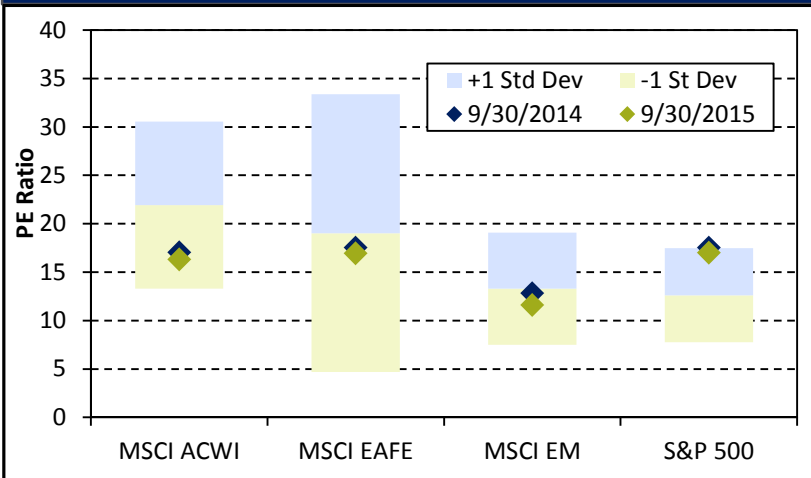
Source: Bloomberg

EM central bank policies have varied by circumstance



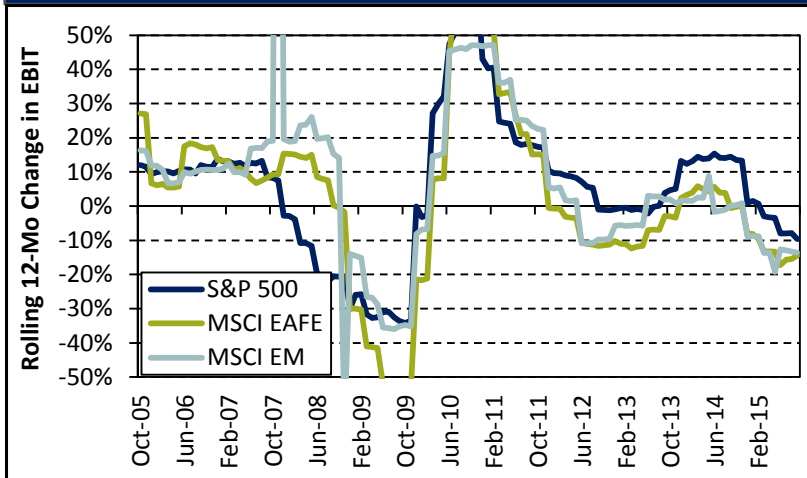
Source: Bloomberg

Global valuations are mixed



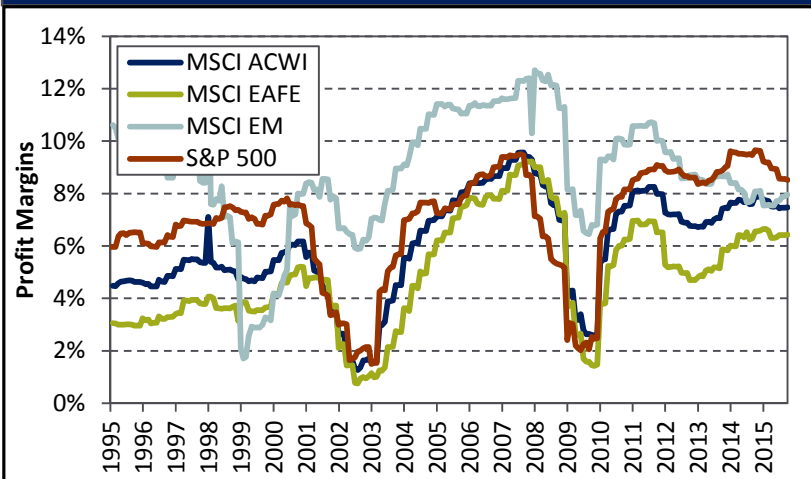
Source: Bloomberg, Standard and Poors, MSCI *MSCI EAFE is ex UK Telecom

Earnings growth trending lower



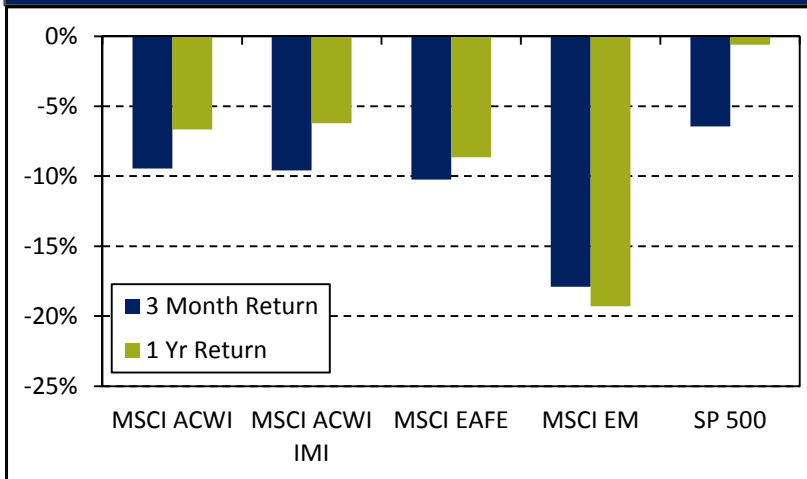
Source: Bloomberg, Standard and Poors, MSCI

Margins elevated, but largely a US story



Source: Bloomberg, MSCI

Global equity returns mostly negative

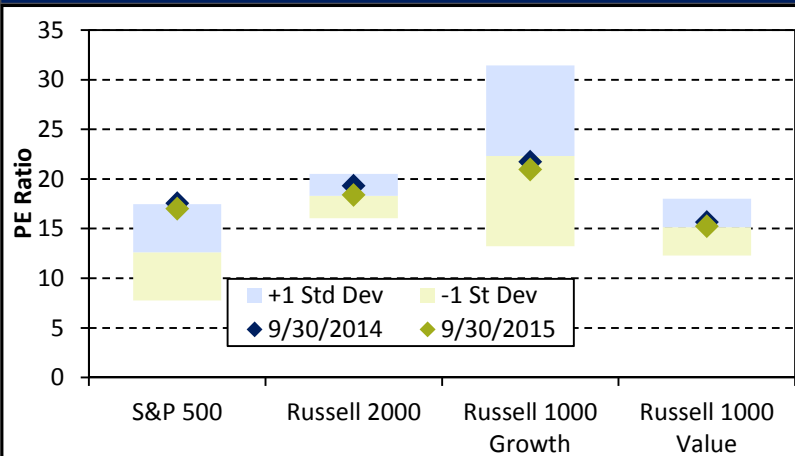


Source: Bloomberg, MSCI

Ventura County Employees' Retirement Association

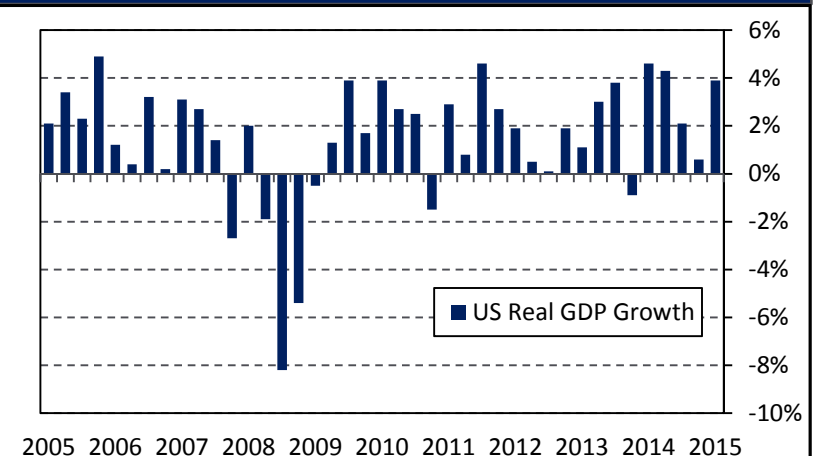
US Equity

Valuations near or above historical norms



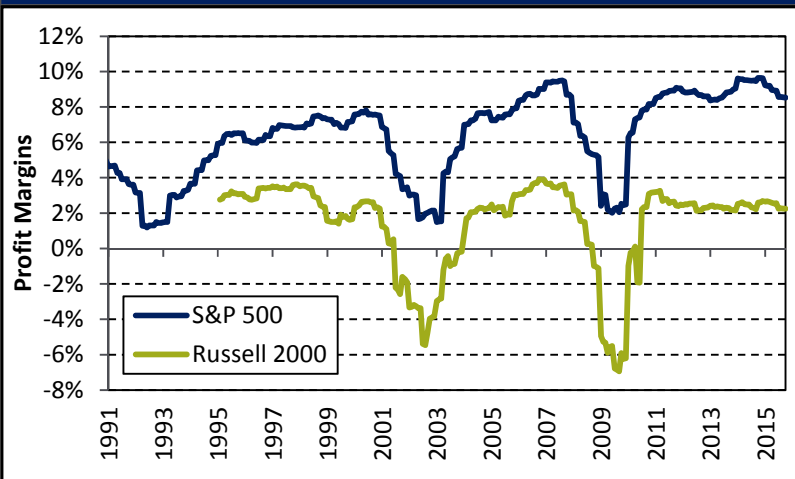
Source: Bloomberg, Standard and Poors, Russell *Russell 2000 PE is index adjusted positive

Growth recovery marked by inconsistency



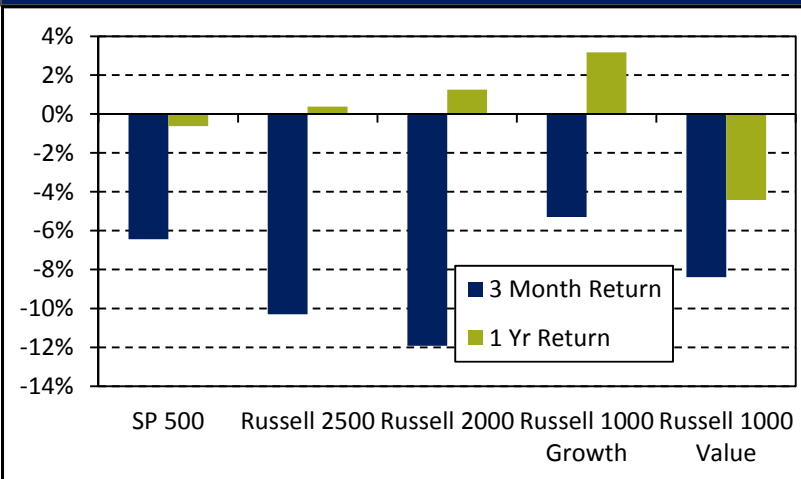
Source: Bloomberg, Bureau of Economic Analysis

Profit margins remain elevated



Source: Bloomberg, Standard and Poors, Russell

Trailing performance is negative in near term

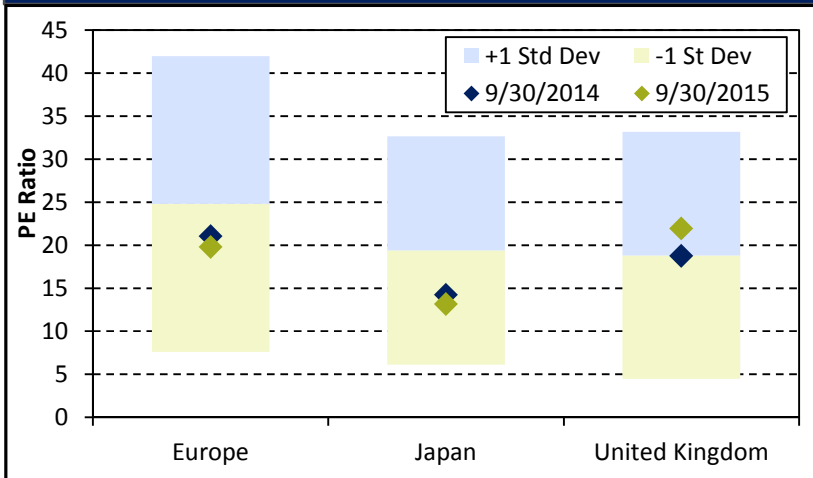


Source: Bloomberg, Standard and Poors, Russell

Ventura County Employees' Retirement Association

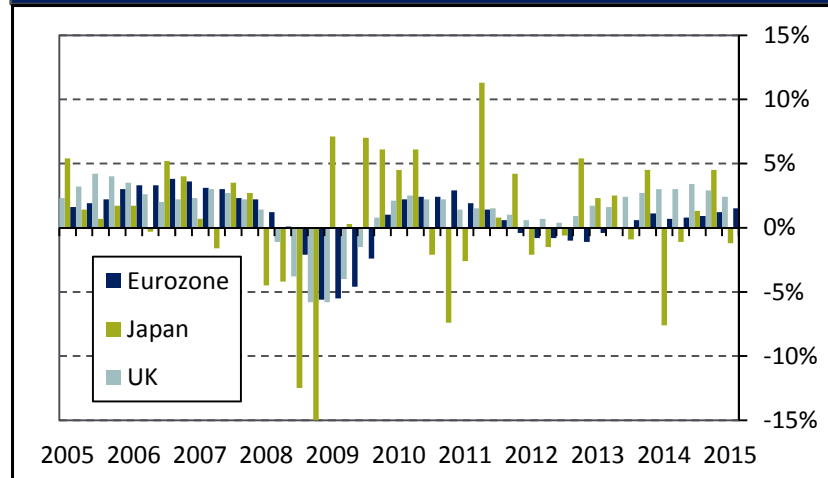
International Equity

PEs near historical medians



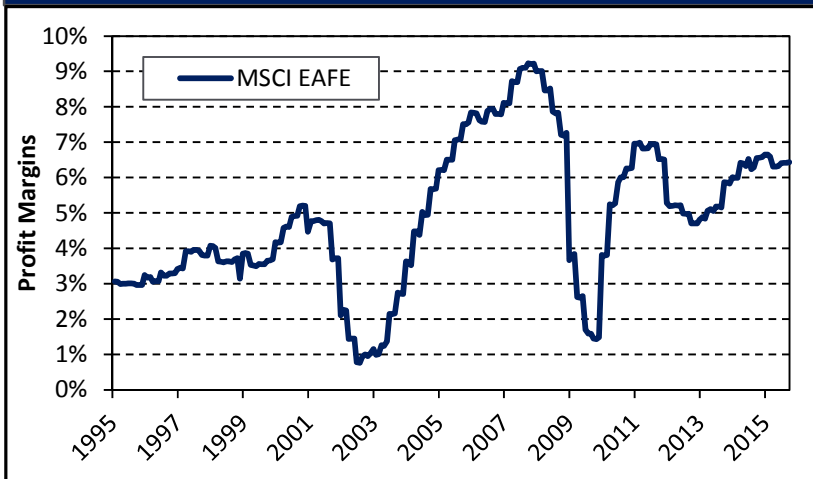
Source: Bloomberg, MSCI, FTSE *UK represented by FTSE 100 Index

Slow Global Growth



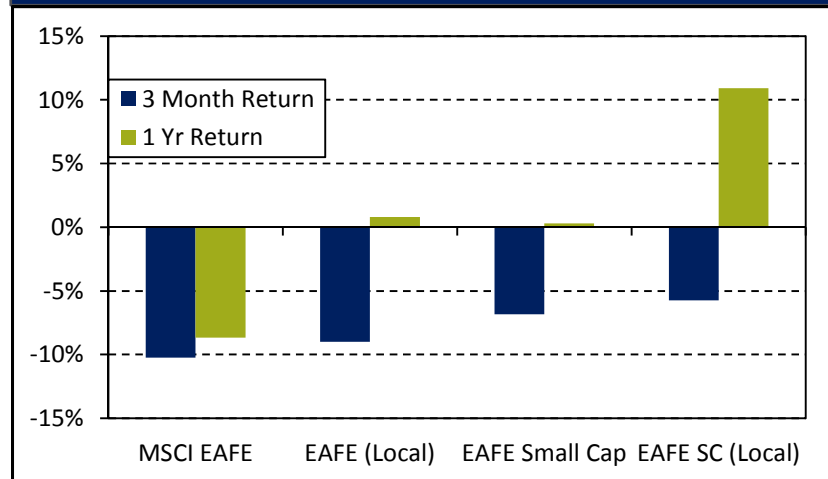
Source: Bloomberg

Margins elevated but not at extremes



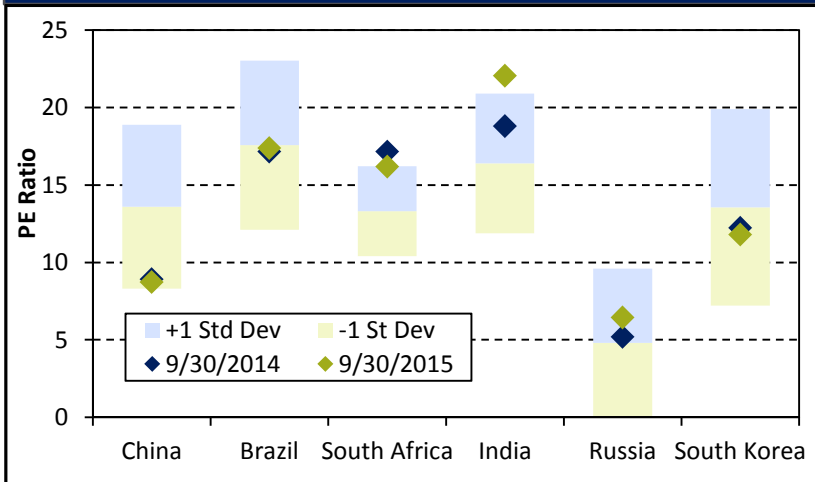
Source: Bloomberg, MSCI

Returns pulled lower by dollar strength



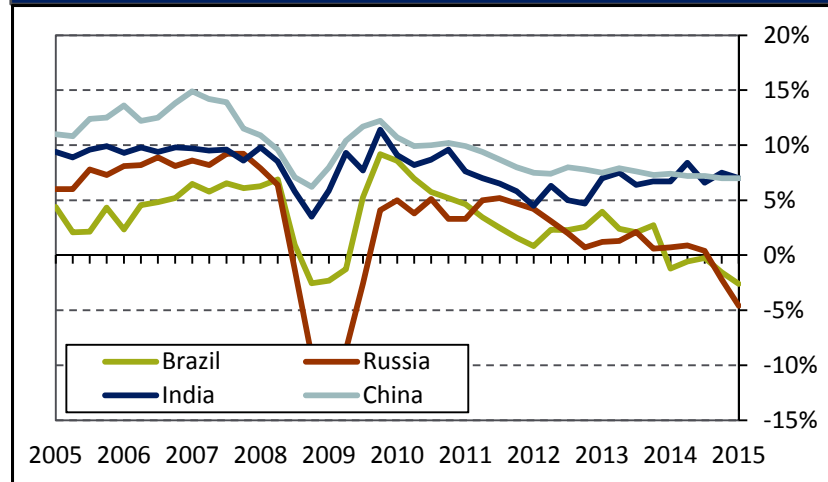
Source: Bloomberg, MSCI

Regional valuations show divergence



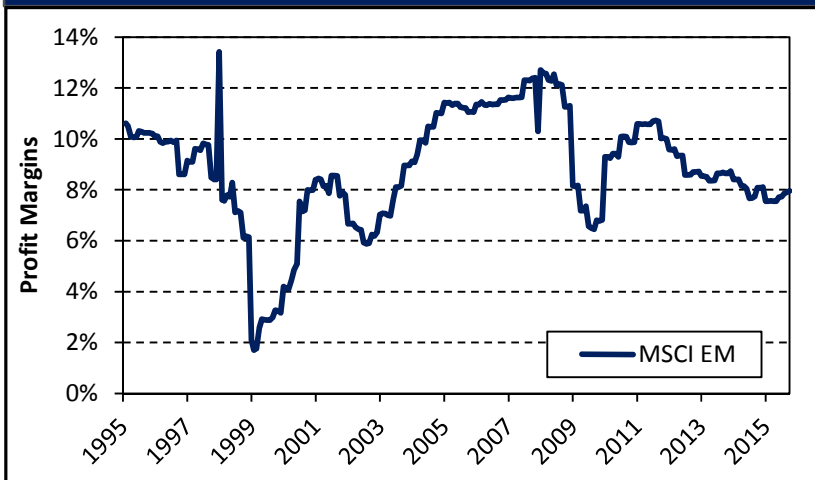
Source: Bloomberg, MSCI

Slowing growth in major economies



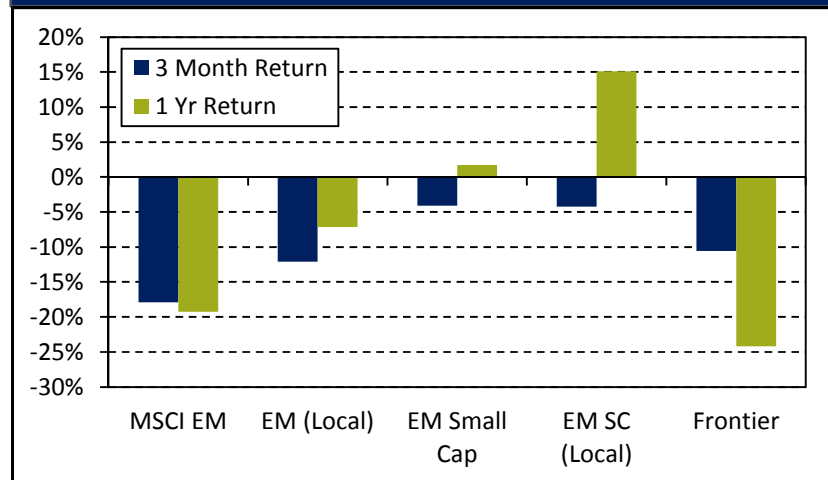
Source: Bloomberg

Profit margins in line with history



Source: Bloomberg, MSCI

EM returns especially negative

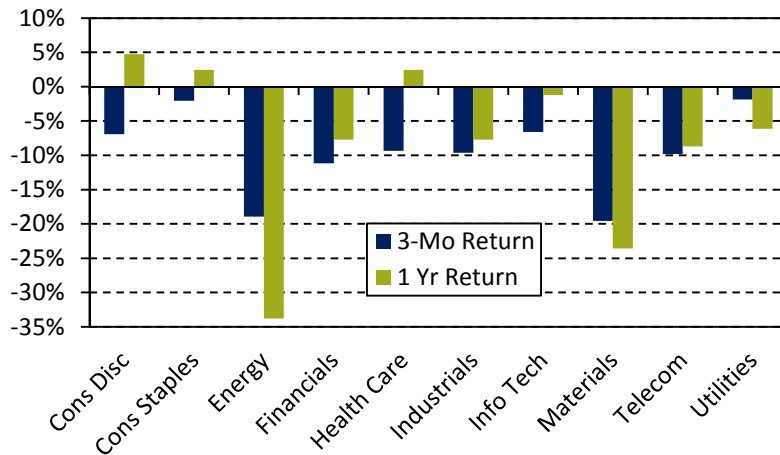


Source: Bloomberg, MSCI

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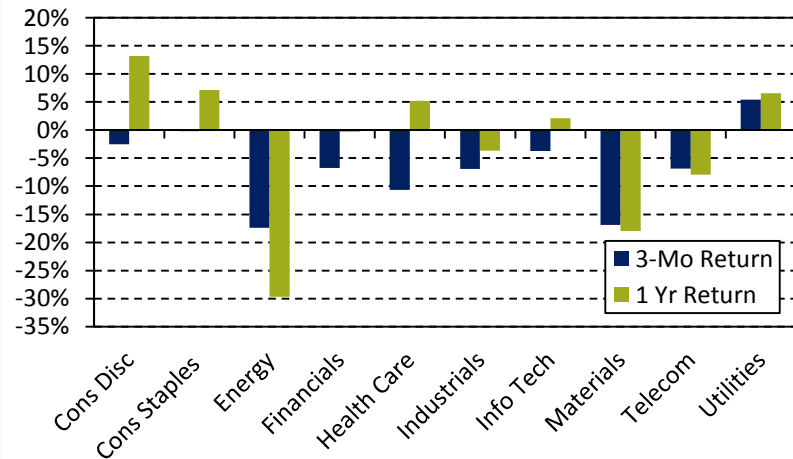
Global Equity by Sector

Energy returns sharply negative



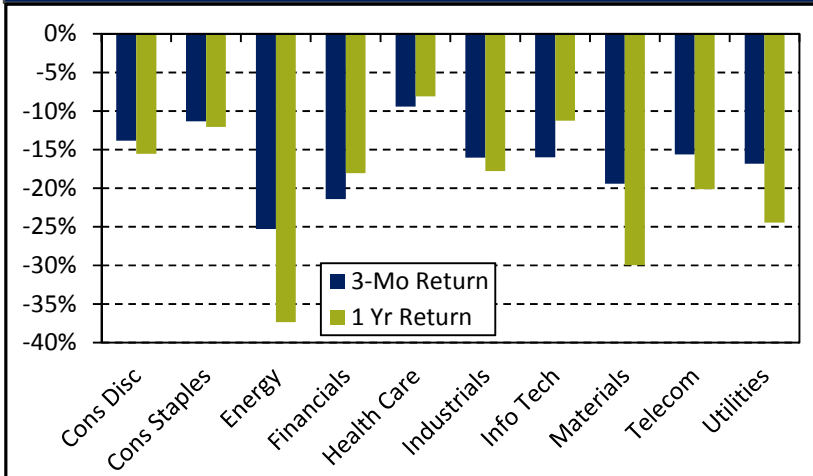
Source: Bloomberg, MSCI

Divergence among S&P 500 sectors



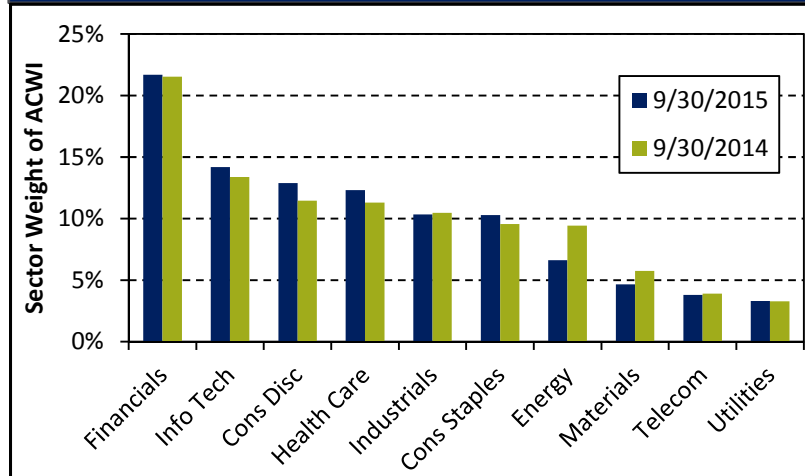
Source: Bloomberg, Standard and Poors

Energy sensitivity especially pronounced in EM



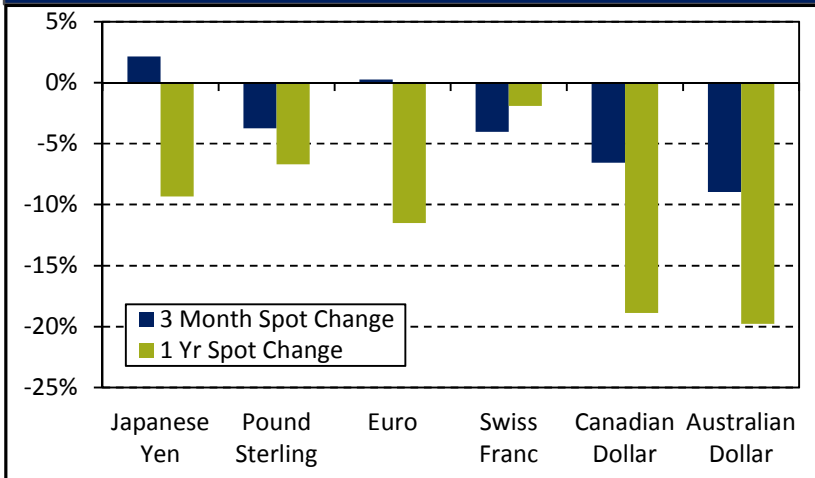
Source: Bloomberg, MSCI

Global energy sector weight has fallen



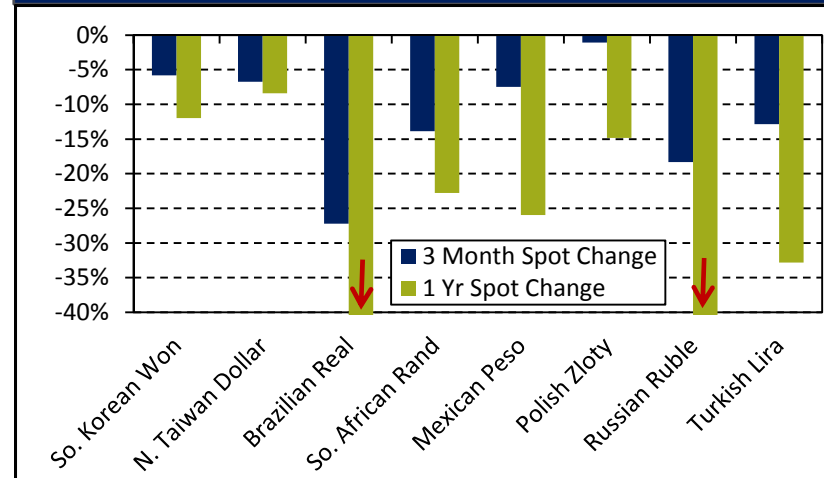
Source: Bloomberg, MSCI

Developed currencies mostly negative versus the dollar



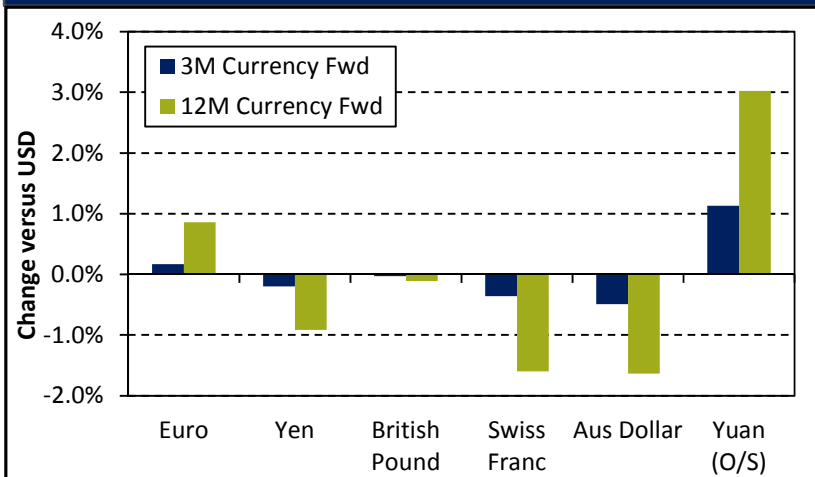
Source: Bloomberg

EM currencies have suffered in unique fashions



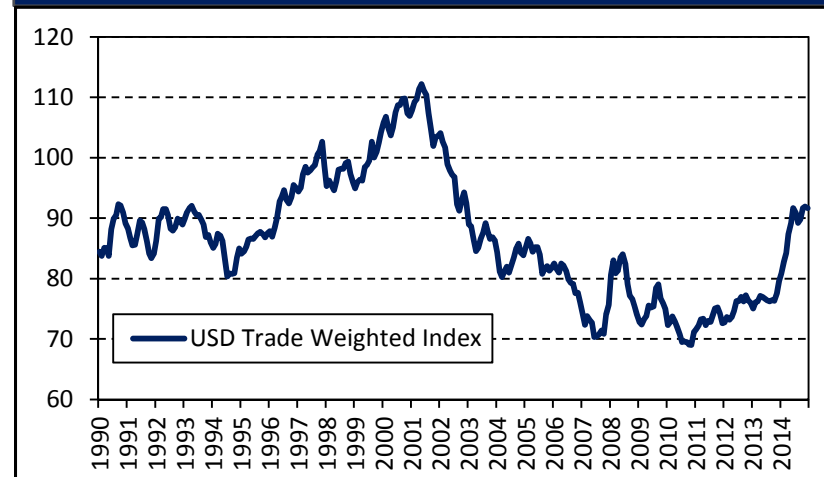
Source: Bloomberg

Yen and GBP expected to decline versus USD



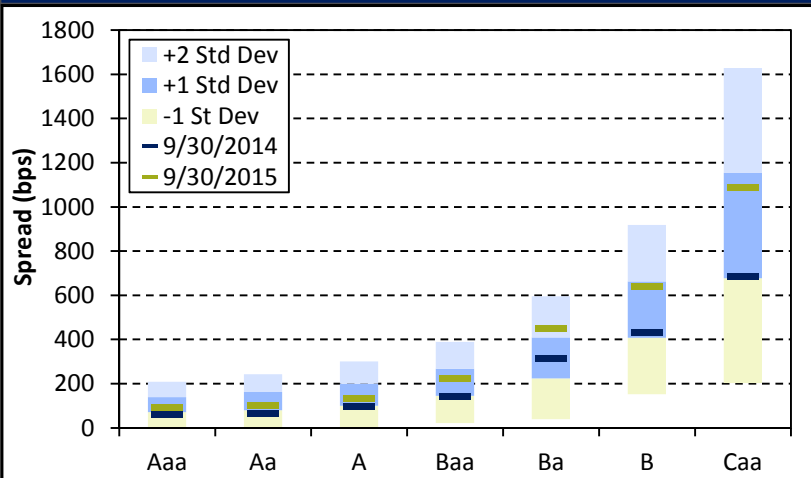
Source: Bloomberg

Recent dollar strength pronounced



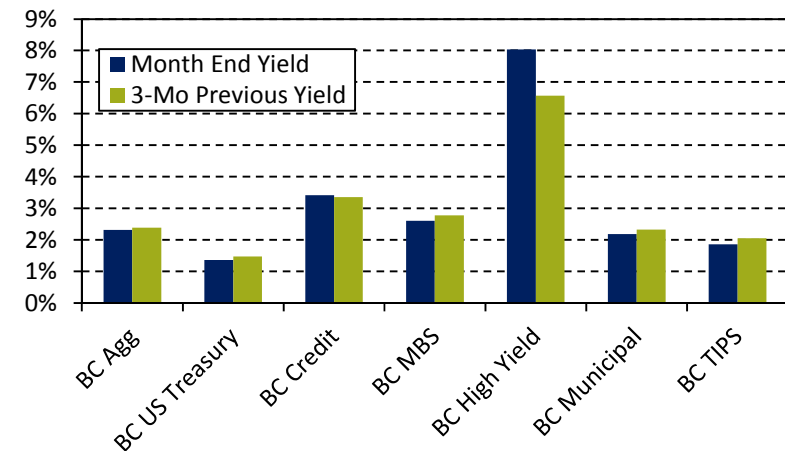
Source: Bloomberg, Federal Reserve

Spread levels drifting above historical medians



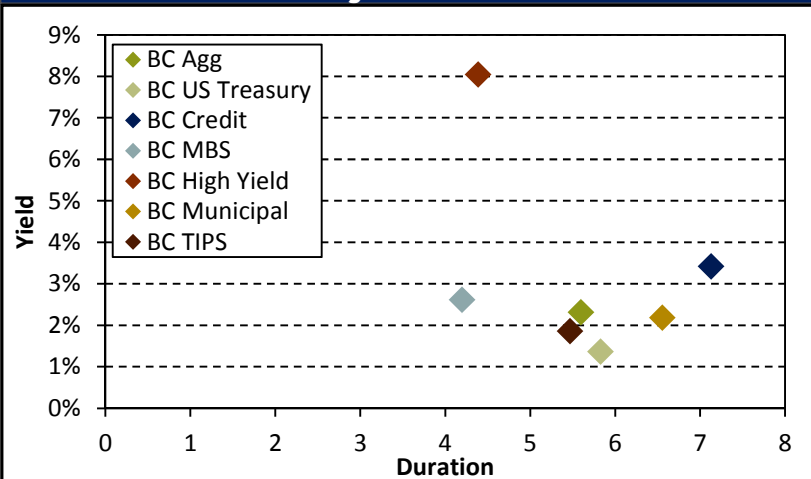
Source: Bloomberg, Barclays

High yield spreads have increased



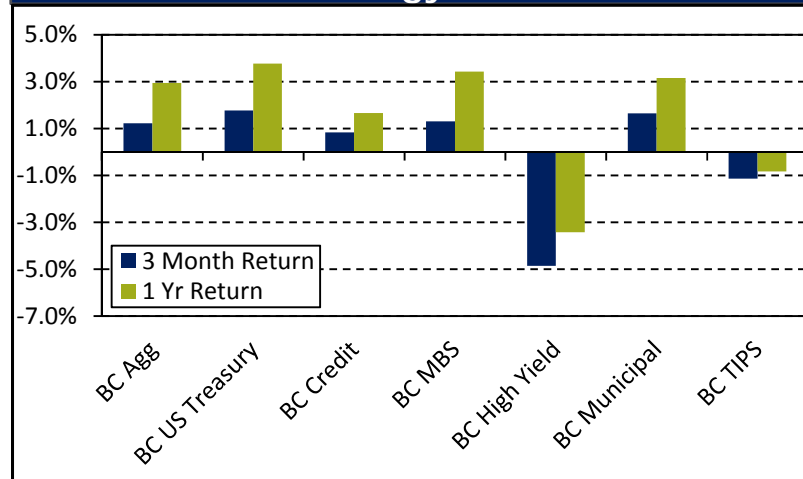
Source: Bloomberg, Barclays

Similar yield/duration tradeoff among major US indices



Source: Bloomberg, Barclays

Negative high yield returns driven by energy distress

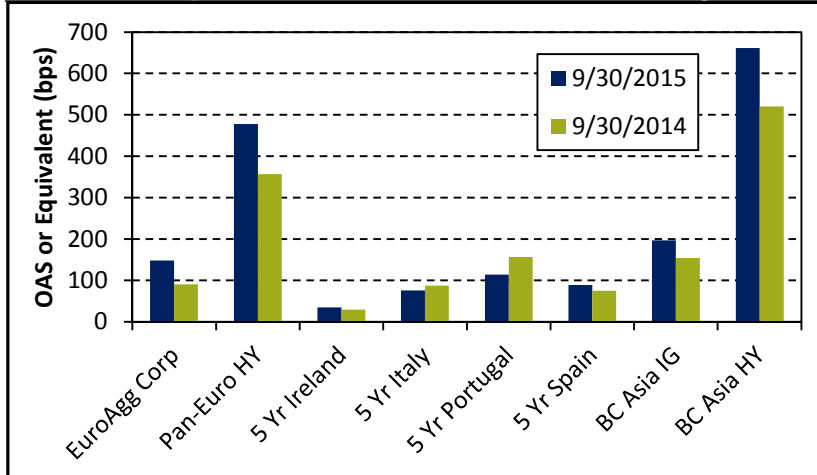


Source: Bloomberg, Barclays

Ventura County Employees' Retirement Association

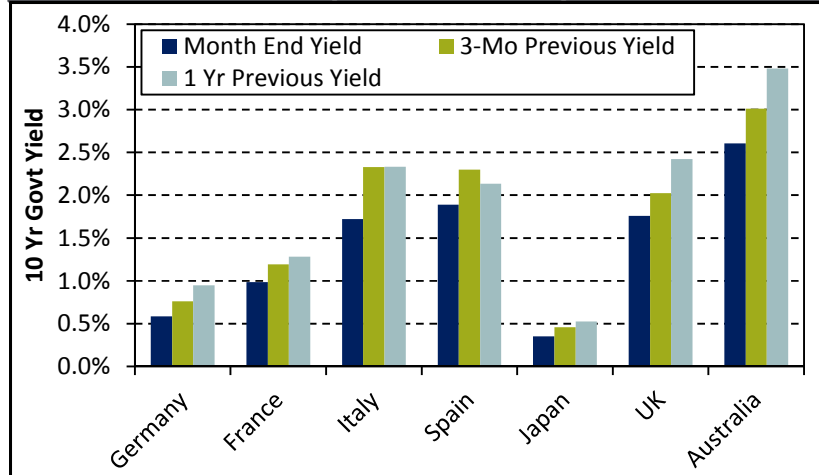
International Developed Fixed Income

European periphery yields at small premium relative to Germany



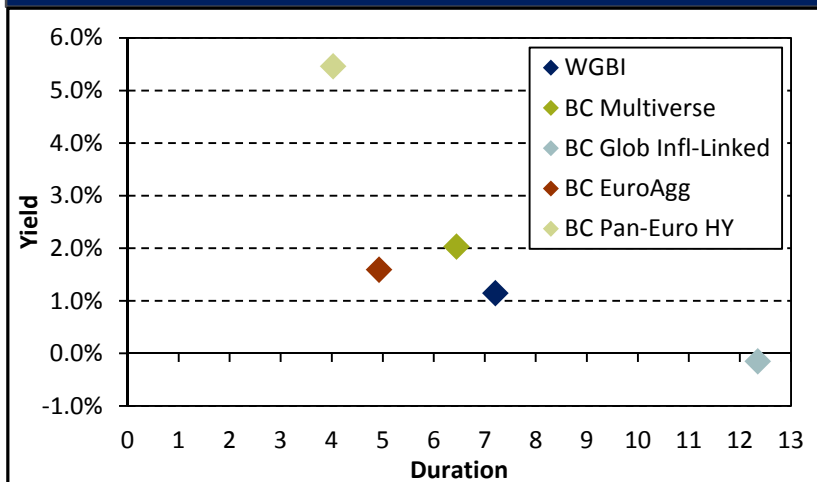
Source: Barclays, Bloomberg, *European periphery spreads are over equivalent German Bund

