

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD OF RETIREMENT

### BUSINESS MEETING

April 15, 2013

### AGENDA

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

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

**ACTION ON AGENDA:** When Deemed to be Appropriate, the Board of Retirement May Take Action on Any and All Items Listed Under Any Category of This Agenda, Including "Correspondence" and "Informational".

### **ITEM:**

- |      |   |                 |
|------|---|-----------------|
| I.   | <b><u>INTRODUCTION OF MEETING</u></b>   | Master Page No. |
| II.  | <b><u>APPROVAL OF AGENDA</u></b>  | 1 – 4           |
| III. | <b><u>CLOSED SESSION</u></b>  |                 |
|      | Closed Session - It is the intention of the Board of Retirement and Legal Counsel to Meet in Closed Session to Discuss Those Items Listed on Attachment A to This Agenda. | 5 - 15          |
| IV.  | <b><u>APPROVAL OF MINUTES</u></b>   |                 |
|      | A. Disability Meeting of April 1, 2013.   | 16 - 23         |

**V. CONSENT AGENDA**

THE FOLLOWING ITEMS ARE ANTICIPATED TO BE ROUTINE AND NON-CONTROVERSIAL. CONSENT ITEMS WILL BE APPROVED WITH ONE MOTION IF NO MEMBER OF THE BOARD WISHES TO COMMENT OR ASK QUESTIONS. IF COMMENT OR DISCUSSION IS DESIRED, THE ITEM WILL BE REMOVED FROM THE CONSENT AGENDA AND TRANSFERRED TO THAT SECTION OF THE AGENDA DEEMED APPROPRIATE BY THE CHAIR.

- |  |         |
|--|---------|
| A. Regular and Deferred Retirements and Survivors Continuances for the Month of March 2013.  | 24 - 25 |
| B. Report of Checks Disbursed in March 2013.   | 26 - 35 |
| C. Asset Allocation as of March 31, 2013.  | 36      |
| D. Statement of Plan Net Assets, Statement of Changes in Plan Net Assets, and Investments & Cash Equivalents for the Month Ended January 31, 2013. | 37 - 42 |
| E. Budget Summary – Year to Date as of March 2013, Fiscal-Year 2012-13.  | 43      |
| F. Quarterly Administrator Report for January 1, 2013 to March 31, 2013  | 44 - 49 |

**END OF CONSENT AGENDA**

**VI. INVESTMENT INFORMATION**

- |   |           |
|---|-----------|
| A. Annual Investment Presentation, Sprucegrove – Mark Shevitz. (30 minutes).                                | 50 - 80   |
| B. GTAA/Risk Parity Search Report. Russ Charvonia, ChFC, CFP®, Esq. and Kevin Chen.                         | 81 - 166  |
| C. GTAA Finalist Presentation, GMO – John Allen, Ben Inker. (30 minutes).                                   | 167 - 217 |
| D. GTAA Finalist Presentation, PIMCO – David Blair, Rob Arnott, Ashish Tiwari. (30 minutes).                | 218 - 253 |
| E. Risk Parity Finalist Presentation, Bridgewater – Joel Whidden. (30 minutes).                             | 254 – 300 |
| F. Risk Parity Finalist Presentation, BlackRock – Ked Hogan, Vincent de Martel, Tony Freitas. (30 minutes). | 301 - 331 |

**VI. INVESTMENT INFORMATION (continued)**

- G. GTAA and Risk Parity Funding Decision – Hewitt EnnisKnupp, Russ Charvonja, ChFC, CFP®, Esq. and Kevin Chen.
- H. Hewitt EnnisKnupp, Russ Charvonja, ChFC, CFP, Esq. and Kevin Chen.
  - 1. Monthly Manager Performance Report, March 2013. 332 - 347
  - 2. Highlights and Research, April 2013. 348 – 356
    - a. New Manager Contracts Review Update.
    - b. Western Asset Management Update.
    - c. Prudential Update.
    - d. Securities Lending Market Update.
    - e. HEK Client Webcast and Blog.

**VII. OLD BUSINESS**

- A. Adams Street Partners
  - 1. Letter from Trustee Goulet 357
  - 2. Letter from Staff 358

*(The following items were received by the Board on March 18, 2013 and are provided again for reference as needed.)*

  - a. March 18, 2013 Presentation Slides & HEK Report – Adams Street Partners. 359 – 413
  - b. March 18, 2013 Presentation Slides & HEK Report – The Common Fund. 414 – 547
  - c. March 18, 2013 Presentation Slides & HEK Report – Portfolio Advisors. 458 - 507
- B. Pensionable Compensation 508

**VIII. NEW BUSINESS**

- |    |   |           |
|----|---|-----------|
| A. | Manatt Public Pension Fund Fiduciary Forum – Written and Oral Reports                                     | 509       |
| 1. | Report from Trustee McCormick   | 510       |
| B. | Principles of Pension Management Report – Written Report.   | 511       |
| 1. | Report from Trustee McCormick   | 512 - 513 |
| C. | Request to Attend the Brown Armstrong Client Update – Retirement Administrator and Accounting Officer     | 514       |
| 1. | Registration and Information Sheet  | 515       |
| D. | Request to Attend the NAPPA 2013 Legal Education Conference – Board Counsel                               | 516       |
| 1. | Conference Brochure   | 517 – 532 |
| E. | Due Diligence Site Visits of State Street Global Advisors, Pantheon, and RREEF – Written and Oral Reports |           |
| 1. | Report on State Street Global Advisors Site Visit – Henry Solis, CPA, CIA, CFO                            | 533 - 535 |

**IX. PUBLIC COMMENT**

**X. BOARD MEMBER COMMENT**

**XI. HONORARY RECOGNITION**

- |    |   |     |
|----|---|-----|
| F. | Farewell Trustee Harris (Time Approximate: 1:30 p.m.) | 536 |
| 1. | Plaque Text   | 537 |

**XII. ADJOURNMENT**

**CLOSED SESSION ITEMS**

**ITEM III.**

**1. ANTICIPATED LITIGATION (Gov. Code Section 65956.9)**

**CONFERENCE WITH LEGAL COUNSEL PURSUANT TO THE PROVISIONS OF GOVERNMENT CODE SECTION 54956.9 SUBDIVISION (c) – 1 POTENTIAL CASE.**

**ATTACHMENT A – APRIL 15, 2013**

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD OF RETIREMENT

### DISABILITY MEETING

April 1, 2013

### MINUTES

**DIRECTORS** William W. Wilson, Chair, Public Member  
**PRESENT:** Steven Hintz, Treasurer-Tax Collector  
Peter C. Foy, Public Member  
Albert G. Harris, Public Member  
Joseph Henderson, Public Member  
Tom Johnston, General Employee Member  
Deanna McCormick, General Employee Member  
Arthur E. Goulet, Retiree Member  
Chris Johnston, Alternate Employee Member  
Will Hoag, Alternate Retiree Member

**DIRECTORS** Tracy Towner, Vice Chair, Safety Employee Member  
**ABSENT:**

**STAFF** Donald C. Kendig, Retirement Administrator  
**PRESENT:** Henry Solis, Chief Financial Officer  
Lori Nemiroff, Assistant County Counsel  
Glenda Jackson, Program Assistant  
Angie Tolentino, 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. **INTRODUCTION OF MEETING**

Chairman Wilson called the Disability Meeting of March 4, 2013, to order at 9:00 a.m.

**II. APPROVAL OF AGENDA**

Staff recommended that Agenda item V.D, Application for Service Connected Disability Retirement; Joe Banuelos, Case 11-024, be moved to the beginning of Agenda item V. to allow applicant's counsel to appear in court later that morning.

MOTION: Mr. Harris moved, seconded by Mr. Henderson, to approve the agenda as amended.

Motion passed unanimously. Mr. Towner absent. Mr. C. Johnston voting.

**III. APPROVAL OF MINUTES**

A. Business Meeting of March 18, 2013.

Mr. Goulet requested the following correction:

Master Page No. 8, VIII. Board Member Comment, add "attorney" after "investment" and before "at."

MOTION: Mr. Goulet moved, seconded by Mr. Harris, to approve the minutes as corrected.

Motion passed unanimously. Mr. Towner absent. Mr. C. Johnston voting.

**IV. PENDING DISABILITY APPLICATION STATUS REPORT**

MOTION: Judge Hintz moved, seconded by Mr. Henderson, to receive and file the pending disability application status report.

Motion passed unanimously. Mr. Towner absent. Mr. C. Johnston voting.

**V. APPLICATIONS FOR DISABILITY RETIREMENT**

D. Application for Service Connected Disability Retirement; Joe Banuelos, Case 11-024.

1. Summary of Evidence, Findings of Fact, Conclusions of Law and Recommendation, Submitted by Hearing Officer Irene P. Ayala, dated February 18, 2013.

2. Hearing Notice.

V. APPLICATIONS FOR DISABILITY RETIREMENT (continued)

- D. Application for Service Connected Disability Retirement; Joe Banuelos, Case 11-024. (continued)

John Gilman was present representing the County of Ventura Risk Management. David Schumaker was present on behalf of the applicant. The applicant, Joe Banuelos, was present.

Following statements by both parties, and discussion, the following motion was made:

MOTION: Mr. Goulet moved, seconded by Judge Hintz, to adopt the hearing officer's recommendation finding that the applicant, Joe Banuelos, met his burden of proof that he is permanently disabled from the performance of his duties, but failed to meet his burden of proof that his disability is service connected, and granted a nonservice-connected disability retirement based on the parties' stipulation to amend the application to include a nonservice connected disability retirement, to accept the findings of fact, and conclusions of law in the hearing officer's report, and to the extent any further findings of fact and conclusions of law are warranted, they are waived.

Motion passed unanimously. Mr. Towner absent. Mr. C. Johnston voting.

- A. Application for Non-Service Connected Disability Retirement; Gary Kennedy, Case No. 12-033.
1. Application for Non-Service Connected Disability Retirement and Supporting Documentation.
  2. Hearing Notice.

Paul Hilbun was present representing the County of Ventura Risk Management. The applicant, Gary Kennedy, was present along with his wife, Katherine Kennedy.

Following statements by both parties, the following motion was made:

MOTION: Mr. Harris moved, seconded by Mr. Henderson, to grant a nonservice-connected disability retirement. The parties agreed to waive preparation of findings of fact and conclusions of law.

Motion passed unanimously. Mr. Towner absent. Mr. C. Johnston voting.



V. APPLICATIONS FOR DISABILITY RETIREMENT (continued)

B. Application for Service Connected Disability Retirement; Noel San Jose, Case No. 12-027.

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

Hearing Notice.

Paul Hilbun was present representing the County of Ventura Risk Management. The applicant, Noel San Jose, was present.

Mr. Goulet asked Mr. Hilbun why Risk Management did not make a rebuttal on the heart presumption. Mr. Hilbun replied that this was not a rebuttal item without proof of contemporaneous activity, of which there was none. Mr. Hilbun's response will be entered into the official record.

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

MOTION: Mr. C. Johnston moved, seconded by Mr. T. Johnston, to grant a service-connected disability retirement. The parties agreed to waive preparation of findings of fact and conclusions of law.

Motion passed unanimously. Mr. Towner absent. Mr. C. Johnston voting.

C. Application for Non-Service Connected Disability Retirement; Debra L. Wolfe, Case No. 10-013.

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

2. Hearing Notice.

Paul Hilbun was present representing the County of Ventura Risk Management. The applicant, Debra L. Wolfe.

The following motion was made:

MOTION: Mr. Harris moved, seconded by Mr. C. Johnston, to grant a nonservice-connected disability retirement. The parties agreed to waive preparation of findings of fact and conclusions of law.

Motion passed unanimously. Mr. Towner absent. Mr. C. Johnston voting.

**V. APPLICATIONS FOR DISABILITY RETIREMENT (continued)**

E. Application for Service Connected Disability Retirement; Crystal Litchmore, Case No. 11-023.

1. Summary of Evidence, Findings of Fact, Conclusions of Law and Recommendation, Submitted by Hearing Officer Irene P. Ayala, dated February 11, 2013.
2. Hearing Notice.

Marshall Graves was present representing the County of Ventura Risk Management. The applicant, Crystal Litchmore, was present.

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

MOTION: Judge Hintz moved, seconded by Mr. Henderson, to adopt the hearing officer's recommendation finding that the applicant, Crystal Litchmore, failed to meet her burden of proof that she is permanently disabled from the performance of her duties and to deny the application for service connected disability retirement.

Motion passed unanimously. Mr. Towner absent. Mr. C. Johnston voting.

**VI. OLD BUSINESS**

Henry Solis entered the meeting at 9:20 a.m.

Judge Hintz left the meeting at 10:01 a.m. and returned at 10:14 a.m.