Global yields are at or near historic lows despite recent uptick



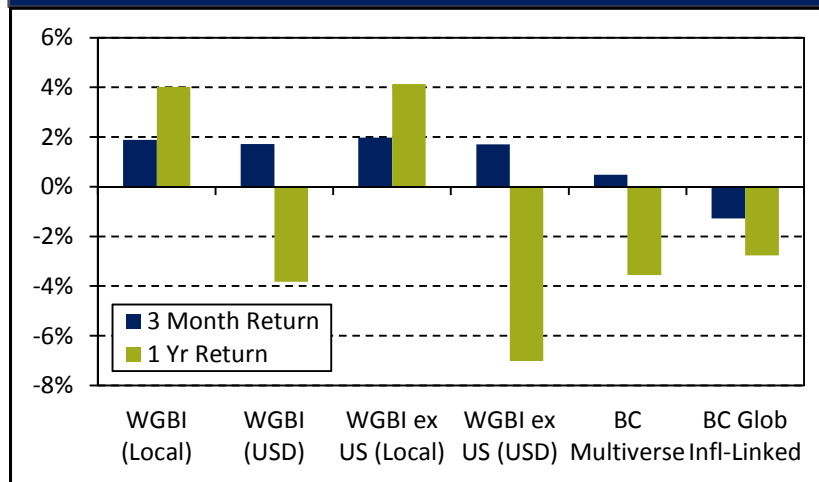
Source: Bloomberg

Low global yields relative to duration



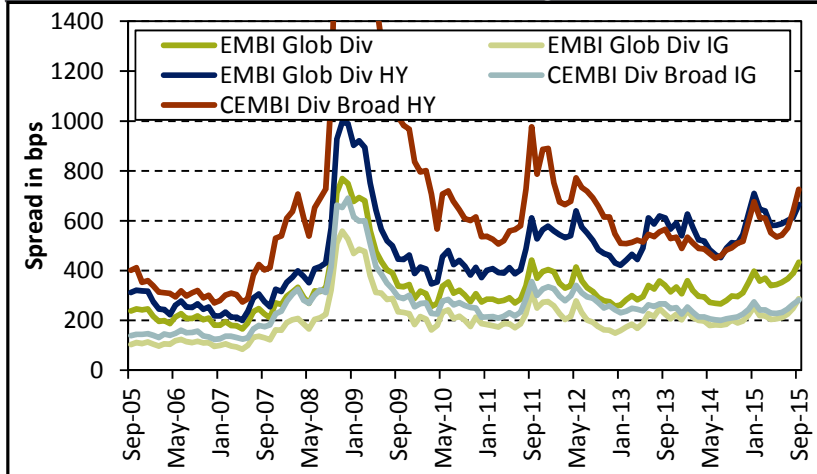
Source: Bloomberg, Citigroup, Barclays

Global bonds negative over one year in USD terms



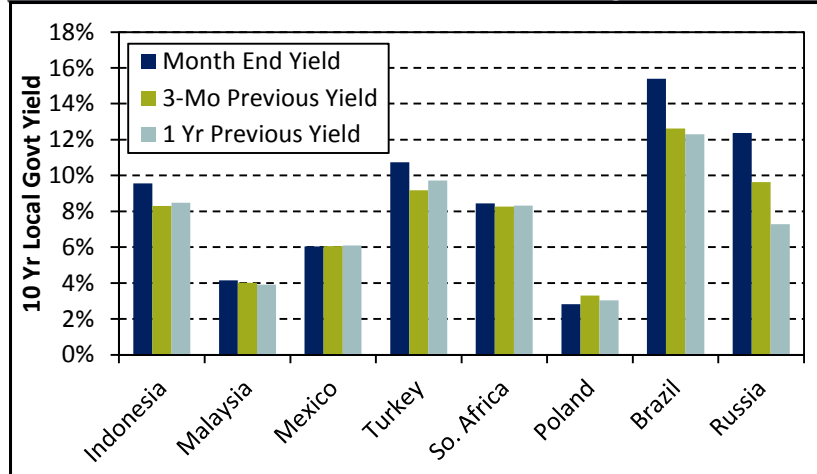
Source: Bloomberg, Citigroup, Barclays

Spreads have widened slightly, still in line with history



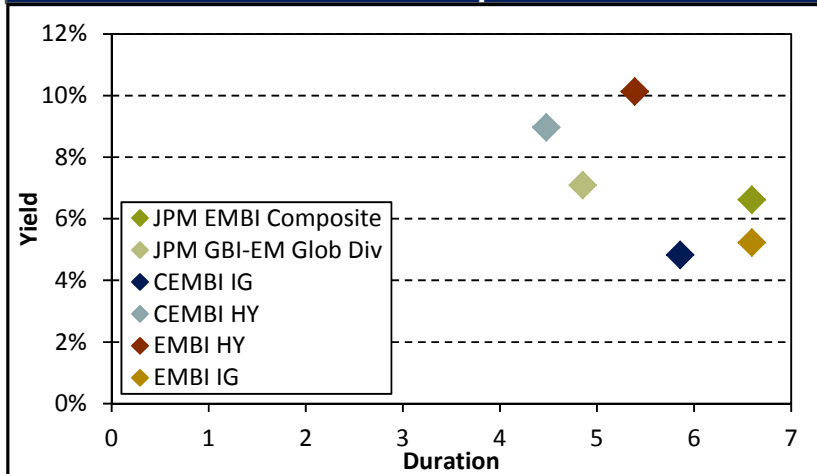
Source: Bloomberg, JP Morgan

Emerging market bond yield changes have varied directionally



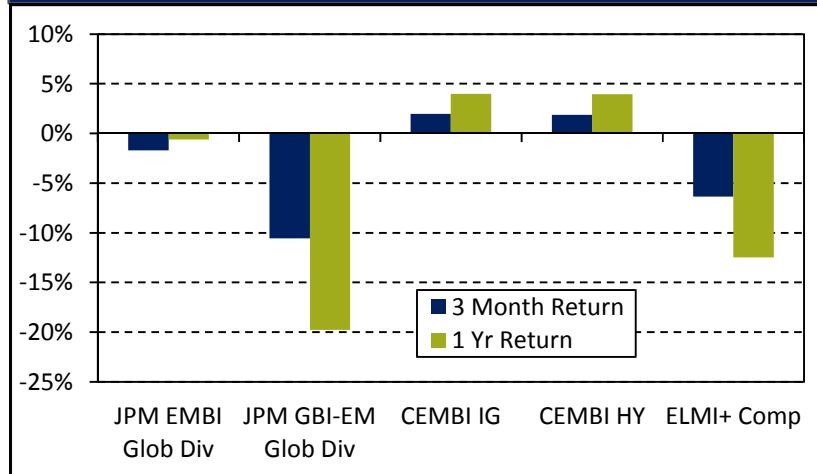
Source: Bloomberg

EM yields higher versus global counterparts



Source: Bloomberg, JP Morgan

Currency effect pronounced in EMD returns

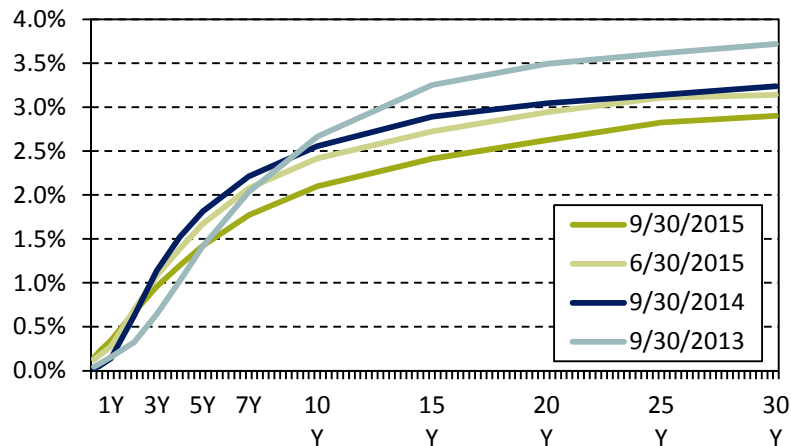


Source: Bloomberg, JP Morgan

Ventura County Employees' Retirement Association

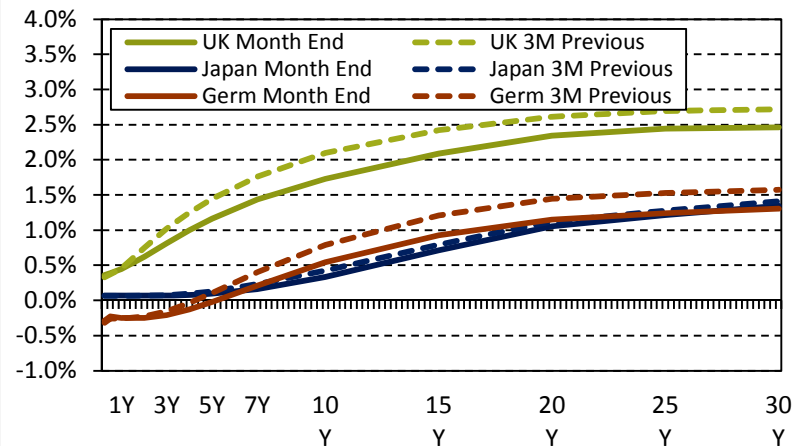
Rates

Treasury yield curve moderately lower versus Q2



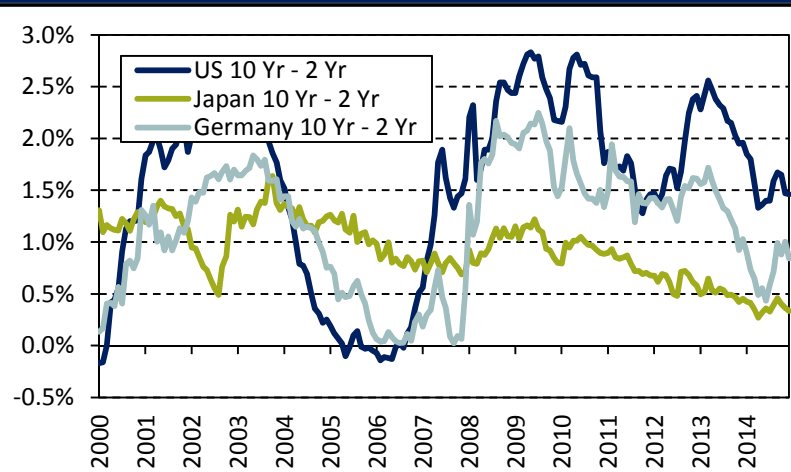
Source: Bloomberg

German and UK curves have shifted downwards



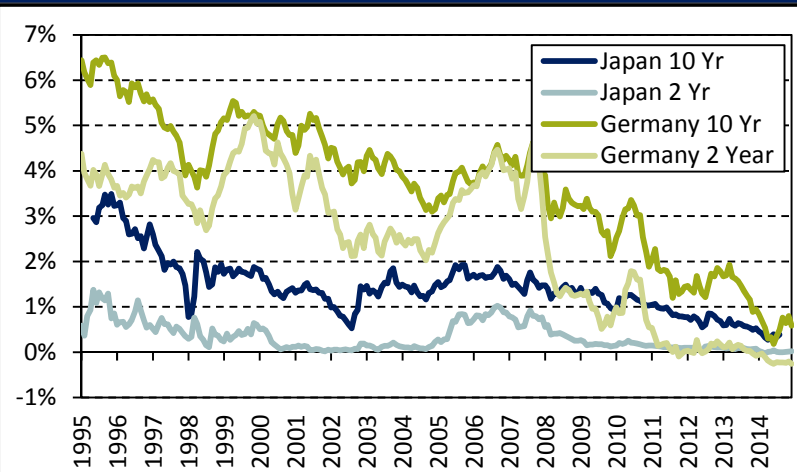
Source: Bloomberg

Global yield curves have flattened



Source: Bloomberg

Global yields have trended lower over long term

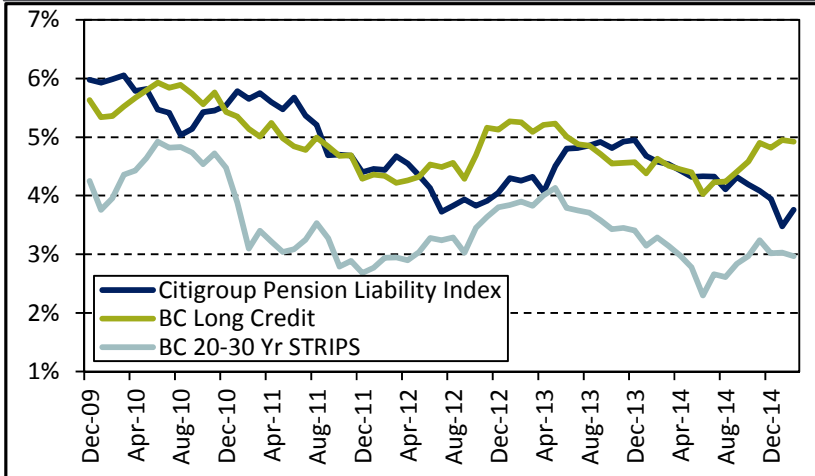


Source: Bloomberg

Ventura County Employees' Retirement Association

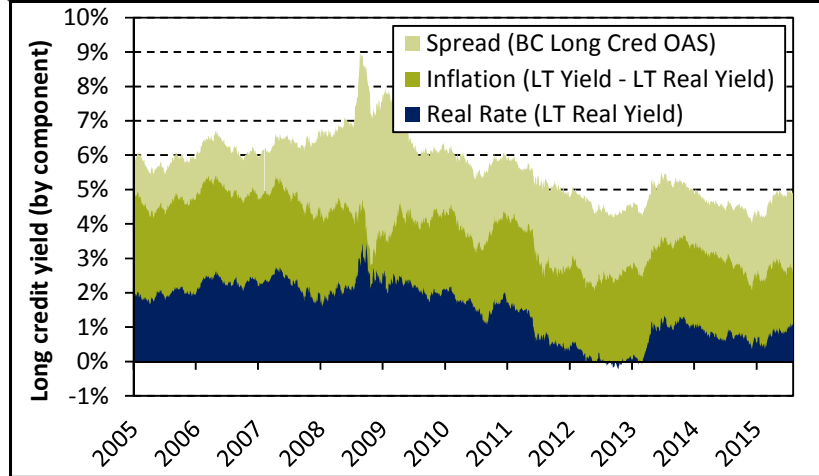
Long Rates and Liability

Long duration yields have fallen over last few years even with recent uptick



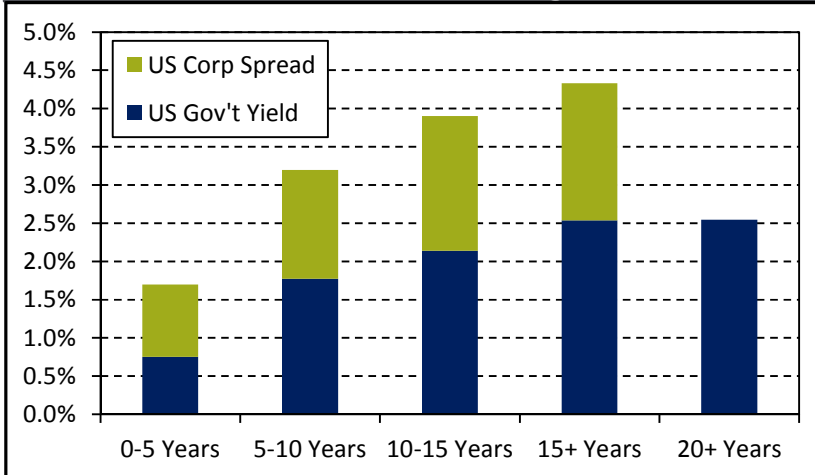
Source: Bloomberg, Citigroup, Barclays

Lower yields driven by low inflation expectations and real rates



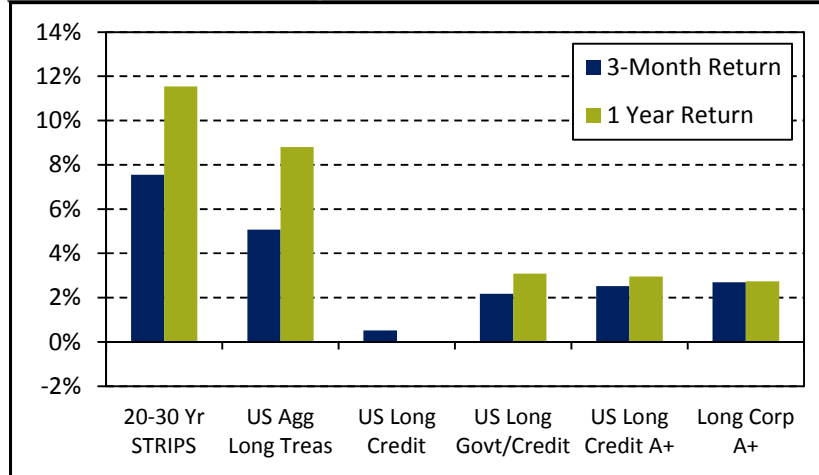
Source: Bloomberg, US Treasury, Barclays, NEPC

Yields are low but spreads slightly above historic averages



Source: Bloomberg, BofA Merrill Lynch, Barclays *No index for 20+ year corporate

Recent compression in rates has lead to positive returns



Source: Bloomberg, Barclays

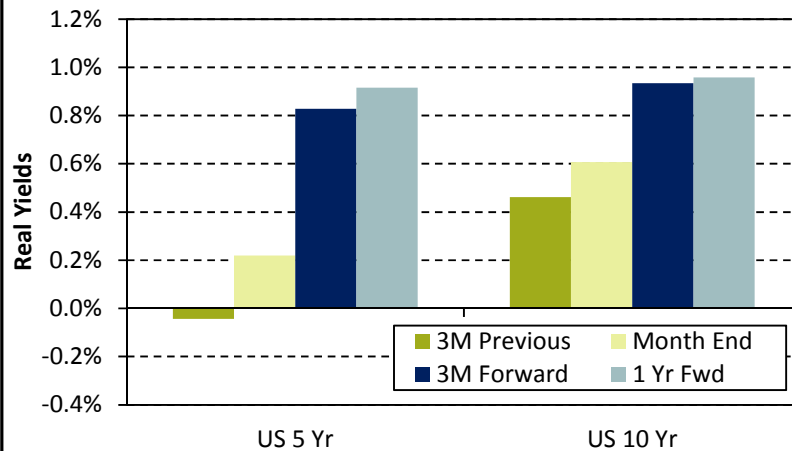


NEPC, LLC

September 30, 2015

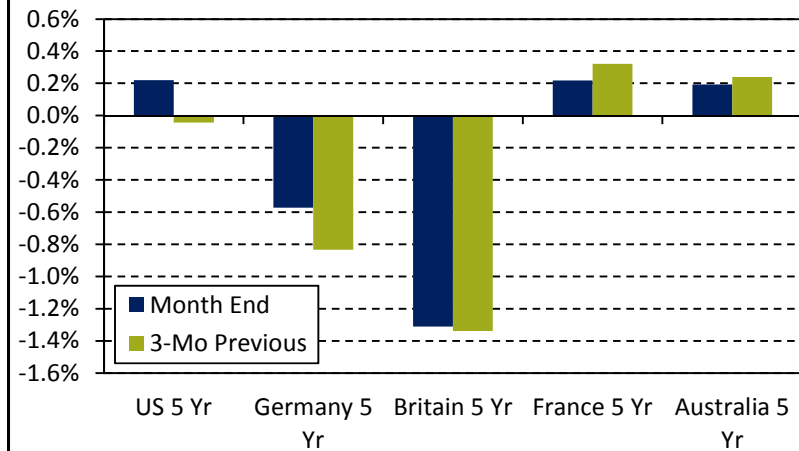
Inflation and Real Rates

US real yields have risen slightly



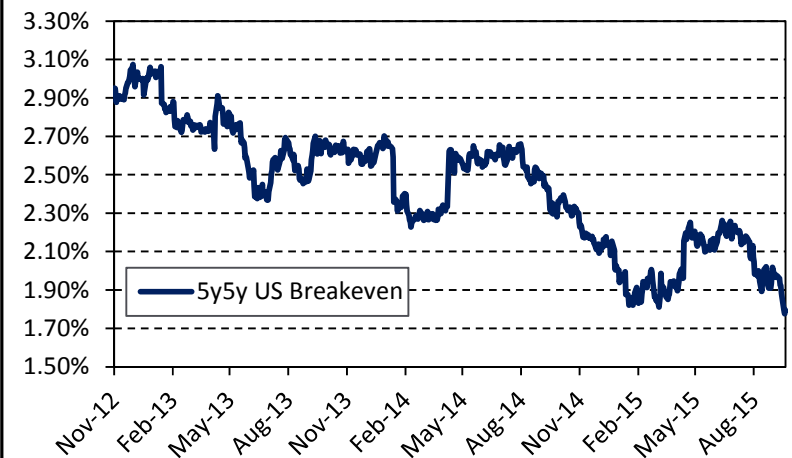
Source: Bloomberg

Global real yields are flat to negative



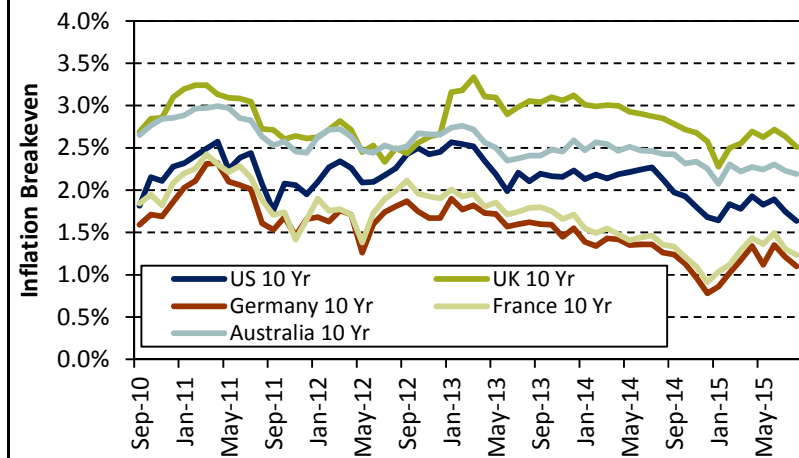
Source: Bloomberg

US inflation expectations on downward trend



Source: Bloomberg

Global inflation expectations remain subdued

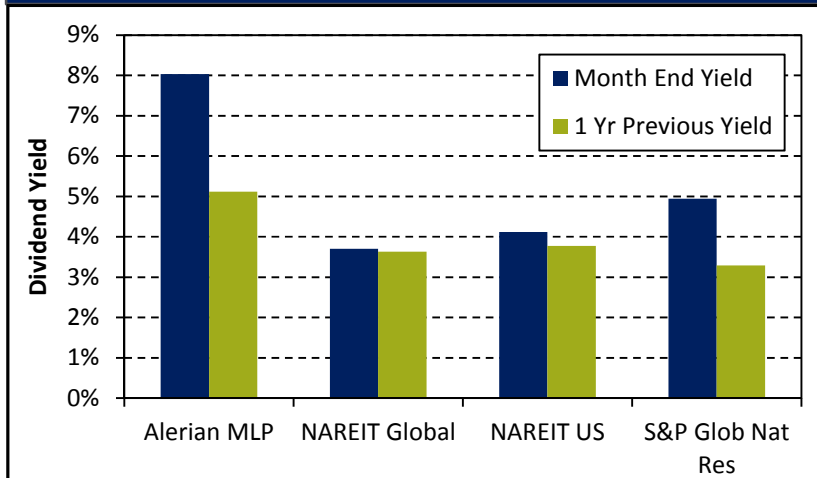


Source: Bloomberg

Ventura County Employees' Retirement Association

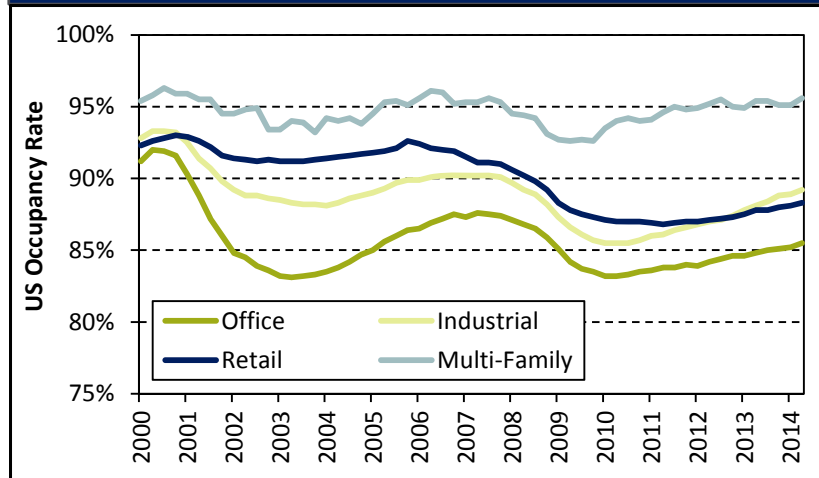
Inflation Sensitive Growth Assets

Yields slightly higher relative to last year



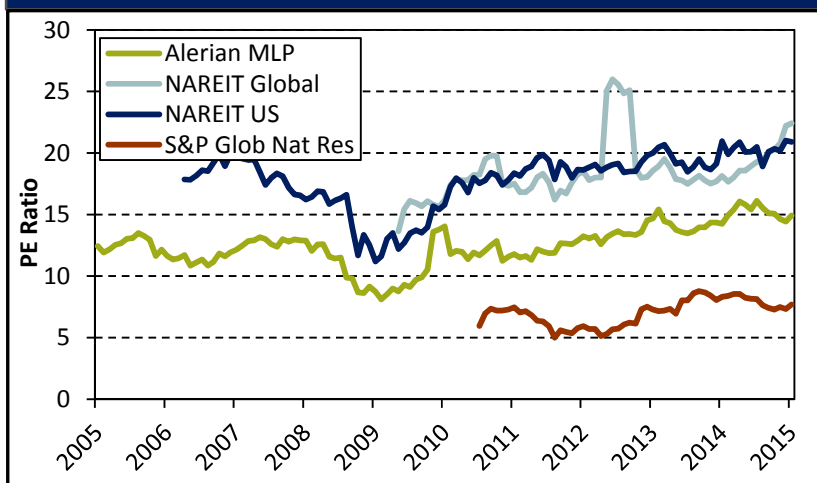
Source: Bloomberg, Alerian, Nareit, Standard and Poors

Gradual recovery in occupancy rates



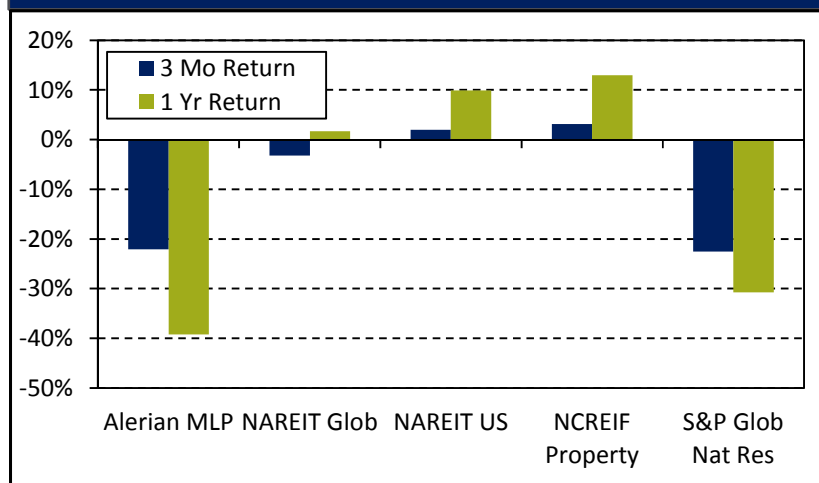
Source: Bloomberg, CB Richard Ellis

PE Ratios near or above averages



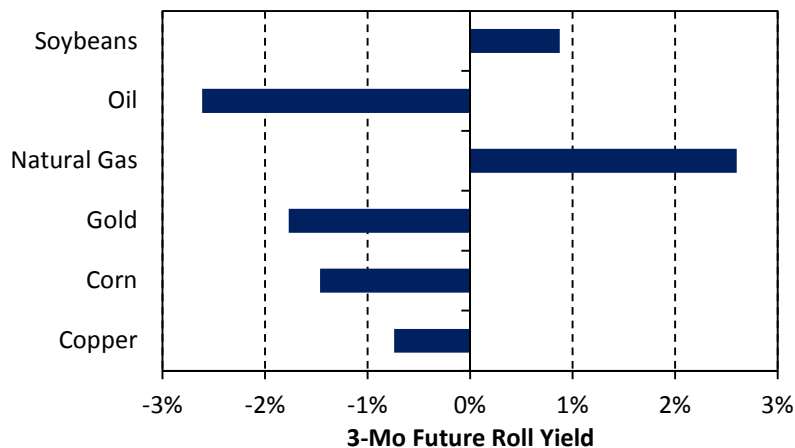
Source: Bloomberg, US Census Bureau

Recent REIT selloff has cut into long rally



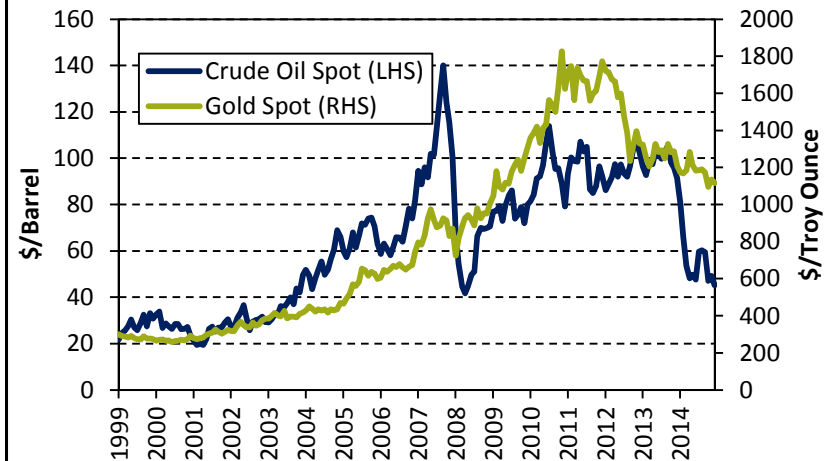
Source: Bloomberg, Alerian, Nareit, Standard and Poors

Negative roll yields in major commodity futures



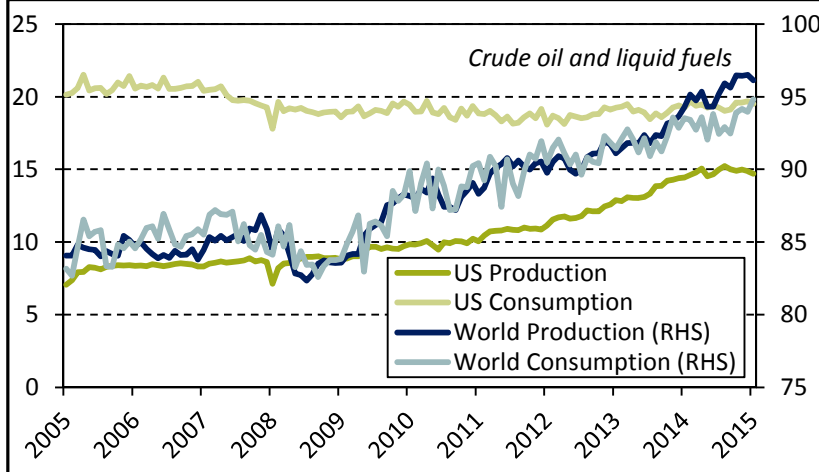
Source: Bloomberg

Precipitous fall in oil prices



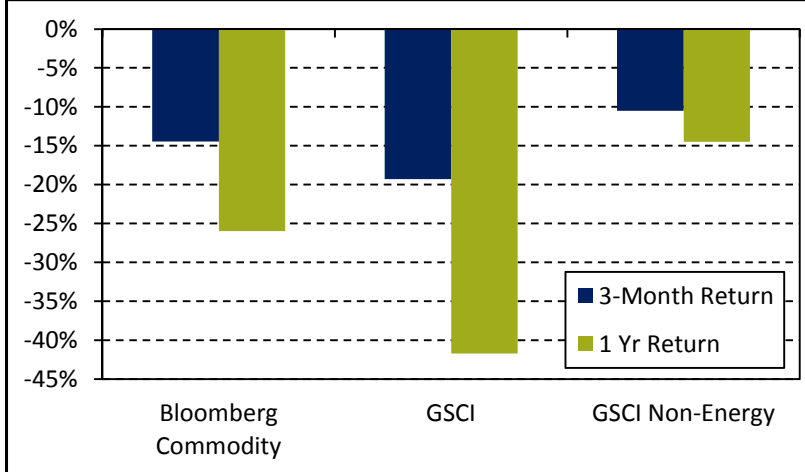
Source: Bloomberg

US fuel production closing gap with consumption



Source: Bloomberg, US Department of Energy *Crude oil and liquid fuels

Commodity indices negative after oil-induced decline



Source: Bloomberg, Standard and Poors

Information Disclaimer and Reporting Methodology

Information Disclaimer

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- 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.
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Ventura County Employees' Retirement Association

**Preliminary Performance Report
Month Ending October 31, 2015**

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Ventura County Employees' Retirement Association

Total Fund Performance Detail Net of Fees

Performance Summary

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Fund	4,397,486,824	100.0	100.0	4.6	-1.5	0.8	-1.0	1.2	9.0	8.5	6.2	8.0	Apr-94
Policy Index				<u>4.6</u>	<u>-1.0</u>	<u>2.1</u>	<u>-0.2</u>	<u>2.9</u>	<u>9.4</u>	<u>8.5</u>	<u>6.4</u>	<u>8.0</u>	<u>Apr-94</u>
Over/Under				0.0	-0.5	-1.3	-0.8	-1.7	-0.4	0.0	-0.2	0.0	
Allocation Index				5.1	-1.6	1.2	-0.8	1.8	8.6	8.0	6.0	--	<u>Apr-94</u>
Total Fund ex Parametric	4,264,487,336	97.0	--	4.5	-1.5	1.0	-0.9	1.3	9.0	8.5	6.1	8.0	Apr-94
Total Fund ex Private Equity	4,254,059,085	96.7	--	4.7	-1.8	0.5	-1.3	0.8	8.2	--	--	9.2	Jan-12
Policy Index				<u>4.6</u>	<u>-1.0</u>	<u>2.1</u>	<u>-0.2</u>	<u>2.9</u>	<u>9.4</u>	<u>8.5</u>	<u>6.4</u>	<u>10.1</u>	<u>Jan-12</u>
Over/Under				0.1	-0.8	-1.6	-1.1	-2.1	-1.2			-0.9	
Total US Equity	1,344,244,516	30.6	30.0	7.9	-1.6	2.1	0.0	4.5	16.2	14.3	7.6	8.9	Dec-93
Total U.S. Equity Benchmark				<u>7.8</u>	<u>-1.6</u>	<u>1.9</u>	<u>0.0</u>	<u>4.4</u>	<u>16.0</u>	<u>14.1</u>	<u>8.0</u>	<u>9.2</u>	<u>Dec-93</u>
Over/Under				0.1	0.0	0.2	0.0	0.1	0.2	0.2	-0.4	-0.3	
BlackRock Equity Market Fund	1,154,966,579	26.3		7.9	-1.5	2.1	0.1	4.6	16.1	14.2	--	7.1	Dec-07
Dow Jones U.S. Total Stock Market				<u>7.9</u>	<u>-1.6</u>	<u>2.0</u>	<u>0.0</u>	<u>4.4</u>	<u>16.0</u>	<u>14.1</u>	<u>8.1</u>	<u>7.1</u>	<u>Dec-07</u>
Over/Under				0.0	0.1	0.1	0.1	0.2	0.1	0.1		0.0	
Western U.S. Index Plus	143,110,249	3.3		8.6	-0.8	2.7	1.3	5.1	16.6	15.3	--	3.5	May-07
S&P 500				<u>8.4</u>	<u>-0.6</u>	<u>2.7</u>	<u>1.5</u>	<u>5.2</u>	<u>16.2</u>	<u>14.3</u>	<u>7.8</u>	<u>6.0</u>	<u>May-07</u>
Over/Under				0.2	-0.2	0.0	-0.2	-0.1	0.4	1.0		-2.5	
BlackRock Extended Equity Index	46,167,688	1.0		5.6	-5.4	-1.0	-5.5	1.3	15.3	13.2	8.7	11.6	Oct-02
Dow Jones U.S. Completion Total Stock Market				<u>5.5</u>	<u>-5.5</u>	<u>-1.1</u>	<u>-5.6</u>	<u>1.2</u>	<u>15.2</u>	<u>13.0</u>	<u>8.7</u>	<u>11.6</u>	<u>Oct-02</u>
Over/Under				0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.0	0.0	

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 due to CPI monthly lag

Ventura County Employees' Retirement Association

Total Fund Performance Detail Net of Fees

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Non-US Equity	592,328,820	13.5	14.0	7.3	-4.3	-1.2	-4.6	-3.3	5.1	3.4	4.2	6.2	Mar-94
Total Non-US Equity Benchmark				<u>7.4</u>	<u>-5.4</u>	<u>-1.8</u>	<u>-5.6</u>	<u>-4.7</u>	<u>4.7</u>	<u>2.6</u>	<u>4.2</u>	<u>5.0</u>	Mar-94
Over/Under				-0.1	1.1	0.6	1.0	1.4	0.4	0.8	0.0	1.2	
BlackRock ACWI ex-U.S. Index	246,822,270	5.6		7.2	-5.0	-1.0	-5.5	-3.7	5.2	3.0	--	1.1	Mar-07
MSCI ACWI ex USA				<u>7.4</u>	<u>-5.4</u>	<u>-1.8</u>	<u>-5.6</u>	<u>-4.7</u>	<u>4.7</u>	<u>2.6</u>	<u>4.2</u>	<u>0.6</u>	Mar-07
Over/Under				-0.2	0.4	0.8	0.1	1.0	0.5	0.4		0.5	
Sprucegrove	173,223,248	3.9		7.5	-4.3	-4.2	-5.6	-5.3	4.6	3.8	4.6	7.1	Mar-02
MSCI EAFE				<u>7.8</u>	<u>-5.2</u>	<u>2.1</u>	<u>-3.2</u>	<u>-0.1</u>	<u>8.0</u>	<u>4.8</u>	<u>4.1</u>	<u>6.0</u>	Mar-02
Over/Under				-0.3	0.9	-6.3	-2.4	-5.2	-3.4	-1.0	0.5	1.1	
MSCI ACWI ex USA				7.4	-5.4	-1.8	-5.6	-4.7	4.7	2.6	4.2	6.4	Mar-02
Hexavest	78,927,093	1.8		5.5	-4.2	1.6	-2.1	-1.1	6.2	--	--	3.8	Dec-10
MSCI EAFE				<u>7.8</u>	<u>-5.2</u>	<u>2.1</u>	<u>-3.2</u>	<u>-0.1</u>	<u>8.0</u>	<u>4.8</u>	<u>4.1</u>	<u>4.4</u>	Dec-10
Over/Under				-2.3	1.0	-0.5	1.1	-1.0	-1.8			-0.6	
Walter Scott	93,356,209	2.1		8.8	-2.7	1.6	-2.3	0.0	4.6	--	--	3.8	Dec-10
MSCI ACWI ex USA				<u>7.4</u>	<u>-5.4</u>	<u>-1.8</u>	<u>-5.6</u>	<u>-4.7</u>	<u>4.7</u>	<u>2.6</u>	<u>4.2</u>	<u>1.9</u>	Dec-10
Over/Under				1.4	2.7	3.4	3.3	4.7	-0.1			1.9	
Total Global Equity	426,573,503	9.7	10.0	7.2	-3.8	-0.9	-3.7	-1.9	8.5	7.0	4.6	5.0	May-05
MSCI ACWI				<u>7.8</u>	<u>-3.2</u>	<u>0.3</u>	<u>-2.3</u>	<u>0.0</u>	<u>9.9</u>	<u>7.7</u>	<u>5.7</u>	<u>6.1</u>	May-05
Over/Under				-0.6	-0.6	-1.2	-1.4	-1.9	-1.4	-0.7	-1.1	-1.1	
BlackRock MSCI ACWI Equity Index	223,827,653	5.1		7.9	-3.1	0.6	-2.2	0.4	10.3	--	--	11.2	Jul-12
MSCI ACWI				<u>7.8</u>	<u>-3.2</u>	<u>0.3</u>	<u>-2.3</u>	<u>0.0</u>	<u>9.9</u>	<u>7.7</u>	<u>5.7</u>	<u>10.8</u>	Jul-12
Over/Under				0.1	0.1	0.3	0.1	0.4	0.4			0.4	
GMO Global Equity	202,745,850	4.6		6.5	-4.7	-2.5	-5.3	-4.4	6.7	6.3	5.4	5.9	Apr-05
MSCI ACWI				<u>7.8</u>	<u>-3.2</u>	<u>0.3</u>	<u>-2.3</u>	<u>0.0</u>	<u>9.9</u>	<u>7.7</u>	<u>5.7</u>	<u>6.1</u>	Apr-05
Over/Under				-1.3	-1.5	-2.8	-3.0	-4.4	-3.2	-1.4	-0.3	-0.2	

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	Policy %	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Private Equity	143,427,738	3.3	5.0	0.0	7.2	12.1	6.1	13.9	16.3	--	--	15.5	Jan-12
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>8.1</u>	<u>-0.9</u>	<u>4.5</u>	<u>1.0</u>	<u>7.5</u>	<u>19.4</u>	<u>17.5</u>	--	<u>19.7</u>	<i>Jan-12</i>
Over/Under				-8.1	8.1	7.6	5.1	6.4	-3.1			-4.2	
Adams Street Partners	86,938,046	2.0		0.0	4.7	7.4	2.9	10.3	14.1	--	--	13.9	Jan-12
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>8.1</u>	<u>-0.9</u>	<u>4.5</u>	<u>1.0</u>	<u>7.5</u>	<u>19.4</u>	<u>17.5</u>	--	<u>19.7</u>	<i>Jan-12</i>
Over/Under				-8.1	5.6	2.9	1.9	2.8	-5.3			-5.8	
Harbourvest	43,198,185	1.0		0.0	10.7	25.1	10.7	25.0	--	--	--	22.8	Jul-13
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>8.1</u>	<u>-0.9</u>	<u>4.5</u>	<u>1.0</u>	<u>7.5</u>	<u>19.4</u>	<u>17.5</u>	--	<u>16.7</u>	<i>Jul-13</i>
Over/Under				-8.1	11.6	20.6	9.7	17.5				6.1	
Pantheon Global Secondary Fund IV	13,291,507	0.3		0.0	13.1	7.9	13.1	5.3	13.1	--	--	10.4	Jan-12
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>8.1</u>	<u>-0.9</u>	<u>4.5</u>	<u>1.0</u>	<u>7.5</u>	<u>19.4</u>	<u>17.5</u>	--	<u>19.7</u>	<i>Jan-12</i>
Over/Under				-8.1	14.0	3.4	12.1	-2.2	-6.3			-9.3	

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

Private Equity Limited Partnership Performance

Fund Name	Vintage Year	Initial Investment Date	Commitment	Capital Called to Date ¹	Outstanding Commitment ¹	Call Ratio	Interest Paid/(Rec'd)	Distributions to Date	Valuation	Total Value	Net Benefit	IRR	Since Inception	
													Distributions to Paid In Multiple (DPI)	Total Value to Paid In Multiple (TVPI)
Adams Street 2010 U.S. Fund	2010	5/21/2010	\$42,500,000	\$26,690,000	\$15,810,000	63%	\$15,213	\$8,147,483	\$30,489,272	\$38,636,755	\$11,931,542	15.7%	0.31x	1.45x
Adams Street 2010 Non-U.S. Dev. Mkts Fund	2010	5/21/2010	\$25,500,000	\$16,434,750	\$9,065,250	64%	\$1,589	\$4,669,887	\$14,278,525	\$18,948,412	\$2,512,073	6.9%	0.28x	1.15x
Adams Street 2010 Non-U.S. Emg Mkts Fund	2010	1/3/2011	\$8,500,000	\$5,729,000	\$2,771,000	67%	\$0	\$314,436	\$6,799,942	\$7,114,378	\$1,385,378	11.2%	0.05x	1.24x
Adams Street 2010 Direct Fund	2010	5/21/2010	\$8,500,000	\$7,837,000	\$663,000	92%	\$6,697	\$3,071,561	\$8,404,458	\$11,476,019	\$3,632,322	13.5%	0.39x	1.46x
Total Adams Street 2010	2010	5/21/2010	\$85,000,000	\$56,690,750	\$28,309,250	67%	\$23,499	\$16,203,367	\$59,972,197	\$76,175,564	\$19,461,315	12.9%	0.29x	1.34x
Adams Street 2013 Global Fund	2013	6/27/2013	\$75,000,000	\$27,337,500	\$47,662,500	36%	\$10,728	\$222,166	\$27,488,824	\$27,710,990	\$362,762	1.3%	0.01x	1.01x
HarbourVest - Dover Street VIII	2013	5/30/2013	\$67,500,000	\$40,500,000	\$27,000,000	60%	\$84,954	\$13,605,665	\$43,380,457	\$56,986,122	\$16,401,168	38.0%	0.34x	1.4x
Pantheon Global Secondary Fund IV	2010	8/20/2010	\$15,000,000	\$9,960,000	\$5,040,000	66%	\$0	\$7,830,001	\$6,920,072	\$14,750,073	\$4,790,073	17.1%	0.79x	1.48x
Pantheon Global Secondary Fund V	2015	2/26/2015	\$50,000,000	\$6,201,371	\$43,798,629	12%	\$29,922	\$75,205	\$6,726,156	\$6,801,361	\$570,069	8.2%	0.01x	1.09x
Total VCERA Private Equity Program	--	5/21/2010	\$292,500,000	\$140,689,621	\$151,810,379	48%	\$149,103	\$37,936,404	\$144,487,706	\$182,424,110	\$41,585,387	16.0%	0.27x	1.3x

1. Includes recycled/recallable distributions received to date.

Note: Private equity performance data is reported net of fees.

Distributions to Date shown for Pantheon Global Secondary Fund V includes management fee rebates paid to VCERA.

Performance shown is based on cash-adjusted market values as of 9/30/2015.

Ventura County Employees' Retirement Association

Total Fund Performance Detail Net of Fees

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total US Fixed Income	772,597,609	17.6	19.0	0.9	0.4	1.5	0.9	1.2	1.7	4.0	5.9	6.1	Feb-94
Barclays Aggregate				<u>0.0</u>	<u>0.5</u>	<u>1.1</u>	<u>1.2</u>	<u>2.0</u>	<u>1.6</u>	<u>3.0</u>	<u>4.7</u>	<u>5.6</u>	Feb-94
Over/Under				0.9	-0.1	0.4	-0.3	-0.8	0.1	1.0	1.2	0.5	
BlackRock U.S. Debt Fund	140,946,933	3.2		0.0	0.6	1.2	1.3	2.0	1.7	3.1	4.8	5.5	Nov-95
Barclays Aggregate				<u>0.0</u>	<u>0.5</u>	<u>1.1</u>	<u>1.2</u>	<u>2.0</u>	<u>1.6</u>	<u>3.0</u>	<u>4.7</u>	<u>5.5</u>	Nov-95
Over/Under				0.0	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.0	
Western	271,040,169	6.2		0.5	0.3	1.6	1.2	2.2	2.7	4.7	5.5	6.4	Dec-96
Barclays Aggregate				<u>0.0</u>	<u>0.5</u>	<u>1.1</u>	<u>1.2</u>	<u>2.0</u>	<u>1.6</u>	<u>3.0</u>	<u>4.7</u>	<u>5.5</u>	Dec-96
Over/Under				0.5	-0.2	0.5	0.0	0.2	1.1	1.7	0.8	0.9	
Reams	288,318,246	6.6		1.4	0.7	2.0	0.8	0.4	0.5	3.6	6.0	5.7	Sep-01
Reams Custom Index				<u>0.0</u>	<u>0.1</u>	<u>0.2</u>	<u>0.1</u>	<u>0.3</u>	<u>0.0</u>	<u>2.0</u>	<u>4.2</u>	<u>4.4</u>	Sep-01
Over/Under				1.4	0.6	1.8	0.7	0.1	0.5	1.6	1.8	1.3	
Barclays Aggregate				<u>0.0</u>	<u>0.5</u>	<u>1.1</u>	<u>1.2</u>	<u>2.0</u>	<u>1.6</u>	<u>3.0</u>	<u>4.7</u>	<u>4.7</u>	Sep-01
Loomis Sayles Multi Strategy	72,292,260	1.6		1.7	-0.9	0.4	-1.0	-0.5	3.4	5.6	6.9	6.7	Jul-05
Loomis Custom Index				<u>0.9</u>	<u>-0.2</u>	<u>0.8</u>	<u>0.0</u>	<u>0.6</u>	<u>2.3</u>	<u>3.9</u>	<u>5.5</u>	<u>5.3</u>	Jul-05
Over/Under				0.8	-0.7	-0.4	-1.0	-1.1	1.1	1.7	1.4	1.4	
Barclays Govt/Credit				<u>0.0</u>	<u>0.5</u>	<u>0.9</u>	<u>1.2</u>	<u>1.7</u>	<u>1.5</u>	<u>3.1</u>	<u>4.7</u>	<u>4.5</u>	Jul-05
Total Global Fixed Income	255,917,028	5.8	5.0	0.6	0.2	-1.8	0.4	-2.4	-0.8	--	--	0.2	Jun-12
Barclays Global Aggregate				<u>0.2</u>	<u>0.8</u>	<u>-2.0</u>	<u>1.1</u>	<u>-3.1</u>	<u>-1.5</u>	<u>0.6</u>	<u>3.9</u>	<u>-0.4</u>	Jun-12
Over/Under				0.4	-0.6	0.2	-0.7	0.7	0.7			0.6	
Loomis Sayles Global Fixed Income	89,615,122	2.0		0.6	0.3	-3.0	0.2	-4.3	-1.6	--	--	-0.4	Jun-12
Barclays Global Aggregate				<u>0.2</u>	<u>0.8</u>	<u>-2.0</u>	<u>1.1</u>	<u>-3.1</u>	<u>-1.5</u>	<u>0.6</u>	<u>3.9</u>	<u>-0.4</u>	Jun-12
Over/Under				0.4	-0.5	-1.0	-0.9	-1.2	-0.1			0.0	
PIMCO Global Fixed Income	123,985,513	2.8		0.7	0.5	-1.7	0.9	-2.0	-1.0	--	--	-1.1	Sep-12
Barclays Global Aggregate				<u>0.2</u>	<u>0.8</u>	<u>-2.0</u>	<u>1.1</u>	<u>-3.1</u>	<u>-1.5</u>	<u>0.6</u>	<u>3.9</u>	<u>-1.5</u>	Sep-12
Over/Under				0.5	-0.3	0.3	-0.2	1.1	0.5			0.4	
Loomis Strategic Alpha	42,316,393	1.0		0.7	-0.7	0.5	-0.8	0.8	--	--	--	1.9	Jul-13
Barclays Global Aggregate				<u>0.2</u>	<u>0.8</u>	<u>-2.0</u>	<u>1.1</u>	<u>-3.1</u>	<u>-1.5</u>	<u>0.6</u>	<u>3.9</u>	<u>-0.2</u>	Jul-13
Over/Under				0.5	-1.5	2.5	-1.9	3.9				2.1	

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	Policy %	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Real Estate	349,536,974	7.9	7.0	0.0	3.6	9.7	3.6	13.0	11.2	12.0	4.7	7.9	Mar-94
<i>Total Real Estate Benchmark</i>				<u>0.0</u>	<u>3.7</u>	<u>11.3</u>	<u>3.7</u>	<u>14.9</u>	<u>13.4</u>	<u>14.0</u>	<u>6.7</u>	<u>9.0</u>	<i>Mar-94</i>
Over/Under				0.0	-0.1	-1.6	-0.1	-1.9	-2.2	-2.0	-2.0	-1.1	
Prudential Real Estate	120,621,253	2.7		0.0	4.7	11.2	4.7	15.2	13.1	14.2	5.5	5.8	Jun-04
UBS Real Estate	226,635,760	5.2		0.0	3.2	8.8	3.2	11.9	10.2	10.7	6.0	7.5	Mar-03
RREEF	2,279,961	0.1		0.0	-5.3	8.5	-5.3	10.5	17.1	24.3	--	-5.0	Sep-07
Total Liquid Alternatives	379,861,149	8.6	10.0	5.2	-6.4	-9.2	-7.8	-11.0	--	--	--	4.3	Apr-13
<i>CPI + 4% (Unadjusted)</i>				<u>0.2</u>	<u>0.5</u>	<u>4.5</u>	<u>0.9</u>	<u>4.1</u>	<u>4.9</u>	<u>5.7</u>	<u>5.8</u>	<u>4.9</u>	<i>Apr-13</i>
Over/Under				5.0	-6.9	-13.7	-8.7	-15.1	--	--	--	-0.6	
Bridgewater All Weather Fund	266,686,411	6.1		3.3	-2.8	-2.8	-3.3	-3.7	--	--	--	3.7	Aug-13
Tortoise Energy Infrastructure	113,174,738	2.6		10.1	-13.9	-21.5	-16.9	-24.6	--	--	--	0.8	Apr-13
<i>Wells Fargo MLP Index</i>				<u>9.3</u>	<u>-14.1</u>	<u>-23.4</u>	<u>-17.7</u>	<u>-28.8</u>	<u>0.6</u>	<u>5.5</u>	<u>--</u>	<u>-5.4</u>	<i>Apr-13</i>
Over/Under				0.8	0.2	1.9	0.8	4.2	--	--	--	6.2	
Overlay	132,999,488	3.0	0.0										
Parametric	132,999,488	3.0											

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

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

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 9/30/2015

Ventura County Employees' Retirement Association

Total Fund

Cash Flow Summary

Month Ending October 31, 2015

	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Fees	Net Investment Change	Ending Market Value
Adams Street Partners	\$87,461,015	-\$522,970	\$0	-\$522,970	\$0	\$1	\$86,938,046
BlackRock ACWI ex-U.S. Index	\$230,128,039	\$0	\$0	\$0	-\$22,235	\$16,694,231	\$246,822,270
BlackRock Equity Market Fund	\$1,070,309,612	\$0	\$0	\$0	-\$21,333	\$84,656,967	\$1,154,966,579
BlackRock Extended Equity Index	\$43,733,003	\$0	\$0	\$0	-\$3,078	\$2,434,685	\$46,167,688
BlackRock MSCI ACWI Equity Index	\$207,477,250	\$0	\$0	\$0	-\$9,128	\$16,350,403	\$223,827,653
BlackRock U.S. Debt Fund	\$140,941,338	\$0	\$0	\$0	-\$8,032	\$5,595	\$140,946,933
Bridgewater All Weather Fund	\$258,151,446	\$0	\$0	\$0	-\$88,893	\$8,534,965	\$266,686,411
GMO Global Equity	\$190,343,844	\$0	\$0	\$0	-\$92,925	\$12,402,007	\$202,745,850
Harbourvest	\$43,198,185	\$0	\$0	\$0	\$0	\$0	\$43,198,185
Hexavest	\$74,816,577	\$0	\$0	\$0	-\$30,476	\$4,110,517	\$78,927,093
Loomis Sayles Global Fixed Income	\$89,092,585	\$0	\$0	\$0	-\$22,404	\$522,537	\$89,615,122
Loomis Sayles Multi Strategy	\$71,063,839	\$0	\$0	\$0	-\$23,906	\$1,228,421	\$72,292,260
Loomis Strategic Alpha	\$42,014,133	\$0	\$0	\$0	-\$14,105	\$302,260	\$42,316,393
Pantheon Global Secondary Fund IV	\$13,642,986	-\$351,479	\$0	-\$351,479	\$0	\$1	\$13,291,507
Parametric	\$137,912,653	-\$16,792,664	\$14,667,637	-\$2,125,027	-\$20,375	-\$2,788,138	\$132,999,488
PIMCO Global Fixed Income	\$123,090,088	\$0	\$0	\$0	-\$35,163	\$895,424	\$123,985,513
Prudential Real Estate	\$120,621,253	\$0	\$0	\$0	\$0	\$0	\$120,621,253
Reams	\$284,432,025	\$0	\$0	\$0	-\$42,290	\$3,886,222	\$288,318,246
RREEF	\$2,279,961	\$0	\$0	\$0	\$0	\$0	\$2,279,961
Sprucegrove	\$161,094,129	\$0	\$0	\$0	-\$55,672	\$12,129,119	\$173,223,248
Tortoise Energy Infrastructure	\$102,698,375	\$0	\$0	\$0	-\$69,362	\$10,476,363	\$113,174,738
UBS Real Estate	\$226,635,760	\$0	\$0	\$0	\$0	\$0	\$226,635,760
Walter Scott	\$85,766,209	\$0	\$0	\$0	-\$68,553	\$7,590,000	\$93,356,209
Western	\$269,528,505	\$0	\$0	\$0	-\$46,380	\$1,511,664	\$271,040,169
Western U.S. Index Plus	\$131,690,258	\$0	\$0	\$0	-\$30,389	\$11,419,991	\$143,110,249
Total	\$4,208,123,068	-\$17,667,113	\$14,667,637	-\$2,999,476	-\$704,697	\$192,363,232	\$4,397,486,824

Information Disclaimer and Reporting Methodology

Information Disclaimer

- Past performance is no guarantee of future results.
- All investments carry some level of risk. Diversification and other asset allocation techniques are not guaranteed to ensure profit or protect against losses.
- NEPC's source for portfolio pricing, calculation of accruals, and transaction information is the plan's custodian bank. Information on market indices and security characteristics is received from other sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- Some index returns displayed in this report or used in calculation of a policy, allocation or custom benchmark may be preliminary and subject to change.
- This report is provided as a management aid for the client's internal use only. Information contained in this report does not constitute a recommendation by NEPC.
- This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

Reporting Methodology

- The client's custodian bank is NEPC's preferred data source unless otherwise directed. NEPC generally 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 manager 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.

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

November 16, 2015

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

SUBJECT: PROPOSED ADOPTION OF IRS MODEL REGULATIONS

Dear Board Members:

Background:

VCERA filed a plan determination letter application with the IRS in January 2011, and received a subsequent favorable determination letter, dated January 29, 2014. Along with the original application filing, VCERA also filed a related voluntary compliance program (VCP) compliance statement, agreeing to make corrections to noncompliant processes.

In order to rely on both the determination letter and the VCP compliance statement **as evidence that the plan is IRS tax qualified**, VCERA was required to complete corrections identified by the IRS. Some of these corrections included CERL changes that were corrected legislatively. Others were VCERA-specific and have been since been corrected. In addition, VCERA and other CERL systems are required to adopt the model tax compliance regulations presented at filing. These set forth rules and compliance provisions for both the IRC and CERL. While VCERA's deadline to adopt these regulations is not until March 1, 2017, the current filing period ends on January 31, 2016; adopting these before that date would have them in place and allow VCERA to report that it has made all required corrections, and will allow time for adoption by the Board of Supervisors, which is required by CERL.

VCERA's tax counsel Hanson Bridgett explains this process, timeline, requirement and background in much more detail; they have also provided a separate memorandum giving a brief description of each regulation that is recommended for adoption. Both memoranda are provided in the agenda materials.

RECOMMENDATION: ADOPT THE FOLLOWING PROVIDED IRS MODEL REGULATIONS TO COMPLETE REQUIREMENTS OF THE VOLUNTARY COMPLIANCE PROGRAM (VCP).

- **401 (a)(9) – Required Minimum Distributions**
- **401(a)(17) – Compensation Limits**
- **401(a)(31) and 402(c) – Rollovers**
- **415 – Annual Additions Limits**
- **401(a) – Distribution Limits**
- **401(a)(36) – Normal Retirement Age**

Staff and Judith Boyette of Hanson Bridgett will be available to answer any questions on this matter at the November 16, 2015 business meeting.


Sincerely,



Linda Webb
Retirement Administrator

Memorandum

TO: Linda Webb, Retirement Administrator
Ventura County Employees' Retirement Association

FROM: Judith W. Boyette 

DATE: November 10, 2015

RE: **Adoption of Regulations Required By Determination Letter and Voluntary Correction Program Process**

In 2011, VCERA filed a determination letter application and a related voluntary correction program ("VCP") filing with the IRS. VCERA received a favorable determination letter and VCP compliance statement from the IRS dated January 29, 2014.

VCP Compliance Statement Maintaining VCERA's Tax-Qualification and Avoiding Penalties Conditioned on Adoption of Model Regulations Submitted to IRS

Receipt of the favorable determination letter and the VCP compliance statement by VCERA represents an important step in maintaining the tax-favored status of the retirement system. If the IRS audits VCERA, the determination letter can be used to ensure that the IRS would not attempt to challenge the qualification of VCERA in form to a retroactive date. As you know, the determination letter addresses only the IRS's view that the plan document meets the qualification requirements. It does not protect against operational failures. That is why the VCP process was also utilized to correct any operational errors that VCERA found in the thorough review process prior to the filing with the IRS in 2011. Together, these actions serve to help protect the qualified status of VCERA and fulfills one of the most important fiduciary duties of the VCERA Board of Retirement.

In addition, the favorable determination letter provides further help if subsequent operational failures occur for VCERA. Under the IRS Employer Plan Compliance Resolution System (EPCRS), VCERA is also permitted to voluntarily correct certain compliance failures without formally undertaking a VCP submission. This portion of the EPCRS is known as the self-correction program ("SCP"). The SCP does not require a formal submission to the IRS and entails no fees or sanctions. However, to take advantage of the SCP, VCERA must have a current favorable determination letter. Given the complexity of the County Employees' Retirement Law of 1937 (the "CERL"), it would be almost impossible to ensure no operational errors will occur. Therefore, having the ability to use self-correction is an important tool to protect VCERA and its Board of Retirement from future liability.

As is described in the IRS documents received, in order to rely on the determination letter and the VCP compliance statement, VCERA must complete the corrections required by the IRS. These corrections include changes to be made to the CERL that were included in legislation that was approved in late 2014. In addition, VCERA (along with the other CERL systems who

Memorandum To:
Linda Webb and Ventura County Employees' Retirement Association
November 10, 2015
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received these favorable IRS responses) is required to adopt the model tax compliance regulations presented to the IRS as part of the filing process. VCERA may also remember that the strategy used in the IRS proposal was that the lengthy technical federal tax law language requirements primarily would be contained in these model tax compliance regulations, rather than in the CERL itself. This allows for easier revision if the IRS makes technical changes to its required language in the future.

VCERA Must Adopt the Attached Model Tax Compliance Regulations By IRS Deadline

Under the IRS rules, VCERA has to adopt the attached model tax compliance regulations on or before the date prescribed by the IRS under Code section 401(b) regulations (called the remedial amendment period). Under the remedial amendment period requirements, a governmental plan like VCERA must adopt any amendments required by its favorable determination letter or VCP compliance statement by the 91st day after the last day of the first regular legislative session beginning more than 120 days from the date the favorable determination letter was issued. The favorable determination letter and the related VCP compliance statement issued to VCERA were dated January 29, 2014. The next legislative session beginning more than 120-days from January 29, 2014, began on December 1, 2014, and will end on November 30, 2016. This means that technically VERA must adopt the attached model regulations no later than March 1, 2017 – the 91st day after November 30, 2016. However, the next IRS filing period opened on February 1, 2015, and ends on January 31, 2016. We would recommend having the model regulations adopted before VCERA files with the IRS since the current determination letter application form asks VCERA to indicate whether it has made all the required corrections for any compliance statement issued during the prior filing period. It would be best if VCERA's application to be filed with the IRS prior to January 31, 2016, can indicate that those corrections have been completed.

At the time VCERA next files with the IRS, in addition to having adopted the model tax regulations that were presented to the IRS previously, VCERA will need to be able to demonstrate that it has timely complied with the required law changes each year as any new changes may become effective. If VCERA keeps its procedures up to date, the IRS protection of the favorable determination letter is extended. The attached model Regulations have been revised to contain the required changes since the last filing with the IRS, in addition to any other applicable law changes. For example, the attached model Regulations include changes required by the California pension reform legislation (PEPRA) that were effective January 1, 2013, and the changes required by the U.S. Supreme Court decision declaring portions of the Defense of Marriage Act (DOMA) unconstitutional (the *Windsor* case). Finally, in order to adopt the model regulations required by the IRS for the favorable determination letter and VCP rulings, VCERA must adopt normal retirement age provisions. The attached Regulations include the adoption of the current safe harbor normal retirement age provisions.

Memorandum To:
Linda Webb and Ventura County Employees' Retirement Association
November 10, 2015
Page 3

Because of the various timing requirements described above, we recommend that VCERA go forward with adoption of the attached Regulations at this time with a current effective date. For your convenience, a simple summary of the regulations, a board resolution and draft revised versions of all of the tax compliance regulations are attached to this memorandum for your use in preparing a presentation to the Board of Retirement at one of its up-coming meetings.

Attachments:

- Summary of Required Tax Compliance Regulations
- Resolution for Adoption of Tax Compliance Regulations
- Regulation for Code Section 401(a)(9) (Required Minimum Distributions)
- Regulation for Code Section 401(a)(17) (Compensation Limits)
- Regulation for Code Section 401(a)(31) and 402(c) (Rollovers)
- Regulation for Code Section 415 (Annual Additions Limits)
- Regulation for Code Section 401(a) (Distribution Limitations)
- Regulation for Code Section 401(a) (36) (Normal Retirement Age)

Memorandum

TO: Linda Webb
Ventura County Employees' Retirement Association

FROM: Judith W. Boyette 

DATE: November 10, 2015

RE: **Brief Description of IRS Rules Addressed in Model Tax Compliance Regulations**

In order to rely on the Compliance Statement issued by the IRS under the Voluntary Correction Program, VCERA must correct the identified failures by adopting the model tax compliance regulations reviewed and approved by the IRS. Those model regulations address the following tax issues under the Internal Revenue Code (the "Code") rules for tax-qualified plans:

- **Regulation for Code Section 401(a)(9) (Required Minimum Distributions)**

Code section 401(a)(9) and IRS guidance issued under that Code section establish very complex rules concerning the time at which distributions of benefits to members and beneficiaries must commence and the period over which the benefits must be paid. This model regulation provides specific distribution rules, based on good faith compliance with the IRS rules as permitted for governmental plans, and those rules are structured to provide for compliance with both the federal tax rules and the California state laws that apply to distributions from TCERA.

- **Regulation for Code Section 401(a)(17) (Compensation Limits)**

Code section 401(a)(17) and IRS guidance issued under that Code section provide limits on the amount of compensation that may be taken into account under a tax-qualified plan for purposes of determining benefits under the plan and contributions made to the plan. This model regulation details the compensation limitations that are applicable under the tax rules to VCERA and provides reference to any new PEPRA rules that may further limit the compensation that may be used to determine benefits payable from VCERA for certain members.

- **Regulation for Code Section 401(a)(31) and 402(c) (Rollovers)**

Code sections 401(a)(31) and 402(c) and IRS guidance issued under those Code sections provide rules that require VCERA to allow members and eligible beneficiaries to make rollovers of certain distributions received from VCERA as required by the tax rules. In addition, to the extent VCERA allows rollovers into VCERA for service credit purchases and repayment of withdrawn contributions,

there are tax rules that apply in receiving such rollovers into VCERA. This regulation provides the detailed processes applicable to rollovers out of and into VCERA in order to meet the current tax law requirements, including recently issued IRS guidance applicable to rollovers.

- **Regulation for Code Section 415 (Annual Additions Limits)**

Code section 415 and IRS guidance issued under that Code section establish very technical rules concerning the limitations on benefits that may be paid from a tax-qualified defined benefit plan such as VCERA (as well as limitations on annual contributions that may be made for service credit purchases or redeposit of previously withdrawn member contributions in certain cases). This model regulation, which has been reviewed by both VCERA's outside tax counsel and actuary, provides specific rules regarding the manner in which these limitations will be calculated for VCERA each year.

- **Regulation for Code Section 401(a) (Distribution Limitations)**

Code section 401(a) and IRS guidance issued under that Code section provides that benefits from a tax-qualified plan such as VCERA cannot be paid before a member reaches the earlier of normal retirement age or has a bona fide separation from service. This model regulation provides the criteria established by VCERA for determining whether a member has had a bona fide separation from service, incorporating references to the new PEPRA-required break in service rules and the required tax law restrictions.

- **Regulation for Code Section 401(a) (36) (Normal Retirement Age)**

Current IRS guidance under Code section 401(a)(36) has extended the date by which governmental plans must establish a normal retirement age until further guidance is received (the requirement was adoption prior to the first plan year beginning on or after January 1, 2015). However, the provisions required to be adopted by the IRS under the model regulation for Code Section 401(a) Distribution Limitations described above also require the establishment of a normal retirement age to provide for limitations on in-service distributions prior to reaching normal retirement age that could occur if there is not a bona fide separation from service (as established under the above-described model regulations dealing with distribution limitations). VCERA would establish normal retirement ages for its general members and safety members as detailed in this model regulation, including the limitations on normal retirement age determinations provided under the terms of the CERL, and which are based on the IRS safe harbor provisions allowed for establishing normal retirement age.