A. Disability Process Review and Educational Presentation.

1. Disability Retirement 101 Presentation.
2. Current Process Diagram.
3. Proposed Application for Disability Retirement Packet.
4. Current Application for Disability Retirement Packet.

Annette Paladino gave a presentation to the Board.

After discussion by the Board and Staff, Staff received direction to bring back the proposed Application for Disability Retirement packet at the May 6, 2013, Disability meeting with adjustments based on feedback provided by the trustees.

**VI. OLD BUSINESS (continued)**

**B. Private Equity Allocation Update.**

1. Adams Street Fees.
2. HarbourVest Fees.

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

MOTION: Mr. C. Johnston moved, seconded by Ms. McCormick to authorize the Retirement Administrator to engage the legal services of Manatt, Phelps, and Phillips for the review of the Adams Street Partners 2013 Global Fund documents and Reed Smith for the review of the HarbourVest Dover VIII Fund documents, and should either firm not provide the necessary review services, the Retirement Administrator is authorized to engage the services of Foley and Lardner.

Motion passed unanimously. Mr. Towner absent. Mr. C. Johnston voting.

After further discussion, Staff also received direction to obtain confirmation from HEK that the subsequent fund documents, service agreements, and investment objectives match what HEK understands was initially proposed to the Board, and to provide trustees additional fee clarification from Adams Street Partners.

**C. Tortoise Capital Advisors Update.**

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

MOTION: Mr. Goulet moved, seconded by Mr. C. Johnston, to authorize the Chair to execute the investment management agreement, client information document, and consent to electronic delivery.

Motion passed unanimously. Mr. Towner absent. Mr. C. Johnston voting.

**D. Board Policies Update.**

1. Board of Retirement Charter.
2. Chair Charter.
3. Vice Chair Charter.
4. Retirement Administrator Charter.
5. Board Policy Development Process.
6. Service Provider Selection Policy.
7. Monitoring and Reporting Policy.

**VI. OLD BUSINESS (continued)**

D. Board Policies Update. (continued)

After discussion by the Board and Staff, the Chair directed staff to bring the policies back next month with the additional changes proposed by trustees.

**VII. NEW BUSINESS**

A. Proposed Amendment to Professional Services Contract with CMP & Associates. Inc.

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

MOTION: Mr. C. Johnston moved, seconded by Mr. Henderson, to authorize the Retirement Administrator, upon final review and approval by Board Counsel, to execute an amendment to the existing agreement as outline in the Board letter with CMP & Association, Inc., for a revised amount not to exceed \$298,750 through June 30, 2013.

Motion passed unanimously. Mr. Towner absent. Mr. C. Johnston voting.

B. Recommended Organizational Changes.

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

MOTION: Judge Hintz moved, seconded by Mr. T. Johnston to approve the addition of two permanent full-time equivalent Benefits Specialist positions, and the conversion of two existing fixed-term Benefits Specialist positions to permanent positions within VCERA's Operations Unit.

The motion passed. Mr. Towner absent. Mr. C. Johnston voting. Mr. Foy, Mr. Goulet and Mr. Henderson voting no.

**VIII. PUBLIC COMMENT**

Staff reported that there will be a delay in the allocation to the Loomis unconstrained mandate, as there are separate subscription agreements and documentation that will need to be reviewed by Board Counsel and executed by the Chair. Staff also reported that the investment consultant search is proceeding smoothly and there were 12 vendors that indicated the intent to submit proposals, and of them, 6 are known to provide discretionary consulting services. In addition, staff received 11 questions and will be posting responses on VCERA's website by the close of business that day

**VIII. PUBLIC COMMENT (continued)**

Board Counsel provided a litigation update: 1) VCERA prevailed in the Yvonne Eads Writ of Mandate regarding her effective date, 2) The County has filed a Writ of Mandate in the Mark Lopez case 3) Mr. Koevenig has filed a government tort claim for payment of legal fees which will be heard in closed session. Mr. Koevenig is claiming he suffered damages as a result of relying on incorrect estimates provided by VCERA, and 4.) The Lanquist-Temple case will be heard tomorrow. At this time, the Chair asked Board Counsel if she had heard the decision on the Stockon bankruptcy case, as it was scheduled to be issued today, and she reported she had not.

**IX. BOARD MEMBER COMMENT**

Mr. Harris announced that he will be moving and submitted his letter of resignation from the Board effective May 1. The April 15 Board meeting will be his last.

Judge Hintz announced that he obtained approval to hire an Assistant Treasurer-Tax Collector overseeing operations and investments and to refer prospective candidates to the County HR website

Mr. Goulet expressed concern over a Ventura County Star article in which the District Attorney found a Simi Valley councilman violated the Brown Act for discussing an item that was not on the Agenda and asked Board Counsel to look into it.

**X. ADJOURNMENT**

The meeting was adjourned at 11:40 a.m.

Respectfully submitted,



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DONALD C. KENDIG, Retirement Administrator

Approved,

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WILLIAM W. WILSON, Chairman

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

MARCH 2013

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	TOTAL SERVICE	OTHER SERVICE	DEPARTMENT	EFFECTIVE DATE
<b>REGULAR RETIREMENTS:</b>							
Valentine D.	Aragones	G	11/11/2001	10.92	D=7.15	Assessor	02/16/03
Sandra Lee	Banks	G	5/25/1980	32.42		Library Services Agency	02/03/13
Bobbie J.	Burnette	G	9/8/1996	16.10		Assessor	02/20/13
Russell D.	Cole	G	7/12/2005	3.39		Health Care Agency (from deferred) (Non-Member Spouse)	06/25/12
Marian S.	Corson	G	2/2/2003	5.44		Probation Agency (from deferred)	02/01/13
Juanita S.	Deleon	G	08/29/1993	19.25		Health Care Agency	01/19/13
Diane E.	Farrell	G	01/28/2013	11.95		Child Support Services (from deferred) (Non-Member Spouse)	02/01/13
Josie	Garcia	G	08/24/1997	11.85		Human Services Agency	02/28/13
Daniel I.	Grahn	S	05/31/1998	5.13	B=0.12	Probation Agency (from deferred)	02/07/13
Sandra L.	Hewlett	G	08/15/1993	16.10		Health Care Agency (from deferred)	01/01/13
Koppenjan	Jennifer H.	S	12/20/2012	8.86		Sheriff's Department (from deferred) (Non-Member Spouse)	02/01/13
Celina	Lindly	G	12/28/1989	23.08		Human Services Agency	02/01/13
Meredith	Mundell	G	12/10/1989	10.54	A=1.31	Health Care Agency (from deferred)	12/21/12
Patricia	Peters	G	01/31/1993	19.31		Human Services Agency	02/16/13
Sara A. J.	Patterson	G	12/13/1999	12.31		Superior Courts (from deferred)	
Roy F.	Peacock	G	12/29/2008	10.50		District Attorney (from deferred) (Non-Member Spouse)	07/23/12
Peter	Ramirez	S	05/02/1977	4.21		Fire Protection District (redeposit Section 31831.3)	02/21/13
David H.	Robertson	G	11/21/1982	25.10		Sheriff's Department	01/31/13
Anna W.	Scales	G	12/24/1989	23.51	A=0.358 B=0.230	Child Support Services	02/22/13
Jeanne	Sevier	G	07/19/1992	20.56	B=0.113	Human Services Agency	02/01/13
Henry	Starlin	G	01/27/2003	10.05		Information Services Department	02/15/13
Carol L.	Stiles	G	03/13/1983	28.07		Superior Courts	02/12/13
Angela M.	Timmons	G	08/21/2000	12.45		Health Care Agency	02/02/13
Gary	Windom	G	09/22/1999	12.96		Public Defender (from deferred)	11/21/12
Loretta L.	Windt	G	11/13/1978	34.20		Resource Management Agency	02/01/13
Jane	Winters	G	02/16/2008	5.09		Health Care Agency	02/18/13

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

MARCH 2013

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	TOTAL SERVICE	OTHER SERVICE	DEPARTMENT	EFFECTIVE DATE
<b>DEFERRED RETIREMENTS:</b>							
Trease S.	Allen	G	05/22/2000	12.71		Health Care Agency	03/01/13
Joe	Banuelos	G	11/06/2005	5.75		Public Works	08/16/12
Jared G.	Battles	S	01/11/2009	3.36 *		Sheriff's Department	08/26/12
Mary E.	Birch	G	09/05/2010	1.71 *		Library Services Agency	10/19/12
James S.	Bucy	G	10/30/2006	5.93		General Services	09/28/12
Ryan A.	Dolan	S	05/16/2010	1.76 *		Sheriff's Department	02/16/12
Wael M.	Elsherif	G	03/21/2011	1.46 *		Assessor	08/30/12
Roy	Ervin	G	01/22/2001	11.15		Health Care Agency	11/16/12
Josie	Garcia	G	08/24/1997	11.67		Human Services Agency	02/27/13
Eric	Hedgeman	G	12/04/1989	23.20		General Services	02/14/13
Sandra	Hewlett	G	08/15/1993	15.62		Health Care Agency	11/11/12
Susan	Howard	G	01/28/2007	5.41		Superior Courts	06/23/12
Julie	Leon	G	07/12/1998	14.26		Sheriff's Department	11/09/12
Sherry	Juarez	S	04/08/2007	5.06	C=3.213	Sheriff's Department	06/17/12
Lisa	Lemus	G	07/16/2006	5.98		Superior Courts	07/13/12
James	Liu	G	01/18/2005	7.52		Information Technology Services	07/24/12
Gina	Lopez	G	12/26/2010	1.22		Health Care Agency	05/11/12
Christian	Nicholson	G	10/03/2010	1.47 *		District Attorney	03/22/12
Okiemute	Odeghe	G	10/09/2005	5.56		Health Care Agency	08/12/12
Mette G.	Richardson	G	06/06/2010	2.03 *		General Services	06/06/12
Valerie	Roberts	G	02/07/2000	11.78 *		Public Works	07/05/12
James N.	Robinson	G	05/31/2011	1.79	C=17.942	Information Technology Services	03/13/13
Tanya	Rogers	G	07/12/1998	12.93	B=2.1599	Superior Court	03/29/12
Joseph A.	Romero	G	12/27/1998	11.69		Health Care Agency	03/06/13
Christy L.	Sedgwick	S	09/25/2005	5.97		Sheriff's Department	02/21/13
Kimberly	Shean	S	08/07/1988	23.98 *		Probation Agency	08/30/12
Guadalupe	Silvar	G	11/15/2009	2.69 *		Airports	07/27/12
J. Derek	Van Camp	S	02/02/1998	11.26		Fire Protection District	07/06/12
Sharon	Velasquez	G	07/16/1984	24.47		Child Support Services	07/02/12
Gianina	Verasego	G	06/12/2011	1.25 *		Human Services Agency	09/07/12
Carolyn Sue	Walden	G	05/07/2006	5.02		Clerk Recorder	12/08/12
Debra L.	Wolfe	G	05/29/2001	8.22		Health Care Agency	03/09/12

**SURVIVORS' CONTINUANCES:**

Barbara J. Adams  
John D. Cimino  
Marie Hansen  
Theodore F. Mainini  
Patricia Pederson  
Charles Unterberger

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

Date: Monday, April 01, 2013  
 Time: 09:15: AM  
 User: CSTEVENS

Ventura County Retirement Assn

Page: 1 of 10  
 Report: 03630.rpt  
 Company: VCERA

Check Register - Standard  
 Period: 09-13 As of: 4/1/2013

Check Nbr	Chec Type	Check Date	Vendor ID Vendor Name	To	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Take	Amount Paid
Company:			VCERA								
Acct / Sub:			1002 00								
022043	CK	3/1/2013	F5422 CRAIG S. MILLER		09-13	016844	VO	PENSION PAYMENT	3/1/2013	0.00	384.90
022044	CK	3/7/2013	CA SDU CALIFORNIA STATE		09-13	016850	VO	CRT ORDERED PMT	3/7/2013	0.00	1,001.90
022045	CK	3/7/2013	CHILD5 STATE DISBURSEMENT UNIT (		09-13	016851	VO	CRT ORDERED PMT	3/7/2013	0.00	511.00
022046	CK	3/7/2013	CHILD9 SHERIDA SEGALL		09-13	016852	VO	CRT ORDERED PMT	3/7/2013	0.00	260.00
022047	CK	3/7/2013	CHILD21 OREGON DEPT OF JUSTICE		09-13	016853	VO	CRT ORDERED PMT	3/7/2013	0.00	171.74
022048	CK	3/7/2013	SPOUSE2 KELLY SEARCY		09-13	016854	VO	CRT ORDERED PMT	3/7/2013	0.00	1,874.00
022049	CK	3/7/2013	SPOUSE3 ANGELINA ORTIZ		09-13	016855	VO	CRT ORDERED PMT	3/7/2013	0.00	250.00
022050	CK	3/7/2013	SPOUSE4 CATHY C. PEET		09-13	016856	VO	CRT ORDERED PMT	3/7/2013	0.00	550.00
022051	CK	3/7/2013	SPOUSE5 SUZANNA CARR		09-13	016857	VO	CRT ORDERED PMT	3/7/2013	0.00	829.00
022052	CK	3/7/2013	FTBCA3 FRANCHISE TAX BOARD		09-13	016858	VO	GARNISHMENT	3/7/2013	0.00	77.11
022053	CK	3/7/2013	IRS6 INTERNAL REVENUE SERVICE		09-13	016859	VO	GARNISHMENT	3/7/2013	0.00	321.00
022054	CK	3/7/2013	CALPERS CALPERS LONG-TERM		09-13	016860	VO	INSURANCE	3/7/2013	0.00	19,267.87
022055	CK	3/7/2013	CVMP COUNTY OF VENTURA		09-13	016861	VO	INSURANCE	3/7/2013	0.00	556,477.48
022056	CK	3/7/2013	SEIU SEIU LOCAL 721		09-13	016862	VO	DUES	3/7/2013	0.00	320.50