**Ventura County Employees' Retirement
Association**

REGULATIONS FOR IRC CODE § 401(a)(9)

REQUIRED MINIMUM DISTRIBUTION RULES

**REGULATIONS FOR IRC SECTION 401(a)(9)
MINIMUM REQUIRED DISTRIBUTIONS**

SECTION I. GENERAL RULES

A. Purpose and Effective Date

In accordance with sections 31485.14, 31525 and 31706 of the California Government Code, the regulations set forth herein are effective as of _____ and reaffirm and clarify the existing practices of the Ventura County Employees' Retirement Association (the "Association") with respect to the minimum distribution requirements under section 401(a)(9) of the Internal Revenue Code (the "Code").

These regulations are intended to be in accordance with the Code and the applicable Treasury regulations. To the extent there is a conflict between these regulations and the Code and Treasury regulations, the applicable federal law will govern.

The Association may establish reasonable procedures for complying with the minimum distribution requirements under section 401(a)(9) of the Code that it deems necessary or desirable to comply with applicable tax laws or for administrative purposes.

B. Reasonable Good Faith Interpretation of Code

In accordance with section 823 of the Pension Protection Act of 2006 ("PPA"), these regulations are promulgated in accordance with a reasonable good faith interpretation of section 401(a)(9) of the Code, and the Treasury regulations thereunder, as applicable to a governmental plan within the meaning of section 414(d) of the Code. For purposes of section 401(a)(9), Code means the Code and applicable Treasury regulations as they apply under a reasonable good faith interpretation of section 401(a)(9).

C. Elections Under TEFRA § 242(b)(2)

Notwithstanding the other requirements of this regulation to the contrary, distributions may be made under a designation made before January 1, 1984, in accordance with section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act.

Capitalized terms used in this Regulation are defined in Section VI. Terms defined in the County Employees' Retirement Law of 1937 (the "CERL") apply here unless otherwise stated.

SECTION II. TIME AND MANNER OF DISTRIBUTION

A. Required Beginning Date

The Member's entire interest will be distributed, or begin to be distributed, no later than the Member's Required Beginning Date.

B. Forms of Distribution

1. Periodic And Other Forms Of Payments

A Member's entire interest in the Association shall be distributed in the form of RMD Annuity payments that meet the requirements of paragraph 2 of this subsection or in the form of a single sum or an insurance company annuity contract that meets the requirements of paragraph 3.a of this subsection. Payments may be made in a combination of these forms of payment and may include lump sum refunds or withdrawals of Member contributions or death benefits as provided in the CERL provided that these forms comply with a reasonable good faith interpretation of Code section 401(a)(9).

2. General Rules Regarding RMD Annuities

If the Member's interest is to be paid in the form of an RMD Annuity, the RMD Annuity must meet the following requirements:

a. Periodic

RMD Annuities must be paid over equal payment intervals which may not be longer than one year.

b. Distribution Period

RMD Annuities will be paid over the life or lives of the Member and a beneficiary or over a period certain that does not exceed the maximum length of the period described in Section III or Section IV of this regulation.

c. Increases

RMD Annuities may not increase over time except in accordance with the rules in Section V.A.

d. Change in Period Paid

The period over which an RMD Annuity is paid can be changed only in accordance with Q&A-13 of section 1.401(a)(9)-6 of the Treasury regulations.

e. Commencement

Payment of the RMD Annuity must start no later than the Required Beginning Date.

3. Other Forms

a. Annuity Contract

If the Member's interest is distributed in the form of an annuity contract purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 401(a)(9) of the Code.

b. Individual Account

Any part of the Member's interest which is in the form of an individual account described in section 414(k) of the Code will be distributed in a manner satisfying the requirements of Section 401(a)(9) of the Code that apply to individual accounts.

C. Amount Required to be Distributed by Required Beginning Date and Later Payment Intervals.

The amount that must be distributed on or before the Member's Required Beginning Date is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. All of the Member's benefit accruals as of the last day of the first Distribution Calendar Year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the Member's Required Beginning Date. If the Member dies before distributions begin, the same rules apply with reference to the date distributions are required to begin under section IV.A.1 or IV.A.2.

SECTION III. RMD ANNUITY DISTRIBUTIONS BEGINNING DURING MEMBER'S LIFE

The following rules must be met to comply with the requirements of the Code and this regulation for RMD Annuities that begin during the Member's lifetime.

A. Single Life RMD Annuity

An RMD Annuity that begins no later than the Required Beginning Date and is paid for the Member's lifetime only, with no benefits paid to any other person, meets the requirements of the Code and this regulation.

B. Joint and Survivor RMD Annuity - Death of Member After Benefits Begin

If Member dies after RMD Annuity payments have commenced to the Member, then distributions must continue to be made over the remaining period over which distributions commenced in accordance with the schedule of payments made to the Member. Reasonable delay for administration may occur, but in this case payments that should have been made in accordance with the original payment schedule must be made with the first resumed payment.

C. Joint and Survivor RMD Annuity With Spouse as the Sole Beneficiary

An RMD Annuity that begins no later than the Required Beginning Date and is paid for the Member's lifetime and the lifetime of the Member's surviving Spouse, with no benefits paid to any other person, meets the requirements of the Code and this regulation regardless of the difference in age of the Member and the Member's Spouse.

D. Joint and Survivor RMD Annuity When the Sole Beneficiary Is Not the Member's Spouse

1. Limit on Percentage of Member's RMD Annuity Paid to Non-Spouse Beneficiary

The survivor annuity percentage of an RMD Annuity that begins no later than the Required Beginning Date and is paid for the Member's lifetime and the lifetime of a beneficiary other than the Member's surviving Spouse must not at any time exceed the applicable percentage of the RMD Annuity payment during the Member's lifetime, using the table set forth in Treasury regulation section 1.401(a)(9)-6, Q&A-2(c)(2), as determined in the manner described in Q&A-2(c)(1). This Treasury Regulation requires that the RMD Annuity payable to the Member's beneficiary after the Member's death not exceed the percentage of the RMD Annuity payable to the Member during the Member's life specified in the table if the adjusted age difference between the Member and the beneficiary is more than 10 years.

2. Rule Regarding Children of Member

Under a good faith interpretation of the Code and Treasury regulations section 1.401(a)(9)-6, Q&A-2(b), and taking into account the vested rights in retirement benefits created by the California Constitution, if a survivor benefit is payable to a surviving child of the Member for a limited period of time (such as until the child reaches the age of 22), the survivor benefit shall be treated as payable solely to the surviving Spouse of the Member.

3. Rule Regarding Other Beneficiaries

Solely to the extent required by section 401(a)(9) of Title 26 of the United States Code and under a good faith interpretation of the Code and Treasury regulations section 1.401(a)(9)-6, Q&A-2(c) and taking into account the vested rights in retirement benefits created by the California Constitution, if a survivor benefit is payable to a person other than a surviving Spouse of the Member (or surviving child under paragraph 2 of this subsection D), then the present value (if any) of any benefit that would be in excess of the amount that can be paid in accordance with such regulation shall be paid to such person in a lump sum payment no later than one year after such person becomes entitled to survivor benefits.

E. Period Certain RMD Annuity

1. Spouse is the Sole Beneficiary

If the Member's sole beneficiary is the Member's surviving Spouse, and the form of distribution is a period certain with no life annuity, the period certain may not exceed the joint life and last survivor expectancy of the Member and Spouse as determined in accordance with the Joint and Last Survivor Table set forth in section 1.401(a)(9)–9, Q&A-3, of the Treasury Regulations, using the Member's and Spouse's ages as of the Member's and Spouse's birthdays in the calendar year that contains the Annuity Starting Date.

2. Spouse is Not the Sole Beneficiary

When the Member's surviving Spouse is not the sole beneficiary then the period certain may not exceed the period established under the Uniform Lifetime Table in Q&A-2 of Treasury regulations section 1.401(a)(9)-9 for the calendar year that contains the Annuity Starting Date. If the Member is younger than age 70 in that year, then the distribution period for the Member is the distribution period for age 70 increased by the difference between 70 and the age of the Member in the year of the Annuity Starting Date. Also see below regarding Designated Beneficiaries.

3. Rule Regarding Children of Member

Under a good faith interpretation of the Code and Treasury regulations section 1.401(a)(9)-6, Q&A-2(b), and taking into account the vested rights in retirement benefits created by the California Constitution, the period certain distribution rules shall not apply to survivor benefits payable to children of the Member but the rules of section III.D above shall apply.

4. Rule Regarding Other Beneficiaries

Under a good faith interpretation of the Code and Treasury regulations section 1.401(a)(9)-6, Q&A-2(b), and taking into account the vested rights in retirement benefits created by the California Constitution, if a period certain survivor benefit is payable to a person other than a surviving Spouse of the Member, then the present value (if any) of any benefit that would be in excess of the amount that can be paid in accordance with such regulation shall be paid to such person in a lump sum payment no later than one year after such person becomes entitled to a survivor benefit.

SECTION IV. DISTRIBUTIONS WHEN MEMBER DIES BEFORE BENEFITS BEGIN

If a Member dies before distributions begin, distributions after the death of the Member must meet the following requirements:

A. When Distributions Must Begin

1. Spouse is the Sole Designated Beneficiary

If the Member's sole Designated Beneficiary is the Member's surviving Spouse, then, except as provided in paragraph 5 of this subsection A, distributions to the surviving Spouse must begin by December 31 of the calendar year immediately following the calendar year in which the Member died or, if later, by December 31 of the calendar year in which the Member would have reached age 70 1/2.

2. Spouse is not the Sole Designated Beneficiary

If the Member's sole Designated Beneficiary is not the Member's surviving Spouse, then, except as provided in paragraph 5 of this subsection A, distributions to the Designated Beneficiary must begin by December 31 of the calendar year immediately following the calendar year in which the Member died.

3. No Designated Beneficiary

If there is no Designated Beneficiary as of September 30 of the year following the year of the Member's death, then distributions of the Member's entire interest must be completed by December 31 of the calendar year that contains the fifth anniversary of the Member's death.

4. Death of Surviving Spouse Who Is the Sole Designated Beneficiary

If the Member's surviving Spouse is the Member's sole Designated Beneficiary and the surviving Spouse dies after the Member but before distributions to the surviving Spouse are required to begin, then this section IV.A, other than section IV.A.1 applies as if the surviving Spouse were the Member.

5. Election of Five Year Rule

A Designated Beneficiary may elect, at the time and in the manner determined by the System, to have the five year rule of section IV.A.3 apply, but solely to the extent that the Designated Beneficiary may elect, under the CERL, a benefit which will be paid in the required time period.

B. When Distributions Are Considered to Begin

For purposes of this Section IV, unless Section IV.A.4 applies, distributions are considered to begin on the Member's Required Beginning Date. If Section IV.A.4 applies, distributions are considered to begin on the date distributions are required to begin to the surviving Spouse under Section IV.A.1. If distributions under an RMD Annuity meeting the requirements of this regulation commence to the Member before the Member's Required Beginning Date (or to the Member's surviving Spouse before the date distributions are required to begin to the surviving Spouse under Section IV.A.1), the date distributions are considered to begin is the date distributions actually commence.

C. Length of Distribution Period

1. Member Is Survived by a Designated Beneficiary

a. General Rule

If the Member is survived by a Designated Beneficiary, the Member's entire interest in the System shall be distributed over the life of the Designated Beneficiary or over a period certain that does not exceed the period specified in C.1.b

b. Period Certain

The period certain in C.1.a may not exceed the Designated Beneficiary's life expectancy determined using the Single Life Table in Treasury regulations section 1.401(a)(9)-9, Q&A-1. If the Annuity Starting Date is in the first Distribution Calendar Year, the life expectancy shall be determined using the Designated Beneficiary's age as of the beneficiary's birthday in the calendar year immediately following the calendar year of the Member's death. If the Annuity Starting Date is before the first Distribution Calendar Year, then the life expectancy is determined using the Designated Beneficiary's age in the calendar year that contains the Annuity Starting Date.

2. No Designated Beneficiary

If there is no Designated Beneficiary as of the September 30 of the year following the year of the Member's death, distribution of the Member's entire interest must be completed by December 31 of the calendar year containing the fifth anniversary of the Member's death.

3. Death of Surviving Spouse Before Distributions To Spouse Begin

If the Member's surviving Spouse is the Member's sole Designated Beneficiary, and the surviving Spouse dies before distributions to the surviving Spouse begin, this Section IV.C shall apply as if the surviving Spouse were the Member, except that the time that distributions are required to begin is determined without regard to Section IV.A.1.

SECTION V. SPECIAL RULES

A. RMD Annuity Payment Increases

RMD Annuity payments will either not increase over time or increase only as follows:

1. Cost of Living Adjustments

a. Annual COLA Increases

RMD Annuity payments may increase by an annual percentage that does not exceed the percentage increase in an eligible cost-of-living index, as defined in Q&A-14(b) of section 1.401(a)(9)-6 of the Treasury regulations, for a 12-month period ending in the year during which the increase occurs or a prior year.

b. Cumulative COLA Increases

RMD Annuity payments may increase by a percentage increase that occurs at specified times and does not exceed the cumulative total of annual percentage increases in an eligible cost-of-living index, as defined in the preceding paragraph since the Annuity Starting Date, or if later, the date of the most recent percentage increase.

c. Additional COLA Increases

Under a good faith interpretation of the Code and Treasury regulations section 1.401(a)(9)-6, Q&A-2(b) and taking into account the vested rights in retirement benefits created by the California Constitution, RMD Annuity payments may increase by a percentage or amount that is determined by the System, in accordance with the CERL, to represent an appropriate amount to take account of cost of living increases affecting retirees or beneficiaries.

2. "Pop-Up's"

RMD Annuity Payments may increase to the extent of the reduction in the amount of the Member's payments to provide for a survivor benefit, but only if there is no longer a survivor benefit because the beneficiary whose life was being used to determine the distribution period dies or is no longer the Member's beneficiary pursuant to a domestic relations order under applicable state law.

3. Single Sum Distribution

RMD Annuity Payments may increase to the extent necessary to allow a beneficiary to convert the survivor portion of a joint and survivor annuity into a single sum distribution upon the Member's death or under a good faith interpretation of the Code and Treasury regulations section 1.401(a)(9)-6, Q&A-14(a)(5) and taking into account the vested rights in retirement benefits created by the California Constitution, to allow a beneficiary to select a lump sum distribution of all or part of the Member's interest under the Association as provided in the CERL.

4. Plan Amendment

Benefits may increase if they result from an amendment to, or interpretation of, the CERL, the California Government Code or any other applicable law

governing benefits for Members or from an ordinance, resolution or regulation pursuant to such law.

5. Other Benefits

Benefits may increase (i) to the extent increases are permitted in accordance with paragraph (c) or (d) of Q&A-14 of section 1.401(a)(9)-6 of the Treasury regulations dealing with additional permitted increases for annuity payments under annuity contracts purchased from an insurance company and additional permitted increases for annuity payments from a qualified trust; (ii) pursuant to Article 5.5 of the CERL dealing with the Supplemental Retiree Benefit Reserve; (iii) pursuant to Section 31691.1 of the CERL; and (iv) pursuant to sections 31681.1 et. seq., and 31739 et. seq. of the CERL.

B. Additional Accruals After First Distribution Calendar Year

Any additional benefits accruing to the Member in a calendar year after the first Distribution Calendar Year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such benefit accrues.

C. Domestic Relations Orders

Under a good faith interpretation of the Code and Treasury regulations section 1.401(a)(9)-6, Q&A-2(b), and taking into account the vested rights in retirement benefits created by the California Constitution, if Article 8.4 of the CERL applies (relating to the establishment of separate accounts under domestic relations orders), then both the Member and the Member's former Spouse shall be deemed to be separate Members of the System for purposes of these regulations and section 401(a)(9) of the Code.

D. Reciprocal Member

Under a good faith interpretation of the Code and Treasury regulations section 1.401(a)(9)-6, Q&A-2(b), and taking into account the vested rights in retirement benefits created by the California Constitution, if a deferred Member is a current employee and a member of another retirement system with which the Association has reciprocity under California law, then for purposes of determining the Required Beginning Date under the Association the Member shall be treated as a current employee of the Association and as such, as if he or she had not retired, even if he or she has attained age 70½.

E. Public Safety Member Killed In Line of Duty

Under a good faith interpretation of the Code and Treasury regulations section 1.401(a)(9)-6, Q&A-2(b), and taking into account the vested rights in retirement benefits created by the California Constitution, any additional retirement benefits paid under CERL section 31787.5 to the surviving Spouse of a public safety Member killed in the line of duty shall not be limited by Code section 401(a)(9) because they shall be treated as incidental death benefits.

F. Rollovers

Amounts that are required minimum distributions cannot be rolled over to another qualified retirement plan or other tax-favored vehicle. The amount that cannot be rolled over shall be determined in accordance with Treasury regulations section 1.402(c)-2, Q&A-7.

G. Payments to Surviving Child Treated as Made to Surviving Spouse

Solely to the extent required by section 401(a)(9) of Title 26 of the United States Code and under a good faith interpretation of the Code and Treasury regulations section 1.401(a)(9)-6, Q&A-2(c) and taking into account the vested rights in retirement benefits created by the California Constitution, for purposes of Code section 401(a)(9) and these regulations, payments to a Member's surviving child in accordance with the requirements of Q&A-15 of section 1.401(a)(9)-6 of the Treasury regulations shall be treated as if such payments had been made to the Member's surviving Spouse to the extent the payments become payable to the surviving Spouse upon the child's attainment of the age of majority, as determined in accordance with Q&A-15 of section 1.401(a)(9)-6 of the Treasury regulations, or upon the occurrence of such other event specified in Q&A-15 of section 1.401(a)(9)-6 of the Treasury regulations, or as otherwise specified in IRS guidance under section 401(a)(9) of the Code.

SECTION VI DEFINITIONS

A. Annuity Starting Date

"Annuity Starting Date" means the first day of the first period for which a retirement benefit is payable as an RMD Annuity or, in the case of a retirement benefit not payable in the form of an RMD Annuity, the first day on which all events have occurred which entitle the Member to payment.

B. Designated Beneficiary

"Designated Beneficiary" means the individual who is designated by the Member (or the Member's surviving Spouse) as the beneficiary of the Member's interest under the Association and who is the designated beneficiary under section 401(a)(9) of the Code and section 1.401(a)(9)-4 of the Treasury regulations. Accordingly, entities other than individuals, such as the Member's estate or a trust, cannot be a Designated Beneficiary of a Member's interest in the Association. However, the individuals who are beneficiaries under a designated trust shall be treated as Designated Beneficiaries for purposes of determining the distribution period under this regulation and Code section 401(a)(9) if all of the applicable requirements of Treasury regulation section 1.401(a)(9)-4, Q&A-5(b) are met. If all of such applicable requirements are not met, then the distribution of the Member's entire interest must be completed by December 31 of the calendar year containing the fifth anniversary of the Member's death.

C. Distribution Calendar Year

“Distribution Calendar Year” means a calendar year for which a minimum distribution is required. For distributions beginning before the Member’s death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year which contains the Member’s Required Beginning Date. For distributions beginning after the Member’s death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin pursuant to Section IV.A of this regulation.

D. Required Beginning Date

“Required Beginning Date” means April 1 of the calendar year following the later of the calendar year in which the Member attains age 70½ or the calendar year in which the Member retires.

E. RMD Annuity

“RMD Annuity” means, for purposes of the required minimum distribution rules in section 401(a)(9) of the Code, a distribution form providing for periodic payments for a specified period of time. “RMD Annuity” for purposes of this regulation does **not** mean “annuity” as defined in the County Employee Retirement Law but instead means a retirement benefit that is payable by the Association.

F. Spouse

Effective June 26, 2013, consistent with Federal tax rules, the term “Spouse” means a person who is lawfully married under California law, including marriages recognized under California Family Code section 308 that were entered into in another jurisdiction (another state, the District of Columbia, a United States territory or a foreign jurisdiction) which also include marriages of same-sex individuals that were validly entered into in another jurisdiction whose laws authorize the marriage of two individuals of the same sex even if the married couple is domiciled in a jurisdiction that does not recognize the validity of same-sex marriage. In accordance with Federal tax rules, the term “Spouse” does not include individuals who have entered into a registered domestic partnership, civil union, or other similar formal relationship recognized under the law of another jurisdiction that is not denominated as a marriage under the laws of that state (whether opposite-sex or same-sex relationships).

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

REGULATIONS FOR IRC CODE § 401(a)(17) COMPENSATION LIMIT

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

REGULATIONS FOR IRC SECTION 401(a)(17) COMPENSATION LIMIT

SECTION I. PURPOSE AND SCOPE

In accordance with section 31525 and section 31671 of the California Government Code, the regulations set forth herein are effective as of [____], and reaffirm and clarify the existing practices of the Ventura County Employees' Retirement Association (the "Association") with respect to the limit on annual compensation under section 401(a)(17) of the Internal Revenue Code (the "Code"). For these regulations, the Code includes Treasury regulations issued under section 401(a)(17).

These regulations are intended to be in accordance with the Code and the applicable Treasury regulations. To the extent there is a conflict between these regulations and the Code and Treasury regulations, the applicable federal law will govern.

The Association may establish reasonable procedures for complying with the limit on annual compensation under section 401(a)(17) of the Code that it deems necessary or desirable to comply with applicable tax laws or for administrative purposes.

Terms defined in the County Employees' Retirement Law of 1937 (the "CERL") apply here unless otherwise stated.

SECTION II. LIMITATION ON ANNUAL COMPENSATION EARNABLE

A. In General

1. Annual Compensation Earnable Limit

The annual amount of compensation that is taken into account in determining all benefits provided by the Association to affected Members for any year, which is referred to in the CERL and in these Regulations as "Compensation Earnable", shall in no event be greater than the amount allowed by Code section 401(a)(17) adjusted in accordance with the Code for increases in the cost of living. This limit has been increased by cost of living adjustments to \$265,000 for 2015. This limit is called the Annual Compensation Earnable Limit in these regulations. (Certain Members may also be subject to the limitation on Compensation Earnable under Government Code Section 7522.10(c) and (d) which would produce a lower limit than the limit under section 401(a)(17) of the Code.)

2. Members Affected By the Annual Limit

a. Not Applicable to Pre-July 1, 1996 for Association Members

The Annual Compensation Earnable Limit does not apply to any individual who first became a Member of the Association prior to July 1, 1996.

b. Applies to New Members of the Association On and After July 1, 1996

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In accordance with Government Code section 31671, the Annual Compensation Earnable Limit shall apply to all individuals who first become Members of the Association on or after July 1, 1996.

c. Date First Becomes a Member

An individual first becomes a Member on the date that a Member first became a Member in the Association, regardless of whether the Member terminated and resumed participation in the Association at a later date.

B. Operational Rules, In General

This section applies to Members who are not grandfathered under section A,2,a.

1. Limited Compensation Earnable

All Compensation Earnable that would be taken into account for determining benefits provided by the Association without regard to these regulations is subject to the Annual Compensation Earnable Limit. Such Compensation Earnable is not limited to salary or to base salary.

2. Benefits Affected by the Limit

The Annual Compensation Earnable Limit applies to the determination of all benefits provided by the Association including pensions, annuities, retirement allowances, death benefits, disability benefits, refunds and withdrawals that are determined by member contributions (including such contributions that are or may have been in the past "picked up" by the employer) and earnings thereon.

3. Compensation Earnable from More Than One Employer

If Compensation Earnable from more than one employer that participates in the Association is taken into account in determining a Member's benefits, the Annual Compensation Earnable Limit shall apply separately to the Compensation Earnable from each employer. For example, if the Compensation Earnable Limit is \$265,000 for the year and the Member has Compensation Earnable of \$200,000 from one participating employer and \$100,000 from another participating employer, the unreduced total Compensation Earnable from each employer may be taken into account. The Annual Compensation Earnable Limit does not apply to the aggregate of Compensation Earnable earned from all employers that participate in the Association.

4. Proration for Short Plan Year

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If a plan year consists of fewer than 12 months, the Annual Compensation Earnable Limit is an amount equal to the otherwise applicable Annual Compensation Earnable Limit multiplied by a fraction, the numerator of which is the number of months in the short plan year, and the denominator of which is 12. No proration is required for participation of less than a full plan year.

5. Reciprocity and New Membership in the Association

An individual who becomes a Member of the Association on or after July 1, 1996, and who has reciprocity with another public sector retirement plan nevertheless is a new Member of the Association. Membership before July 1, 1996 in another retirement plan with which the Association has reciprocity does not create pre-July 1, 1996 Association membership for purposes of the Annual Compensation Earnable Limit.

6. Reciprocity and Prior Membership In the Association

A person who was a grandfathered Member of the Association prior to July 1, 1996 under section A,2,a, who terminated employment with an employer that participated in the Association, remains a Member of the Association prior to July 1, 1996. Therefore, if the Member established reciprocity between another public sector retirement plan and the Association, any higher Compensation Earnable that is earned under the other plan shall be taken into account by the Association in accordance with the rules of reciprocity and that Compensation Earnable shall not be limited by the Annual Compensation Earnable Limit.

7. Relationship Between Section 415 Limit and Compensation Earnable Limit

The limits of Code section 415 and Code section 401(a)(17) are separate and independent. Each limit is operated according to its own rules and applies separately. Therefore, the Annual Compensation Earnable Limit may apply to a Member and the Code section 415 limit may not apply. Similarly, the Code section 415 limit may apply to a Member and the Annual Compensation Earnable Limit may not apply. Also, both of these limits may apply to the same Member.

8. Clarification Concerning Member Contributions

Because Member contributions are the basis for benefits provided by the Association, Member contributions shall not be made by taking into account Compensation Earnable in excess of the Annual Compensation Earnable Limit. To the extent the provisions of the California Public Employees' Pension Reform Act of 2013 ("PEPRA"), including Government Code Section 7522.10(h) include greater limitations on the manner in which Member contributions may be calculated, such limits shall apply to the calculation of Member contributions.

9. General Plan Year Rule for Determining the Limit

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If Compensation Earnable for any prior plan year is taken into account in determining a Member's benefits for the current plan year, the Compensation Earnable for such prior plan year is subject to the applicable Annual Compensation Earnable Limit in effect for that prior plan year. In addition, in determining benefits for plan years beginning on or after January 1, 2002, the Annual Compensation Earnable Limit in effect for plan years beginning before that date is \$200,000. Effective January 1, 2016, for purposes of this Regulation, "plan year" means the 12-month period corresponding to the calendar year.

SECTION III. PLAN YEAR AND COST OF LIVING ADJUSTMENTS

A. Annual Adjustment for Cost-of-Living Increases

The Annual Compensation Earnable Limit may be adjusted annually by the Internal Revenue Service for cost of living changes in accordance with the Code.

B. General Rule--Application of Limit to a Plan Year

In general, the Annual Compensation Earnable Limit is applied to the Compensation Earnable for the plan year on which accruals of benefits from the Association are based.

C. Plan Year Compensation Earnable

1. General Rule

To the extent that the Association determines Compensation Earnable for benefit accruals for a plan year based on Compensation Earnable for the plan year, then the Annual Compensation Earnable Limit that applies for that plan year is the limit in effect for the calendar year in which the plan year begins. Since, prior to January 1, 2016, the Association's plan year for this purpose corresponded to the fiscal year beginning on the first day of July, the Compensation Earnable used to determine all benefit accruals for each plan year prior to January 1, 2016, is limited to the Annual Compensation Earnable Limit in effect as of January 1 of the calendar year in which the plan year began. As part of the transition to use of the calendar year as the "plan year" for purposes of this regulation, for the period July 1, 2015 through December 31, 2015, as provided under Section II.B.4 above, the Annual Compensation Limit is an amount equal to \$265,000 multiplied by 6/12. For plan years beginning on or after January 1, 2016, the Annual Compensation Earnable Limit is the amount allowed by Code section 401(a)(17), adjusted in accordance with the Code for increases in the cost of living, for each calendar year, which for 2016 will be \$265,000.

2. Member Contributions

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Since, prior to January 1, 2016, the Association's plan year was the fiscal year beginning on the first day of July, Compensation Earnable used to determine Member contributions for each plan year prior to January 1, 2016, shall be limited to the Annual Compensation Earnable Limit in effect as of January 1 of the calendar year in which the plan year began. As part of the transition to use of the calendar year as the "plan year" for purposes of this regulation, for the period July 1, 2015 through December 31, 2015, as provided under Section II.B.4 above, the Annual Compensation Limit is an amount equal to \$265,000 multiplied by 6/12. For plan years beginning on or after January 1, 2016, Compensation Earnable used to determine Member contributions for each plan year shall be limited to the Annual Compensation Earnable Limit in effect as of January 1 of the calendar year.

D. Examples

1. Example - Retirement Allowance

The retirement allowance provided by the Association for certain Members is based on the highest 12 consecutive months of Compensation Earnable ending within the plan year. The Annual Compensation Earnable Limit was \$255,000 for the 2013 calendar year, \$260,000 for the 2014 calendar year and \$132,500 for the short plan year beginning July 1, 2015 and ending December 31, 2015, and will be \$265,000 for the 2016 calendar year. A Member retires in May, 2016. The Member's highest 12 consecutive months of Compensation Earnable is for the period May 1, 2015 through April 30, 2016. The Annual Compensation Earnable used for determining this Member's benefits is limited to \$260,000, because this is the limit in effect for the 2014 calendar year that applied to the July 1, 2014 to June 30, 2015 plan year in which the 12-consecutive month period began.

For some Members of the Association, including Members subject to the requirements enacted under the Public Employees' Pension Reform Act of 2013 ("PEPRA"), the retirement allowance provided by the Association is based on the highest 36 consecutive months of Compensation Earnable ending within the plan year. The Annual Compensation Earnable Limit was \$250,000 for the 2012 calendar year, \$255,000 for the 2013 calendar year, \$260,000 for the 2014 calendar year and \$132,500 for the short plan year beginning July 1, 2015 and ending December 31, 2015 (the prorated \$265,000 limit for the 2015 calendar year), and will be \$265,000 for the 2016 calendar year. A Member retires in May 2016. The Member has \$300,000 per year (\$25,000 per month) of Compensation Earnable during the Member's highest 36 consecutive months of Compensation Earnable for the period May 1, 2013 through April 30, 2016. The Association may not base the Member's benefits for 2016 on annual Compensation Earnable in excess of \$255,000, the average of the limits in effect for each of the three 12-consecutive month periods: the May 1, 2013 through April 30, 2014 period is capped at \$250,000, the 2012 limit; the May 1, 2014 through April 30, 2015 is capped at \$255,000,

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the 2013 limit; and the May 1, 2015 through April 30, 2016 is capped at \$260,000, the 2014 limit. The average of these capped amounts is the Annual Compensation Earnable Limit for determining benefits for the 2016 plan year for a member who retires in May, 2016 because that is the limit for the calendar years that applied to the plan years in which the member's average compensation earnable begins.

2. Example: Member Contributions

The refund or withdrawal benefits from Member contributions are accrued on an annual basis. The Annual Compensation Earnable Limit was \$255,000 for the 2013 calendar year; \$260,000 for the 2014 calendar year; \$132,500 for the short plan year beginning July 1, 2015 and ending December 31, 2015 (the prorated \$265,000 limit for the 2015 calendar year); ; and \$265,000 for the 2016 calendar year.

Since, prior to January 1, 2016, the Association's plan year for this purpose corresponded to the fiscal year, the Annual Compensation Earnable Limit was \$255,000 for the entire plan year beginning July 1, 2013 and ending June 30, 2014; \$260,000 for the entire plan year beginning July 1, 2014 and ending June 30, 2015; \$132,500 for the short plan year beginning July 1, 2015 and ending December 31, 2015; and \$265,000 for the plan year beginning January 1, 2016, and ending December 31, 2016. For plan years beginning on or after January 1, 2016, the Annual Compensation Earnable Limit is the amount allowed by Code section 401(a)(17), adjusted in accordance with the Code for increases in the cost of living, for each calendar year.

**VENTURA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION**

**REGULATIONS FOR
IRC CODE § 401(a)(31) & 402(c)
ROLLOVERS**

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

REGULATIONS FOR IRC SECTION 402(c) ROLLOVERS

SECTION I. PURPOSE AND SCOPE

In accordance with section 31485.15 and section 31525 of the California Government Code, the regulations set forth herein are effective as of [____], and reaffirm and clarify the existing practices of the Ventura County Employees' Retirement Association (the "Association") with respect to rollovers into and out of the Association in accordance with the Internal Revenue Code (the "Code"). For these regulations, Code includes the Treasury regulations issued under the Code.

These regulations are intended to be in accordance with the Code and the applicable Treasury regulations. To the extent there is a conflict between these regulations and the Code and Treasury regulations, the applicable federal law will govern.

The Association may establish any reasonable procedures for paying rollover distributions or accepting rollover contributions that it deems necessary or desirable for complying with applicable tax laws or for administrative purposes.

Terms defined in the County Employees' Retirement Law of 1937 (the "CERL") apply here unless otherwise stated.

SECTION II. ROLLOVER DISTRIBUTIONS FROM THE ASSOCIATION

A. Rollovers

1. Direct Rollover

A "Direct Rollover" is that portion of an Eligible Rollover Distribution that the Association pays directly to an Eligible Retirement Plan, and may also be referred to as a trustee-to-trustee transfer to an Eligible Retirement Plan, at the direction of an Eligible Individual.

2. Indirect Rollover

An "Indirect Rollover" is that portion of an Eligible Rollover Distribution that the Association pays directly to an Eligible Individual.

B. Eligible Individuals

1. Eligible Individual

Only an "Eligible Individual" may elect a Direct Rollover. An "Eligible Individual" is:

a. Terminated From Employment

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A Member who has terminated employment from the County (or other agency covered by the Association) and who is eligible to withdraw his or her accumulated Member contributions under the Association;

b. Surviving Spouse

A deceased Member's surviving Spouse;

c. Alternate Payee

A Member's or former Member's Spouse or former Spouse who is the alternate payee under a domestic relations order, as defined in Code section 414(p), with regard to the interest of the Spouse or former Spouse; and

d. Non-Spouse Beneficiary

A deceased Member's non-spouse beneficiary who is a "designated beneficiary" under Code section 401(a)(9)(E), subject to the non-spouse beneficiary provisions in Section II.G.

2. Spouse

Effective June 26, 2013, consistent with Federal tax rules, the term "Spouse" means a person who is lawfully married under California law, including marriages recognized under California Family Code section 308 that were entered into in another jurisdiction (another state, the District of Columbia, a United States territory or a foreign jurisdiction) which also include marriages of same-sex individuals that were validly entered into in another jurisdiction whose laws authorize the marriage of two individuals of the same sex even if the married couple is domiciled in a jurisdiction that does not recognize the validity of same-sex marriage. In accordance with Federal tax rules, the term "Spouse" does not include individuals who have entered into a registered domestic partnership, civil union, or other similar formal relationship recognized under the law of another jurisdiction that is not denominated as a marriage under the laws of that state (whether opposite-sex or same-sex relationships).

C. Payments that Can and Cannot be Rolled Over

1. Eligible Rollover Distribution Required

The Association will pay a Direct Rollover on behalf of an Eligible Individual only if the payment is an "Eligible Rollover Distribution."

2. Eligible Rollover Distribution Defined

An "Eligible Rollover Distribution" is any distribution to an Eligible Individual of all or any portion of the amount credited to the Eligible Individual under the Association. These amounts may include (a) refunds of Member contributions plus accumulated interest, or (b) one-time lump sum death benefit payments.

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3. After-Tax Portion

The portion of a distribution that consists of after-tax Member contributions may be rolled over if the after-tax funds are transferred in a direct trustee-to-trustee transfer to (a) a qualified trust or (b) an annuity contract described in Code Section 403(b). After-tax Member contributions may also be rolled over to an individual retirement account or annuity described in Code Section 408(a) or (b). The qualified trust or annuity contract must separately account for the transferred after-tax amounts, and must also separately account for the earnings on the after-tax amounts.

4. Exclusions From Eligible Rollover Distributions

An Eligible Rollover Distribution does not include the following kinds of payments:

a. Periodic Payments

Payments that are part of a series of substantially equal periodic payments (i) made at least once per year over the life (or life expectancy) of the Eligible Individual or the life (or life expectancy) of the Eligible Individual and his or her designated beneficiary, or (ii) made for a period of 10 years or more; or

b. Required Distributions

Payments that are "required minimum distributions" under Code Section 401(a)(9).

D. **Eligible Retirement Plans**

1. Payment to Eligible Retirement Plan

The Association will pay an Eligible Rollover Distribution directly to an "Eligible Retirement Plan."

2. Eligible Retirement Plan Defined

An "Eligible Retirement Plan" is:

- a. An annuity plan described in Code Section 403(a);
- b. An annuity contract described in Code Section 403(b);
- c. A governmental eligible deferred compensation plan described in Code Section 457(b) that agrees to separately account for amounts transferred into such plan from the System;
- d. An individual retirement annuity described in Code Section 408(a);
- e. An individual retirement account described in Code Section 408(b);

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- f. A Roth IRA described in Code Section 408A; or
- g. A qualified trust described in Code section 401(a) (including defined benefit pension plans and defined contribution plans such as 401(k) plans, profit sharing plans, and money purchase plans).

3. Certain Exclusions

An Eligible Retirement Plan does not include, and a rollover cannot be made to, a SIMPLE IRA or a Coverdell Education Savings Account.

E. **Direct Rollovers**

1. Withholding and Direct Rollovers

The Association will not withhold any federal or state income taxes from a Direct Rollover. The only exception is that the Association will withhold federal or state income taxes from a Direct Rollover to a Roth IRA if the Eligible Individual requests that withholding on a form and in the manner prescribed by the Association.

2. Administrative Requirements, In General

An Eligible Individual who requests a Direct Rollover must complete a distribution form in the manner and form that the Association prescribes. The Association may require the Eligible Individual to provide any reasonable information and/or documentation for purposes of administering the Direct Rollover in accordance with the Code.

3. Rollover Check

The Eligible Individual must provide the Association with the name of the Eligible Retirement Plan to which the rollover check will be made payable for his or her benefit. If the Eligible Individual so chooses, the Association will provide this rollover check directly to the Eligible Individual who will be responsible for delivering the check to the recipient IRA or plan.

4. Eligible Individual's Responsibility Re Recipient Plan

The Eligible Individual is responsible for ensuring that any Eligible Retirement Plan that he or she has designated to receive the Eligible Individual's distribution from the Association in a Direct Rollover is an Eligible Retirement Plan that will accept and receive the rollover on his or her behalf in accordance with the applicable tax rules.

5. Time of Payment

The Association will pay a Direct Rollover on behalf of an Eligible Individual as soon as is reasonably and administratively practicable in accordance with its withdrawal and/or death benefit payment processes.

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F. Indirect Rollovers

1. Choice of Indirect Rollover

An Eligible Individual, other than a non-spouse beneficiary, may also choose to receive a rollover payment as an Indirect Rollover.

2. Indirect Rollover Withholding

An Indirect Rollover is subject to 20% federal income tax withholding and any applicable state withholding. The Association will withhold and deduct these taxes on behalf of the Eligible Individual as prescribed by federal and applicable state law.

3. Eligible Individual's Responsibility Re Recipient Plan

It is the responsibility of the Eligible Individual to roll over all or some portion of his or her Indirect Rollover payment to an IRA or eligible employer plan within 60 days if he or she wants the payment to qualify as a rollover for tax purposes. If an Eligible Individual wants to roll over 100% of the payment, the Eligible Individual must replace the 20% that was withheld for federal income taxes (and any applicable state withholding) with other money.

G. Direct Rollover of a Non-Spousal Distribution

1. Trustee-To-Trustee Transfer Required

A rollover on behalf of a non-spouse beneficiary must be a direct or trustee-to-trustee transfer and may not be paid in the form of an Indirect Rollover.

2. Non-Spouse Beneficiaries Who May Rollover and Rollover to Inherited IRA Only

A non-spouse beneficiary who is a "designated beneficiary" under Code Section 401(a)(9)(E) may roll over all or any portion of the non-spouse beneficiary's Eligible Rollover Distribution to an IRA that is established by the non-spouse beneficiary for purposes of receiving the distribution and that is treated as an "inherited IRA" under the Code. The IRA must be established in a manner that identifies it as an IRA with respect to a deceased individual and it must identify the deceased individual and the beneficiary (for example, "Tom Smith as beneficiary of John Smith").

3. Trust as Beneficiary

If the non-spouse beneficiary is a trust, the Association may make a Direct Rollover to an IRA on behalf of the trust, provided the beneficiaries of the trust satisfy the requirements to be designated beneficiaries within the meaning of Code Section 401(a)(9)(E). The IRA on behalf of the trust must be established in a manner that identifies it as an IRA with respect to a deceased

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individual and it must identify the deceased individual and the trust beneficiary (for example, "The Smith Family Trust as beneficiary of John Smith").

H. Notice Requirements

1. 402(f) Notice From the Association

The Association will provide the tax notice required under Code Section 402(f) to each Eligible Individual who requests a withdrawal from the Association.

2. Time Periods

The Association will not process any withdrawals from the Association until 30 days after the date such notice is received by the Eligible Individual requesting the withdrawal. If, however, the Eligible Individual waives this 30-day period on a form and in the manner prescribed by the Association, the Association may process the withdrawal before the 30-day period expires.

SECTION III. ROLLOVER CONTRIBUTIONS TO THE ASSOCIATION

Adoption of regulations providing for the acceptance of certain rollover contributions as determined below does not create any continuing entitlement for Eligible Members to make rollover contributions to the Association in the future and the right to make rollover contributions to the Association may be amended or terminated at any time and for any reason.

If the Association has determined to permit any rollover contributions, the Association will permit Eligible Members to make a rollover contribution to the Association subject to the limitations and conditions described in this Section III.

A. General Rules

1. Eligible Member

An "Eligible Member" is (1) an active Member of the Association, or (2) a Member of the Association that has elected a deferred retirement.

2. Rollovers Allowed

The Association will permit an Eligible Member to make a rollover contribution to the Association for (a) a purchase of service credit (to the extent a purchase of service credit is not prohibited under the California Public Employees' Pension Reform Act of 2013 ("PEPRA"), or (b) a redeposit of previously withdrawn funds plus accumulated interest.

3. Separate Accounting

The Association will separately account for all rollover contributions.

4. Certification to the Association By Member

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Only eligible rollover distributions as defined by Code Section 402(c)(4) can be contributed to the Association. In addition to any requirements under subsections B, C, and D below, each Eligible Member making a rollover contribution to the Association must certify in writing the source of the rollover funds and that the rollover contribution is an eligible rollover distribution under the Code. The Association will not accept rollovers of any after-tax contributions or amounts attributable to designated Roth contributions, amounts that represent minimum required distributions, or any rollover that is an indirect rollover.

5. Elections and Association Discretion

An Eligible Member must make an election to purchase service credit or redeposit previously withdrawn contributions with a rollover contribution in the manner and form that is prescribed by the Association. The Association has final discretionary authority to determine whether any required information or documentation is satisfactory, whether a purchase of service credit would be prohibited under PEPRA, and whether the Association will accept an Eligible Member's rollover contribution.

6. Correction of Errors

If the Association accepts a rollover contribution that it later determines was not eligible to be rolled over to the Association, the Association will distribute, as soon as administratively possible, the amount of the rollover contribution back to the Eligible Member, plus accumulated interest.

B. Rollovers from Qualified Plans

1. Acceptance of Rollover

The Association may accept a rollover from another plan that is qualified under Code Section 401(a) and exempt from tax under Code Section 501(a).

2. Required Due Diligence Procedure

The Association must take reasonable steps to confirm the sending plan's tax-qualified status and that the rollover contribution is valid. The Association may rely on IRS guidance such as that provided in Revenue Ruling 2014-9 and any successor guidance with respect to simplified due diligence processes that may be allowed by the Internal Revenue Service.

a. Eligible Member Certification

The Eligible Member must provide the following additional information to the Association:

(i) A statement signed under penalty of perjury by the Eligible Member certifying that the rollover contribution is from a Code section 401(a) qualified plan, contains no after-tax or designated Roth contributions or earnings, or

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any amounts representing a required minimum distribution under Code section 401(a)(9); or

(ii) A signed certification from the transferring plan's administrator that the rollover contribution contains no after-tax or designated Roth contributions or earnings, nor any amounts representing a required minimum distribution under Code section 401(a)(9). .

If an Eligible Member does not provide such evidence, the Association will not accept the rollover.

b. Association Verification of Payment Source

The Association must take reasonable steps to verify that the payment source (on the incoming check or wire transfer) is the former 401(a) plan of the Eligible Member as represented by the Eligible Member on his or her request to make a rollover.

c. Association Verification That the Plan is a Tax-Qualified Plan

The Association must take reasonable steps to verify that the rollover will be from a tax-qualified plan which can include the following or any other methods allowed in guidance issued by the Internal Revenue Service.

(i) The Association may look up the transferring plan's latest Form 5500 filing, if any, in the Department of Labor's EFAST2 database for assurance that the plan is intended to be a qualified plan. The Association will check the entry on the line for characteristics indicating that the plan is intended to be a qualified plan (e.g. examining line 8a on the current Form 5500 or line 9a on Form 5500-SF). If Code 3C is not entered on these lines, the Association may reasonably conclude that the plan is qualified, unless the Association has any direct evidence to the contrary.

(ii) If the qualified plan is not required to file Form 5500 or Form 5500-SF, then the Eligible Member must provide one of the following to the Association demonstrating that the source of the rollover contribution is a qualified plan: (a) a copy of the plan's most recent favorable determination letter from the Internal Revenue Service stating that the plan is tax-qualified and a written certification from the plan's administrator that the plan continues to be tax-qualified, or (b) a written and signed certification from the plan's administrator that the source of the eligible rollover distribution is a qualified plan under Code Section 401(a).

C. Rollovers from an IRA

1. Acceptance of Rollover

The Association may accept a rollover from an individual retirement account or annuity (IRA) described in Code Section 408(a) or Code Section 408(b).

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2. Required Due Diligence Procedure

The Association must take reasonable steps to confirm the IRA's status and that the rollover contribution is valid. The Association may rely on IRS guidance such as that provided in Revenue Ruling 2014-9 and any successor guidance with respect to simplified due diligence processes that may be allowed by the Internal Revenue Service.

a. Eligible Member Certification

The Eligible Member must provide the following additional information to the Association:

(i) A statement signed under penalty of perjury by the Eligible Member certifying that the rollover contribution is from his or her IRA and contains no after-tax or designated Roth contributions or earnings, nor any amounts representing a required minimum distribution under Code section 401(a)(9) or ; or

(ii) If the Eligible Member cannot certify, with respect to the after-tax or designated Roth contributions, a signed certification from an accountant or tax advisor or the IRA trustee/custodian providing the amount of pre-tax contributions and after-tax or designated Roth contributions in the IRA .

The Association will only accept a rollover contribution from the IRA in the amount of the pre-tax contributions and earnings. If an Eligible Member does not provide such evidence, the Association will not accept the rollover.

b. Association Verification of Payment Source

The Association must take reasonable steps to verify that the payment source (on the incoming check or wire transfer) is the IRA of the Eligible Member as represented by the Eligible Member on his or her request to make a rollover.

D. Rollovers from Other Plans: 457(b) and 403(b)

1. Acceptance of Rollover

The Association may accept rollover contributions from an eligible plan under Code section 457(b) that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state (a "governmental 457(b) plan"), and an annuity contract described in Code section 403(b).

2. Required Due Diligence Procedure

The Association must take reasonable steps to confirm the sending plan's status as an eligible 457(b) plan or an eligible Code section 403(b) annuity or custodial account and that the rollover contribution is valid. The Association may rely on IRS guidance such as that provided in Revenue Ruling 2014-9 and any

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successor guidance with respect to simplified due diligence processes that may be allowed by the Internal Revenue Service.

a. Eligible Member Certification

The Eligible Member must provide the following additional information to the Association:

(i) A statement signed under penalty of perjury by the Eligible Member certifying that the rollover contribution is from an eligible 457(b) or 403(b) plan and contains no after-tax or designated Roth contributions or earnings; or

(ii) A signed certification from the transferring plan's administrator that the rollover contribution contains no after-tax or designated Roth contributions or earnings.

If an Eligible Member does not provide such evidence, the Association will not accept the rollover.

b. Association Verification of Payment Source

The Association must take steps to verify that the payment source (on the incoming check or wire transfer) is the former eligible 457(b) or 403(b) plan of the Eligible Member as represented by the Eligible Member on his or her request to make a rollover.

c. Association Verification That the Plan is an Eligible Plan

The Association must take reasonable steps to verify that the rollover will be from an eligible 457(b) plan or 403(b) plan which can include the following or any other methods allowed in guidance issued by the Internal Revenue Service.

(i) The Association may look up the transferring plan's latest Form 5500 filing, if any, in the Department of Labor's EFAST2 database for assurance that the plan is intended to be a qualified plan. The System will check the entry on the line for characteristics indicating the plan is intended to be an eligible 457(b) or 403(b) plan (e.g., examining line 8a on the current Form 5500 or line 9a on Form 5500-SF). If Code 3C is not entered on these lines, the System may reasonably conclude that the plan is an eligible plan, unless the System has any direct evidence to the contrary.

(ii) If the 457(b) or 403(b) plan is not required to file Form 5500 or Form 5500-SF, then the Eligible Member must provide one of the following to the Association demonstrating that the source of the rollover contribution is an eligible governmental 457(b) plan or a Code section 403(b) plan: (a) a copy of the transferring plan's most recent private letter ruling from the Internal Revenue Service stating that the transferring plan qualifies as an eligible governmental 457(b) plan or a Code section 403(b) plan, as applicable, and a signed certification from the transferring plan's administrator that the transferring plan continues to be so qualified, or (b) a signed certification from

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the transferring plan's administrator that the rollover distribution source is an eligible governmental 457(b) plan or a Code section 403(b) plan, as applicable.

If the above verification cannot be made, the Association will not accept the rollover.

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REGULATIONS FOR

IRC CODE § 415

ANNUAL LIMITS

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

REGULATIONS FOR IRC SECTION 415(b)

LIMITS ON ANNUAL BENEFITS

SECTION I. PURPOSE AND SCOPE

In accordance with section 31525 and section 31899 et. seq. of the California Government Code, the regulations set forth herein are effective as of [____], and reaffirm and clarify the existing practices of the Ventura County Employees' Retirement Association (the "Association") with respect to the limits on benefits under section 415(b) of the Internal Revenue Code (the "Code"). For these regulations, the Code includes Treasury regulations issued under section 415(b). To the extent there is a conflict between these regulations and the Code, the Code governs.

The Association may establish reasonable procedures for complying with the limits on benefits under section 415(b) of the Code that it deems necessary or advisable for complying with applicable tax laws or for administrative purposes.

Capitalized terms used in this Regulation are defined in Section VII. Terms defined in the County Employees' Retirement Law of 1937 (the "CERL") apply here unless otherwise stated.

SECTION II. ANNUAL BENEFIT LIMIT

A. Annual Benefit Limit, In General

1. Annual Limit

Unless the alternative limit described in subsection E of this Section applies, the Annual Benefit payable to a Member under the Association at any time shall not exceed \$210,000 (for 2014) or such other dollar limit specified under section 415(b)(1)(A) of the Code), automatically adjusted under §415(d) of the Code, effective January 1 of each year, as provided by the Internal Revenue Service

2. Maximum Payment

If the benefit the Member would otherwise be paid in a Limitation Year would be in excess of the limit in A.1, the benefit shall be limited to a benefit that does not exceed the limit.

3. COLA Adjustment

In the case of a Member who has had a severance from employment with the Employer, the Annual Benefit Limit applicable to the Member in any Limitation Year beginning after the date of severance shall be automatically adjusted under § 415(d) of the Code.

4. Multiple Annuity Starting Dates

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- a. For a Member who has or will have distributions commencing at more than one Annuity Starting Date, the Annual Benefit shall be determined as of each such Annuity Starting Date (and shall satisfy the limitations of these regulations as of each such date), actuarially adjusting for past and future distributions of benefits commencing at the other Annuity Starting Dates.
- b. For this purpose, the determination of whether a new starting date has occurred shall be made in accordance with section 1.415(b)-1(b)(1)(iii)(B) and (C) of the Treasury regulations.

5. Actuarial Adjustment For Forms Of Benefit

Except as provided in paragraph 6 of this Section II.A, if the Member's benefit is payable in a form other than a Straight Life Annuity, then solely for purposes of applying the limits of Code section 415 and of this regulation, the actuarially equivalent Straight Life Annuity shall be determined in accordance with paragraph a or b below, whichever is applicable.

- a. Annuities. If the Member's benefit is payable in the form of a non-decreasing life annuity or other form of benefit described in Treasury regulation section 1.417(e)-1(d)(6) (e.g., other than a lump sum, installments, a decreasing annuity or a term certain), then the actuarially equivalent Straight Life Annuity is equal to the greater of:
 - i. The Straight Life Annuity (if any) payable to the Member under the Association commencing at the same annuity starting date as the form of benefit payable to the Member, or
 - ii. The annual amount of the Straight Life Annuity commencing at the same annuity starting date that has the same actuarial present value as the form of benefit payable to the Member computed using:
 - A. The Applicable Mortality Table; and
 - B. A 5% interest assumption.
- b. Lump sums, installments, etc. If the Member's benefit is payable in the form of a lump sum, installments, a decreasing annuity, term certain or other form of benefit not described in Treasury regulations section 1.417(e)-1(d)(6), then the Straight Life Annuity that is actuarially equivalent to the Member's form of benefit is equal to the greatest of:
 - i. The annual amount of the Straight Life Annuity commencing at the same annuity starting date that has the

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same actuarial present value as the form of benefit payable to the Member computed using the interest rate and the mortality table specified in the Plan for adjusting benefits in the same form;

- ii. The annual amount of the Straight Life Annuity commencing at the same annuity starting date that has the same actuarial present value as the form of benefit payable to the Member computed using a 5.5 percent interest rate and the Applicable Mortality Table; or
- iii. The annual amount of the Straight Life Annuity commencing at the same annuity starting date that has the same actuarial present value as the form of benefit payable to the Member computed using the Applicable Interest Rate and the Applicable Mortality Table divided by 1.05.

6. No Actuarial Adjustment (Or Limitation) Required For Certain Benefits.

In determining the Annual Benefit, no actuarial adjustment to the benefit shall be made for the following benefits or benefit forms:

- a. Qualified joint and survivor annuity. Survivor benefits payable to a surviving Spouse under a joint and survivor annuity that would qualify as a qualified joint and survivor annuity defined in section 417(b) of the Code. If benefits are paid partly in the form of a qualified joint and survivor annuity and partly in some other form (such as a single sum distribution), the rule of this paragraph applies only to the survivor annuity payments under the portion of the benefit that is paid in the form of a qualified joint and survivor annuity.
- b. Benefits that are not "retirement benefits". Benefits that are not directly related to retirement benefits (such as pre-retirement qualified disability benefits, preretirement incidental death benefits, and postretirement medical benefits). Additionally, these benefits shall not be subject to the Annual Benefit Limit.
- c. Certain automatic benefit increases. Benefits that meet the following requirements: (i) the Association provides for automatic periodic increases such as a form of benefit that automatically increases the benefit paid according to a specified percentage or objective index (but not a benefit that is increased on an ad hoc basis or a basis that is separately determined by action of the Association's Board of Retirement or the County's Board of Supervisors) and (ii) the form of benefit complies with Code section 415(b) without regard to the automatic benefit increase.

In no event shall the amount payable to the Member under the form of benefit in any Limitation Year be greater than the Annual

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Benefit Limit applicable at the Annuity Starting Date increased by the amounts provided in Code section 415(d). Also if the form of benefit without regard to the automatic benefit increase is not a Straight Life Annuity, then the Annual Benefit at the Annuity Starting Date is determined by converting the form of benefit to an actuarially equivalent Straight Life Annuity, as provided in section II.B.1 of this regulation.

7. Rules for Determining Annual Benefit.

- a. Social Security Supplements, Etc. The determination of the Annual Benefit shall take into account social security supplements described in § 411(a)(9) of the Code and benefits transferred from another defined benefit plan, other than transfers of distributable benefits pursuant § 1.411(d)-4, Q&A-3(c), of the Treasury regulations.
- b. Member Contributions. The determination of the Annual Benefit shall disregard benefits attributable to Member contributions or rollover contributions. Benefits attributable to Member contributions do not include any benefits that are made on a pre-tax basis such as pickups under Code section 414(h)(2) or such as Member contributions that are actually paid by the Member's employer.
- c. Rollovers. The amount of any benefits attributable to Member contributions and to rollover contributions shall be determined in accordance with Code section 415.
- d. Voluntary Contributions. Member contributions that are defined as "voluntary" contributions under Code section 415 (such as certain contribution under California Government Code section 31627) are not subject to the limits of this regulation but are subject to the limits of Code section 415(c) concerning defined contribution plans.

B. Reduction for Less Than 10 Years of Participation

1. Reduction

If the Member has less than 10 Years of Participation in the Association, the Annual Benefit Limit shall be multiplied by a fraction -- (i) the numerator of which is the number of years (or part thereof, but not less than one year) of participation in the Association, and (ii) the denominator of which is 10.

2. Counting Years of Participation

The Member is credited with a Year of Participation (computed to fractional parts of a year) for each accrual computation period for which the following conditions are met: (i) the Member is credited with at least the number of hours of service or period of service for benefit accrual purposes, required

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under the terms of the Association in order to accrue a benefit for the accrual computation period, and (ii) the Member is included as a Member under the eligibility provisions of the Association for at least one day of the accrual computation period. If these two conditions are met, the portion of a Year of Participation credited to the Member shall equal the portion of a year of benefit accrual service credited to the Member for such accrual computation period. A Member who is permanently and totally disabled within the meaning of § 415(c)(3)(C)(i) of the Code for an accrual computation period shall receive a Year of Participation with respect to that period. In no event shall more than one Year of Participation be credited for any 12-month period. For example, if under the Association, a Member receives 1/10 of a year of benefit accrual service for an accrual computation period for each 200 hours of service, and the Member is credited with 1,000 hours of service for the period, the Member is credited with 1/2 year of participation for purposes of this subsection.

3. Disability and Death Benefits

The reduction described in paragraph 1 of this subsection shall not apply to disability benefits or death benefits as provided in the Code.

C. Reduction for Commencement Before Age 62 For Certain Members

1. No Reduction For Certain Safety Members

The adjustment described in this subsection shall not apply if the Member's benefit is based on at least 15 years as a full-time employee of any police or fire department of an Employer that maintains the Association or as a member of the armed forces of the United States. Such police or fire department must be organized to provide police protection, firefighting services or emergency medical services for any area within the jurisdiction of such Employer.

2. Reduction For Benefits Commencing Before Age 62

If the Member's benefits commence before the Member attains age 62, the Annual Benefit Limit is equal to the lesser of:

- a. The Annual Benefit Limit reduced in accordance with Code section 415(b) to its actuarial equivalent using:
 - i. The Applicable Mortality Table; and
 - ii. A 5% interest rate; or
- b. The Annual Benefit Limit multiplied by the ratio of the immediately commencing Straight Life Annuity under the Association at the Member's Annuity Starting Date to the annual amount of the Straight Life Annuity under the Association commencing at age 62, both determined without applying the limitations of this regulation.

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3. Probability of Death

No adjustment will be made to the annual benefit limit to reflect the probability of death between the Annuity Starting Date and age 62 unless the Member's benefit is forfeited at death before the Annuity Starting Date.

4. Death and Disability

The adjustment described in paragraph 1 of this subsection shall not apply to disability benefits or death benefits.

D. Increase for Commencement After Age 65

1. Increase For Benefits Commencing After 65

If the Member's benefits commence after the Member attains age 65, the Annual Benefit Limit is equal to the lesser of:

- a. The Annual Benefit Limit increased in accordance with Code section 415(b) to its actuarial equivalent using:
 - i. The Applicable Mortality Table; and
 - ii. A 5% interest rate; or
- b. The Annual Benefit Limit multiplied by the ratio of the annual amount of the adjusted immediately commencing Straight Life Annuity under the Association at the Member's Annuity Starting Date to the annual amount of the adjusted immediately commencing Straight Life Annuity under the Association at age 65, both determined without applying the limitations of this regulation. For this purpose, the adjusted immediately commencing Straight Life Annuity under the Association at the Member's Annuity Starting Date is the annual amount of such annuity payable to the Member, computed disregarding the Member's accruals after age 65 but including actuarial adjustments even if those actuarial adjustments are used to offset accruals; and the adjusted immediately commencing Straight Life Annuity under the Association at age 65 is the annual amount of such annuity that would be payable under the Association to a hypothetical Member who is age 65 and has the same accrued benefit as the Member.

2. Probability of Death

No adjustment will be made to the Annual Benefit Limit to reflect the probability of death between age 65 and the Annuity Starting Date unless the Member's benefit is forfeited at death before the Annuity Starting Date.

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E. Minimum Benefit Permitted

The benefit otherwise accrued or payable to a Member under the Association is treated as not exceeding the Annual Benefit Limit if:

1. Minimum Benefit Limit Allowed

The sum of the retirement benefits payable under any form of benefit with respect to the Member for the Limitation Year or for any prior Limitation Year under the Association and all other defined benefit plans (without regard to whether a plan has been terminated) ever maintained by the Member's Employer does not exceed \$10,000 multiplied by a fraction – (i) the numerator of which is the Member's number of years (or part thereof, but not less than one year) of service (not to exceed 10) with the Member's Employer or an Affiliated Employer, and (ii) the denominator of which is 10; and

2. Condition

The Member has never participated in any qualified defined contribution plan maintained by the Member's Employer or an Affiliated Employer.

SECTION III. PARTICIPATION IN MULTIPLE DEFINED BENEFIT PLANS

A. Application of Limit to Aggregate Benefits

If the Member is, or has ever been, a participant in another qualified defined benefit plan (without regard to whether the plan has been terminated) maintained by the Member's Employer, the sum of the participant's Annual Benefits from all such plans may not exceed the Annual Benefit Limit.

B. Multiple Plan Benefit Limit Coordination

Where the Member's employer-provided benefits under all such defined benefit plans (determined as of the same age) would exceed the Annual Benefit Limit applicable at that age, the benefits accrued under all such other plans shall be reduced first in order to avoid exceeding the limit and shall be reduced under the Association only to the extent that the reduction under such other plans is insufficient to avoid exceeding the limit.

SECTION IV. MULTIPLE EMPLOYER PLAN

Employer-provided benefits for the Member attributable to all of the Employers participating in the Association are taken into account for purposes of applying the Annual Benefit Limit.

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SECTION V. GRANDFATHER RULES

A. Annual Benefit Limit Equals Accrued Benefit

Notwithstanding anything herein to the contrary, the Annual Benefit Limit with respect to a Qualified Member shall not be less than the accrued benefit of the Qualified Member under the Association determined without regard to any amendment made after October 14, 1987.

B. Qualified Participant

For purposes of this section, the term "Qualified Member" means a Member who first became a Member in the Association before January 1, 1990.

C. Election

By the enactment of Section 31899 et. seq. of the California Government Code, the "grandfather" election under Internal Revenue Code section 415(b)(10) was made for the Association and all retirement systems maintained under the CERL. has been made to have this Section apply.

SECTION VI. PURCHASE OF PERMISSIVE SERVICE CREDIT

A. General Rule

To the extent a Member is not prohibited by the California Public Employees' Pension Reform Act of 2013 ("PEPRA"), if a Member makes one or more contributions to the Association to purchase Permissive Service Credit under the Association, then the requirements of this regulation will be treated as met only if:

1. The requirements of this regulation are met, determined by treating the accrued benefit derived from all such contributions as an Annual Benefit for purposes of this regulation; or
2. The requirements of the Association's regulation governing the limits on annual additions applicable to defined contribution plans are met by treating all such contributions as annual additions.

B. Permissive Service Credit

1. Permissive Service Credit Defined

For purposes of this Section, "Permissive Service Credit" means credit:

- a. recognized by the Association for purposes of calculating a Member's benefit under the Association;
- b. which such Member has not received under the Association; and
- c. which the Member may receive only by making a voluntary additional contribution in an amount determined under the

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Association, which does not exceed the amount necessary to fund the benefit attributable to the service credit purchased.

Permissive Service Credit also includes service credit for periods for which there is no performance of service and, notwithstanding subparagraph b of this paragraph, may include service credited in order to provide an increased benefit for service credit which a Member is receiving under the Association, but only to the extent not prohibited by PEPRA.

2. Limitation on Nonqualified Service Credit

The Association will fail to satisfy the requirements of this regulation if

- a. More than 5 years of Nonqualified Service Credit is taken into account for purposes of this Section; or
- b. Any Nonqualified Service Credit is taken into account under this Section before the Member has at least 5 Years of Participation under the Association.

3. Nonqualified Service Credit

For purposes of paragraph 2 of this subsection, the term "Nonqualified Service Credit" means permissive service credit other than that allowed with respect to:

- a. Service (including parental, medical, sabbatical, and similar leave) as an employee of the government of the United States, an State or political subdivision thereof, or any agency or instrumentality of any of the foregoing (other than military service or service for credit which was obtained as a result of repayment described in subsection C of this Section);
- b. Service (including parental, medical, sabbatical, and similar leave) as an employee (other than as an employee described in subparagraph (a) of this paragraph) of an educational organization described in Code section 170(b)(1)(A)(ii) which is a public, private, or sectarian school which provides elementary or secondary education (through grade 12), or a comparable level of education, as determined under the applicable law of the jurisdiction in which the service was performed,
- c. Service as an employee of an association of employees who are described in subparagraph (a) of this paragraph; or
- d. military service (other than qualified military service under Code section 414(u)) recognized by the Association.

In the case of service described in subparagraphs a, b or c of this paragraph, such service will be nonqualified service if recognition of such

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service would cause a Member to receive a retirement benefit for the same period of service under more than one plan.

Even if any proposed service credit purchase meets the above requirements, to the extent such proposed service credit purchase is prohibited under the terms of PEPRA, the Association will not process such service credit purchase.

4. Trustee-to-Trustee Transfers

In the case of a trustee-to-trustee transfer to the Association to which Code section 403(b)(13)(A) or 457(e)(17)(A) applies, (without regard to whether the transfer is made from a plan that is maintained by the same Employer):

- a. the limitations of paragraph 2 of this subsection shall not apply in determining whether the transfer is for the purchase of Permissive Service Credit; and
- b. the distribution rules applicable under the Code to the Association shall apply to such amounts and any benefits attributable to such amounts.

C. Repayment of Cashouts

In the case of any repayment of contributions (including interest) to the Association with respect to an amount previously refunded upon a forfeiture of service credit under the Association or under another governmental plan maintained by a state or local government employer within the State of California, any such repayment shall not be taken into account for purposes of this regulation.

SECTION VII. DEFINITIONS

A. Annual Benefit

"Annual Benefit" means a benefit that is payable annually in the form of a Straight Life Annuity. Except as provided in Section II.A.5, where a benefit is payable in a form other than a Straight Life Annuity, the benefit shall be adjusted (solely for purposes of applying the limits of Code section 415 and of this regulation) pursuant to Section II.A.7 to an actuarially equivalent Straight Life Annuity that begins at the same time as such other form of benefit and is payable on the first day of each month.

B. Annual Benefit Limit

"Annual Benefit Limit" means the limit described in Section II.A.1 of this regulation.

C. Annuity

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"Annuity" for purposes of this regulation does not mean "annuity" as defined in the CERL but instead means a retirement benefit that is payable by the Association, as provided in section 415 of the Code.

D. Annuity Starting Date

"Annuity Starting Date" means the first day of the first period for which a retirement benefit is payable as an annuity or, in the case of a retirement benefit not payable in the form of an annuity, the first day on which all events have occurred which entitle the Member to payment under the Association.

E. Applicable Interest Rate

"Applicable Interest Rate" means the "applicable interest rate" defined in section 417(e)(3)(C) of the Code and shall be such rate of interest determined as of the third month preceding the stability period, which shall be the calendar year containing the Annuity Starting Date for the distribution and for which the Applicable Interest Rate shall remain constant.

F. Applicable Mortality Table

"Applicable Mortality Table" means the "applicable mortality table" defined in section 417(e)(3)(B) of the Code.

G. Employer

"Employer" means the participating County or other governmental employer that participates in the Association and employs the Member. The term "Employer" also includes any Affiliated Employer. Solely to the extent provided in the Code with respect to public agencies, the term "Affiliated Employer" means all members of a controlled group of an Employer.

H. Limitation Year

"Limitation Year" means the calendar year.

I. Spouse

Effective June 26, 2013, consistent with Federal tax rules, the term "Spouse" means a person who is lawfully married under California law, including marriages recognized under California Family Code section 308 that were entered into in another jurisdiction (another state, the District of Columbia, a United States territory or a foreign jurisdiction) which also include marriages of same-sex individuals that were validly entered into in another jurisdiction whose laws authorize the marriage of two individuals of the same sex even if the married couple is domiciled in a jurisdiction that does not recognize the validity of same-sex marriage. In accordance with Federal tax rules, the term "Spouse" does not include individuals who have entered into a registered domestic partnership, civil union, or other similar formal relationship recognized under the law of another jurisdiction that is not denominated as a marriage under the laws of that state (whether opposite-sex or same-sex relationships).

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J. Straight Life Annuity

“Straight Life Annuity” means an Annuity payable in equal installments for the life of the member and terminating on the Member’s death.

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REGULATIONS FOR IRC SECTION 415(c)

DEFINED CONTRIBUTION LIMITS

SECTION I. PURPOSE AND SCOPE

In accordance with section 31525 and section 31899 et. seq. of the California Government Code, the regulations set forth herein are effective as of [____], and reaffirm and clarify the existing practices of the Ventura County Employees' Retirement Association (the "Association") with respect to the limits on annual additions under section 415(c) of the Internal Revenue Code (the "Code"). For these regulations, the Code includes Treasury regulations issued under section 415(c). To the extent there is a conflict between these regulations and the Code, the Code governs.

The Association may establish reasonable procedures for complying with the limits on annual additions under section 415(c) of the Code that it deems necessary or advisable for complying with applicable tax laws or for administrative purposes.

Capitalized terms used in this Regulation are defined in Section III. Terms defined in the County Employees' Retirement Law of 1937 (the "CERL") apply here unless otherwise stated.

SECTION II. ANNUAL ADDITIONS LIMITATION

A. Annual Additions Limit, In General

Notwithstanding anything to the contrary contained in the Association, the total Annual Additions allocated to a Member's Account under the Association, when added to the Annual Additions allocated to the Member's accounts under all other Aggregated Plans maintained by the Employer or an Affiliate for any Limitation Year, shall not exceed the Maximum Permissible Amount; provided, however, that the limit described in III.G.2 shall not apply to an individual medical benefit account (as defined in section 415(l) of the Code).

SECTION III. DEFINITIONS

Solely for purposes of this regulation, the following definitions shall apply:

A. Account

"Account" means the separate Member account provided under the Association for benefits that are separate and apart from the retirement benefits (annuity and pension) otherwise provided under the CERL.

B. Affiliate

Solely to the extent provided in the Code with respect to public agencies, the term "Affiliate" means all members of a controlled group of an Employer.

C. Aggregated Plan

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"Aggregated Plan" means any defined contribution plan which is aggregated with the Association pursuant to Section III of this regulation.

D. Annual Additions

"Annual Additions" means the sum of the following amounts credited to a Member's Accounts under the Association and any Aggregated Plans for the Limitation Year:

1. Employer contributions allocated to the Member's Account that is separate and apart from any pension or annuity benefits provided under the CERL;
2. Employee contributions (after-tax), including mandatory contributions (as defined in section 411(c)(2)(C) of the Code and Treasury regulations issued thereunder), as well as voluntary employee contributions used to purchase permissive service credit (as defined in Code section 415(n)(3)), to the extent such service credit purchase is not prohibited under PEPRA and those amounts are treated as Annual Additions in the year contributed pursuant to Code section 415(n)(1).
3. Forfeitures;
4. Amounts allocated to the Member's individual medical account (within the meaning of section 415(l)(2) of the Code), which is part of a pension or annuity plan maintained by the Employer or Affiliate, except that such amounts are not included in Annual Additions for purposes of applying the 100% of compensation limit.

The term "Annual Additions" excludes:

1. Repayments of cash-outs as described in Code section 415(k)(3) (for example, to purchase restoration of an accrued benefit that was lost when employee contributions were previously cashed out) for the limitation year in which the restoration occurs;
2. Catch-up contributions made in accordance with Code section 414(v);
3. Restorative payment described in Treasury regulations section 1.415(c)-1(b)(2)(ii)(C);
4. Excess deferrals that are distributed in accordance with Treasury regulations section 1.402(g)-1(e)(2) or (3);
5. Rollover contributions (as described in Sections 401(a)(31), 402(c)(1), 403(a)(4), 403(b)(8), 408(d) and 457(e)(16) of the Code);
6. Loan repayments;
7. Employee contributions to a qualified cost-of-living arrangement described in Code section 415(k)(2)(B);

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8. Employee contributions picked up by the Employer under Code section 414(h)(2);
9. Make-up contributions attributable to a period of qualified military service, as defined in Code section 414(u), with respect to the year in which the contribution is made (but not with respect to the year to which the contribution relates); and
10. Employee contributions to purchase permissive service credit (as defined in Code section 415(n)(3)) to the extent such service credit purchase is allowed under PEPRA and the accrued benefit derived from all such contributions is treated as an annual benefit subject to the limits of Code section 415(b).

E. Employer

“Employer” means the participating County or other governmental employer that participates in the Association and employs the Member.

F. Limitation Year

“Limitation Year” means the calendar year.