Date: Monday, April 01, 2013  
 Time: 09:15: AM  
 User: CSTEVENS

Ventura County Retirement Assn

Page: 2 of 10  
 Report: 03630.rpt  
 Company: VCERA

Check Register - Standard  
 Period: 09-13 As of: 4/1/2013

Check Nbr	Chec Type	Check Date	Vendor ID Vendor Name	To	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Take	Amount Paid
Company: VCERA											
022057	CK	3/7/2013	VCDSA VENTURA COUNTY DEPUTY		09-13	016863	VO	INSURANCE	3/7/2013	0.00	246,760.49
022058	CK	3/7/2013	VCPFF VENTURA COUNTY PROFESS		09-13	016864	VO	INSURANCE	3/7/2013	0.00	74,982.66
022059	CK	3/7/2013	VCREA RETIRED EMPLOYEES' ASSOC		09-13	016865	VO	DUES	3/7/2013	0.00	4,263.00
022060	CK	3/7/2013	VRSD VENTURA REGIONAL		09-13	016866	VO	INSURANCE	3/7/2013	0.00	5,822.12
022061	CK	3/7/2013	VSP VISION SERVICE PLAN - (CA)		09-13	016867	VO	INSURANCE	3/7/2013	0.00	6,072.00
022062	CK	3/8/2013	BARNEY ABU COURT REPORTING INC		09-13	016845	VO	ADMIN EXP	3/7/2013	0.00	315.00
022063	CK	3/8/2013	CORPORATE STAPLES ADVANTAGE		09-13	016846	VO	ADMIN EXP	3/7/2013	0.00	164.60
022064	CK	3/8/2013	102661 LORI NEMIROFF		09-13	016847	VO	TRAVEL REIMB	3/7/2013	0.00	147.46
022065	CK	3/8/2013	AYALA IRENE P. AYALA		09-13	016848	VO	ADMIN EXP	3/7/2013	0.00	9,537.50
022066	CK	3/8/2013	COUNTY COUNTY COUNSEL		09-13	016849	VO	LEGAL FEES	3/7/2013	0.00	27,059.50
022067	CK	3/8/2013	CALAPRS CALAPRS		09-13	016868	VO	ADMIN EXP	3/8/2013	0.00	2,500.00
022068	CK	3/8/2013	F0111S BARBARA J. ADAMS		09-13	016869	VO	DEATH BENEFIT	3/8/2013	0.00	6,605.05
022069	CK	3/8/2013	F0431S JOHN D. CIMINO		09-13	016870	VO	DEATH BENEFIT	3/8/2013	0.00	3,818.34
022070	CK	3/8/2013	F7341B2 RICK WADE COCHRANE		09-13	016871	VO	DEATH BENEFIT	3/8/2013	0.00	367.19

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Company: VCERA											
022071	CK	3/8/2013	F1422B1 THERESA L. MCCONVILLE		09-13	016872	VO	DEATH BENEFIT	3/8/2013	0.00	3,778.27
022072	CK	3/8/2013	F1305 MICHAEL J. MCCARTY		09-13	016873	VO	PENSION PAYMENT	3/8/2013	0.00	2,552.21
022073	CK	3/8/2013	105363 RAUL CASARES		09-13	016874	VO	REFUND T2 COL	3/8/2013	0.00	16,246.01
022074	CK	3/8/2013	105890 KARLA S. DEAN		09-13	016875	VO	REFUND T2 COL	3/8/2013	0.00	13,487.36
022075	CK	3/8/2013	105381 GERALDINE MURRAY		09-13	016876	VO	REFUND T2 COL	3/8/2013	0.00	8,309.33
022076	CK	3/8/2013	102952 SYLVIA TORRES		09-13	016877	VO	REFUND T2 COL	3/8/2013	0.00	10,513.17
022077	CK	3/8/2013	104692 MONA L. GOE		09-13	016878	VO	REFUND T2 COL	3/8/2013	0.00	9,382.03
022078	CK	3/8/2013	XXXXX8150 JOSE RIVAS RUACHO		09-13	016879	VO	REFUND	3/8/2013	0.00	22,383.13
022079	CK	3/8/2013	105695 VERONA JACKSON		09-13	016880	VO	REFUND	3/8/2013	0.00	17,543.57
022080	CK	3/8/2013	116146 SAMUEL A. GELLADA		09-13	016881	VO	REFUND	3/8/2013	0.00	7,411.95
022081	CK	3/8/2013	121142 ENRIQUE ZAMORA GARCIA		09-13	016882	VO	REFUND	3/8/2013	0.00	8,080.64
022082	CK	3/8/2013	121784 ALISHA JAYNE TAYLOR		09-13	016883	VO	REFUND	3/8/2013	0.00	4,501.02
022083	CK	3/8/2013	115855R NATIONAL BANK OF ARIZONA		09-13	016884	VO	ROLLOVER	3/8/2013	0.00	15,219.74
022084	CK	3/8/2013	115855 BARBARA JEAN SILVERMAN		09-13	016885	VO	REFUND	3/8/2013	0.00	10,709.73

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Company: VCERA											
022085	CK	3/8/2013	107438R PERSHING		09-13	016886	VO	ROLLOVER	3/8/2013	0.00	31,641.11
022086	CK	3/8/2013	107438 JESSICA MCSILVERS		09-13	016887	VO	REFUND	3/8/2013	0.00	18,511.23
022087	CK	3/8/2013	BOFA BANK OF AMERICA		09-13	016889	VO	ADMIN EXP	3/8/2013	0.00	876.23
022088	CK	3/15/2013	MANATT MANATT, PHELPS, PHILLIPS		09-13	016890	VO	ADMIN EXP	3/15/2013	0.00	250.00
022089	CK	3/15/2013	ENNIS HEWITT ENNIS KNUPP, INC		09-13	016891	VO	INVESTMENT FEES	3/15/2013	0.00	61,050.00
022090	CK	3/15/2013	WALTER WALTER SCOTT & PARTNERS		09-13	016892	VO	INVESTMENT FEES	3/15/2013	0.00	187,314.12
022091	CK	3/15/2013	WEB SHERWEB		09-13	016893	VO	ADMIN EXP	3/15/2013	0.00	518.70
022092	CK	3/15/2013	VOLT VOLT		09-13	016894	VO	ADMIN EXP	3/15/2013	0.00	1,459.62
022093	CK	3/15/2013	MEGAPATH MEGAPATH INC.		09-13	016895	VO	ADMIN EXP	3/15/2013	0.00	382.68
022094	CK	3/15/2013	122180 DONALD C KENDIG		09-13	016896	VO	TRAVEL REIMB	3/15/2013	0.00	933.32
022095	CK	3/15/2013	F4217B2 WILLIAM MUSKAT		09-13	016897	VO	DEATH BENEFIT	3/15/2013	0.00	1,369.86
022096	CK	3/15/2013	F8338S VENTURA COUNTY CREDIT UN		09-13	016898	VO	DEATH BENEFIT	3/15/2013	0.00	5,000.00
022097	CK	3/15/2013	F8092B1 DARLA IGLEHART		09-13	016899	VO	DEATH BENEFIT	3/15/2013	0.00	367.55
022098	CK	3/15/2013	F5753B1 JEAN N. WILLIAMS		09-13	016900	VO	DEATH BENEFIT	3/15/2013	0.00	566.82

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Company: VCERA											
022099	CK	3/15/2013	F1522S PATRICIA L. PEDERSEN		09-13	016901	VO	DEATH BENEFIT	3/15/2013	0.00	2,433.93
022100	CK	3/15/2013	F4722 SALLY M. MOLINA		09-13	016902	VO	PENSION PAYMENT	3/15/2013	0.00	457.30
022101	CK	3/15/2013	116821 SARA LYNN SAVAGLIO		09-13	016903	VO	REFUND	3/15/2013	0.00	22,678.14
022102	CK	3/15/2013	115921R VANGUARD		09-13	016904	VO	ROLLOVER	3/15/2013	0.00	3,372.83
022103	CK	3/15/2013	115921 JULIE ANN PRINCE		09-13	016905	VO	REFUND	3/15/2013	0.00	13,331.79
022104	CK	3/15/2013	102938 PATRICIA PETERS		09-13	016906	VO	REFUND T2 COL	3/15/2013	0.00	10,359.39
022105	CK	3/22/2013	PRUDENTIAL PRUDENTIAL REAL ESTATE		09-13	016907	VO	INVESTMENT FEES	3/21/2013	0.00	175,442.18
022106	CK	3/22/2013	SPRUCE SPRUCEGROVE INVESTMENT		09-13	016908	VO	INVESTMENT FEES	3/21/2013	0.00	53,591.11
022107	CK	3/22/2013	TWC TIME WARNER CABLE		09-13	016909	VO	ADMIN EXP	3/21/2013	0.00	426.62
022108	CK	3/22/2013	AT&T AT & T MOBILITY		09-13	016910	VO	ADMIN EXP	3/21/2013	0.00	460.87
022109	CK	3/22/2013	YORK ACCESS INFORMATION MANA		09-13	016911	VO	ADMIN EXP	3/21/2013	0.00	292.18
022110	CK	3/22/2013	CHAU ANTHONY CHAU		09-13	016912	VO	ADMIN EXP	3/21/2013	0.00	5,670.00
022111	CK	3/22/2013	ADP ADP INC		09-13	016913	VO	ADMIN EXP	3/21/2013	0.00	15,464.83
022112	CK	3/22/2013	CROST PAUL E CROST		09-13	016914	VO	ADMIN EXP	3/21/2013	0.00	875.00

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Company: VCERA											
022113	CK	3/22/2013	PALADINO ANNETTE A. PALADINO		09-13	016915	VO	ADMIN EXP	3/21/2013	0.00	3,682.96
022114	CK	3/22/2013	INCENTIVE INCENTIVE SERVICES		09-13	016916	VO	ADMIN EXP	3/21/2013	0.00	134.38
022115	CK	3/22/2013	RETJOURNAL PUBLIC RETIREMENT JOURNA		09-13	016917	VO	ADMIN EXP	3/21/2013	0.00	195.00
022116	CK	3/22/2013	BARNEY ABU COURT REPORTING INC		09-13	016918	VO	ADMIN EXP	3/21/2013	0.00	315.00
022117	CK	3/22/2013	990001BM ALBERT G HARRIS		09-13	016919	VO	BRD MEM FEES	3/21/2013	0.00	200.00
022118	CK	3/22/2013	990004BM WILL HOAG		09-13	016920	VO	BRD MEM FEES	3/21/2013	0.00	200.00
022119	CK	3/22/2013	990005BM WILLIAM W WILSON		09-13	016921	VO	BRD MEM FEES	3/21/2013	0.00	200.00
022120	CK	3/22/2013	990003BM JOSEPH HENDERSON		09-13	016922	VO	BRD MEM FEES	3/21/2013	0.00	200.00
022121	CK	3/22/2013	990002BM ARTHUR E GOULET		09-13	016923	VO	MILEAGE REIMB	3/21/2013	0.00	57.63
022121	CK	3/22/2013	990002BM ARTHUR E GOULET		09-13	016924	VO	BRD MEM FEES	3/21/2013	0.00	300.00
022122	CK	3/22/2013	CORPORATE STAPLES ADVANTAGE		09-13	016925	VO	ADMIN EXP	3/21/2013	0.00	360.80
022123	CK	3/22/2013	F3454S THEODORE F. MAININI		09-13	016926	VO	DEATH BENEFIT	3/22/2013	0.00	3,565.10
022124	CK	3/22/2013	F2487 ALICE M. SANTOYO		09-13	016927	VO	DEATH BENEFIT	3/22/2013	0.00	3,809.02
022125	VC	3/22/2013	F3161B1 DIANE D. ELLISON		09-13	09-13					
<b>Check Total</b>										0.00	<b>357.63</b>