G. Maximum Permissible Amount

“Maximum Permissible Amount” means the lesser of:

1. \$52,000 (for 2014), as adjusted for increases in the cost-of-living under section 415(d) of the Code; or
2. 100 percent of the Member’s Total Compensation for the Limitation Year.

H. Severance From Employment

“Severance From Employment” means the Member ceases to be an employee of the Employer. A Member does not have a Severance From Employment if, in connection with a change of employment, the Member’s new employer maintains the Association with respect to the Member.

I. Total Compensation

“Total Compensation” means all items of remuneration described in paragraph (1) and excludes all items of remuneration described in paragraph (2), below.

1. Items Included

Total Compensation includes all of the following items of remuneration for services:

- a. A Member’s wages, salaries, fees for professional services, and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in

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the course of employment with the Employer and any Affiliate to the extent that the amounts are includible in gross income (or to the extent that amounts would have been includible in gross income but for an election under Code section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b)). These amounts include, but are not limited to, bonuses, fringe benefits, and reimbursements, or other expense allowances under a non-accountable plan, as described in Treasury regulations section 1.62-2(c);

- b. Amounts described in Code section 104(a)(3), 105(a), or 105(h), but only to the extent that these amounts are includible in the gross income of the Member;
- c. Amounts paid or reimbursed by the Employer or an Affiliate for moving expenses incurred by a Member, but only to the extent that at the time of the payment it is reasonable to believe that these amounts are not deductible by the Member under Code section 217;
- d. The amount includible in the gross income of an Member upon making the election described in Code section 83(b);
- e. Amounts that are includible in the gross income of a Member under the rules of Code section 409A or Code section 457(f)(1)(A), or because the amounts are constructively received by the Member; and
- f. An amount that is excludable under Code section 106 that is not available to a Member in cash in lieu of group health coverage because the Member is unable to certify that he or she has other health coverage; provided, however, that the Employer does not request or collect information regarding the Member's other health coverage as part of the enrollment process for the health plan.

2. Items Excluded

The following items are excluded from Total Compensation:

- a. Employer contributions (other than elective contributions described in Code section 402(e)(3), 408(k)(6), 408(p)(2)(A)(i), or 457(b)) to a deferred compensation plan (including a simplified employee pension described in Code section 408(k) or a simple retirement account described in Code section 408(p), and whether or not qualified) to the extent such contributions are not includable in the Member's gross income for the taxable year in which contributed, and any distributions (whether or not includible in gross income when distributed) from a deferred compensation plan (whether or not qualified) other than amounts received during the year by a Member pursuant to a nonqualified unfunded

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deferred compensation plan to the extent includible in gross income;

- b. Other amounts that receive special tax benefits, such as premiums for group term life insurance (but only to the extent that the premiums are excludible from the gross income of the Member, and are not salary reduction amounts that are described in Code section 125);
- c. Other items of remuneration that are similar to any of the items listed in a and b, above.

3. Timing

- a. In order to be taken into account for a Limitation Year, Total Compensation must be paid or made available (or, if earlier, includible in the gross income of the Member) during the Limitation Year. For this purpose, compensation is treated as paid on a date if it is actually paid on that date or it would have been paid on that date but for an election under Code section 125, 132(f)(4), 401(k), 403(b), 408(k), 408(p)(2)(A)(i), or 457(b)).
- b. In order to be taken into account for a Limitation Year, Total Compensation must be paid or treated as paid to the Member prior to the Member's Severance From Employment with the Employer; provided, however, that Total Compensation includes amounts paid to the Member by the later of 2½ months after Severance From Employment or the end of the Limitation Year if the amounts are regular compensation for services during the Member's regular working hours, compensation for services outside the Member's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar compensation that absent a Severance From Employment would have been paid to the Member while the Member continued in employment with the Employer.
- c. Total Compensation does not include amounts paid after Severance From Employment that are severance pay, unfunded nonqualified deferred compensation, or any other payment that is not described in the preceding paragraph, even if paid within 2½ months, except for:
 - i. Payments to an individual who does not currently perform services for the Employer by reason of Qualified Military Service to the extent that these payments do not exceed the amounts that the individual would have received if the individual had continued to perform services for the Employer rather than entering Qualified Military Service; and

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- ii. Payments to a Member who is permanently and totally disabled; provided, however that salary continuation applies to all Members who are permanently and totally disabled for a fixed or determinable period. For this purpose, a Member is permanently and totally disabled only if the Member is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted, or can be expected to last, for a continuous period of not less than 12 months.

4. Limit

A Member's Total Compensation shall not include compensation in excess of the limitation of Code section 401(a)(17) that is in effect for the calendar year in which such Limitation Year begins.

SECTION III. AGGREGATION WITH OTHER DEFINED CONTRIBUTION PLANS

All defined contribution plans (as defined in section 1.415(c)-1(a)(2) of the Treasury regulations and whether or not terminated) maintained by the Employer or an Affiliate shall be aggregated with the Association, and all plans so aggregated shall be considered as one plan in applying the limitations of this regulation.

SECTION IV. COORDINATION WITH OTHER DEFINED CONTRIBUTION PLANS

In the event that a Member participates in another defined contribution plan of the Employer or of an Affiliate that is a tax-qualified defined contribution plan, contributions or allocations that would otherwise be made on behalf of the Member to the Association shall be reduced to the extent necessary to avoid exceeding the limitations of this regulation when contributions are aggregated as described above.

SECTION V. CORRECTION

Any excess Annual Additions shall be corrected using the methods specified in guidance promulgated by the Secretary of the Treasury describing the procedures for correcting excess Annual Additions under the Employee Plans Compliance Resolution System ("EPCRS") or its successor.

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REGULATIONS FOR IRC CODE § 401(a) DISTRIBUTION RESTRICTIONS

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

REGULATIONS FOR IRC SECTION 401(a) RETURN TO WORK AND SEPARATION FROM SERVICE

SECTION I. PURPOSE AND SCOPE

In accordance with section 31485.15 and section 31525 of the California Government Code, the regulations set forth herein are effective as of [____], and reaffirm and clarify the existing practices of the Ventura County Employees' Retirement Association (the "Association") with respect to the return to work of retired Members and a bona fide separation from service prior to such return to work applicable for the Association in accordance with the Internal Revenue Code (the "Code"). For these regulations, Code includes the Treasury regulations issued under the Code.

These regulations are intended to be in accordance with the Code and the applicable Treasury regulations. To the extent there is a conflict between these regulations and the Code and Treasury regulations, the applicable federal law will govern.

The Association may establish any reasonable procedures dealing with the return to work of Members following retirement under the Association and the requirement for a bona fide separation of service that it deems necessary or desirable for complying with applicable tax laws or for administrative purposes.

Terms defined in the County Employees' Retirement Law of 1937 (the "CERL") apply here unless otherwise stated.

SECTION II. RETURN TO WORK AND BONA FIDE SEPARATION FROM SERVICE

For purposes of employment with the County or a participating employer under the Association after retirement for service, a Member who has not attained Normal Retirement Age (as established by the Association) shall have a bona fide separation from service to the extent required by section 401(a) of Title 26 of the United States Code. A bona fide separation from service is defined as follows:

1. The Member has not entered into any predetermined agreement (either written or unwritten) with the County or a participating employer under the Association prior to retirement to return to work after retirement, regardless of the length of the separation.
2. Prior to entering into an agreement to return or returning to employment with the County or a participating employer under the Association while retired, the Member must have a separation from service of at least the greater of (a) any required separation from service prior to return to work required under the terms of the California Public Employees' Pension Reform Act of 2013 or (b) a [30- or 60-] day separation from service.

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3. The Member may be employed by the County or a participating employer under the Association prior to the time in sections 1 and 2 for emergency situations as defined in Government Code section 8558 and under the PEPRA return to work restrictions.
4. The Member must acknowledge in writing to VCERA at the time of retirement that the Member has been informed of the requirements set forth in this regulation imposing limitations on post-retirement employment and that no prearrangement to be reemployed while retired exists. The Member must also agree that, if any of the provisions of this regulation regarding bona fide separation from service are violated as determined by the Board of Retirement, the Member's retirement allowance shall be suspended immediately and shall not be reinstated until the Member has a bona fide separation from service or reaches Normal Retirement Age as established by the Association, whichever occurs first.

**VENTURA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION**

CODE § 401(a)(36)

NORMAL RETIREMENT AGE

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REGULATIONS FOR IRC SECTION 401(a)

NORMAL RETIREMENT AGE

SECTION I. PURPOSE AND SCOPE

In accordance with section 31485.15 and section 31525 of the California Government Code, the regulations set forth herein are effective as of [___], and reaffirm and clarify the existing practices of the Ventura County Employees' Retirement Association (the "Association") with respect to the normal retirement age applicable for the Association in accordance with the Internal Revenue Code (the "Code"). For these regulations, Code includes the Treasury regulations issued under the Code.

These regulations are intended to be in accordance with the Code and the applicable Treasury regulations. To the extent there is a conflict between these regulations and the Code and Treasury regulations, the applicable federal law will govern.

The Association may establish any reasonable procedures for determining and applying the normal retirement age requirements that it deems necessary or desirable for complying with applicable tax laws or for administrative purposes.

Terms defined in the County Employees' Retirement Law of 1937 (the "CERL") apply here unless otherwise stated.

SECTION II. NORMAL RETIREMENT AGE

1. Normal Retirement Age for general members is age 62 years, or if later, the date at which a Member vests in his or her right to receive a monthly retirement allowance from the Association. In accordance with the CERL, normal retirement age is not later than age 70 years.
2. Normal Retirement Age for safety members is age 50 years, or if later, the date at which a Member vests in his or her right to receive a monthly retirement allowance from the Association. In accordance with the CERL, normal retirement age is not later than age 70 years.
3. The normal retirement age for general Members is based on safe harbor provisions in Treasury Regulation Section 1.401(a)-1(b)(2)(ii). The normal retirement age for safety Members is based on safe harbor provisions in Treasury Regulation Section 1.401(a)-1(b)(2)(v) applicable to qualified public safety employees.
4. The Board of Retirement for the Association may periodically review and change the Normal Retirement Age of its Members based on the criteria described in Section 3 above as deemed necessary by the Board, or to the extent required to

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comply with section 401(a) of Title 26 of the United States Code or for any other reasons determined by the Board. The normal retirement age determined herein does not create any "vested rights" under California or federal law including but not limited to the contracts clause of the California Constitution.

VCERA's Rolling Board Calendar

Meeting Date	Material Deadline	Meeting	Manager Presentations	Investment Performance Updates, Operational, Actuarial, Board Policy, Standing Items & Other Significant Items
1/4/2016	12/23/2015	Disability		Swearing in of Newly Elected Trustees PAS Monthly Report Confirm Committee Structures/Standing Items Annual Performance Evaluation: Retirement Administrator (Closed Session)
1/25/2016	1/15/2016	Business	None	Annual Actuarial Report 2nd Hearing: Review & Approve - Segal December Monthly Performance - NEPC CAFR Report: Review & Approve - Fiscal
2/1/2016	1/20/2016	Disability		PAS Monthly Report Quarterly PAS (VCERIS) Report - Linea
2/22/2016	2/12/2016	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
3/7/2016	2/24/2016	Disability		PAS Monthly Report
3/21/2016	3/14/2016	Business	Adams Street Pantheon HarbourVest	February Monthly Performance - NEPC SACRS Spring Conference Items - COB
4/4/2016	3/23/2016	Disability		PAS Monthly Report
4/18/2016	4/11/2016	Business	Sprucegrove State Street	March Monthly Performance - NEPC
5/2/2016	4/20/2016	Disability		PAS Monthly Report Quarterly PAS (VCERIS) Report - Linea Review Board of Retirement Charter Review of Charter: Board, Chair, Vice Chair, Retirement Administrator Review of Board Policy Development Process Policy Review of Monitoring and Reporting Policy Review of Service Provider Selection Policy
5/16/2016	3/9/2016	Business	Tortoise Bridgewater	Q1 Performance Report - NEPC April Monthly Performance - NEPC
6/6/2016	5/25/2016	Disability		Draft Business Plan - Staff PAS Monthly Report
6/20/2016	6/13/2016	Business	GMO 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
7/11/2016	6/29/2016	Disability		PAS Monthly Report Fiduciary Liability Insurance Report - Risk Man.
7/18/2016	7/11/2016	Business	Walter Scott Hexavest	June Monthly Performance - NEPC Quarterly PAS (VCERIS) Report - Linea (July or Sept) Approve & Finalize Retreat Agenda Topics - NEPC
9/12/2016	8/31/2016	Disability		
9/19/2016	9/12/2016	Business	Loomis Pimco	Q2 Performance Report - NEPC July & August Monthly Performance - NEPC FY 2016-17 Final Budget Adjustments - Fiscal Annual Proxy Voting Certification Report - NEPC
10/3/2016	9/21/2016	Disability		
TBD	TBD	Investment	Board Investment Retreat	TBD
10/17/2016	10/7/2016	Business	Reams Western	SACRS Fall Conference Items - COB September Monthly Performance - NEPC Annual Review of Application of Pay Codes for PEPR Pensionable Comp Conference Report: Nossaman Attendees
11/7/2016	10/26/2016	Disability		
11/21/2016	11/14/2016	Business	Blackrock	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
12/5/2016	11/23/2016	Disability		Appoint Chair and Vice Chair for 2017- Board
12/19/2016	12/12/2016	Business	None.	Actuarial Report: Receive & File - Segal November Monthly Performance - NEPC SACRS peer comparison report - NEPC

VCERA 2016 Due Diligence Calendar			
Service Provider	Location	Time Frame	Trustee(s)
Pantheon	San Francisco	February, 2016	
NEPC	Redwood City	February, 2016	
Nossaman	San Francisco	February, 2016	
BridgeWater	Westport, CT	May, 2016	
UBS	Hartford, CT	May, 2016	
Sprucegrove*	Toronto	August, 2016	Passports will be required
Hexavest*	Montreal	August, 2016	Passports will be required
Walter Scott*	Edinburgh,	August, 2016	Passports will be required
Adams Street	Chicago	Oct, 2016	
Parametric	Minneapolis	Oct, 2016	
* If international travel is approved			
			Ver. 11/16/2015

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>

November 16, 2015

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

SUBJECT: AUTHORIZATION TO APPROVE BILLING REQUEST FROM COUNTY COUNSEL REGARDING BOARD COUNSEL'S ATTENDANCE AT 2015 FALL SACRS CONFERENCE

Dear Board Members:

The Board's Education and Travel Policy authorizes staff attendance at SACRS, which historically has been subject to the Administrator's approval. Board Counsel's attendance at SACRS has always been considered as included within this authorization. The Policy does not, however, address the extent to which VCERA will be billed by County Counsel for the Board Counsel's time for attendance at the conference. The practice during the past several years has been for County Counsel to bill only for the actual session attendance time, and for the County Counsel to absorb the cost for the remaining time, such as travel time and the time in between sessions.

In accordance with County Counsel policy, Board Counsel submitted to the County Counsel a request to attend the Fall 2015 SACRS conference. The County Counsel has approved such request, but with the added condition that VCERA agree to be billed by the County Counsel for 32 hours of time, at the County Counsel's billing rate, for the four days of the conference. As the County Counsel's request extends beyond the authority in the Board's Policy and is a departure from past practice, staff seeks the Board's authorization to approve the County Counsel's billing request.

Based on the currently hourly rate of \$199, this cost would be \$6,368.

RECOMMENDATION: APPROVE COUNTY COUNSEL'S BILLING REQUEST IN THE AMOUNT OF \$6,368 TO ALLOW FOR BOARD COUNSEL'S ATTENDANCE AT THE 2015 FALL SACRS CONFERENCE.

Sincerely,



Linda Webb
Retirement Administrator

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>

November 6, 2015

Michael Powers
County Executive Officer
County of Ventura
800 South Victoria Avenue
Ventura, CA 93009

**SUBJECT: BOARD OF RETIREMENT RESOLUTION ON PEPRA PENSIONABLE
COMPENSATION: ADDENDA**

Dear Mr. Powers,

At its October 19, 2015 business meeting the Board of Retirement of the Ventura County Employees' Retirement Association ("Board") took action on individual pay codes pursuant to its November 2014 resolution interpreting "pensionable compensation" under Government Code section 7522.34. That action identified pay codes to be included in, and excluded from, "pensionable compensation" applicable to VCERA members who first join the retirement system (without reciprocity) on or after January 1, 2013. The Public Employees' Pension Reform Act of 2013 (PEPRA) describes these members as "new members" (PEPRA Members). The October 19 Board action does not impact the compensation earnable as defined by Government Code section 31461 that applies to VCERA members who are not PEPRA members.

The Board action specified which of the existing County pay codes are pensionable compensation, resulting in the following addenda to the Resolution, which are attached.

- **Addenda to Item Nos. 2(a) and (b) of the Pensionable Compensation Resolution, Effective January 1, 2013.** (These codes are deemed to be in the nature of "salary, including scheduled step increases" or FLSA, making their effective date retroactive to January 1, 2013, to coincide with PEPRA's effective date.)
- **Addenda to Item No. 3 of the Pensionable Compensation Resolution, Effective January 3, 2016.**

Any pay codes that are not specifically included in pensionable compensation as set forth in these addenda are currently excluded from pensionable compensation.

Corrective Action

One of the pay codes in "Addenda to Item Nos. 2(a) and (b) of the Pensionable Compensation Resolution, Effective January 1, 2013" is code ROS (Retro Overtime Safety). This code is currently being excluded in practice by the County, but qualifies as "overtime work . . . as defined in Section 207(k) of Title 29 of the United States Code" (FLSA), and thus is anticipated Government Code section 7522.34, subdivision (c)(8), of PEPRA to be included in pensionable compensation. Accordingly, for this code, employer and employee contributions are due retroactively to January 1, 2013 as to PEPRA members, if any, who received that pay.

There are 21 other pay codes (not included in either addenda, and thus not pensionable), that have been included by the County since PEPRA's effective date, but should not have been. To correct the past inclusion, employer and employee contributions, if any, remitted to VCERA on these 21 codes as to PEPRA members need to be refunded through payroll adjustments generated by the Auditor-Controller. The 22 codes are provided in a separate attachment for your reference.

VCERA welcomes collaboration with the County on coordinating these corrections.

Continuing Compliance and Cooperation

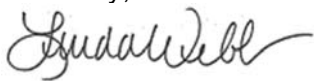
The VCERA Board views its responsibility to determine pensionable compensation as continuing. In this regard and as stated in the Resolution, the VCERA Board has reserved the right to change and update the inclusion/exclusion designation of payroll codes as new information becomes available in the future that may change VCERA's conclusion regarding their pensionability under PEPRA, as well as provide analysis for any new payroll codes as they are established.

We request that the County inform VCERA when new codes are created and/or implemented, indicating the effective date and providing any available documentation regarding the nature of the code to allow for analysis. Additionally, we request to be informed whenever existing codes move from active status to inactive, or vice versa, as well as when codes change in scope, definition or application, either formally or informally.

Earnings codes implemented after September 11, 2015, and comp rate codes implemented after August 1, 2015, must be brought to the Board on a case by case basis for action before they can be included as pensionable under the Resolution.

Please contact me or my staff with any questions regarding the Board's action and the provided addenda to the Board's Resolution.

Sincerely,



Linda Webb
Retirement Administrator

Attachments

CC: Board of Supervisors, County of Ventura
Board of Retirement, VCERA

**PAY CODES REQUIRING RETROACTIVE CORRECTIVE ACTION
PURSUANT TO VCERA BOARD OF RETIREMENT RESOLUTION
ON PENSIONABLE COMPENSATION**

EFFECTIVE JANUARY 1, 2013

CORRECTION OF CURRENT/PAST INCLUSION

EARNINGS CODE	EARNINGS CODE DESCRIPTION
NHB	4850 Non Tax Holiday RDO Bank
NHO	4850 Non Tax Holiday RDO-Shf
HDP	Holiday Day Off Paid SPOAVC
HDS	Sheriff Holiday on Reg Day Off
HWK	Holiday Worked 4&2_Sheriff 1.0
HWN	Holiday Worked 1.5 Non-FLSA
HWO	Holiday Worked 1.5x
PHO	PDP Holiday Worked 0.5
RHO	Retro Holiday Overtime 1.5x
RHW	Retro Holiday Pay 1.0x
RHX	Retro Holiday Worked 1.5x
CRT	Sheriff Court Time
CBN	Call Back Retirement CNA
CBR	Call Back CNA Retirement
CBS	Call Back Straight Time 1.0x
RCB	Retro Call Back Straight
CRJ	PP CNA Call Back Ret Adj
CSF	Call Back Straight Time FCW
XTR	One Time Payment
SPVDIF	Supervisory Differential
ATTSP	Attorney Supervisory Incentive

CORRECTION OF CURRENT/PAST EXCLUSION

EARNINGS CODE	EARNINGS CODE DESCRIPTION
ROS	Retro Overtime Safety

**SACRS Business Meeting Agenda
Friday, November 20, 2015
10:00 a.m.**

San Diego Marriott Marquis, San Diego CA

**SACRS Parliamentarian – Lance Kjelgaard
Sergeant at Arms – Derwin Brown, Los Angeles CERA**

1. County Roll Call

Art Goulet, SACRS Secretary

2. Secretary's Report – Receive and File

Art Goulet, SACRS Secretary (Art Goulet was not the Secretary at the May 2015 Conference, Zandra Cholmondeley was. Additionally, Art Goulet was not in attendance at the Business meeting therefore minutes submitted by staff.)

- May 2015 SACRS Business Meeting Minutes

3. Treasurer's Report – Receive and File

Dan McAllister, SACRS Treasurer

- SACRS financials fiscal 2014-2015 and July – August 2015

4. Board of Director's Report – No Action

Yves Chery, SACRS President

- Board of Directors Update
- Projects for 2015-2016

5. SACRS Strategic Consultant Report – No Action

Jim Lites, Strategic Consultant

- Projects for 2015-2016

6. SACRS Legislative Proposals 2016 – Action Item

Richard Stensrud, Legislative Committee Chair

Supported by SACRS Legislative Committee

1. SACRS BOD District Status Proposal
2. San Diego Electronic Signature Proposal

Not Supported by SACRS Legislative Committee

3. Merced Proposal

continued

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

- Schedule for the Spring 2016 Board of Directors Election

DEADLINE	DESCRIPTION
February 1, 2016	Nominating Committee receives nominations from SACRS membership
March 1, 2016	Nominating Committee submits its recommended ballot to each 1937 Act Board
March 23, 2016	Nominating Committee receives nominations from any 1937 Act Board
April 1, 2016	Nominating Committee submits final ballot to each 1937 Act Board – ballot consists of recommended ballot plus anybody else who is nominated but not recommended by the NC
May 13, 2016	Conduct elections during the SACRS Business Meeting (at end of the May 2016 conference)
May 13, 2016	Board of Directors take office for 1 year

8. SACRS Committee & Breakout Reports:

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

9. Adjournment

Next scheduled SACRS Association Business Meeting will be held Friday, May 13, 2016 at the Westin South Coast Plaza, Costa Mesa, CA.



SACRS

State Association of County Retirement Systems

*Staff * Trustees * Affiliates * Success*

A California Non Profit Corporation

1. County Roll Call
Art Goulet, SACRS Secretary

No printed materials for this item.

2. Secretary's Report – Receive and File

Art Goulet, SACRS Secretary (Art Goulet was not the Secretary at the May 2015 Conference, Zandra Cholmondeley was. Additionally, Art Goulet was not in attendance at the Business meeting therefore minutes submitted by staff.)

- May 2015 SACRS Business Meeting Minutes

SACRS Business Meeting Minutes
Friday, May 15, 2015
Anaheim Marriott, Anaheim, CA
Marquis Center Ballroom

SACRS Parliamentarian –Lance Kjelgaard
Sergeant at Arms – Derwin Brown, Los Angeles CERA

Board members present: John Kelly, Vice President; Zandra Cholmondeley, Secretary;
Dan McAllister, Treasurer

Absent: Yves Chery, President and Ray McCray, Past President

Meeting called to order at 10:08 a.m. by John Kelly, SACRS Vice President. Yves Chery, SACRS President was not in attendance at this time. Board of Directors directed John Kelly to preside over meeting.

1. SACRS System Roll Call

Zandra Cholmondeley, SACRS Secretary

Roll call: 20 Systems present

2. Secretary's Report

Zandra Cholmondeley, SACRS Secretary

- November 2014 SACRS Business Meeting Minutes – Receive and File

Motion: A motion to receive and file the November 2014 SACRS Business Meeting Minutes was submitted by Marin.

2nd: San Diego

Roll call vote

No: 0

Yes: 20

At this time Yves Chery, SACRS President, arrived and presided over meeting.

Discussion:

Mr. Chery announced 19 Systems present and Fresno CERA absent from the quorum.

Recorded vote by the Secretary changed: 19 – 0 – 1

Question from the floor from Debra Allen, Alameda CERA delegate, regarding roll call, Fresno CERA delegate in attendance and quorum of the voting delegates.

President did not recognize Mrs. Allen from the floor, instructed Secretary to record 19 Systems present and Fresno absent.

Continued

No: 0

Yes: 19

Absent: Fresno CERA (per President/Secretary)

Motion passed: 19 – 0 – 1

3. Treasurer's Report – Receive and File

Dan McAllister, SACRS Treasurer

A. July 2014 – March 2015

B. SACRS 2015-2016 Proposed Budget

Dan gave kudos to Sulema and team, handbook attention to detail, concepts of openness, transparency and full disclosure. Call attention to book page 70- with regard to financials as of March 31st, referring to balance sheet pages 71-73 reflecting budget versus actuals. Pages 74-75 budget for fiscal year 2015-2016 approved by BOD, presented today for adoption

Motion: A motion to receive and file the Treasurers report and approve the SACRS 2015-2016 budget was submitted by Los Angeles.

2nd: Sonoma

Discussion: Deanna McCormick, Ventura CERA had a question since Robert Palmer has departed, will he be replaced and how will those funds be used?

- Treasurer- not in a position to speak on behalf of the board right now but we are currently at least in the absence of Mr. Palmer, not sure what will be done in the months moving forward, but I'm sure that will be something on our agenda and considered.
- Ventura- Also, how much cash is in our reserves currently?
- Treasurer- Again these numbers reflect as of the end of March and we're looking at a significant amount of cash on hand and I also like to talk to the issue of investment policy opportunities outside of one bank depository.
- Ventura- How are we funding Berkeley?
- Treasurer- again I'm not in any position to know in terms of the admin side of it my hope is enough people will step forward to pay to attend for a great opportunity.
- Sulema- page 75, proposed budget under 2015-2016 in operational budget, funding come from dues, affiliates, revenue from conferences, line item created to reflect expenditure from General Revenue.
- Ventura - If it doesn't come up to par, will we have to use our reserves?
- Sulema Peterson- We won't have to use the reserves, because in the proposed budget, we do have an estimated \$72k income, if the program falls short then it simply reduces the amount of SACRS end of year revenue.

- **Treasurer-** I think we owe a large debt of gratitude for stepping up to help us to meet demands financially that has been established by our administrator today the move is to wean that dependency off SACRS general fund so that the program pays for itself.

SACRS Member Input: Chris Prevatt from Orange County asked Yves Chery, SACRS President to recognize Mr. Kelly

- Mr. Kelly - No comment
- Asked that roll be revisited so that Fresno could be recognized

Secretary called roll call: 17 Systems present, 3 absent

At this time Lance Kjelgaard, SACRS Parliamentarian, noted that if people are moving in and out of quorum, it's important to take roll.

- Larry Walker, San Bernardino County, reminded the president the terms in which a motion to call for quorum if the voting body is unsure of the quorum.
- Chris Prevatt, Orange County, asked for a call of the quorum.

2nd roll call under item 3: 20 Systems present

At this time the Secretary call roll for the motion on the floor

No: 0

Yes: 20

Absent: 0

Motion Passed: 20-0-0

4. SACRS Nomination Committee – 2015-2016 SACRS BOD Elections - Vote

At this time Yves Chery, SACRS President, asked Dan McAllister, SACRS Treasurer, to preside over this portion of the agenda.

- **Treasurer -** looking to the direction of the Parliamentarian. Asks that he come to the microphone and guide the board in accordance with the bylaws for elections.
- **Parliamentarian,** body needs to entertain a motion on agenda item from election-presenter of slates.
- **SACRS BOD 2015 – 2016 Slate of Candidates:**
As the representative of the Nomination Committee, Vivian Gray, Los Angeles, announced the list of candidates- Yves Chery - President, Gabe Rodriguez – Vice President, Dan McAllister - Treasurer, Art Goulet - Secretary
- Per SACRS article 6, sec 4- any county may submit a slate of candidates

San Joaquin & Sacramento proposed an alternate slate consisting of John Kelly, President; Gabe Rodrigues, Vice President; Dan McAllister, Treasurer and Art Goulet, Secretary

- Voting Delegate Larry Walker, San Bernardino - referred to bylaws, the word slate does not appear in the bylaws and the purpose of the nominating committee was to propose a recommended ballot & independent agencies have the right to propose candidates.

Motion: A motion to move voting by slate was submitted by Sacramento.

2nd: Marin

2nd Motion: A motion to conduct an election to choose either John Kelly or Yves Chery for SACRS President was submitted by San Bernardino.

2nd: Sacramento

3rd Motion: Move to motion a recess was submitted by San Diego.

2nd: Marin

With several motions on the floor, the Parliamentarian was asked to clarify the voting body's ability to call for a recess.

Parliamentarian explained that the first two motions would have to be withdrawn, and the standing motion would prevail as the motion on the floor.

Sacramento withdrew their motion as did San Bernardino.

At this time the voting body returned to the 3rd motion, a request for recess.

Roll call by Secretary

No: 9

Yes: 11

Absent: 0

Motion Passes 11-9-0

Recess for 3 minutes at 10:33 am – delegates to report back to meeting by 10:36 am.

Richard Stensrud, Sacramento, requested for a quorum call at the end of recess to begin the meeting.

Continued

Roll call by Secretary

Present: 20 Systems

Absent: 0

Quorum present

Motion: A motion to vote for the position of President only was submitted by San Bernardino. Voting Delegates to state either Yves Chery or John Kelly when casting their vote.

2nd: Sacramento

Yves Chery: Alameda, Imperial, Kern, Los Angeles, Marin, Merced, San Bernardino, San Diego, San Mateo, Santa Barbara, Ventura

John Kelly: Contra Costa, Fresno, Mendocino, Orange, Sacramento, San Joaquin, Sonoma, Stanislaus, Tulare

Absent: 0

Voice count: Yves Chery 11, John Kelly 9

Yves Chery elected as President for the term of 2015-2016.

2nd Motion: A motion to elect the remaining officers recommended on the final ballot for acclimation was submitted by San Bernardino.

2nd: San Diego

No: 0

Yes: 20

Absent: 0

Motion Passes 20-0-0

5. SACRS President Report- No action

6. SACRS Strategic Facilitator Report - Jim Lites

Assisting education committee with trustee handbook survey, response rate was low for trustee participation. Purpose of the survey is to gain understanding of how useful the handbook is. A trustee database is in the works, anyone who wants to participate may submit their information to Sulema Peterson to be included in the process.

7. SACRS Audit Report

Steve Delaney, SACRS Audit Committee Chair

SACRS- 2013-2014 audit report can be found on pg. 78-108. Highlight from the report is the title change of the CEO position. The position is technically an independent contractor, however the IRS needed clarification. IRS pointed out that a change in the name would allow them to identify the position as an independent contractor. Thus, the change from CEO to Strategic Facilitator. Report was taken to BOD and was accepted by them. For item 10, the audit will serve for the committee report as well.

Motion: A motion to receive and file the audit report was submitted by San Diego.

2nd: Los Angeles

No: 0

Yes: 20

Absent:

Motion Passes 20-0-0

8. SACRS Legislative Committee Update- No action

Richard Stensrud, SACRS Legislative Committee Chair

2015 legislative update: AB 992 committee bill, a technical correction to CERL that would remove any ambiguity that some people might feel exists regarding whether or not an individual who has taken a general service retirement with a disability retirement application pending, may upon granting change election option they made at the point of initial service retirement. Currently not a problem but it does represent some discrepancy and potential confusion, moved from Assembly to Senate.

This report shall also stand for the committee report under item 10.

9. SACRS Bylaws Committee Report

Vivian Gray, Bylaws Committee Chair

Vivian asked for the proposed bylaws changes be withdrawn and moved to next business meeting, due to inconsistencies in the documents distributed. Any suggestions for additional edits or comments to the proposed bylaws, should be submitted to BOD or the committee.

Chris Prevatt, Orange CERS, thanked Vivian Gray for considering the changes proposed, offered to assist committee by reviewing operations of other organization which could present an opportunity for more efficiencies and streamlined processes.

This report shall also stand for the committee report under item 10.

Motion: A motion to refer the proposed bylaw changes back to the Bylaws Committee was submitted by Tulare.

2nd: San Bernardino

No: 0

Yes: 20

Absent: 0

Motion Passes 20-2-0

Continued

10. SACRS Committee & Breakout Reports:

Committee	Breakout Reports
Audit – Steve Delaney, Chair See agenda item	Administrators – Greg Levin gave a report: Robust discussion with CEO about operational issues including staffing levels at various systems, IRS voluntary compliance issues, develop strategic plans, system independence, pension admin systems. No decision was made as to who will be leading the group in San Diego.
Bylaws – Vivian Gray, Chair See agenda item	Affiliate- Michael Bowman, Chair Discussed selection process and survey for Affiliate Committee.
Education – Christie Porter: 1- new trustee handbook, 2- session evaluation forms (125 to count) - resulting in excellent to good sessions and they were timely and relevant.	Attorneys – Bob Valer gave a report: Longer attorney breakout to be considered. Will work with Sulema Peterson on the logistics. Michael Herrera to lead the group in the Fall.
Legislative – Richard Stensrud, Chair See agenda item	Disability – No report
Nomination – Vivian Gray, Committee member presented in absence of the Chair Ray McCray. See agenda item	Internal Auditors – Harsh Jadhav gave a report on the auditor's breakout. It was the best and well attended breakout. CA state Treasurer discussed strategic cash management systems, best practices used by CALPERS, key considerations for forecasting model and lessons learned in putting a cash management strategy in place. Panel discussion held after retirement systems are review of key issues retirement systems are faced. Tried to represent several view points and both presentations were received well with significance audience participation.
Program – John Kelly, Chair Program well received; gaps in the process. GIPS-Governmental Investment Performance, delivering how it works is another challenge. Enjoyed coach and speakers that enhanced the conference.	Investment Officers – No report
	Operations & Benefits – Theodore King gave a report: Discussed felony forfeiture, and Leanne Malison will lead the next group in Fall.
	Safety Trustees – Tracy Towner- benefit issues with regards to those who lost their lives on the line, board independence whether SACRS should be involved in doing blanket legislation, potential attacks on defined benefit programs in 2016 and actions needed

	by local system members (actives & retirees) in CA. Local Retirement & association issues
	General Trustees –Good information but bad presentation and for future consideration to have a roundtable discussion and set up for a workshop exchange.

Comments from the floor prior to adjournment:

- SACRS Member input from the floor: Tracy Towner, Ventura, discussed concern over the election of officers. Recommended each of the participating counties to return to working together to continue making SACRS efficient.
- Yves, Chery, SACRS President, gave final comments of gratitude and determination to forge the organization further.

11. Adjournment

Motion: A motion to adjourn the meeting at 11:19 am was submitted by San Diego.

2nd: Orange

No: 0

Yes: 20

Absent: 0

Motion Passes 20-0-0

Next scheduled SACRS Business Meeting will be held Friday, November 20, 2015 at the San Diego Marriott Marquis & Marina, San Diego, CA.

Minutes respectfully submitted by:

Sulema H. Peterson, SACRS Administrator

Jim Lites, Strategic Consultant

3. Treasurer's Report – Receive and File

Dan McAllister, SACRS Treasurer

- SACRS financials fiscal 2014-2015 and July – August 2015

State Association of County Retirement Systems

Balance Sheet

As of June 30, 2015

	<u>Total</u>
ASSETS	
Current Assets	
Bank of Sacramento - CD FLEX #0899	\$ -
Bank of Sacramento - Checking	169,642.30
Bank of Sacramento - CD FLEX #0642	57,106.27
Bank of Sacramento - MMA #0719	-
Bank of America Interest Checking #4389	137,887.34
Total Bank Accounts	<u>\$ 364,635.91</u>
Other Current Assets	
CalTrust - Medium Term	\$ 1,105,990.34
CalTrust - MMA	754,445.39
Total Other Current Assets	<u>\$ 1,860,435.73</u>
TOTAL ASSETS	<u><u>\$ 2,225,071.64</u></u>
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	\$ -
Total Current Liabilities	<u>-</u>
Total Liabilities	<u>\$ -</u>
Equity	
Retained Earnings	\$ 1,739,033.25
Net Income	486,038.39
Total Equity	<u>\$ 2,225,071.64</u>
TOTAL LIABILITIES AND EQUITY	<u><u>\$ 2,225,071.64</u></u>

State Association of County Retirement Systems

Budget vs. Actuals

July 2014 - June 2015

	July 2014 - June 2015 Actual	July 2014 - June 2015 Budget	Over/Under July 2014 - June 2015 Budget	Percentage of Annual Budget Recognized	Annual Budget
Income					
Billable Expense Income	5,560.00		5,560.00		
Conference Registration	1,126,280.00	920,000.00	206,280.00	122.42%	920,000.00
Membership Dues - Affiliates	211,000.00	215,000.00	(4,000.00)	98.14%	215,000.00
Membership Dues - Non Profit	8,500.00	9,000.00	(500.00)	94.44%	9,000.00
Membership Dues - Systems	94,000.00	94,000.00	-	100.00%	94,000.00
Sales of Product Income	731.00	1,000.00	(269.00)	73.10%	1,000.00
UC Berkeley Registration	65,000.00	75,000.00	(10,000.00)	86.67%	75,000.00
UC Berkeley Sponsorships	65,500.00	65,000.00	500.00	100.77%	65,000.00
Total Income	\$ 1,576,571.00	\$ 1,379,000.00	\$ 197,571.00	114.33%	\$1,379,000.00
Gross Profit	\$ 1,576,571.00	\$ 1,379,000.00	\$ 197,571.00	114.33%	\$1,379,000.00
Expenses					
Administrative Fee (SLGS)	161,385.76	147,938.00	13,447.76	109.09%	147,938.00
Administrative Services	4,738.04	21,000.00	(16,261.96)	22.56%	21,000.00
Audio/Visual equipment	48,390.51	80,000.00	(31,609.49)	60.49%	80,000.00
Bank Charges/Credit Card Fees	57,269.66	40,000.00	17,269.66	143.17%	40,000.00
Berkeley & Symposium	195,696.65	190,000.00	5,696.65	103.00%	190,000.00
Credit Card Holding Account	-	-	-		
CEO	40,670.32	75,000.00	(34,329.68)	54.23%	75,000.00
CERL	25,254.54	75,000.00	(49,745.46)	33.67%	75,000.00
Commissions & Fees	23,293.05	5,000.00	18,293.05	465.86%	5,000.00
Consulting	30,412.50	31,672.00	(1,259.50)	96.02%	31,672.00
Dues & Subscriptions	3,637.26	445.00	3,192.26	817.36%	445.00

State Association of County Retirement Systems

Budget vs. Actuals

July 2014 - June 2015

	July 2014 - June 2015 Actual	July 2014 - June 2015 Budget	Over/Under July 2014 - June 2015 Budget	Percentage of Annual Budget Recognized	Annual Budget
Education	26,974.63	20,000.00	6,974.63	134.87%	20,000.00
Hotels	326,929.26	420,000.00	(93,070.74)	77.84%	420,000.00
Insurance	6,981.40	2,000.00	4,981.40	349.07%	2,000.00
Legal & Professional Fees	36,218.02	25,000.00	11,218.02	144.87%	25,000.00
Lobby	51,300.00	51,250.00	50.00	100.10%	51,250.00
Meals and Entertainment	1,481.07	85,000.00	(83,518.93)	1.74%	85,000.00
Office Expenses	239.26	1,950.00	(1,710.74)	12.27%	1,950.00
Postage	1,377.22	2,000.00	(622.78)	68.86%	2,000.00
Printing/Badges	2,331.47		2,331.47		
Program Material	17,448.25	32,000.00	(14,551.75)	54.53%	32,000.00
Speakers	18,768.54	50,000.00	(31,231.46)	37.54%	50,000.00
Stationery & Printing	1,754.65	1,200.00	554.65	146.22%	1,200.00
Supplies	81.48	1,500.00	(1,418.52)	5.43%	1,500.00
Taxes & Licenses	10.00	100.00	(90.00)	10.00%	100.00
Travel	11,576.69	20,000.00	(8,423.31)	57.88%	20,000.00
Total Expenses	\$ 1,094,220.23	\$ 1,378,055.00	\$ (283,834.77)	79.40%	\$1,378,055.00
Net Operating Income	\$ 482,350.77	\$ 945.00	\$ 481,405.77	51042.41%	\$ 945.00
Other Income					
Interest Earned	3,687.62	1,765.00	1,922.62		1,765.00
Total Other Income	\$ 3,687.62	\$ 1,765.00	\$ 1,922.62	0.00%	\$ 1,765.00

State Association of County Retirement Systems
Budget vs. Actuals
July 2014 - June 2015

	July 2014 - June 2015 Actual	July 2014 - June 2015 Budget	Over/Under July 2014 - June 2015 Budget	Percentage of Annual Budget Recognized	Annual Budget
Other Expenses					
Operation Reserve	-	2,710.00	(2,710.00)	0.00%	2,710.00
Total Other Expenses	\$ -	\$ 2,710.00	\$ (2,710.00)	0.00%	\$ 2,710.00
Net Other Income	\$ 3,687.62	\$ (945.00)	\$ 4,632.62	-390.22%	\$ (945.00)
Net Income	\$ 486,038.39	\$ -	\$ 486,038.39	50652.19%	\$ -

State Association of County Retirement Systems

Profit & Loss

June 2015

	<u>Total</u>
Income	
Billable Expense Income	0.00
Conference Registration	16,930.00
Membership Dues - Affiliates	1,000.00
Membership Dues - Non-Profit	-
Membership Dues-Systems	-
Sales of Product Income	50.00
UC Berkeley Registration	2,500.00
UC Berkeley Sponsorships	40,500.00
Total Income	<u>\$ 60,980.00</u>
Gross Profit	\$ 60,980.00
Expenses	
Administrative Fee (SLGS)	13,535.74
Administrative Services	720.00
Audio/Visual equipment	-
Bank Charges/Credit Card Fees	4,257.82
Berkeley & Symposium	6,968.40
BofA Credit Card Holding Account	-
CEO	3,500.00
CERL	16,155.65
Commissions & Fees	-
Consulting	2,500.00
Dues & Subscriptions	-
Education	18,839.86
Hotels	-
Insurance	-
Legal & Professional Fees	1,200.00
Lobby	4,275.00
Meals and Entertainment	-
Office Expense	-
Postage	383.18

State Association of County Retirement Systems
Profit & Loss
June 2015

	<u>Total</u>
Printing/Badges	-
Program Material	129.76
Speakers	3,056.49
Stationery & Printing	-
Supplies	19.05
Taxes & Licenses	-
Travel	953.61
Total Expenses	\$ 76,494.56
Net Operating Income	\$ (15,514.56)
Other Income	
Interest Earned	813.44
Total Other Income	\$ 813.44
Other Expenses	
Operation Reserve	-
Total Other Expenses	\$ -
Net Other Income	\$ 813.44
Net Income	\$ (14,701.12)

State Association of County Retirement Systems

Balance Sheet

As of August 31, 2015

	<u>Total</u>
ASSETS	
Current Assets	
Bank of Sacramento - Checking	237,341.54
Bank of Sacramento - CD FLEX #0642	57,116.28
Bank of Sacramento - MMA #0719	-
Bank of America Interest Checking #4389	60,972.44
Total Bank Accounts	<u>\$ 355,430.26</u>
Other Current Assets	
CalTrust - Medium Term	\$ 1,107,510.81
CalTrust - MMA	754,590.65
Total Other Current Assets	<u>\$ 1,862,101.46</u>
TOTAL ASSETS	<u><u>\$ 2,217,531.72</u></u>
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	\$ -
Total Current Liabilities	<u>-</u>
Total Liabilities	<u>\$ -</u>
Equity	
Retained Earnings	\$ 2,225,071.64
Net Income	(7,539.92)
Total Equity	<u>\$ 2,217,531.72</u>
TOTAL LIABILITIES AND EQUITY	<u><u>\$ 2,217,531.72</u></u>

State Association of County Retirement Systems

Budget vs. Actuals

July 2015 - August 2015

	July 2015 - August 2015 Actual	July 2015 - August 2015 Budget	Over/Under July 2015 - August 2015 Budget	Percentage of Annual Budget Recognized	Annual Budget
Income					
Conference Registration	38,710.00	170,000.00	(131,290.00)	3.80%	1,020,000.00
Membership Dues - Affiliates	165,000.00	35,832.00	129,168.00	76.74%	215,000.00
Membership Dues - Non Profit	11,250.00	1,416.00	9,834.00	132.35%	8,500.00
Membership Dues - Systems	86,000.00	15,666.00	70,334.00	91.49%	94,000.00
Sales of Product Income	525.00	82.00	443.00	105.00%	500.00
UC Berkeley Registration	45,000.00	12,500.00	32,500.00	60.00%	75,000.00
UC Berkeley Sponsorships	15,450.00	10,832.00	4,618.00	23.77%	65,000.00
Total Income	\$ 361,935.00	\$ 246,328.00	\$ 115,607.00	24.49%	\$1,478,000.00
Gross Profit	\$ 361,935.00	\$ 246,328.00	\$ 115,607.00	24.49%	\$1,478,000.00
Expenses					
Administrative Fee	27,071.48	25,396.00	1,675.48	17.77%	152,376.00
Administrative Services	12,860.00	3,500.00	9,360.00	61.24%	21,000.00
Audio/Visual equipment	30,979.60	14,166.00	16,813.60	36.45%	85,000.00
Awards	-	166.00	(166.00)	0.00%	1,000.00
Bank Charges/Credit Card Fees	1,159.71	7,500.00	(6,340.29)	2.58%	45,000.00
Berkeley & Symposium	5,188.47	31,666.00	(26,477.53)	2.73%	190,000.00
Credit Card Holding Account	993.36	-	993.36		
CERL	-	4,166.00	(4,166.00)	0.00%	25,000.00
Commissions & Fees	-	832.00	(832.00)	0.00%	5,000.00
Consulting	5,000.00	5,436.00	(436.00)	15.33%	32,622.00
Dues & Subscriptions	-	616.00	(616.00)	0.00%	3,700.00
Hotels	250,445.94	75,000.00	175,445.94	55.65%	450,000.00

State Association of County Retirement Systems
Budget vs. Actuals
July 2015 - August 2015

	July 2015 - August 2015 Actual	July 2015 - August 2015 Budget	Over/Under July 2015 - August 2015 Budget	Percentage of Annual Budget Recognized	Annual Budget
Insurance	1,750.00	1,250.00	500.00	23.33%	7,500.00
Legal & Professional Fees	-	4,166.00	(4,166.00)	0.00%	25,000.00
Lobby	8,550.00	8,796.00	(246.00)	16.20%	52,787.00
Magazine		4,166.00	(4,166.00)	0.00%	25,000.00
Meals and Entertainment	30.88	14,166.00	(14,135.12)	0.04%	85,000.00
Office Expenses	-	166.00	(166.00)	0.00%	1,000.00
Postage	2,028.26	332.00	1,696.26	101.41%	2,000.00
Program Material	16,834.32	5,832.00	11,002.32	48.10%	35,000.00
Speakers	1,056.80	10,000.00	(8,943.20)	1.76%	60,000.00
Stationery & Printing	1,373.65	200.00	1,173.65	114.47%	1,200.00
Strategic Facilitator		12,500.00	(12,500.00)	0.00%	75,000.00
Supplies	55.50	250.00	(194.50)	3.70%	1,500.00
Taxes & Licenses	-	16.00	(16.00)	0.00%	100.00
Travel	5,804.48	4,166.00	1,638.48	23.22%	25,000.00
Total Expenses	\$ 371,182.45	\$ 234,450.00	\$ 136,732.45	26.39%	\$1,406,785.00
Net Operating Income	\$ (9,247.45)	\$ 11,878.00	\$ (21,125.45)	-12.99%	\$ 71,215.00
Other Income					
Interest Earned	1,707.53	294.00	1,413.53		1,765.00
Total Other Income	\$ 1,707.53	\$ 294.00	\$ 1,413.53	0.00%	\$ 1,765.00
Net Income	\$ (7,539.92)	\$ 12,172.00	\$ (19,711.92)	-12.99%	\$ 72,980.00

State Association of County Retirement Systems

Profit & Loss

August 2015

	<u>Total</u>
Income	
Conference Registration	30,460.00
Membership Dues - Affiliates	85,000.00
Membership Dues - Non-Profit	8,500.00
Membership Dues-Systems	40,000.00
Sales of Product Income	-
UC Berkeley Registration	12,500.00
UC Berkeley Sponsorships	11,000.00
Total Income	\$ 187,460.00
 Gross Profit	 \$ 187,460.00
 Expenses	
Administrative Fee	-
Administrative Services	12,500.00
Audio/Visual equipment	-
Bank Charges/Credit Card Fees	1,054.97
Berkeley & Symposium	352.63
BofA Credit Card Holding Account	993.36
CERL	-
Commissions & Fees	-
Consulting	5,000.00
Dues & Subscriptions	-
Hotels	-
Insurance	-
Legal & Professional Fees	-
Lobby	4,275.00
Meals and Entertainment	30.88
Office Expense	-
Postage	-
Program Material	-
Speakers	-
Stationery & Printing	-

State Association of County Retirement Systems
Profit & Loss
August 2015

	<u>Total</u>
Supplies	-
Taxes & Licenses	-
Travel	2,543.26
Total Expenses	\$ 26,750.10
 Net Operating Income	 \$ 160,709.90
 Other Income	
Interest Earned	861.59
Total Other Income	\$ 861.59
 Net Other Income	 \$ 861.59
 Net Income	 \$ 161,571.49

4. Board of Director's Report – No Action

Yves Chery, SACRS President

- Board of Directors Update
- Projects for 2015-2016

5. SACRS Strategic Consultant Report – No Action

Jim Lites, Strategic Consultant

- Projects for 2015-2016

6. SACRS Legislative Proposals 2016 – Action Item
Richard Stensrud, Legislative Committee Chair

Supported by SACRS Legislative Committee

- 1. SACRS BOD District Status Proposal**
- 2. San Diego Electronic Signature Proposal**

Not Supported by SACRS Legislative Committee

- 3. Merced Proposal**

YEAR 2016 SACRS LEGISLATIVE PLATFORM WORKSHEET

PLEASE COMPLETE AND RETURN BY SEPTEMBER 4, 2015

Title of Issue: 1937 Act County District Status Authorization

Association: SACRS Board of Directors

Contact Person: Jim Lites

Phone #: 916 266-4575

Fax #: 916 266-4580

Email: jlites@calstrat.com

Please answer the following questions as fully as possible:

1. Description of issue.

District authorization essentially allows a county retirement system to hire key executive personnel as employees of the retirement system, rather than employees of the county. Orange, San Bernardino and Contra Costa already operate under this section of the County Employees Retirement Law of 1937. The Ventura County Employees Retirement System sponsored AB 1291/Ch. 223, Statutes of 2015, which provides a modified version of district status for Ventura.

With the enactment of the Public Employee Pension Reform Act of 2012 (PEPRA), one of the responsibilities PEPRA mandates upon boards of retirement is the requirement to monitor and enforce the anti-spiking provisions of the measure. With senior retirement system personnel as employees of the retirement system rather than the county, 1937 systems will have greater independence to fulfill the PEPRA anti-spiking provisions. In addition, it will assist our local retirement system in attracting and retaining highly-talented human capital necessary to effectively manage a retirement system and an investment portfolio in today's investment marketplace.

2. Recommended solution.

Provide statutory authorization for the Board of Retirement for any 1937 act system to make an election to become an independent district.

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

The intent is to amend Government Code Sections 31468 and 31522.5 to allow each 1937 Act county retirement system to elect to have district status. The specific language will be written based on the guidance of the SACRS Legislative Committee.

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

This proposal would provide the remaining 1937 Act county retirement systems with the authority to become a district. The requested revisions will affect all CERL systems that have not yet sought legislation to obtain district status.

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

The intent of this proposal is to provide county-optional authority.

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

SACRS would seek support from other 1937 Act stakeholders.

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

Richard Stensrud, Chair, SACRS Legislative Committee.

E-mail or mail your legislative proposals to:

Jim Lites
California Strategies, LLC
980 9th Street, Suite 2000
Sacramento, CA 95814
Phone: (916) 266-4575
Email: jlites@calstrat.com

SACRS County Retirement System District Proposal

District Status for all 1937 Act County Employee Retirement Systems: What does District Status Mean?

The State Association of County Retirement Systems is proposing District status authorization all 1937 Act county employee retirement systems. District status means that employees of individual county retirement systems shall no longer be employees of the county, but employees of the board of retirement. The proposal will allow county boards of retirement to select among different options for District status that best suits the organization and the county:

- **District Status for Management Personnel Only** – This is the District status currently in place at Orange, San Bernardino and Contra Costa counties, pursuant to California Government Code Sections 31468 & 31522.5.
- **Selected Personnel District Status** – This option would identify the exact positions designated for District status, similar to AB 1291/Ch. 223, Statutes of 2015, which designated specific positions for the Ventura County Employees Retirement System District status.
- **Full Department District Status** – This option would authorize the entire staff of the county retirement system to become employees of the Board of Retirement.

Why is SACRS Proposing District Status for all 1937 Act Counties?

The laws governing 1937 Act County retirement systems were written in a less complex financial world. Not only have financial markets and client services changed dramatically since 1937 but the needs of county governments have as well. Originally the county pension systems established under the 1937 Retirement Act were simply small departments in the county treasurers' offices. Gradually, over time, retirement systems have evolved and grown, moving into

their own offices, serving thousands of members, and hiring additional, specialized staff. Those changes are accelerating in the 21st Century.

Today all but three independent county systems have responsibility for managing assets well over \$1 billion. Contra Costa, Sacramento, Alameda, San Bernardino, San Diego, & Orange are all well beyond \$7 billion in assets, with LACERA, the largest, managing more than \$50 billion. District status provides the greatest degree of organizational flexibility to manage large asset pools and ensure service to county employees is paramount to the mission of the retirement system.

The Impact of PEPRRA on County Retirement Systems

With the enactment of the Public Employee Pension Reform Act in 2012, boards of retirement have been charged with identifying violations of the statute's anti-spiking provisions. PEPRRA requires boards of retirement to disallow new pay elements that could be deemed as spiking the pension. Granting county boards of retirement greater independence will actually better align their authority to their current duties and responsibilities and assist in fulfillment of their new anti-spiking mandate.

Recent District Status Authorization History

In 2014 Contra Costa County enacted SB 673 (DeSaulnier) in accordance with litigation that included District status. In 2015, the Ventura County Employees Retirement Association enacted AB 1291 (Williams) that offered a partial District status structure for the retirement system. Both county retirement systems will be able to utilize District status in the current post-PEPRRA environment to better fulfill their mandate.

What are the Costs of District status? Governance & Transparency Remain In Place

Currently, the budgets of 1937 Act county retirement systems are separate from county budgets and the total budget amount is fixed in state law. The total expenditure for county retirement system administration comes from the investment earnings of the retirement funds under management. This amount capped in statute and this District proposal will not change the current cap. District status will not change the current governance structure of county retirement systems. All current directly elected and appointed members of county boards of retirement will remain in place. In addition, all current laws and regulations regarding transparency and public notice and reporting will remain in place and are unaffected by this proposal. The boards of retirement will also retain their fiduciary duties for management of the systems.

YEAR 2016 SACRS LEGISLATIVE PLATFORM WORKSHEET

PLEASE COMPLETE AND RETURN BY SEPTEMBER 4, 2015

Title of Issue: Sworn Statement Requirement

Association: San Diego County Employees Retirement Association (SDCERA)

Contact Person: Johanna Shick, Chief Service Officer
Elaine Reagan, Chief Legal Officer

Phone #: 619.515.6815
619.515.6804

Fax #: 619.515.5071
619.515.5067

Please answer the following questions as fully as possible:

1. Description of issue.

Government Code §31526 states "The regulations shall include provisions: (a) For the election of officers, their terms, meetings, and all other matters relating to the administrative procedure of the board. (b) For the filing of a sworn statement by every person who is or becomes a member, showing date of birth, nature and duration of employment with the county, compensation received, and such other information as is required by the board. (c) For forms of annuity certificates and for such other forms as are required."

Some retirement systems receive date of birth, nature and duration of employment with the county and compensation automatically via electronic payroll feed from the County. At the time the statute became effective in 1947 electronic payroll feeds did not exist, making the collection of this information critical for enrolling members into the system.

When counties automatically enroll eligible employees into the retirement system, and collect and report to the retirement system the required information, the requirement of collecting a sworn statement from each eligible employee is duplicative and unnecessary. Further, requiring the collection of a sworn statement from each eligible employee creates compliance issues and inefficiencies. Because not all employees return their sworn statements, additional staff time and resources must be expended to obtain the form from employees in order to comply with Government Code §31526; however, the retirement system already has the necessary information from the employer via the payroll feed.

2. Recommended solution.

Add language that would allow counties to collect members' date of birth, nature and duration of employment with the county, and compensation received from the employer in lieu of requiring the member to complete a sworn statement. This would enable those counties that have implemented procedures to automatically enroll eligible employees into the retirement system, and collect and report the required information to the retirement system automatically to streamline processes, thus making the administration of the benefit more efficient and bringing statute in alignment with modern-day technology.

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

§31526: The regulations shall include provisions: (a) For the election of officers, their terms, meetings, and all other matters relating to the administrative procedure of the board. (b) For the filing of a sworn statement by every person who is or becomes a member, showing date of birth, nature and duration of employment with the county, compensation received, and such other information as is required by the board or, alternatively and in lieu of a sworn statement, for such information to be provided by the member's employer to the retirement association in a form to be determined by the retirement association. (c) For forms of annuity certificates and for such other forms as are required.

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

The requested addition to Government Code §31526 affects all CERL systems, not only SDCERA.

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

No

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

The proposed amendment is unlikely to raise opposition as it is designed to allow the status quo for those systems that prefer it. It does not prohibit systems from continuing to use sworn statements; it simply allows those systems gathering this information electronically to streamline their processes and more reliably collect the information.

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

Johanna Shick, Chief Service Officer
Elaine Reagan, Chief Legal Officer

E-mail or mail your legislative proposals to:

Jim Lites
California Strategies, LLC
980 9th Street, Suite 2000
Sacramento, CA 95814
Phone: (916) 266-4575
Email: jlites@calstrat.com

YEAR 2016 SACRS LEGISLATIVE PLATFORM WORKSHEET
PLEASE COMPLETE AND RETURN BY SEPTEMBER 4, 2015
RETIREE ALTERNATE

8/13/2015
#3(a)

Title of Issue: Retiree Alternate
Association: Merced CERA
Contact Person: Steven Bland
Phone #: 209.726.2724 Scott Johnston (209.617.2126)
Fax #: 209.725.3637

Please answer the following questions as fully as possible:

1. Description of issue.

Currently, the authority for the two alternates (safety and retiree) to fill in for absent trustees is limited. There are times when certain trustees are absent yet the alternates are not authorized to vote. This is depicted in the attached Appendix #I.

2. Recommended solution.

Alternate voting for employee representatives is unchanged in the event of one absence. In the event of two or more absences, the Alternate Retiree Member shall vote. Please see the attached Appendix #II.

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

Section 31520.5 of state code would require modification. Please see Appendix III

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

All County Employee Retirement Associations (CERAs) will benefit from this legislation. The CERAs fund training for the retiree alternate. The alternates have experience, background, and context on subjects. This should be utilized.

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

This should have no cost, and not offend. It is to increase efficiencies, and prevent a meeting being canceled for lack of a quorum.

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

The proposal was written to fill a vacuum without changing the existing hierarchy. Current authority is retained in full. The voting authority of the Safety & Retiree alternates would only come into play in the event of other trustee absences.

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

Scott Johnston. The County lobbyist might testify.

E-mail or mail your legislative proposals to:

Jim Lites
California Strategies, LLC
980 9th Street, Suite 2000
Sacramento, CA 95814
Phone: (916) 266-4575
Email: jlites@calstrat.com

Appendix I Current Practice

Trustee	Who Votes in Their Absence
Treasurer	No one
Board of Supervisor Appointees (4)	No one
General Employees Representative	Safety Alternate
Safety	Safety Alternate
Retiree	Retiree Alternate only

Appendix II Proposal

Trustee	Who Votes in Their Absence
Treasurer	No voting Alternate
Board of Supervisor Appointees (4)	No voting Alternate
General Employees Representative	Safety alternate. If two absences, then Retiree Alt.
Safety	Safety Alternate, then retiree alternate (if safety alternate is absent)
Retiree	Retiree Alternate, then safety alternate (if retiree alternate is absent)

Appendix III Proposed language

31520.5 Counties with 9-member retirement boards; appointment of alternate retired member; term; rights and privileges

(b) The term of office of the alternate retired member shall run concurrently with the term of the eighth member. The alternate retired member shall vote as a member of the board only ~~in the event the eighth member is absent~~ If the second, third, seventh, or eighth member is absent from a board meeting for any cause ~~and if the alternate seventh member is absent from said board meeting. In the event that both alternate seventh member and alternate retired member are present at a board meeting and if the second, third, or seventh member is absent, the alternate seventh member shall vote for the absent board member. In the event that both alternate seventh and alternate retired member are present at a board meeting and if two or more of the second, third, seventh, or eighth members are absent from a board meeting, both alternate seventh member and alternate retired member shall be able to vote for the absent board members. If there is a vacancy with respect to the eighth member, the alternate retired member shall fill that vacancy for the remainder of the eighth member's term of office.~~

SACRS Legislative Report

(as of Oct. 27, 2015)

AB 241

(Gordon D) Bankruptcy: retired employees: disclosure of names and mailing addresses.

Last Amend: 4/29/2015

Status: 5/29/2015-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. on 4/30/2015)

Is Urgency: N

Is Fiscal: Y

Location: 5/29/2015-A. 2 YEAR

Desk	Policy	2 year	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chartered
		1st House				2nd House					

Summary: Would require, notwithstanding any other law and under certain conditions, a local public entity to provide the name and mailing address of each retired employee or his or her beneficiary receiving the retired employee's retirement benefit to any organization that is incorporated and qualified under specific state and federal laws for the purpose of representing retired employees or their beneficiaries as members of the organization in a neutral evaluation process, the declaration of a fiscal emergency and adoption of a resolution, or a bankruptcy proceeding, as specified.

AB 259

(Dababneh D) Personal information: privacy.

Status: 8/28/2015-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. on 8/27/2015)

Is Urgency: N

Is Fiscal: Y

Location: 8/28/2015-S. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	2 year	Floor	Conf. Conc.	Enrolled	Vetoed	Chartered
		1st House				2nd House					

Summary: Current law requires an agency that owns or licenses computerized data that includes personal information, as defined, to provide notification of any breach in the security of that data to any California resident whose personal information may have been compromised by the breach, as specified. This bill would additionally require an agency, if the agency was the source of the breach and the breach compromised a person's social security number, driver's license number, or California identification card number, to offer to provide the person with identity theft prevention and mitigation services at no cost for not less than 12 months, as specified.

Status: 5/1/2015-Failed Deadline pursuant to Rule 61(a)(2). (Last location was P.E., R. & S.S. on 3/5/2015)

Is Urgency: N

Is Fiscal: Y

Location: 5/1/2015-A. 2 YEAR

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
			1st House								
					2nd House						

Summary: Current law permits the Board of Administration of the Public Employees' Retirement System to authorize an employer to participate in the prefunding of health care coverage and other postemployment benefits for annuitants. This bill would prohibit a public agency, state employer, employee organization, or public employee from entering into a memorandum of understanding that provides postemployment health care benefits without a strategy for permanently prefunding members' postemployment health care benefits.

Last Amend: 4/6/2015

Status: 5/29/2015-Failed Deadline pursuant to Rule 61(a)(5). (Last location was RLS. on 4/8/2015)

Is Urgency: N

Is Fiscal: Y

Location: 5/29/2015-A. 2 YEAR

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
			1st House								
					2nd House						

Summary: Would rename the Joint Legislative Retirement Committee the Joint Pension Administration and Sustainability Committee and, in addition to specified described duties, would require the committee to make reports and recommendations to the Legislature and its respective houses on retirement issues. The bill would revise the composition of the committee to reflect current legislative practice. The bill would require the committee to transmit an analysis for each bill submitted to it, including an actuarial opinion if appropriate, to the policy committee that is responsible for the bill.

Chapter Number: 38

Status: 7/2/2015-Chaptered by Secretary of State - Chapter 38, Statutes of 2015.

Is Urgency: N

Is Fiscal: N

Location: 7/2/2015-A. CHAPTERED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
			1st House								
					2nd House						

Summary: The County Employees Retirement Law of 1937 sets forth the membership composition requirements for the board of retirement of counties subject to certain provisions regarding safety members. Current law authorizes a retirement board, in a county of the 9th class, to appoint an alternate member for the 4th, 5th, 6th, or 9th member of the board, as specified. This bill would additionally authorize a county of the 13th class, also known as Ventura County, to appoint an alternate member for the 4th, 5th, 6th, or 9th member of the board. This bill contains other related provisions.

Last Amend: 3/26/2015

Status: 5/1/2015-Failed Deadline pursuant to Rule 61(a)(2). (Last location was A. & A.R. on 4/6/2015)

Is Urgency: N

Is Fiscal: Y

Location: 5/1/2015-A. 2 YEAR

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chapered
1st House				2nd House							

Summary: Would require the Controller to include on the Controller's Internet Web site a feature that enables a user of the Internet Web site to organize, view, and download information in the Controller's database in specified forms. The bill would also require the Controller to publish reports of the financial transactions and information on annual compensation of local agencies on the Controller's Internet Web site in a searchable format.

AB 868

(Obermole R) Public Employees' Retirement System: contracting agencies: transfer of membership.

Chapter Number: 86

Status: 7/14/2015-Chaptered by Secretary of State - Chapter 86, Statutes of 2015.

Is Urgency: N

Is Fiscal: Y

Location: 7/14/2015-A. CHAPTERED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chapered
1st House				2nd House							

Summary: Current law, with respect to the Counties of Kern, Los Angeles, and Orange, permits the Board of Administration of the Public Employees' Retirement System to enter into an agreement with the contracting agency's board of retirement for termination of the contracting agency's participation in PERS and inclusion of the agency's employees in the retirement system of the city or county, if specified requirements are met, with respect to certain safety members, including firefighters. The County Employees Retirement Law of 1937 establishes a corresponding authority for accepting these people as members for retirement systems created pursuant to its provisions, and granting them service credit for their service credited by PERS. This bill would expand the application of the provisions described above to the County of San Bernardino.

AB 964

(Chau D) Civil law: privacy.

Chapter Number: 522

Last Amend: 9/1/2015

Status: 10/6/2015-Chartered by Secretary of State - Chapter 522, Statutes of 2015.

Is Urgency: N

Is Fiscal: N

Location: 10/6/2015-A. CHAPTER

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law requires a person or business conducting business in California, that owns or licenses computerized data that includes personal information, as defined, to disclose in specified ways, a breach of the security of the system or data, as defined, following discovery or notification of the security breach, to any California resident whose unencrypted personal information was, or is reasonably believed to have been, acquired by an unauthorized person. This bill would define "encrypted" for purpose of these provisions to mean rendered unusable, unreadable, or indecipherable to an unauthorized person through a security technology or methodology generally accepted in the field of information technology.

Chapter Number: 40

Status: 7/2/2015-Chaptered by Secretary of State - Chapter 40, Statutes of 2015.

Is Urgency: N

Is Fiscal: N

Location: 7/2/2015-A. CHAPTERED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: CERL permits a member who is eligible to retire for service to do so when an application for disability retirement is pending and provides that the type of retirement allowance selected at the time of retirement for service is not binding if the member is awarded a disability retirement. This bill would specify that a member who applies for disability and is granted a service retirement pending a determination of disability may change the type of allowance that he or she elected at the time of the service retirement, as specified.

AB 1009

(Garcia, Cristina D) Local government: redevelopment: revenues from property tax override rates.

Status: 5/28/2015-In committee: Held under submission.

Is Urgency: Y

Is Fiscal: Y

Location: 5/28/2015-A. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would authorize a city or county that levies a property tax rate, approved by the voters of a city or county to make payments in support of pension programs and levied in addition to the general property tax rate, to make a request to an oversight board to prohibit revenues derived from that property tax rate from being deposited into a Redevelopment Property Tax Fund. This bill would authorize an oversight board to deny this request based on substantial evidence that a former redevelopment agency made a pledge of revenues that specifically included revenues derived from the imposition of that property tax rate.

AB 1052

(Cooley D) Retirement board authority: investments.

Last Amend: 8/17/2015

Status: 9/11/2015-Failed Deadline pursuant to Rule 61(a)(14). (Last location was DESK on 9/10/2015)

Is Urgency: N

Is Fiscal: Y

Location: 9/11/2015-S. 2 YEAR

Desk	Policy	Fiscal	Floor	2 year	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House						

Summary: The Teachers' Retirement Law requires the assets of the State Teachers' Retirement System plan, including, but not limited to, employee contributions, employer contributions, and investment income, to be deposited into the Teachers' Retirement Fund, and continuously appropriates the fund for, among other things, the payment of member benefits. This bill would specify that, without regard to state contracting laws, the board is authorized to contract for the investment of the fund or appoint investment managers to manage the assets of the fund under the terms and conditions and utilizing the processes the board deems necessary and consistent with its fiduciary duties, as specified.

(Daly D) Insurance: firefighters' or police officers' benefit and relief associations.

Chapter Number: 503

Last Amend: 8/19/2015

Status: 10/5/2015-Chaptered by Secretary of State - Chapter 503, Statutes of 2015.

Is Urgency: N

Is Fiscal: Y

Location: 10/5/2015-A. CHAPTERED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
		1st House				2nd House					

Summary: Would require every association that holds a certificate of authority and that issues long-term disability or long-term care policies or contracts, as specified, to submit to the Insurance Commissioner the opinion, as specified, of a qualified actuary as to whether the reserves and related actuarial items that support the policies or contracts issued are expected to be adequate to satisfy contractual provisions, are based on reasonable assumptions, and are based on specified actuarial standards.

(Ting D) California Open Data Standard.

Last Amend: 3/26/2015

Status: 5/29/2015-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. on 5/28/2015)

Is Urgency: N

Is Fiscal: Y

Location: 5/29/2015-A. 2 YEAR

Desk	Policy	2 year	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
		1st House				2nd House					

Summary: Would enact the California Open Data Act and create the position of the Chief Data Officer, who would be appointed by, and serve at the pleasure of, the Governor, and report to the Secretary of Government Operations. This bill would require the Chief Data Officer to establish the California Open Data Standard, as specified, and require state agencies to make public data, as defined, available on an Internet Web portal pursuant to that standard.

(Gray D) Personal income taxes: exclusion: military retirement pay.

Last Amend: 5/22/2015

Status: 5/28/2015-Joint Rule 62(a), file notice suspended. (Page 1613.) In committee: Held under submission.

Is Urgency: N

Is Fiscal: Y

Location: 5/27/2015-A. APPR. SUSPENSE FILE

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
		1st House				2nd House					

Summary: Would, for taxable years beginning on or after January 1, 2015, exclude from gross income retirement pay received by a qualified taxpayer from the federal government for military service performed in the Armed Forces of the United States, the reserve component of the Armed Forces of the United States, or the National Guard, and survivor benefits received by a beneficiary of a qualified taxpayer from the federal government, as specified. The bill would define "qualified taxpayer" for those purposes as a taxpayer who is a Purple Heart or Medal of Honor recipient. This bill contains other related provisions.

Last Amend: 5/27/2015

Is Urgency: N

Location: 8/17/2015-A. CHAPTERED

Summary: Current law, the County Employees Retirement Law of 1937, authorizes counties to establish retirement systems, as specified, in order to provide pension benefits to county, city, and district employees. Current law defines a district for these purposes and includes specified county retirement systems within the definition. This bill would include the retirement system established under these provisions in the County of Ventura within the definition of district. This bill contains other related provisions and other current laws.

(Nazarian D) Public employees' retirement: investments: Turkish investment vehicles.

Is Urgency: N

Location: 5/29/2015-A. 2 YEAR

Summary: Would prohibit the Public Employees' Retirement System from investing public employee retirement funds in a Turkish investment vehicle, as specified. The bill would require the Board of Administration of the Public Employees' Retirement System and the Teachers' Retirement Board of the State Teachers' Retirement System to sell or transfer any investments in a Turkish investment vehicle. This bill contains other related provisions and other existing laws.

(Gallagher R) Public employees' retirement.

Is Urgency: N

Location: 4/6/2015-A. P.E., R. & S.S.

Summary: Would require, with respect to any public retirement systems, that any enhancement to a public employee's retirement formula or retirement benefit, adopted on or after the measure's effective date, apply only to service performed on and after the operative date of the enhancement and shall not be applied to any service performed prior to the operative date of the change. The measure would specify how changes in membership classification or changes in employment are to be applied in this context. The measure would provide that specified cost-of-living adjustments are not enhancements of retirement benefits.

Chapter Number: 757

Last Amend: 8/26/2015

Status: 10/10/2015-Chaptered by Secretary of State - Chapter 757, Statutes of 2015.