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Company: VCERA											
022126	VC	3/22/2013	F3161B3 MARGARET NAJERA		09-13 09-13						
022127	VC	3/22/2013	F4215S LPL FINANCIAL LLC		09-13 09-13						
022128	VC	3/22/2013	F8306S MARIE A. HANSEN		09-13 09-13						
022129	VC	3/22/2013	104115 JOSIE GARCIA		09-13 09-13						
022130	VC	3/22/2013	102163 CELINA LINDLY		09-13 09-13						
022131	VC	3/22/2013	117760 KERI LEE ATWOOD		09-13 09-13						
022132	CK	3/22/2013	F3161B1 DIANE D. ELLISON		09-13	016928	VO	DEATH BENEFIT	3/22/2013	0.00	1,673.55
022133	CK	3/22/2013	F3161B3 MARGARET NAJERA		09-13	016929	VO	DEATH BENEFIT	3/22/2013	0.00	1,809.23
022134	CK	3/22/2013	F4215S LPL FINANCIAL LLC		09-13	016930	VO	DEATH BENEFIT	3/22/2013	0.00	4,503.32
022135	CK	3/22/2013	F8306S MARIE A. HANSEN		09-13	016931	VO	DEATH BENEFIT	3/22/2013	0.00	2,776.82
022136	CK	3/22/2013	104115 JOSIE GARCIA		09-13	016932	VO	REFUND T2 COL	3/22/2013	0.00	7,007.05
022137	CK	3/22/2013	102163 CELINA LINDLY		09-13	016933	VO	REFUND T2 COL	3/22/2013	0.00	10,407.13
022138	CK	3/22/2013	117760 KERI LEE ATWOOD		09-13	016934	VO	REFUND	3/22/2013	0.00	12,673.52
022139	CK	3/29/2013	CA SDU CALIFORNIA STATE		09-13	016952	VO	CRT ORDERED PMT	3/28/2013	0.00	1,001.90

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Company: VCERA											
022140	CK	3/29/2013	CHILD5 STATE DISBURSEMENT UNIT (		09-13	016953	VO	CRT ORDERED PMT	3/28/2013	0.00	511.00
022141	CK	3/29/2013	CHILD9 SHERIDA SEGALL		09-13	016954	VO	CRT ORDERED PMT	3/28/2013	0.00	260.00
022142	CK	3/29/2013	CHILD21 OREGON DEPT OF JUSTICE		09-13	016955	VO	CRT ORDERED PMT	3/28/2013	0.00	171.74
022143	CK	3/29/2013	SPOUSE2 KELLY SEARCY		09-13	016956	VO	CRT ORDERED PMT	3/28/2013	0.00	1,874.00
022144	CK	3/29/2013	SPOUSE3 ANGELINA ORTIZ		09-13	016957	VO	CRT ORDERED PMT	3/28/2013	0.00	250.00
022145	CK	3/29/2013	SPOUSE4 CATHY C. PEET		09-13	016958	VO	CRT ORDERED PMT	3/28/2013	0.00	550.00
022146	CK	3/29/2013	SPOUSE5 SUZANNA CARR		09-13	016959	VO	CRT ORDERED PMT	3/28/2013	0.00	829.00
022147	CK	3/29/2013	FTBCA3 FRANCHISE TAX BOARD		09-13	016960	VO	GARNISHMENT	3/28/2013	0.00	77.11
022148	CK	3/29/2013	IRS6 INTERNAL REVENUE SERVICE		09-13	016961	VO	GARNISHMENT	3/28/2013	0.00	321.00
022149	CK	3/29/2013	CALPERS CALPERS LONG-TERM		09-13	016962	VO	INSURANCE	3/28/2013	0.00	19,495.37
022150	CK	3/29/2013	CVMP COUNTY OF VENTURA		09-13	016963	VO	INSURANCE	3/28/2013	0.00	555,588.00
022151	CK	3/29/2013	SEIU SEIU LOCAL 721		09-13	016964	VO	DUES	3/28/2013	0.00	320.50
022152	CK	3/29/2013	VCDSA VENTURA COUNTY DEPUTY		09-13	016965	VO	INSURANCE	3/28/2013	0.00	245,551.52
022153	CK	3/29/2013	VCPFF VENTURA COUNTY PROFESS		09-13	016966	VO	INSURANCE	3/28/2013	0.00	71,898.76

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Company: VCERA										
022154	CK	3/29/2013	VCERA RETIRED EMPLOYEES' ASSOC	09-13	016967	VO	DUES	3/28/2013	0.00	4,272.00
022155	CK	3/29/2013	VRSD VENTURA REGIONAL	09-13	016968	VO	INSURANCE	3/28/2013	0.00	5,822.12
022156	CK	3/29/2013	VSP VISION SERVICE PLAN - (CA)	09-13	016969	VO	INSURANCE	3/28/2013	0.00	6,072.00
022157	CK	3/29/2013	HARRIS HARRIS WATER CONDITIONIN	09-13	016935	VO	ADMIN EXP	3/28/2013	0.00	79.50
022158	CK	3/29/2013	MF M.F. DAILY CORPORATION	09-13	016936	VO	ADMIN EXP	3/28/2013	0.00	14,978.81
022159	CK	3/29/2013	108359 CHRISTINA STEVENS	09-13	016937	VO	REIMBURSEMENT	3/28/2013	0.00	25.00
022160	CK	3/29/2013	119663 DEBBIE DOWNEY	09-13	016938	VO	REIMBURSEMENT	3/28/2013	0.00	112.84
022161	CK	3/29/2013	CINTAS CINTAS DOCUMENT MANAGEI	09-13	016939	VO	ADMIN EXP	3/28/2013	0.00	114.50
022162	CK	3/29/2013	CHAU ANTHONY CHAU	09-13	016940	VO	ADMIN EXP	3/28/2013	0.00	5,197.50
022163	CK	3/29/2013	ADP ADP INC	09-13	016941	VO	ADMIN EXP	3/28/2013	0.00	2,577.72
022164	CK	3/29/2013	VOLT VOLT	09-13	016942	VO	ADMIN EXP	3/28/2013	0.00	4,203.21
022165	CK	3/29/2013	STATE STATE STREET CORPORATIOI	09-13	016943	VO	INVESTMENT FEES	3/28/2013	0.00	8,254.11
022166	CK	3/29/2013	VITECH VITECH SYSTEMS GROUP INC	09-13	016944	VO	ADMIN EXP	3/28/2013	0.00	2,500.00
022167	CK	3/29/2013	MBS MANAGED BUSINESS SOLUTIK	09-13	016945	VO	ADMIN EXP	3/28/2013	0.00	32,802.05



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Company: VCERA										
022168	CK	3/29/2013	LINEA LINEA SOLUTIONS	09-13	016946	VO	ADMIN EXP	3/28/2013	0.00	66,590.55
022169	CK	3/29/2013	CMP CMP & ASSOCIATES, INC	09-13	016947	VO	ADMIN EXP	3/28/2013	0.00	22,582.50
022170	CK	3/29/2013	BLACKROCK BLACKROCK INSTL TRUST CO	09-13	016948	VO	INVESTMENT FEES	3/28/2013	0.00	180,225.65
022171	CK	3/29/2013	BARNEY ABU COURT REPORTING INC	09-13	016949	VO	ADMIN EXP	3/28/2013	0.00	630.00
022172	CK	3/29/2013	SBS SBS GROUP	09-13	016950	VO	ADMIN EXP	3/28/2013	0.00	8.57
022173	CK	3/29/2013	STAR VENTURA COUNTY STAR	09-13	016951	VO	ADMIN EXP	3/28/2013	0.00	249.49
Check Count:		131						Acct Sub Total:		3,045,995.51

Check Type	Count	Amount Paid
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Void	7	0.00
Stub	0	0.00
Zero	0	0.00
Mask	0	0.00
<b>Total:</b>	<b>131</b>	<b>3,045,995.51</b>

Company Disc Total 0.00 Company Total 3,045,995.51

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**ASSET ALLOCATION**  
**As of 03/31/2013**

Mandate	\$ Actual	% of Actual	\$ Target	% Target	Permissible Min	Permissible Max	Outside Permissible	Calculated Adjustments	Proposed Adjustments	Closing Balance	Proposed Allocation	After Rebalancing
<b>BlackRock Extended Equity Index Fund</b>	<b>35,392,385</b>	0.97%	36,426,141	1.00%	0.5%	2.0%	OK	1,033,756		35,392,385	0.97%	OK
<b>Western U.S. Index Plus</b>	<b>101,298,691</b>	2.78%	109,278,424	3.00%	2.0%	4.0%	OK	7,979,733		101,298,691	2.78%	OK
<b>BlackRock Equity Market Fund</b>	<b>1,231,625,864</b>	33.81%	1,165,636,522	32.00%	28.0%	36.0%	OK	(65,989,342)	<b>(105,000,000)</b>	1,126,625,864	30.93%	OK
Total U.S. Equities	1,368,316,940	37.56%	1,311,341,087	36.00%	30.0%	40.0%	<b>OK</b>	(56,975,853)	(105,000,000)	1,263,316,940	34.68%	<b>OK</b>
<b>BlackRock ACWI ex-U.S. Index</b>	<b>352,277,401</b>	9.67%	364,261,413	10.00%	8.0%	12.0%	OK	11,984,012		352,277,401	9.67%	OK
<b>Sprucegrove</b>	<b>164,697,921</b>	4.52%	145,704,565	4.00%	3.0%	6.0%	OK	(18,993,356)		164,697,921	4.52%	OK
<b>Hexavest</b>	<b>70,797,824</b>	1.94%	72,852,283	2.00%	1.0%	3.0%	OK	2,054,459		70,797,824	1.94%	OK
<b>Walter Scott</b>	<b>87,151,077</b>	2.39%	109,278,424	3.00%	1.5%	4.0%	OK	22,127,347		87,151,077	2.39%	OK
Total Non-U.S. Equities	674,924,223	18.53%	692,096,685	19.00%	15.0%	21.0%	<b>OK</b>	17,172,462	-	674,924,223	18.53%	<b>OK</b>
<b>GMO Global</b>	<b>183,211,793</b>	5.03%	182,130,707	5.00%	3.0%	7.0%	OK	(1,081,087)		183,211,793	5.03%	OK
<b>BlackRock MSCI ACWI Equity Index</b>	<b>137,784,831</b>	3.78%	182,130,707	5.00%	3.0%	7.0%	OK	44,345,876		137,784,831	3.78%	OK
Total Global Equities	320,996,624	8.81%	364,261,413	10.00%	7.0%	13.0%	<b>OK</b>	43,264,789	-	320,996,624	8.81%	<b>OK</b>
Total Equities	2,364,237,787	64.90%	2,367,699,185	65.00%	58.0%	70.0%	<b>OK</b>	3,461,398	(105,000,000)	2,259,237,787	62.02%	<b>OK</b>
<b>Western</b>	<b>281,133,699</b>	7.72%	291,409,130	8.00%	6.0%	10.0%	OK	10,275,431		281,133,699	7.72%	OK
<b>BlackRock U.S. Debt Fund</b>	<b>133,657,823</b>	3.67%	145,704,565	4.00%	3.0%	6.0%	OK	12,046,742		133,657,823	3.67%	OK
<b>Reams</b>	<b>245,461,981</b>	6.74%	254,982,989	7.00%	6.0%	9.0%	OK	9,521,008		245,461,981	6.74%	OK
<b>Loomis Sayles</b>	<b>109,231,488</b>	3.00%	109,278,424	3.00%	2.0%	4.0%	OK	46,936		109,231,488	3.00%	OK
Total Domestic Fixed Income	769,484,991	21.12%	801,375,109	22.00%	17.0%	29.0%	<b>OK</b>	31,890,118	-	769,484,991	21.12%	<b>OK</b>
<b>PIMCO Global</b>	<b>98,795,765</b>	2.71%	109,278,424	3.00%	2.0%	4.0%	OK	10,482,659		98,795,765	2.71%	OK
<b>Loomis Sayles Global</b>	<b>67,314,759</b>	1.85%	72,852,283	2.00%	1.0%	4.0%	OK	5,537,524		67,314,759	1.85%	OK
Total Global Fixed Income	166,110,524	4.56%	182,130,707	5.00%	3.0%	8.0%	<b>OK</b>	16,020,183	-	166,110,524	4.56%	<b>OK</b>
Total Fixed Income	935,595,515	25.68%	983,505,815	27.00%	20.0%	37.0%	<b>OK</b>	47,910,300	-	935,595,515	25.68%	<b>OK</b>
<b>Prudential Real Estate</b>	<b>83,099,888</b>	2.28%	109,278,424	3.00%	2.0%	4.0%	OK	26,178,536		83,099,888	2.28%	OK
<b>UBS Real Estate</b>	<b>176,116,428</b>	4.83%	136,598,030	3.75%	3.0%	5.0%	OK	(39,518,398)		176,116,428	4.83%	OK
<b>Guggenheim</b>	<b>22,252,349</b>	0.61%	36,426,141	1.00%	0.5%	2.0%	OK	14,173,792	<b>(20,000,000)</b>	2,252,349	0.06%	<b>LOW</b>
<b>RREEF</b>	<b>10,225,857</b>	0.28%	9,106,535	0.25%	0.1%	1.0%	OK	(1,119,322)		10,225,857	0.28%	OK
Real Estate	291,694,522	8.01%	291,409,130	8.00%	5.0%	10.0%	<b>OK</b>	(285,392)	(20,000,000)	271,694,522	7.46%	<b>OK</b>
<b>Adams Street Partners</b>	<b>28,566,461</b>	0.78%	-	0.00%	0.0%	4.0%	OK	(28,566,461)		28,566,461	0.78%	OK
<b>Pantheon Ventures</b>	<b>9,149,998</b>	0.25%	-	0.00%	0.0%	4.0%	OK	(9,149,998)		9,149,998	0.25%	OK
Private Equity	37,716,459	1.04%	-	0.00%	0.0%	5.0%	<b>OK</b>	(37,716,459)	-	37,716,459	1.04%	<b>OK</b>
Tortoise Capital Advisors					0.0%	5.0%			105,000,000	105,000,000	2.88%	OK
Alternatives	-	0.00%	-	0.00%	0.0%	5.0%	<b>OK</b>	-	105,000,000	105,000,000	2.88%	<b>OK</b>
<b>Clifton</b>	<b>13,369,847</b>	0.37%	-	0.00%	0.0%	3.0%	OK	(13,369,847)	20,000,000	33,369,847	0.92%	OK
Other Assets	13,369,847	0.37%	-	0.00%	0.0%	5.0%	<b>OK</b>	(13,369,847)	20,000,000	33,369,847	0.92%	<b>OK</b>
<b>Total Investment Portfolio</b>	<b>3,642,614,130</b>	<b>100.00%</b>	<b>3,642,614,130</b>	<b>100.00%</b>				<b>0</b>	<b>-</b>	<b>3,642,614,130</b>	<b>100.00%</b>	

# Ventura County Retirement Assn

Statement of Plan Net Assets  
January 31, 2013

## ASSETS

**CASH & CASH EQUIVALENTS** **\$50,499,552**

### RECEIVABLES

ACCRUED INTEREST AND DIVIDENDS	4,610,993
SECURITY SALES	76,686,160
MISCELLANEOUS	<u>274,489</u>
<b>TOTAL RECEIVABLES</b>	<b>81,571,642</b>

### INVESTMENTS AT FAIR VALUE

DOMESTIC EQUITY SECURITIES	102,931,969
DOMESTIC EQUITY INDEX FUNDS	1,219,879,195
INTERNATIONAL EQUITY SECURITIES	318,509,512
INTERNATIONAL EQUITY INDEX FUNDS	354,004,845
GLOBAL EQUITY	315,286,175
PRIVATE EQUITY	34,438,633
DOMESTIC FIXED INCOME - CORE PLUS	552,358,854
DOMESTIC FIXED INCOME - U.S. INDEX	132,889,931
GLOBAL FIXED INCOME	173,847,429
REAL ESTATE	292,597,252
CASH OVERLAY - CLIFTON	<u>(3,436)</u>
<b>TOTAL INVESTMENTS</b>	<b><u>3,496,740,357</u></b>

**PENSION SOFTWARE DEVELOPMENT COSTS** **686,886**

**TOTAL ASSETS** **3,629,498,437**

## LIABILITIES

SECURITY PURCHASES	34,328,858
ACCOUNTS PAYABLE	2,172,134
PREPAID CONTRIBUTIONS	<u>58,500,336</u>
<b>TOTAL LIABILITIES</b>	<b><u>95,001,327</u></b>

**NET ASSETS HELD IN TRUST FOR PENSION BENEFITS** **\$3,534,497,110**

*Ventura County Retirement Assn*

Statement of Changes in Plan Net Assets  
January 31, 2013

**ADDITIONS**

**CONTRIBUTIONS:**

EMPLOYER	\$82,970,438
EMPLOYEE	24,917,803
<b>TOTAL CONTRIBUTIONS</b>	<b>107,888,242</b>

**INVESTMENT INCOME:**

NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	309,729,129
INTEREST INCOME	12,657,401
DIVIDEND INCOME	15,738,675
REAL ESTATE OPERATING INCOME, NET	7,179,816
SECURITIES LENDING INCOME	189,773
<b>TOTAL INVESTMENT INCOME</b>	<b>345,494,794</b>

**LESS INVESTMENT EXPENSES:**

MANAGEMENT & CUSTODIAL FEES	5,176,782
SECURITIES LENDING BORROWER REBATES	43,152
SECURITIES LENDING MANAGEMENT FEES	50,365
<b>TOTAL INVESTMENT EXPENSES</b>	<b>5,270,299</b>

**NET INVESTMENT INCOME** **340,224,495**

**TOTAL ADDITIONS** **448,112,737**

**DEDUCTIONS**

BENEFIT PAYMENTS	117,582,524
MEMBER REFUNDS	1,924,994
ADMINISTRATIVE EXPENSES	3,725,316
<b>TOTAL DEDUCTIONS</b>	<b>123,232,834</b>

**NET INCREASE** **324,879,903**

**NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:**

<b>BEGINNING OF YEAR</b>	<b>3,209,617,207</b>
<b>ENDING BALANCE</b>	<b>\$3,534,497,110</b>

*Ventura County Retirement Assn*  
Investments & Cash Equivalents  
January 31, 2013

	<u>SECURITIES FAIR VALUE</u>	<u>CASH</u>
<b>EQUITY</b>		
<b>DOMESTIC EQUITY</b>		
WESTERN ASSET INDEX PLUS	\$102,931,969	\$3,408,375
<b>TOTAL DOMESTIC EQUITY</b>	<b>102,931,969</b>	<b>3,408,375</b>
<b>DOMESTIC INDEX FUNDS</b>		
BLACKROCK - US EQUITY MARKET	1,186,404,061	1
BLACKROCK - EXTENDED EQUITY	33,475,133	1
<b>TOTAL EQUITY INDEX FUNDS</b>	<b>1,219,879,195</b>	<b>2</b>
<b>INTERNATIONAL EQUITY</b>		
SPRUCEGROVE	163,237,338	0
HEXAVEST	69,456,567	0
WALTER SCOTT	85,815,607	0
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>318,509,512</b>	<b>0</b>
<b>INTERNATIONAL INDEX FUNDS</b>		
BLACKROCK - ACWIXUS	354,004,845	0
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>354,004,845</b>	<b>0</b>
<b>GLOBAL EQUITY</b>		
GRANTHAM MAYO & VAN OTTERLOO (GMO)	180,074,605	0
BLACKROCK GLOBAL INDEX	135,211,570	0
<b>TOTAL GLOBAL EQUITY</b>	<b>315,286,175</b>	<b>0</b>
<b>PRIVATE EQUITY</b>		
ADAMS STREET	27,439,378	0
PANTHEON	6,999,255	0
<b>TOTAL PRIVATE EQUITY</b>	<b>34,438,633</b>	<b>0</b>
<b>FIXED INCOME</b>		
<b>DOMESTIC</b>		
LOOMIS SAYLES & COMPANY (CORE PLUS)	103,438,051	2,912,386
REAMS(CORE PLUS)	174,294,797	24,858,903
WESTERN ASSET MGMT (CORE PLUS)	274,626,006	802,689
<b>TOTAL DOMESTIC FIXED INCOME</b>	<b>552,358,854</b>	<b>28,573,978</b>
<b>DOMESTIC INDEX FUNDS</b>		
BLACKROCK - US DEBT INDEX	132,889,931	0
<b>TOTAL DOMESTIC INDEX FUNDS</b>	<b>132,889,931</b>	<b>0</b>
<b>GLOBAL</b>		
LOOMIS SAYLES & COMPANY	67,631,385	0
PIMCO	106,216,043	3,358,831
<b>TOTAL GLOBAL FIXED INCOME</b>	<b>173,847,429</b>	<b>3,358,831</b>

*Ventura County Retirement Assn*  
Investments & Cash Equivalents  
January 31, 2013

	<b>SECURITIES FAIR VALUE</b>	<b>CASH</b>
<b>REAL ESTATE</b>		
GUGGENHEIM REAL ESTATE	\$22,689,592	\$0
PRUDENTIAL REAL ESTATE	82,993,287	0
RREEF	9,951,902	0
UBS REALTY	176,962,471	0
<b>TOTAL REAL ESTATE</b>	<b>292,597,252</b>	<b>0</b>
<b>ALTERNATIVE STRATEGIES</b>		
<b>CASH OVERLAY - CLIFTON GROUP</b>	<b>(3,436)</b>	<b>13,009,817</b>
<b>IN HOUSE CASH</b>		<b>2,148,549</b>
<b>TOTAL INVESTMENTS AND CASH EQUIVALENTS</b>	<b>\$3,496,740,357</b>	<b>\$50,499,552</b>

## Ventura County Retirement Assn

Schedule of Investment Management Fees  
For the Seven Months Ending January 31, 2013

### EQUITY MANAGERS

#### DOMESTIC

BLACKROCK - US EQUITY	\$116,135
BLACKROCK - EXTENDED EQUITY	6,020
WESTERN ASSET INDEX PLUS	<u>111,296</u>
<b>TOTAL</b>	<b>233,451</b>

#### INTERNATIONAL

BLACKROCK - ACWIXUS	154,644
SPRUCEGROVE	303,979
HEXAVEST	147,638
WALTER SCOTT	<u>368,972</u>
<b>TOTAL</b>	<b>975,233</b>

#### GLOBAL

GRANTHAM MAYO VAN OTTERLOO (GMO)	505,515
BLACKROCK GLOBAL INDEX	<u>24,688</u>
<b>TOTAL</b>	<b>530,203</b>

#### PRIVATE EQUITY

ADAMS STREET	421,876
PANTHEON	<u>75,000</u>
<b>TOTAL</b>	<b>496,876</b>

### FIXED INCOME MANAGERS

#### DOMESTIC

BLACKROCK - US DEBT INDEX	41,685
LOOMIS , SAYLES AND COMPANY	204,053
REAMS ASSET MANAGEMENT	255,132
WESTERN ASSET MANAGEMENT	<u>257,466</u>
<b>TOTAL</b>	<b>758,336</b>

#### GLOBAL

LOOMIS SAYLES & COMPANY	101,300
PIMCO	<u>83,964</u>
<b>TOTAL</b>	<b>185,264</b>

### REAL ESTATE

GUGGENHEIM	90,028
PRUDENTIAL REAL ESTATE ADVISORS	353,460
RREEF	33,475
UBS REALTY	<u>1,309,860</u>
<b>TOTAL</b>	<b>1,786,823</b>

### CASH OVERLAY - CLIFTON

**41,784**

*Ventura County Retirement Assn*

Schedule of Investment Management Fees  
For the Seven Months Ending January 31, 2013

<b>SECURITIES LENDING</b>	
BORROWERS REBATE	\$43,152
MANAGEMENT FEES	<u>50,365</u>
<b>TOTAL SECURITIES LENDING</b>	<b>93,517</b>
<b>OTHER</b>	
INVESTMENT CONSULTANT	119,500
INVESTMENT CUSTODIAN	<u>49,312</u>
<b>TOTAL</b>	<b>168,812</b>
	<hr/>
<b>TOTAL INVESTMENT MANAGEMENT FEES</b>	<b><u><u>\$5,270,299</u></u></b>



**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**BUDGET SUMMARY FISCAL YEAR 2012-2013**  
**March 2013 - 75.00% of Fiscal Year Expended**