Is Urgency: N

Is Fiscal: Y

Location: 10/10/2015-S. CHAPTERED

[illegible]

Summary: Would require a nonprofit organization that regularly organizes and hosts travel for elected officials, as specified, and that pays for these types of travel for an elected state officer or local elected officerholder to disclose the names of donors who, in the preceding year, both donated to the nonprofit organization and accompanied an elected officer or officerholder for any portion of the travel, as specified. The bill would require a person who receives a gift of a travel payment from any source to report the travel destination on his or her statement of economic interests. This bill contains other related provisions and other existing laws.

SB 58

(Knight R) Public Employees' Retirement System.

Status: 5/15/2015-Failed Deadline pursuant to Rule 61(a)(3). (Last location was RLS. on 1/15/2015)

Is Urgency: N

Is Fiscal: N

Location: 5/15/2015-S. 2 YEAR

1st House		2nd House				Conf. Conc.	Enrolled	Vetoed	Chaptered
Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor		

Summary: The Public Employees' Retirement Law (PERL) prescribes a comprehensive set of rights and duties for members of the Public Employees' Retirement System (PERS) and provides those members with a defined benefit based upon age, service credit, and final compensation. PERL excludes certain persons from membership in PERS. This bill would make nonsubstantive changes in the provisions excluding certain persons from membership in PERS.

SB 185

(De León D) Public retirement systems: public divestiture of thermal coal companies.

Chapter Number: 605

Last Amend: 6/2/2015

Status: 10/8/2015-Chaptered by Secretary of State - Chapter 605, Statutes of 2015.

Is Urgency: N

Is Fiscal: Y

Location: 10/8/2015-S. CHAPTERED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would prohibit the boards of the Public Employees' Retirement System and the State Teachers' Retirement System from making new investments or renewing existing investments of public employee retirement funds in a thermal coal company, as defined. This bill would require the boards to liquidate investments in thermal coal companies on or before July 1, 2017, and would require the boards, in making a determination to liquidate investments, to constructively engage with thermal coal companies to establish whether the companies are transitioning their business models to adapt to clean energy generation.

Status: 5/15/2015-Failed Deadline pursuant to Rule 61(a)(3). (Last location was JUD. on 2/19/2015)

Is Urgency: N

Is Fiscal: N

Location: 5/15/2015-S. 2 YEAR

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
		1st House				2nd House					

Summary: Would require a court, in an action by a third party to enjoin disclosure of a public record or declaratory relief concerning a request to inspect a public record, to apply the provisions of the California Public Records Act as if the action had been initiated by a person requesting disclosure of a public record. The bill would also require the third party seeking an injunction or declaratory relief to provide notice to the person whose request prompted the action at the same time the defendant public agency in the action is served.

Status: 5/15/2015-Failed Deadline pursuant to Rule 61(a)(3). (Last location was RLS. on 2/26/2015)

Is Urgency: N

Is Fiscal: N

Location: 5/15/2015-S. 2 YEAR

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
		1st House				2nd House					

Summary: Would state the intent of the Legislature to enact legislation that would protect the right of the public to participate in open deliberations of the legislative bodies of local agencies by clarifying the appropriate use of special meetings.

Chapter Number: 795

Last Amend: 9/2/2015

Status: 10/11/2015-Chaptered by Secretary of State - Chapter 795, Statutes of 2015.

Is Urgency: N

Is Fiscal: Y

Location: 10/11/2015-S. CHAPTERED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
		1st House				2nd House					

Summary: Would require each local agency, except a local educational agency, in implementing the California Public Records Act, to create a catalog of enterprise systems, as defined, to make the catalog publicly available upon request in the office of the person or officer designated by the agency's legislative body, and to post the catalog on the local agency's Internet Web site.

(Pan D) Public employee retirement: contributions.

Last Amend: 6/25/2015

Status: 10/10/2015-Vetoed by the Governor

Is Urgency: N

Is Fiscal: N

Location: 10/10/2015-S. VETOED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chapered
		1st House				2nd House					

Summary: Would exempt a city or county that pays its pension costs with revenues from a property tax rate approved by its voters to make payments in support of pension programs and levied in addition to the general property tax rate, and that city's or county's employees, from a specified-described prohibition on employer payment of employee contribution, with respect to an employee whose pension is funded by these revenues. This bill contains other existing laws.

Governor's Message: I am returning Senate Bill 292 without my signature. This bill exempts certain employees from making pension contributions if they work in a city or county that receives parcel tax revenue designated for pension costs. I believe the cost-sharing requirements in the Public Employees' Pension Reform Act of 2013 are unrelated to whether a city or county has an existing parcel tax for pensions. The employee share-of-cost is a crucial standard that must be retained. I am unwilling to chip away at this reform. Sincerely, Edmund G. Brown Jr.

(Pan D) Public employees' retirement.

Status: 5/15/2015-Failed Deadline pursuant to Rule 61(a)(3). (Last location was RLS. on 3/5/2015)

Is Urgency: N

Is Fiscal: N

Location: 5/15/2015-S. 2 YEAR

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chapered
		1st House				2nd House					

Summary: Current law, the Public Employees' Retirement Law establishes the Public Employees' Retirement System for the purpose of providing pension benefits to specified public employees. This bill would make a technical, nonsubstantive change to the provision that names that law.

(Morrell R) County employees' retirement: contribution rates.

Status: 5/15/2015-Failed Deadline pursuant to Rule 61(a)(3). (Last location was RLS. on 3/5/2015)

Is Urgency: N

Is Fiscal: N

Location: 5/15/2015-S. 2 YEAR

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chapered
		1st House				2nd House					

Summary: The County Employees Retirement Law of 1937 (CERL) authorizes counties to establish retirement systems pursuant to its provisions in order to provide pension benefits to county and district employees. CERL establishes the normal rates of contribution for members based on providing a specified, average annuity at 60 years of age. This bill would make technical, nonsubstantive changes to those provisions.

(Mendoza D) Public officers: contracts: financial interest.

Last Amend: 8/18/2015

Status: 8/28/2015-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/26/2015)

Is Urgency: N

Is Fiscal: Y

Location: 8/28/2015-A. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	2 year	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
		1st House				2nd House					

Summary: Current law identifies certain remote interests that are not subject to this prohibition and other situations in which an official is not deemed to be financially interested in a contract, including, among others, that of a parent in the earnings of his or her minor child for personal services. This bill would, on and after January 1, 2017, instead include within the definition of remote interests that of a public officer who is an elected member of any state or local body, board, or commission, if that public officer's spouse, child, parent, sibling, or the spouse of the child, parent, or sibling, has a financial interest in any contract made by that public officer in his or her official capacity, or by any body, board, or commission of which that public officer is a member.

(Mendoza D) Public contracts: local agencies: negotiations.

Chapter Number: 714

Last Amend: 8/17/2015

Status: 10/9/2015-Chaptered by Secretary of State - Chapter 714, Statutes of 2015.

Is Urgency: N

Is Fiscal: Y

Location: 10/9/2015-S. CHAPTERED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
		1st House				2nd House					

Summary: Would enact the Civic Reporting Openness in Negotiations Efficiency Act to establish specific procedures for the negotiation and approval of certain contracts valued at \$250,000 or more for goods or services by cities, counties, cities and counties, or special districts that have adopted a civic openness in negotiations ordinance, or COIN ordinance, defined as an ordinance imposing specified requirements as part of any collective bargaining process undertaken pursuant to the Meyers-Millas-Brown Act. The act would require the designation of an independent auditor to review and report on the cost of any proposed contract.

Chapter Number: 158

Last Amend: 4/6/2015

Status: 8/10/2015-Chaptered by Secretary of State - Chapter 158, Statutes of 2015.

Is Urgency: N

Is Fiscal: Y

Location: 8/10/2015-S. CHAPTERED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chapered
1st House				2nd House							

Summary: PEPRAs authorize a joint powers authority formed by the Cities of Brea and Fullerton on or after January 1, 2013, to provide employees who are not new members under PEPRAs with the defined benefit plan or formula that was received by those employees from their respective employers on December 31, 2012, if they are employed by the joint powers authority without a break in service of more than 180 days. This bill would revise the period during which the authorization granted to a joint powers authority formed by the Cities of Brea and Fullerton to provide specified retirement benefits, as described above, may be applied.

(Berryhill R) Public employees' retirement.

Status: 5/15/2015-Failed Deadline pursuant to Rule 61(a)(3). (Last location was RLS on 3/5/2015)

Is Urgency: N

Is Fiscal: N

Location: 5/15/2015-S, 2 YEAR

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chapered
1st House				2nd House							

Summary: The Public Employees' Retirement Law governs the rate of employer contributions to the Public Employees' Retirement System. The law requires, among other things, that all assets of an employer be used in the determination of the employer contribution rate for the membership comprising the basis of the computation and that those assets held be recognized over the same funding period used to amortize unfunded accrued actuarial obligations, as specified. This bill would make nonsubstantive changes to that provision.

(Liu D) State government: data.

Status: 5/15/2015-Failed Deadline pursuant to Rule 61(a)(3). (Last location was RLS on 3/5/2015)

Is Urgency: N

Is Fiscal: N

Location: 5/15/2015-S, 2 YEAR

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chapered
1st House				2nd House							

Summary: Would state the intent of the Legislature to enact legislation that would require data collected from state and county agencies pursuant to existing mandatory reporting requirements to be shared among state agencies, would authorize state agencies to share data, between and among state agencies, county agencies, local education agencies, researchers, practitioners, and organizations serving youth and families, consistent with state and federal privacy and data protection laws, and would encourage these agencies to cooperate to utilize data and develop protocols for exchanging information safely and securely.

(Pan D) University of California: alternative investment information.

Last Amend: 4/22/2015

Status: 8/28/2015-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. on 8/27/2015)

Is Urgency: N

Is Fiscal: Y

Location: 8/28/2015-A. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	2 year	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
		1st House				2nd House					

Summary: Would require the University of California to obtain certain information regarding alternative investments from each private equity fund, venture fund, hedge fund, or absolute return fund in which the University of California provides or has provided funds for investment.

(Liu D) Homelessness.

Status: 5/1/2015-Failed Deadline pursuant to Rule 61(a)(2). (Last location was T. & H. on 3/12/2015)

Is Urgency: N

Is Fiscal: Y

Location: 5/1/2015-S. 2 YEAR

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
		1st House				2nd House					

Summary: Would enact the Right to Rest Act, which would afford persons experiencing homelessness the right to use public space without discrimination based on their housing status. Because the bill would require local agencies to perform additional duties, it would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

(Gaines R) Public officers and employees: conflict of interest: contracts.

Chapter Number: 495

Last Amend: 7/8/2015

Status: 10/4/2015-Chaptered by Secretary of State - Chapter 495, Statutes of 2015.

Is Urgency: N

Is Fiscal: Y

Location: 10/4/2015-S. CHAPTERED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
		1st House				2nd House					

Summary: Current law prohibits Members of the Legislature, state, county, district, judicial district, and city officers or employees from being financially interested in any contract made by them in their official capacity, or by any body or board of which they are members. Current law identifies certain remote interests in contracts that are not subject to this prohibition and other situations in which an official is not deemed to be financially interested in a contract. This bill would include in the definition of "remote interest" the interest of a person who is an owner or partner of a firm serving as an appointed member of an unelected board or commission of the contracting agency, if the owner or partner recuses himself or herself from providing any advice to the contracting agency regarding the contract between the firm and the contracting agency, and from all participation in reviewing a project that results from that contract.

(Beall D) Social security: retirement benefits: public employees.
Chapter Number: 92
Last Amend: 1/12/2015
Status: 7/6/2015-Chartered by Secretary of State - Chapter No. 92
Is Urgency: N
Is Fiscal: N
Location: 7/6/2015-S. CHAPTERED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor
		1st House			2nd House		

Conf. Conc.	Enrolled	Vetoed	Chartered
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Summary: This measure would request the President and the Congress of the United States to pass legislation repealing the Government Pension Offset and the Windfall Elimination Provision from the Social Security Act.

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

- Schedule for the Spring 2016 Board of Directors Election

DEADLINE	DESCRIPTION
February 1, 2016	Nominating Committee receives nominations from SACRS membership
March 1, 2016	Nominating Committee submits its recommended ballot to each 1937 Act Board
March 23, 2016	Nominating Committee receives nominations from any 1937 Act Board
April 1, 2016	Nominating Committee submits final ballot to each 1937 Act Board – ballot consists of recommended ballot plus anybody else who is nominated but not recommended by the NC
May 13, 2016	Conduct elections during the SACRS Business Meeting (at end of the May 2016 conference)
May 13, 2016	Board of Directors take office for 1 year

To: SACRS Trustees & SACRS Administrators/CEO's
From: Ray McCray, SACRS Nominating Committee Chair
SACRS Nominating Committee
Re: SACRS Board of Director Elections-Reminder for upcoming 2016-2017 Elections

SACRS BOD 2016-2017 Election process begins in January 2016. Please review the following timeline:

DEADLINE	DESCRIPTION
February 1, 2016	Nominating Committee receives nominations from SACRS membership
March 1, 2016	Nominating Committee submits its recommended ballot to each 1937 Act Board
March 25, 2016	Nominating Committee receives nominations from any 1937 Act Board
April 1, 2016	Nominating Committee submits final ballot to each 1937 Act Board – ballot consists of recommended ballot plus anybody else who is nominated but not recommended by the NC
May 13, 2016	Conduct elections during the SACRS Business Meeting (at end of the May 2015 conference)
May 13, 2016	Board of Directors take office for 1 year

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

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

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

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

Continued

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

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

The elections will be held at the SACRS Spring Conference May 20, 2016, at the Westin South Coast Plaza Hotel, Costa Mesa, California. Elections will be held during the Annual Business meeting on Friday, May 13, 2016.

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

Sincerely,

Ray McCray

Ray McCray, San Joaquin CERA
SACRS Nominating Committee Chair

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

8. SACRS Committee & Breakout Reports:

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

No printed materials for this item

9. Adjournment

Next scheduled SACRS Association Business Meeting will be held Friday, May 13, 2016 at the Westin South Coast Plaza, Costa Mesa, CA.

VII. NEW BUSINESS

A. Appointment of SACRS Voting Proxy for Fall 2015 Conference

MOTION: Appoint Trustee McCormick as voting delegate and Trustee Sedell as alternate voting delegate for the SACRS 2015 Fall Conference.

Moved by Goulet, seconded by Johnston.

Vote: Motion carried

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

No: -

Absent: Henderson, Foy

B. SACRS 2016 Legislative Proposals - Consider and Take Possible Action to Provide Direction to Voting Delegates

1. Summary of Proposals

a. District Status for 1937 Act County Employee Retirement

Systems (SACRS Board of Directors)

MOTION: Direct voting delegate to vote in support of this proposal.

Moved by Johnston, seconded by Goulet.

Vote: Motion carried

Yes: Hintz, Goulet, Johnston, Winter, McCormick

No: Sedell, Wilson

Absent: Henderson, Foy

b. Optional Employee Sworn Statements (SDCERA)

MOTION: Direct voting delegate to vote in support of this proposal.

Moved by Goulet, seconded by Johnston.

Vote: Motion carried

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

No: -

Absent: Henderson, Foy

c. Alternate Retiree Trustee Voting (Merced CERA)

MOTION: Direct voting delegate to vote in support of this proposal.

Moved by Johnston, seconded by Goulet.

Vote: Motion carried

Yes: Hintz, Goulet, Johnston, Winter, McCormick

No: Sedell, Wilson

Absent: Henderson, Foy

d. BOR Trustee Per Diem (SACRS Board of Directors)

Chair Towner clarified that this proposal refers to trustee compensation for Board meeting attendance.

MOTION: Direct voting delegate to vote in support of this proposal.

Moved by Johnston, seconded by Wilson.

Vote: Motion carried

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

No: -

Absent: Henderson, Foy



Quarterly Report To

SACRS Legislative Committee

3rd Quarter 2015

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The information in this quarterly report is intended to provide legal support to the Legislative Committee of the State Association of County Retirement Systems (SACRS) in its role as the designated Committee of SACRS tasked with monitoring tax compliance issues for the members of SACRS, reviewing tax compliance issues, and making recommendations for any amendments to the County Employees' Retirement Law of 1937 (the '37 Act) or changes to or new model tax compliance regulations for member organizations of SACRS.

This report includes relevant developments reported in tax compliance sources such as the Federal Register, Congressional actions, private letter rulings, court rulings or other governmental actions that may be of importance to the Legislative Committee in its role relating to supporting tax compliance for the member organizations.

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IRS Guidance Impacting Tax Compliance for the '37 Act Systems

The following is a summary of important tax compliance guidance from the IRS during this reporting period that may impact the '37 Act systems.

IRS Limits Remain Unchanged for 2016

Internal Revenue Service Announces Retirement Plan Limits for 2016

On October 21, 2015, the IRS **announced** cost of living adjustments to the qualified plan dollar limits for 2016. Generally, the IRS limits that apply to '37 Act systems will not increase for 2016 because the increase in the cost of living index used to set these limits did not meet the statutory thresholds that triggers an adjustment.

The dollar limit on the annual benefit under a defined benefit plan remains the same at \$210,000 and the annual compensation limit stayed at \$265,000. As a result, the '37 Act systems are not required to update their administrative processes or operational systems for these IRS limits for the 2016 plan year.

Private Letter Ruling Issued on Impermissibility of One-Time Irrevocable Elections Under Governmental Retirement Systems After Members Begin Plan Participation

Irrevocable Election to Choose Differing Pension Formula or Contribution Rate Impermissible in Certain Circumstances

Generally, a government retirement plan may not provide its members with a cash or deferral arrangement.¹ The IRS takes the position that any election (or modification of an earlier election) by an employee to have the employer either (1) provide a greater or lesser amount to the member in the form of cash that is not currently available; or (2) contribute an amount to a retirement plan (or provide an accrual under a retirement plan), is a cash or deferral arrangement. The applicable tax rules contain an exception for one-time irrevocable elections that meet certain requirements. Providing a cash or deferral arrangement under a retirement plan, like the '37 Act systems, would jeopardize the pension system's tax-qualified status, so many governmental retirement plans have attempted to structure any elections provided under their pension systems as one-time irrevocable elections.

¹Prior to 1986, government employers were allowed to have cash or deferral arrangements, referred to as 401(k) plans. If a government employer sponsored a 401(k) plan prior to 1986, it could continue to sponsor the program. However, after 1986, government employers could no longer establish cash or deferral arrangements.

On August 7, 2015, the IRS issued [Private Letter Ruling 201532036](#) to a government pension system stating the provision of certain one-time irrevocable elections under a revision to a state statute involved an impermissible cash or deferral arrangement. While private letter rulings can only be relied on by the entity requesting the ruling, it gives other interested parties a sense of the position the IRS may take on certain issues. To the extent any '37 Act system provides such elections — or is presented with a request to consider adding such election, it will be important to review with tax counsel to what extent the IRS position expressed in this ruling may impact the system.

The pension system that applied for the ruling was a governmental multiple employer plan established by state statute, like the '37 Act systems, with two tiers. Both tiers provided retirement benefits based on final average salary, a benefit multiplier, and years of service. The state legislature amended the pension system to allow members of Tier 1 to make individual changes in their contribution rate and benefit formula multiplier pursuant to a one-time irrevocable election. The individual member would have an election to either (1) increase employee contributions from 4% to 5% of compensation in 2014, and from 5% to 6% in 2015, and increase their benefit multiplier from 1.75% to 1.85% of final average salary for years of service earned on or after January 1, 2014; or (2) continue making employee contributions of 4% of compensation and have their benefit multiplier reduced from 1.75% to 1.4% of final average salary for years of service on or after January 1, 2014. The legislation was subsequently amended to provide that the ability to make this individual election was subject to IRS approval. If the IRS approved the ability to make elections, the elections could be made during a 90-day window and anyone who failed to make an election would be defaulted into the increased contributions and higher benefit multiplier. Without IRS approval, Option 1 would be automatic for all Tier 1 members, eliminating the choice to employees.

Tier 2 members originally would have also been offered an election, but the legislative changes adopted instead provided that the employee contributions would remain at 6%, the benefit multiplier would be increased from 1.75% to 1.85%, and members would no longer have a cost of living adjustment. The changes for Tier 2 members became automatic under the statute as finally amended.

Because government employers may not provide defined benefit pension plans with cash or deferral arrangements, the pension system sponsor wanted to obtain direction from the IRS on whether providing Tier 1 members the one-time irrevocable election would be considered offering an impermissible cash or deferred arrangement, or if it could be permissible because it would meet the exception for one-time irrevocable elections.

The IRS determined that even though the elections given to Tier 1 members would be considered one-time irrevocable elections under state law, the election did not constitute a one-time irrevocable election within the meaning of the Treasury Regulations. This was because

under the applicable regulation, Treasury Regulation section 1.401(k)-1(a)(3)(v), the election must be made no later than when an employee first becomes eligible to participate in any plan of the employer. Since the Tier 1 employees were already members of the pension system at the time the elections would be offered, the election implemented by state statute would not meet the exception to cash or deferred treatment under the regulations. Thus, the ruling concluded that if the Tier 1 members were allowed the election, they would be given an impermissible cash or deferred election. However, because the statute had been amended to provide that if the IRS did not approve the election the change would be automatic, no impermissible provision was actually included in the system.

Based on this private letter ruling, a retirement system must assume that the IRS would challenge the addition of a choice (even a one-time irrevocable election) for employees who are already participating in the system to alter their contribution rate or benefit accrual rate as adding an impermissible cash or deferred arrangement to the system. Since this would represent a disqualification issue for the system, any issues regarding elections by participants must be carefully reviewed.

Changes to Existing IRS Guidance on Code Section 401(a)(9) Rules

Changes to the Required Minimum Distribution Rules for Ongoing Annuity Payments

On July 8, 2015, the IRS announced in [Notice 2015-49](#) that it plans to amend the required minimum distribution Treasury Regulations under Code section 401(a)(9) to include a prohibition on changing the form of payment once an annuity is in pay status. Generally, under Code section 401(a)(9) distribution of an employee's entire benefit must begin by April 1 of the calendar year following the later of (1) the calendar year in which the employee attains age 70 1/2 or (2) the calendar year in which the employee retires (the "Required Beginning Date"). If an employee's entire interest is not distributed by the Required Beginning Date, in order to satisfy Code section 401(a)(9), the employee's benefit must begin no later than the Required Beginning Date and must be paid in the form of periodic annuity payments for the employee's or beneficiary's life (or the joint lives of the employee and beneficiary) or over a period certain that is no longer than a period permitted under Treasury Regulation section 1.401(a)(9)-6. Once payment begins, the regulations do not allow a change to the period or form of the distribution except in very narrow circumstances. One of those narrow circumstances is when an annuity is changed to increase benefits in accordance with a plan amendment.

Recently, some plan sponsors have amended their pension systems or considered amending their pension systems to provide retirees who are currently receiving annuity payments the opportunity to elect to convert their annuity into an immediately payable lump sum. For purposes of Code section 401(a)(9) compliance, the plan sponsors have taken the position that amendments giving retirees a window to elect to convert their annuity payments into an

immediate lump sum payment is a permissible acceleration under the Code section 401(a)(9) regulations that allow a change in the period or form of payment as a result of a plan amendment that increases benefits.

The IRS has issued several private letter rulings indicating these election windows were permissible under the Code section 401(a)(9) required minimum distribution rules. However, in Notice 2015-49, the IRS announces that its position on these conversion windows has changed and intends to amend Treasury Regulation 1.401(a)(9)-6 to make its position clear.

The IRS indicated that effective July 9, 2015, retirement systems can no longer provide retirees in pay status the option to convert their annuity payments to a lump sum benefit. However, the IRS indicated that it will not pursue any action against a pension system that is in the process of implementing an election window if one of the following conditions is met:

1. an amendment to the plan was adopted (or authorized by the board, committee, or other body with authority to amend the plan) prior to July 9, 2015;
2. the plan sponsor already received a favorable private letter ruling or determination letter on the issue from the IRS prior to July 9, 2015;
3. the plan sent out written communication to affected participants with an explicit and definite intent to implement the lump sum election prior to July 9, 2015; or
4. the window election is pursuant to an agreement between the plan sponsor and an employee representative (with which the plan sponsor has entered into a collective bargaining agreement) specifically authorizing implementation of such a program that was entered into and was binding prior to July 9, 2015.

The ability to offer this type of change in benefit payment type is not available under the '37 Act, so this Notice should not have a significant effect on '37 Act systems. However, the IRS has indicated that they will be issuing a change to the 401(a)(9) regulations, which are applicable to '37 Act systems. The future changes to be issued by the IRS may require a technical change to the '37 Act systems' model tax regulations implementing the Code section 401(a)(9) requirements. The '37 Act systems will need to review any new IRS guidance when it is issued to determine if changes to the model tax regulation documents are required.

New IRS Priority Guidance Plan

IRS Issues Updated List of Guidance Considered Priority for 2015-2016

The IRS issued its updated list in July 2015 (and updated as of September 30, 2015) of areas which the agency will consider a priority for issuing guidance in the following year. Under its

2015-2016 Priority Guidance Plan (updated September 30, 2015 and released October 23, 2015) the IRS indicated that it was prioritizing resources for 39 items of future guidance related to retirement plans, including the following that may be important for the '37 Act retirement systems:

- Regulations on the application of the normal retirement age regulations under §401(a) to governmental plans.
- Guidance regarding revisions to the determination letter process. (Updated to indicate that guidance was published August 10, 2015 in IRB 2015-32 as ANN. 2015-19 (Released July 21, 2015)). [Note: This new guidance was discussed in the 2nd Quarter Report.]
- Regulations under §401(a)(9) on the use of lump sum payments to replace lifetime income being received by retirees under defined benefit pension plans. (Updated to indicate that guidance was published July 27, 2015 in IRB 2015-30 as Notice 2015-49 (Released July 9, 2015)). [Note: This new guidance is discussed above in this 3rd Quarter Report.]
- Regulations on the definition of governmental plan under §414(d).
- Guidance under Code section 3405 regarding distributions made to payees with an address outside the United States.
- Revenue procedure amending Revenue Procedure 2013-12 relating to the Employee Plans Compliance Resolution System (EPCRS) to provide guidance with regard to certain corrections. [Note: This new guidance was discussed in the 1st and 2nd Quarter Reports.]
- Guidance providing clarification regarding the Voluntary Closing Program for failures not covered by EPCRS.

Court Decisions Impacting Tax Compliance for the '37 Act Systems

There were no court decisions in the third quarter of 2015 that affected tax compliance for the '37 Act systems.

Federal Legislation Impacting Tax Compliance for the '37 Act Systems

On July 31, 2015, President Obama signed the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 into law. Among other things, the Surface Transportation and Veterans Health Care Choice Improvement Act extends the ability to transfer excess pension assets to retiree health accounts to 2025. Prior to this extension, the ability to transfer excess pension assets to a Code section 401(h) account to provide medical or life insurance

benefits for retirees was set to expire in 2021. In order to utilize these provisions, employers must meet certain requirements that are based on the Internal Revenue Code and ERISA funding provisions for private sector employers. The '37 Act has its own provisions regarding the ability to fund retiree health benefits from excess assets that are not the same as the Code provisions that were extended. Therefore, this legislation does not appear to have any effect on the '37 Act systems.

Miscellaneous Items for '37 Act Systems

Social Security Wage Base Remains Unchanged; PEPPRA Social Security Wage Base Also Likely Unchanged

Social Security Wage Base for 2016 Announced; California Actuarial Advisory Panel Set to Review Adjustment to PEPPRA Wage Base on November 3, 2015

On October 15, 2015 the Social Security Administration announced that individuals receiving Social Security benefits in 2016 would not receive a cost-of-living increase. This means that the Social Security wage base for 2016 will not increase because applicable law prohibits an increase in the wage base in any year that Social Security benefits do not receive a cost-of-living-adjustment. For 2016, the Social Security wage base will remain at \$118,500.

When adopting PEPPRA, the California legislature adopted a different method of indexing the Social Security wage base that affects members of '37 Act systems who are subject to the limits on pensionable compensation set by PEPPRA.² The California Actuarial Advisory Panel (CAAP) is meeting on November 3, 2015, and will consider a **draft letter** providing guidance that the limits under PEPPRA will also remain unchanged at \$117,020 for those covered by Social Security and \$140,424 for those not covered by Social Security. The CAAP is expected to finalize this advice and make it publicly available at its November 3rd meeting.

Assuming this is the case, there will be no adjustment required to the limitations on pensionable compensation for new members for 2016 under the '37 Act systems.

Healthcare Reform Information Reporting Forms Finalized

IRS Issues Final Information Reporting Forms; May Require Action for '37 Act Systems Who Are Independent Employers or Any That Provide Self-Insured Health Benefits

² PEPPRA (California Government Code section 7522.10) limits pensionable compensation to 100% of the Social Security wage base (as adjusted pursuant to Government Code section 7522.10(d)(1)) for new members who participate in Social Security and 120% of the Social Security wage base (as adjusted) for those who do not.

In September, the IRS released finalized Affordable Care Act (ACA) information reporting returns and instructions for the 2015 reporting period. These returns must be used by large employers and health coverage providers, as defined by the ACA, for the complex information reporting to both the IRS and to employees required by early 2016. Generally large employers use Forms 1094-C and 1095-C, and health coverage providers use Forms 1094-B and 1095-B to satisfy their respective ACA reporting obligations. If considered a large employer under the ACA, '37 Act systems that are separate employer entities from the county may need to complete Forms 1094-C and 1095-C. Any '37 Act systems providing self-insured health benefits may need to complete Forms 1094-B and 1095-B. The information necessary to complete these forms is very complex. The '37 Act systems subject to ACA information reporting will want to verify that all relevant information requested in the information returns is being appropriately tracked and available in order to meet the requirements so that any penalties can be avoided. The final [instructions for Forms 1094-C and 1095-C](#) and [final instructions for Forms 1094-B and 1095-B](#) and other guidance can be found on the [IRS website](#).

MARKETS GROUP



3RD ANNUAL PACIFIC STATES INSTITUTIONAL INVESTOR FORUM

DECEMBER 8, 2015 | SAN FRANCISCO, CA

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3rd Annual Pacific States Institutional Investor Forum

*A Meeting of Regional Institutional Investors – Tuesday, December 8th, 2015
Marines Memorial Club – 609 Sutter St, San Francisco, CA 94102*

DESIGNED FOR:

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7:30 Registration & Welcome Coffee**8:00 Breakfast Workshop: Diversification for the Alpha-Centric Portfolio**Presenter

Barry Griffiths, Partner, Private Equity Team, **Landmark Partners**

8:30 Welcome Remarks

Organizer: **Shu Li**, Program Director, **Markets Group**

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

Conference Chairman: **Greg Lindsey**, Director, **Putnam Investments**

8:35 Future Opportunities in Securitized Mortgages

In the post-2008 era, changes in the regulation and architecture of the residential mortgage system have reshaped the supply and demand landscape for securitized products. As the traditional players' roles diminish due to regulation and legislation, an opportunity arises for private investors to absorb the supply at better yields. With demand for homes and mortgage financing expected to be robust, the ongoing evolution of securitized markets could present attractive investment opportunities for investors in a sector that has historically provided low correlations to corporate credit and equity markets.

Presenter

Michael Salm, Co-Head of Fixed Income, **Putnam Investments**

9:05 Q&A on Factor Investing

Factor Investing are generally achieved through rule-based, transparent methodologies. It also offers a perspective for understanding the sources of portfolio returns. But do factors such as value, quality, momentum, and volatility really have abilities to deliver consistent excess returns over the long run? Let's find out more from this interesting conversation.

Moderator

Alan Wong, Investment Strategist, Benefit Plan Investments, **Chevron**

Panelists

Jim Hwang, Senior Portfolio Manager, Public Market Investments, **CPPIB**

Canyon Chan, Senior Portfolio Strategist, **Hewlett-Packard**

Eugene Podkaminer, SVP, Capital Markets Research, **Callan Associates**

Alexander Davey, Director, Senior Equity Specialist, **HSBC Global Asset Management**

9:55 Hedge Funds: Which Ones Stood the Test of Market Volatility?

This year hasn't been the best for many hedge funds. But there must have been those that proved true skills during volatile times. Also, the end performance number doesn't always tell the whole story – some reasons for weak performance are acceptable; some are not, e.g. style-drift outside of the manager's expertise. Let's hear more from our speakers.

Moderator

Chris Winiarz, Investment Officer, Opportunistic Equity, **University of California**

Panelists

William Coaker, Chief Investment Officer, **San Francisco Employees Retirement System**

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

Ping Zhu, Vice President, Hedge Funds & Fixed Income, **Strategic Investment Solutions (SIS)**

David Saunders, Co-Founder & Chief Executive Officer, **K2 Advisors**

10:45 Morning Coffee Break**10:55 Practical Steps towards ESG Integration and Inclusive Investment Practices**

More and more investors have added Environment, Social, and Governance (ESG) as well as manager diversity considerations to their board meeting agendas. How can these be woven into the portfolio construction process? Where do we start?

Moderator

Jessica Matthews, Managing Director, Head of Mission-Related Investing, **Cambridge Associates**

Panelists

Beth Richtman, Investment Manager, Real Assets & Global Governance, **CalPERS**

Bert Feuss, Senior Vice President, Investments, **Silicon Valley Community Foundation**

Alex Bernhardt, Principal, Head of Responsible Investment, **Mercer**

Mary Jane McQuillen, Portfolio Manager and Head of ESG Investment Program, **ClearBridge Investments**

Speaker, Managing Director, **FTSE Russell**

11:55 Private Equity Year-End Review

Is 2015 a continuation of a multi-year trend in PE? Or is it a turning point? What's on LPs' minds? Is it valuation? Is it access to good funds? Let's go around the table and hear from our speakers' experience and observations in direct, fund, and co-investments, as well as the secondary markets.

Panelists

Aaron Au, Investment Officer - Illiquid Markets, **Employees' Retirement System of the State of Hawai'i**

Jonathan Costello, Head of AIP Private Equity Secondaries, **Morgan Stanley Investment Management**

12:40 Turning Your Investment Losses into Valuable Litigation Assets

In the aftermath of the housing crisis, many investors were able to recover their losses on their RMBS investments by suing issuers and underwriters for misrepresentations in the offering documents relating to the credit quality of the underlying loans. Since then a number of additional financial frauds have been revealed, including manipulation of various industry benchmarks and market manipulation, including in the market for US treasuries, credit default swaps, precious metals, and municipal bonds. This presentation will include a brief summary of recent litigations, and will address questions relevant to investors seeking to maximize recovery of their investment losses through such litigations.

Presenter

Anthony Gelderman, Counsel, **Bernstein Litowitz Berger & Grossmann**

1:10 Networking Luncheon**2:00 Investing in Today's Global Equity Markets**

Many investors saw sluggish to negative results in their global equities portfolio in recent periods. But pockets of opportunity remain, if you know where to look. Join us for a conversation on how plan sponsors and consultants can screen and identify the best investment managers to help them achieve long-term return targets, while maintaining their risk budget. Can alpha generation and risk control go hand in hand?

Moderator

Anthony Goo, Investment Officer - Liquid Markets, **Employees' Retirement System of the State of Hawai'i**

Panelists

Candace Ronan, Portfolio Manager Global Equity, **CalSTRS**

Chris Winiarz, Investment Officer, Opportunistic Equity, **University of California**

Will Chau, Sr. Manager, Retirement Investments, **Intel Corporation**

Jim Brown, Principal / Partner, **Brandes Investment Partners**

Todd Leigh, Managing Director, Head of HOLT Active Equity, **Credit Suisse**

3:00 Applying Techniques Used by Corporate Plans to Public Plans

Many corporate pension plans have adopted liability-driven strategies, relying on hedging portfolios and glide paths to reduce risk. Others have also gone further, addressing their return-seeking portfolios with the goal of decreasing volatility and downside risk. But public plans, facing different challenges and regulatory regimes, have no utility for LDI or volatility management, right? Or is there?

Panelists

Tim Harrison, Actuarial Senior Associate, Office of Employee Benefits, **Federal Reserve System**

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

Stephen Marshall, Managing Director, Head of Asset Allocation, **Wilshire Consulting**

Max Giolitti, Managing Director, **Verus** (formerly Wurts & Associates)

3:40 Managing Currency Exposure

The strengthening USD has meant that currency exposure cannot be ignored as part of the international investment process. Should managers be taking currency decisions to reduce risk on international investments or looking to add alpha with active currency management. Should a specialist currency manager be used to manage this risk?

Moderator

Zeke Loretto, Director Head of Global Investments, **eBay**

Panelists

Eric Busay, Portfolio Manager, Currency Overlay, **CalPERS**

Philip Lawson, Head of Portfolio Management, **Adrian Lee & Partners**

Ian Toner, Managing Director, Strategic Research, **Verus** (formerly Wurts & Associates)

4:20 Unconventional Asset Allocation

How do our panelists view asset allocation? Is there any uniqueness to their approaches? Are there any adjustments on the horizon in light of changing opportunity sets and risk characteristics of current holdings?

Moderator

Aaron Au, Investment Officer - Illiquid Markets, **Employees' Retirement System of the State of Hawai'i**

Panelists

Arn Andrews, Chief Investment Officer, **City of San José Department of Retirement Service**

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

5:00 Chairperson's Closing Remarks / Close of Conference