EXPENDITURE DESCRIPTIONS	Adopted 2012/2013 Budget	Adjusted 2012/2013 Budget	Mar-13	Year to Date Expended	Available Balance	Percent Expended
<b>Salaries &amp; Employee Benefits:</b>						
Regular Salaries	\$ 1,623,400.00	\$ 1,558,900.00	\$ 117,160.44	\$ 1,013,598.86	\$ 545,301.14	65.02%
Extra-Help	25,000.00	25,000.00	4,031.77	33,331.60	(8,331.60)	133.33%
Overtime	7,600.00	7,600.00	175.53	1,014.59	6,585.41	13.35%
Supplemental Payments	49,300.00	47,000.00	3,525.90	30,161.97	16,838.03	64.17%
Vacation Redemption	71,700.00	71,700.00	134.74	53,456.27	18,243.73	74.56%
Retirement Contributions	363,600.00	350,200.00	24,634.89	218,765.18	131,434.82	62.47%
OASDI Contributions	82,600.00	79,000.00	7,249.52	61,529.47	17,470.53	77.89%
FICA-Medicare	25,400.00	24,400.00	1,695.48	15,492.42	8,907.58	63.49%
Management Retiree Health Benefit	15,600.00	15,600.00	1,351.56	11,841.84	3,758.16	75.91%
Group Insurance	159,800.00	152,700.00	11,739.00	98,553.00	54,147.00	64.54%
Life Insurance/Mgmt	900.00	900.00	74.39	633.10	266.90	70.34%
Unemployment Insurance	2,500.00	2,400.00	174.63	1,505.33	894.67	62.72%
Management Disability Insurance	4,100.00	3,900.00	285.74	2,454.50	1,445.50	62.94%
Worker' Compensation Insurance	10,200.00	9,800.00	733.96	6,712.94	3,087.06	68.50%
401K Plan Contribution	41,500.00	39,400.00	2,057.07	18,405.95	20,994.05	46.72%
<b>Total Salaries &amp; Employee Benefits</b>	<b>\$ 2,483,200.00</b>	<b>\$ 2,388,500.00</b>	<b>\$ 175,024.62</b>	<b>\$ 1,567,457.02</b>	<b>\$ 821,042.98</b>	<b>65.63%</b>
<b>Services &amp; Supplies:</b>						
Telephone Services - ISF	\$ 21,400.00	\$ 21,400.00	\$ 3,435.42	\$ 31,037.95	\$ (9,637.95)	145.04%
General Insurance - ISF	9,600.00	9,600.00	0.00	4,796.00	4,804.00	49.96%
Office Equipment Maintenance	16,000.00	1,000.00	0.00	1,393.79	(393.79)	139.38%
Membership and Dues	9,700.00	9,700.00	0.00	7,870.00	1,830.00	81.13%
Education Allowance	6,000.00	6,000.00	0.00	2,000.00	4,000.00	33.33%
Cost Allocation Charges	(34,100.00)	(34,100.00)	0.00	(17,074.00)	(17,026.00)	50.07%
Printing Services - Not ISF	5,500.00	5,500.00	81.88	2,892.38	2,607.62	52.59%
Books & Publications	2,500.00	2,500.00	444.49	1,225.31	1,274.69	49.01%
Office Supplies	18,000.00	18,000.00	832.81	11,363.48	6,636.52	63.13%
Postage & Express	55,000.00	55,000.00	5,511.93	38,022.15	16,977.85	69.13%
Printing Charges - ISF	12,000.00	12,000.00	5,294.40	13,293.97	(1,293.97)	110.78%
Copy Machine Services - ISF	5,900.00	5,900.00	1,106.67	4,146.21	1,753.79	70.27%
Board Member Fees	11,500.00	11,500.00	1,100.00	7,600.00	3,900.00	66.09%
Professional Services	828,400.00	887,900.00	61,786.63	609,910.26	277,989.74	68.69%
Storage Charges	3,200.00	3,200.00	292.18	2,638.75	561.25	82.46%
Minor Equipment	18,500.00	18,500.00	0.00	13,319.90	5,180.10	72.00%
Office Lease Payments	164,600.00	178,600.00	14,978.81	131,813.29	46,786.71	73.80%
Private Vehicle Mileage	8,000.00	8,000.00	1,027.12	7,728.50	271.50	96.61%
Conference, Seminar and Travel	60,000.00	60,000.00	3,579.75	27,571.59	32,428.41	45.95%
Furniture	2,000.00	7,000.00	0.00	647.00	6,353.00	9.24%
Facilities Charges	0.00	15,000.00	0.00	2,937.24	12,062.76	19.58%
<b>Total Services &amp; Supplies</b>	<b>\$ 1,223,700.00</b>	<b>\$ 1,302,200.00</b>	<b>\$ 99,472.09</b>	<b>\$ 905,133.77</b>	<b>\$ 397,066.23</b>	<b>69.51%</b>
<b>Total Administrative Budget</b>	<b>\$ 3,706,900.00</b>	<b>\$ 3,690,700.00</b>	<b>\$ 274,496.71</b>	<b>\$ 2,472,590.79</b>	<b>\$ 1,218,109.21</b>	<b>67.00%</b>
<b>Information Technology:</b>						
Computer Hardware	\$ 20,000.00	\$ 32,500.00	\$ 251.84	21,412.27	\$ 11,087.73	65.88%
Computer Software	8,800.00	21,300.00	0.00	11,213.74	10,086.26	52.65%
Data Processing and Maintenance	416,400.00	416,400.00	46,674.95	309,314.74	107,085.26	74.28%
Special Project - New Pension System	2,089,200.00	2,598,950.00	104,617.91	1,760,362.98	838,587.02	67.73%
<b>Total Information Technology</b>	<b>\$ 2,534,400.00</b>	<b>\$ 3,069,150.00</b>	<b>\$ 151,544.70</b>	<b>\$ 2,102,303.73</b>	<b>\$ 966,846.27</b>	<b>68.50%</b>
Contingency	\$ 596,600.00	\$ 78,050.00	\$ -	\$ -	\$ -	0.00%
<b>Total Current Year</b>	<b>\$ 6,837,900.00</b>	<b>\$ 6,837,900.00</b>	<b>\$ 426,041.41</b>	<b>\$ 4,574,894.52</b>	<b>\$ 2,263,005.48</b>	<b>66.90%</b>

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

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April 15, 2013

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

## **SUBJECT: QUARTERLY RETIREMENT ADMINISTRATOR REPORT FOR JANUARY 1, 2013 TO MARCH 31, 2013**

Dear Board Members:

VCERA's Monitoring and Reporting policy provides for "as needed reporting" from the Administrator as to any pertinent administrative items. In addition, VCERA's Chair Charter provides for a quarterly review of Administrator travel and other expenses. This quarterly report will serve to satisfy the Chair's Charter and provide a forum for presenting pertinent administrative matters that have not already been reported separately during the quarter.

Report items are for the period of January 1, 2013 to March 31, 2013 and include: 1) travel, training, and other expenses since the last report, 2) key meetings, 3) press/media communications, 4) any items the Administrator has been asked to report back to the Board on, and 5) other items of interest.

### 1. Travel, Training, and Other Expenses since the Last Report

This section outlines VCERA-sponsored training and travel since the last report, along with a very brief summary of what was covered.

- January 17-18, 2013: Brown Armstrong Spring Continuing Professional Education Sessions, Bakersfield, CA, at a cost of \$190 for registration and \$308.96 for lodging and other travel expenses (totaling \$498.96). Henry Solis, VCERA CFO, joined me. There we split up for most of the conference's two tracks for maximum coverage of topics. Their conference was electronic so the iPad came in handy.

On day one I attended 1) Service organizations (such as ADP, V3, etc.) and why it was important to know about their internal controls to prevent material misstatement and the various reporting requirements, 2) Recent government and financial accounting updates, 3) A lunch presentation on Kern County's Economic Development Corporation (EDC) and an EDC's role in an area's economic vitality, 4) IT auditing and why it is so important to an agency, and 5) Recent auditing standard changes.

## QUARTERLY RETIREMENT ADMINISTRATOR REPORT

April 15, 2013

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On day two I attended 1) Everyday Ethics (foundational ethics principles and philosophies), 2) A lunch presentation by the Honorable Connie Conway, State of California, 34<sup>th</sup> Assembly District, on the view from Sacramento, 3) What makes a great governing Board, and 4) A panel "Ask the Experts" discussion/answer with a variety of audience questions primarily from Brown Armstrong staff and managers.

- January 25, 2013: CALAPRS Administrators Roundtable, San Jose, CA, at a cost of \$75 for registration and \$485.15 for lodging and travel (totaling \$560.15). The Administrators had no lack of topics to discuss. Scheduled presentations/speakers included 1) Danny Brown, CalPERS, to discuss CalPEPRA, 2) A securities litigation educational presentation, and 3) A consideration of Pension Principles when drafting legislation (if it don't fit the principles, it don't get ratified).

The numerous round table discussions included 1) PEPRAs (reciprocity, pensionable compensation, compensation review procedures, final compensation evaluation procedures for spiking, contribution increase limits for employee pick-ups, default mapping for reciprocity, clean up legislation-SB13, and reported pensionable compensation audit procedures), 2) Electronic board packets, 3) Moody's proposal to value pension debt with 5.5% discount for bond issues, 4) New GASB (Government Accounting Standards Board) reporting requirements and implementation plans, and 5) Public records requests.

- February 1, 2013: Required Disability Management Training for Managers (onsite) as part of Ventura County's mandatory training program. The two hour training covered reasonable accommodation, the interactive process, and how to manage employee disabilities.
- March 3-5, 2013: CALAPRS General Assembly, San Francisco, CA, at a cost of \$100 for registration and \$933.32 for meals, parking, lodging, and travel (totaling \$1,033.32). The assembly was well attended, with at least one person from every system member and sponsor (affiliate member). In a presentation entitled, "Delivering the Pension Promise," Anne Stausboll, CalPERS CEO, discussed the crumbling of the three pillars and how a very small minority of Americans have all three. Corporations have abandoned pension plans, with the majority of Americans relying solely on Social Security, and a pension plan being the best way to avoid poverty in retirement. I liked her comment, "We serve those who serve California" and it can be said that we serve those who serve Ventura County. Another good one was "PEPRA spray." The most difficult aspect is pensionable compensation, with base pay only at one end, base pay plus the sun, moon and stars on the other, and everything else in between, with the hard part of everyone agreeing where we all should land on the matter. Agreement and a uniform interpretation and implementation across systems appear to be a distant dream.

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In a presentation entitled, "Understanding California's Debt Crisis," Jason Hsu, Research Affiliates CIO, started off with reviewing Prop 30, California's debt load (\$430B to \$630B depending on sources of data). He then quantified it by household congratulating us on our \$50k per household debt, \$102k per household debt federally, and our average consumer credit card debt of \$16.5k. He left out vehicle debt and mortgage debt. He covered how we got there with the growth of spending exceeding the growth of revenues and did not think there would be the political will to slow down any time soon. He predicted the slowing of structural GDP due to the aging population, Federal deficit and household/government deleveraging, each subtracting 1% to 2% from future growth prospects for GDP. California seems stuck at 10% unemployment for at least the next year. He gave three reasons why debt is bad: Crowding where interest takes from schools, roads, health, etc.; Rollover Risk during a period of high interest rates making the crowding worse; and, Liquidity Shock where a government is normally supposed to be counter cyclical in its spending to stabilize an economy and can't due to existing debt limits.

In a presentation entitled, "Investment Opportunities in the Changing Global Landscape," Andrew Feldstein, CEO/CIO of BlueMountain Capital, started by demonstrating the growth or regulation in Basel I at 30 pages to Basel III at 616 pages with the same exponential growth in regulations to support them. He also gave great examples of maturity transformation taking short term assets and turning them into long term loans. This was something that banks would do, but have curtailed significantly given new requirements, and now Mutual Funds have picked up the maturity transformation, but with only certain types of loans, leaving opportunity for institutional investors to participate in the profitable gap that exists in the credit business. In a co-presentation entitled, "The Future of the Active/Passive Debate," Kai Hong of Bivium Capital Partners and Joseph Miletich of Mellon Capital, both presented strong arguments for their respective perspectives; however, both admitting the circumstantial nature of their positions. I was left with the impression that active has its place and so does passive, and it is not as clear cut having domestic stocks passive and international active, for example. Winners persist. We just need to be able to find them. In a presentation entitled, "Methods of Assumed Earnings Rate Development," David Kausch, Gabriel Roder Smith's Chief Actuary, noted the obvious importance of this assumption and covered competing proposals on how it should be set. A natural evolution is to eliminate the old range of between %25 and 75% achievability and the provision of a recommended rate. He argues that leaving active alpha out positions a plan for positive surprises, as opposed to negative ones when it does not occur. The also shared the obvious that your asset allocation determines your assumed rate of return, not the other way around, and not based on funded status. In a co-presentation entitled, "Regulation, the Role of the SEC and Internal Compliance," Jorge Rodriguez and Daniel Smith of ACA Compliance Group, shares the dysfunction of the SEC until they get a 5<sup>th</sup> member appointed.

## QUARTERLY RETIREMENT ADMINISTRATOR REPORT

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They suggested asking registered advisors if they have received deficiency letters, and while private, should be readily shared with investors (possibly in confidence (while on site). If not shared, be wary. Also, once an SEC concern rises to an enforcement referral, it is public and easy to find, if not disclosed by the advisor. In a presentation entitled, "Global Market Update – Post election" James Walsh of Albourne Partners, shared US equities seem fairly priced, and cheap compared to bonds. In summary, unemployment is falling (very slowly), fiscal policy is tightening, and Europe needs to do better before we start seeing notable improvement in our markets. In a presentation entitled, "National Pension Issues: What Are Americans Thinking about Retirement?" Diane Oakley, the National Institute of Retirement's Executive Director, shared the results of their latest national survey. While it was clear 85% of Americans support improvements in pensions, questions were not asked as to what they would sacrifice for it (taxes, health services, etc.). Who doesn't want more of something, if it doesn't cost anything? A related survey showed that Americans support forced savings and employer match, and employers seem to have rested at 3%. Americans also understand the economic benefits of pensions. Lastly, in a presentation entitled, "Managing Change in your Pension System: Are You Ready?" Mary Federico of LRWL, Inc., concluded the session with a very helpful discussion of how to effectively effectuate change. I was so inspired, I determined that I would present what I learned to my staff in the leadership section of one of our monthly all staff meetings. It is a three-pronged approach (details left out) entailing answering the follow three major questions (with numerous minor ones): 1) Do you have a compelling case for change, 2) Are you managing consequences (good and bad), and 3) Are you communicating influentially?

### 2. Key Meetings

This section outlines any key meetings I have had with plan sponsors, and other key stakeholders.

- February 12, 2013: Met with Mr. Koevenig to discuss the issues raised at the February 4, 2013 disability meeting.
- February 6, 2013: Met with members of the Auditor-Controller's, CEO's and County Counsel's offices, accompanied by Lori Nemiroff, Henry Solis, and Julie Stallings to discuss the CalPEPRA implementation and outstanding issues.
- February 15, 2013: Met with Annette Paladino to convey the scope and expectations of her services for VCERA.
- February 21, 2013: Observed the ballot counting for the General Member election.
- February 22, 2013: Met with Trustee Elect McCormick to provide an orientation and deliver new trustee reference materials, along with her iPad.

## QUARTERLY RETIREMENT ADMINISTRATOR REPORT

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- March 6, 2013: Attended an Office 365 Orientation at PWA's Saticoy conference room where Ventura County was introducing key leaders and technology personnel to the next generation in office productivity software that will be implemented Countywide very soon.
- March 14, 2013: Staffed the Ad Hoc RFP Committee meeting.
- March 26, 2013: Conducted a marathon five-hour meeting with staff, Board counsel, and Risk Management to discuss the current disability process and learn all we can about the valuable services Risk Management provides VCERA.

### 3. Press/Media Communications

A pattern is emerging whereby I am called by a few investment reporters for an investment update after our Board meetings. Given the routine nature of their calls, I will not separately identify them in future quarterly reports, instead focusing on media inquiries of a unique or politically sensitive nature.

- January 28, 2013: Kathleen Wilson, of the Ventura County Star, called and emailed to ask for the settlement agreement referenced in the acknowledgement of the actuarial report Board letters. After verification from Board Counsel that the agreement was public, I provided it on January 29, 2013.
- April 1, 2013 (outside period): Kathleen Wilson called to ask about the operational backlogs and conditions. A potential correction to her article is that we are experiencing a number of new retirees that are not added until just prior to 90 days for a number of reasons, including that this is the busy time of the annual retirement cycle lasting a good four months. Also, members with gaps in service and other conditions, such as divorce or service purchases, can complicate processing and lengthen processing times.
- April 2, 2013 (outside period): Kathleen Wilson called to ask about details regarding the sources of delays for the processing of disability applications. I indicated that there are a number of extension options built into the process for Risk Management and applicants. Scheduling hearings at a mutually convenient time can also be a challenge.

### 4. Reports Back to the Board

- *Benefit Estimate Status Report:* At this time, Operations is pleased to report that the corrective processes, which were implemented prior to the July 2, 2012 Board meeting, have yielded results and requests for estimates are once again completed within 30 to 90 days of receipt. Presently, the status of estimate requests can be summarized as follows:

Estimate Requests	2012Q2 Avg	2012Q3 Avg	2012Q4 Avg	Jan	Feb	Mar	2013Q1 Avg
New Requests	44.5	34.3	33.3	14	8	24	15.3
Completed Requests	60.5	87.0	25.3	14	25	14	17.7
Open Requests at Month End	145.0	66.7	15.0	13	2	22	12.3
Requests Open 60+ Days	68.5	29.3	2.7	0	0	0	0.0

## QUARTERLY RETIREMENT ADMINISTRATOR REPORT

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### 5. Other Items of Interest

- On January 30, 2013 at 5:00pm, the network/server connection to the County was unplugged to allow for the connection of VCERA's new voice over IP (VOIP) system featuring improved telephonic hardware and advanced call routing capabilities. The timing did present a problem as Board letters for the February 4, 2013 disability meeting were not complete and became inaccessible until Thursday morning, resulting in a slight delay in the posting and distribution of the agenda. Fortunately, staff had placed the majority of the agenda's materials (the disability items) into Dropbox a day early and before the network was unplugged. The new phone system is phenomenal. Messages are easy to retrieve and the phones can connect to state-of-the-art hands-free headsets. VCERA also has hold music and call waiting. The receptionist have also been tied into employee phones with phone line banks, so calls can be easily answered, intercepted, or routed as needed.
- On February 25, 2013, the final installation of the key card access system commenced and was ultimately completed. It was not communicated to VCERA staff and had to be halted during the business meeting due to excessive noise from the drilling. (Door knobs had already been removed so the doors were propped open for a short period.) Installation was completed by the end of the day and the technology is working well. Electronic access provides better security and control, and provides options for limiting, routing, or optimizing ingress and egress.
- I would like to accompany my daughter on a field trip from May 7 to May 8 and will be placing Henry or Julie in charge during my absence. I will be available via email and cell phone.

I would be happy to respond to any questions you may have on this matter.

Sincerely,



Donald C. Kendig, CPA  
Retirement Administrator



# Ventura County Employees' Retirement Association

Monthly Manager Performance Report  
March 2013



# Performance Summary

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Period Ending 3/31/2013

	March	1Q 2013	Fiscal Year-to-Date	1 Year Ending 3/31/2013	3 Years Ending 3/31/2013	5 Years Ending 3/31/2013	10 Years Ending 3/31/2013	Since Inception	Inception Date
<b>BlackRock Extended Equity</b>	4.7	13.1	22.6	17.0	14.9	8.9	12.5	11.9	10/31/02
Dow Jones U.S. Completion Total Stock Market Index	4.7	13.1	22.3	16.5	14.5	8.9	12.5	11.9	
<b>Western U.S. Index Plus</b>	3.8	11.0	19.8	16.7	15.5	4.9	--	-1.0	5/31/07
S&P 500 Index	3.8	10.6	17.2	14.0	12.7	5.8	--	2.7	
<b>BlackRock Equity Market Fund</b>	3.9	11.1	18.2	14.5	13.1	6.5	--	4.2	5/31/08
Dow Jones U.S. Total Stock Market Index	3.9	11.1	18.2	14.5	13.1	6.5	--	4.2	
<b>Total U.S. Equity</b>	4.0	11.1	18.5	14.9	13.4	6.0	8.8	8.3	12/31/93
Performance Benchmark**	3.9	11.1	18.2	14.5	13.1	6.5	9.3	8.7	
<b>BlackRock All Country World ex-U.S.</b>	0.4	3.6	17.8	8.8	4.9	0.1	--	0.5	3/31/07
MSCI All Country World ex-U.S. IM Index	0.4	3.6	17.8	8.6	4.7	0.0	--	0.4	
<b>Sprucegrove</b>	1.6	4.1	16.6	10.3	7.2	1.6	10.9	8.4	3/31/02
MSCI EAFE Index	0.8	5.1	19.8	11.3	5.0	-0.9	9.7	6.2	
MSCI All Country World ex-U.S. Index	0.2	3.2	17.3	8.4	4.4	-0.4	10.9	7.4	
<b>Hexavest</b>	2.0	6.1	16.2	10.7	4.9	1.4	--	0.5	12/31/10
MSCI EAFE Index	0.8	5.1	19.8	11.3	5.0	-0.9	--	-2.6	
<b>Walter Scott</b>	2.0	4.8	16.4	12.4	8.0	4.8	--	3.0	12/31/10
MSCI All Country World ex-U.S. Index	0.2	3.2	17.3	8.4	4.4	-0.4	--	-2.2	
<b>Total International</b>	1.1	4.2	17.3	10.1	5.6	0.1	10.5	6.7	3/31/94
MSCI All Country World ex-U.S. Index	0.2	3.2	17.3	8.4	4.4	-0.4	10.9	5.4	
<b>GMO Global Fund</b>	1.9	5.7	15.0	10.8	8.8	3.7	--	6.5	4/30/05
MSCI All Country World Index	1.8	6.5	17.1	10.6	7.8	2.1	--	5.7	
<b>BlackRock MSCI ACWI Equity Index</b>	1.9	6.6	17.2	--	--	--	--	17.2	6/30/12
MSCI All Country World Index	1.8	6.5	17.1	--	--	--	--	17.1	
<b>Total Global Equity</b>	1.9	6.1	15.9	10.1	8.3	1.4	--	4.7	4/30/05
MSCI All Country World Index	1.8	6.5	17.1	10.6	7.8	2.1	--	5.7	

# Performance Summary (continued)

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (Continued)  
Period Ending 3/31/2013

	March	1Q 2013	Fiscal Year-to-Date	1 Year Ending 3/31/2013	3 Years Ending 3/31/2013	5 Years Ending 3/31/2013	10 Years Ending 3/31/2013	Since Inception	Inception Date
<b>Loomis Sayles Global Fixed Income*****</b>	0.2	-1.1	2.9	--	--	--	--	2.9	6/30/12
Barclays Capital Global Aggregate Bond Index	-0.3	-2.1	0.6	--	--	--	--	0.6	
<b>PIMCO Global Fixed Income*****</b>	-0.3	-1.8	--	--	--	--	--	-2.1	9/30/12
Barclays Capital Global Aggregate Bond Index	-0.3	-2.1	--	--	--	--	--	-1.4	
<b>Total Global Fixed Income</b>	0.0	-1.4	2.1	--	--	--	--	2.1	6/30/12
Barclays Capital Global Aggregate Bond Index	-0.3	-2.1	0.6	--	--	--	--	0.6	
<b>Western</b>	0.5	0.5	5.0	7.5	8.4	7.3	6.2	6.9	12/31/96
Barclays Capital Aggregate Bond Index	0.1	-0.1	1.7	3.8	5.5	5.5	5.0	6.1	
<b>BlackRock U.S. Debt Fund</b>	0.1	0.0	1.8	4.0	5.7	5.6	5.1	6.0	11/30/95
Barclays Capital Aggregate Bond Index	0.1	-0.1	1.7	3.8	5.5	5.5	5.0	6.0	
<b>Reams</b>	0.0	0.2	4.4	6.6	8.3	9.1	7.5	7.0	9/30/01
Barclays Capital Aggregate Bond Index	0.1	-0.1	1.7	3.8	5.5	5.5	5.0	5.4	
<b>Loomis Sayles*****</b>	0.7	2.6	12.2	13.2	10.7	9.8	--	8.3	7/31/05
Performance Benchmark***	0.4	0.8	4.4	6.4	7.2	7.3	--	6.4	
<b>Total U.S. Fixed Income</b>	0.2	0.2	4.6	6.8	8.1	8.3	6.7	6.8	2/28/94
Barclays Capital Aggregate Bond Index	0.1	-0.1	1.7	3.8	5.5	5.5	5.0	6.2	
<b>Total Prudential Real Estate</b>	--	--	3.3	8.8	14.7	-3.2	--	2.6	3/31/94
Policy Benchmark	--	--	5.0	10.4	13.4	1.9	--	7.8	
<b>UBS Real Estate</b>	--	--	4.0	9.1	12.3	-0.1	--	6.8	3/31/94
NCREIF Open End Fund Index	--	--	5.0	10.4	13.4	1.9	--	8.0	
<b>Guggenheim</b>	--	--	3.9	11.6	14.5	-4.9	--	-1.5	3/31/94
Performance Benchmark	--	--	4.7	13.4	14.7	4.4	--	6.0	
<b>RREEF</b>	--	--	9.6	22.9	27.0	-15.8	--	-15.1	3/31/94
NCREIF Open End Fund Index	--	--	5.0	10.4	13.4	1.9	--	2.2	
<b>Total Real Estate****</b>	--	--	3.6	9.1	12.9	-3.6	4.7	7.4	3/31/94
NCREIF Open-End Fund Property Index*****	--	--	5.0	8.6	13.1	1.7	8.0	9.0	
<b>Total Fund</b>	1.9	5.4	12.7	10.5	10.0	4.9	8.3	8.1	3/31/94
Policy Portfolio	1.7	5.1	12.2	9.6	9.3	4.7	8.3	8.0	3/31/94
<b>Total Fund (ex-Private Equity)</b>	1.9	5.5	12.5	9.8	--	--	--	--	3/31/94
<b>Total Fund (ex-Clifton)</b>	1.9	5.4	12.5	10.3	9.9	4.7	8.2	8.0	3/31/94

\*All returns contained in this flash report are net of investment management fees.

\*\*The Dow Jones U.S. Total Stock Market Index. Prior to May 2007, the Russell 3000 Index.

\*\*\*A mix of 65% of the Barclays Capital Aggregate Bond Index, 30% of the Salomon Brothers High Yield Index and 5% of the J.P. Morgan Non-U.S. Hedged Bond Index.

\*\*\*\*Real Estate returns are based on market values and cash flows provided by managers.

\*\*\*\*\*Prior to January 2006, the NCREIF Property Index.

\*\*\*\*\*Total Fund inception date is the longest time period that Hewitt EnnisKnupp has reliable historical monthly data.

\*\*\*\*\*PIMCO returns are calculated using a daily calculation method, as opposed to the Modified Dietz Method in use by other managers.

# Asset Allocations

## VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Period Ending 3/31/2013

(\$ in Thousands)

	U.S. Equity	Non-U.S. Equity	Fixed Income	Real Estate	Private Equity	Cash	Total	Percent of Total	Evolving Policy	Policy Target
BlackRock Extended Equity Index	\$35,392						\$35,392	1.0%		
Western Index Plus	\$101,172						\$101,172	2.8%		
BlackRock Equity Market Fund	\$1,231,626						\$1,231,626	33.8%		
<b>Total U.S. Equity</b>	<b>\$1,368,190</b>						<b>\$1,368,190</b>	<b>37.6%</b>	<b>36.0%</b>	<b>34.0%</b>
BlackRock ACWI ex-U.S. Index		\$352,277					\$352,277	9.7%		
Sprucegrove		\$164,698					\$164,698	4.5%		
Hexavest		\$70,798					\$70,798	1.9%		
Walter Scott		\$87,151					\$87,151	2.4%		
<b>Total Non-U.S. Equity</b>		<b>\$674,924</b>					<b>\$674,924</b>	<b>18.5%</b>	<b>18.0%</b>	<b>16.0%</b>
GMO Global Equity	\$84,094	\$99,118					\$183,212	5.0%		
BlackRock MSCI ACWI Equity Index	\$68,892	\$68,892					\$137,785	3.8%		
<b>Total Global Equity</b>	<b>\$152,987</b>	<b>\$168,010</b>					<b>\$320,997</b>	<b>8.8%</b>	<b>10.0%</b>	<b>10.0%</b>
Western			\$281,362				\$281,362	7.7%		
BlackRock U.S. Debt Fund			\$133,658				\$133,658	3.7%		
Reams			\$245,462				\$245,462	6.7%		
Loomis Sayles Global**			\$67,315				\$67,315	1.8%		
Loomis Sayles**			\$109,220				\$109,220	3.0%		
PIMCO Global			\$98,820				\$98,820	2.7%		
<b>Total Fixed Income</b>			<b>\$935,837</b>				<b>\$935,837</b>	<b>25.7%</b>	<b>27.0%</b>	<b>25.0%</b>
Prudential Real Estate				\$82,992			\$82,992	2.3%		
UBS Real Estate				\$178,706			\$178,706	4.9%		
Guggenheim				\$22,664			\$22,664	0.6%		
RREEF				\$10,226			\$10,226	0.3%		
<b>Total Real Estate</b>				<b>\$294,588</b>			<b>\$294,588</b>	<b>8.1%</b>	<b>8.0%</b>	<b>10.0%</b>
Adams Street Partners					\$27,779		\$27,779	0.8%		
Pantheon Ventures					\$7,508		\$7,508	0.2%		
<b>Total Private Equity</b>					<b>\$35,287</b>		<b>\$35,287</b>	<b>1.0%</b>	<b>1.0%</b>	<b>5.0%</b>
Clifton Group						\$13,370	\$13,370	0.4%		
<b>Total Cash</b>						<b>\$13,370</b>	<b>\$13,370</b>	<b>0.4%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Total Assets</b>	<b>\$1,521,177</b>	<b>\$842,934</b>	<b>\$935,837</b>	<b>\$294,588</b>	<b>\$35,287</b>	<b>\$13,370</b>	<b>\$3,643,192</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Percent of Total</b>	<b>41.8%</b>	<b>23.1%</b>	<b>25.7%</b>	<b>8.1%</b>	<b>1.0%</b>	<b>0.4%</b>	<b>100.0%</b>			

\* Asset allocation reflects net exposure

\* Private Equity reflects Market Values as of 12/31/2012 plus Capital Calls from 1/1/2013-3/31/2013

\*\*Market Value data is preliminary as final data is not yet available

# Manager Watchlist and Updates

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## Manager "Watch" List

- RREEF was placed on the watch list in February 2009 for performance reasons.

## Manager Updates

- **Sprucegrove** – As previously announced, Peter Clark retired at the end of 2012. Shirley Woo, Portfolio Manager, has replaced Peter on the Board of Directors. Two senior investment analysts, Arjun Kumar and Alanna Marshall Lizzola were promoted to Assistant Portfolio Manager.
- **Loomis** - Effective February 1, 2013, Brian Kennedy will become an investment strategist for the Full Discretion team and will be added as a portfolio manager to the Core Plus Full Discretion strategy. Todd Vandam will also join the Full Discretion team as a high yield strategist, and will be added as a portfolio manager to the US High Yield strategy. In addition, Fred Sweeney was named product manager for the Full Discretion suite of products effective January 1, 2013.

Both Kennedy and Vandam were hired in 1994 and have spent the majority of their careers at Loomis.

## Tactical Rebalancing Update

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- March Medium Term Views remain unchanged
- Asset classes remained within their band ranges
- No rebalancing was performed this month

# Ventura County MTV Monitor

Date 3/31/2013

Total Assets \$3,643,192,396

## Policy Summary

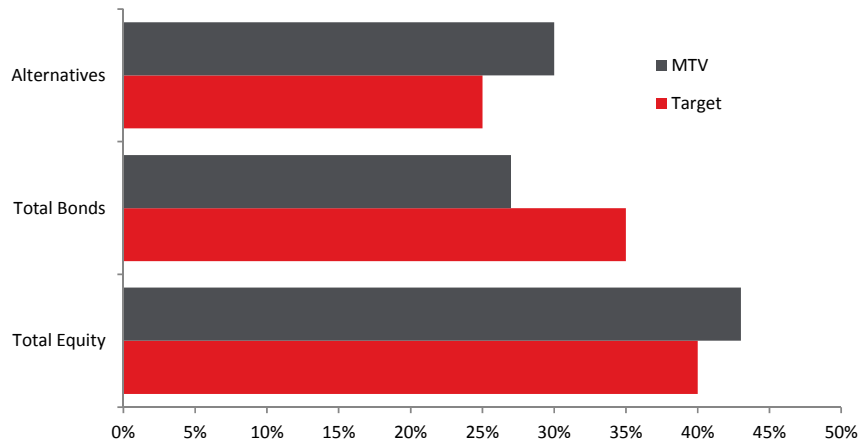
## Asset Summary

## Rebalancing Summary

		Min Range	Target	Max Range	Current Weight	Current \$ Allocation	MTV Target	MTV \$ Allocation	Outside Target Range?	Calculated Adjustments	Proposed Adjustments	Closing Balance	Proposed Allocation	Outside Target Range?
<b>Tier 1 - Major Asset Classes</b>														
	Equities	58.0%	65.0%	70.0%	64.9%	2,364,110,801	66.0%	2,406,155,869	No	42,045,068		2,364,110,801	64.9%	No
	Bonds	20.0%	27.0%	37.0%	25.7%	935,836,517	23.8%	867,674,389	No	(68,162,128)		935,836,517	25.7%	No
<b>Tier 2 - Minor Asset Classes</b>														
	US Equity	30.0%	36.0%	40.0%	37.6%	1,368,189,952	36.0%	1,311,549,263	No	(56,640,689)		1,368,189,952	37.6%	No
	Non-US Equity	15.0%	19.0%	21.0%	18.5%	674,924,225	19.0%	692,206,555	No	17,282,330		674,924,225	18.5%	No
	Global Equity	7.0%	10.0%	13.0%	8.8%	320,996,624	11.0%	400,751,164	No	79,754,539		320,996,624	8.8%	No
	US Bonds	18.0%	22.0%	26.0%	21.1%	769,701,886	19.8%	721,352,094	No	(48,349,791)		769,701,886	21.1%	No
	Global Bonds	2.0%	5.0%	8.0%	4.6%	166,134,632	4.0%	145,727,696	No	(20,406,936)		166,134,632	4.6%	No
	Real Estate	5.0%	8.0%	10.0%	8.1%	294,588,180	9.3%	338,816,893	No	44,228,713		294,588,180	8.1%	No
	Private Equity	0.0%	0.0%	5.0%	1.0%	35,287,046	1.0%	35,287,046	No	-		35,287,046	1.0%	No
	Clifton	0.0%	0.0%	0.0%	0.4%	13,369,852	0.0%	-	Above	(13,369,852)		13,369,852	0.4%	Above
	<b>Total</b>				<b>100.0%</b>	<b>3,643,192,396</b>	<b>100.1%</b>	<b>3,645,690,711</b>		<b>2,498,314</b>	<b>-</b>	<b>3,643,192,396</b>	<b>100.0%</b>	
<b>Tier 3 - Managers</b>														
<i>US Equity</i>	BlackRock Extended Equity Index Fund	0.5%	1.0%	2.0%	1.0%	35,392,385	1.0%	36,431,924	No	1,039,539		35,392,385	1.0%	No
	Western U.S. Index Plus	2.0%	3.0%	4.0%	2.8%	101,171,702	3.0%	109,295,772	No	8,124,069		101,171,702	2.8%	No
	BlackRock Equity Market Fund	28.0%	32.0%	36.0%	33.8%	1,231,625,865	32.0%	1,165,821,567	No	(65,804,298)		1,231,625,865	33.8%	No
<i>ACWI ex US</i>	BlackRock ACWI ex-U.S. Index	8.0%	10.0%	12.0%	9.7%	352,277,401	10.0%	364,319,240	No	12,041,838		352,277,401	9.7%	No
	Sprucegrove	3.0%	4.0%	6.0%	4.5%	164,697,921	4.0%	145,727,696	No	(18,970,225)		164,697,921	4.5%	No
	Hexavest	1.0%	2.0%	3.0%	1.9%	70,797,824	2.0%	72,863,848	No	2,066,023		70,797,824	1.9%	No
	Walter Scott	1.5%	3.0%	4.0%	2.4%	87,151,079	3.0%	109,295,772	No	22,144,693		87,151,079	2.4%	No
<i>ACWI</i>	GMO Global	3.0%	5.0%	7.0%	5.0%	183,211,793	5.0%	182,159,620	No	(1,052,173)		183,211,793	5.0%	No
	BlackRock MSCI ACWI Equity Index	3.0%	5.0%	7.0%	3.8%	137,784,831	5.0%	182,159,620	No	44,374,789		137,784,831	3.8%	No
<i>US Bonds</i>	Western	6.0%	8.0%	10.0%	7.7%	281,361,951	8.0%	291,455,392	No	10,093,441		281,361,951	7.7%	No
	BlackRock U.S. Debt Fund	3.0%	4.0%	6.0%	3.7%	133,657,823	4.0%	145,727,696	No	12,069,873		133,657,823	3.7%	No
	Reams	6.0%	7.0%	9.0%	6.7%	245,461,981	7.0%	255,023,468	No	9,561,487		245,461,981	6.7%	No
	Loomis Sayles	2.0%	3.0%	4.0%	3.0%	109,220,131	3.0%	109,295,772	No	75,641		109,220,131	3.0%	No
<i>Global Bonds</i>	PIMCO Global	2.0%	3.0%	4.0%	2.7%	98,819,873	3.0%	109,295,772	No	10,475,899		98,819,873	2.7%	No
	Loomis Sayles Global	1.0%	2.0%	4.0%	1.8%	67,314,759	2.0%	72,863,848	No	5,549,089		67,314,759	1.8%	No
<i>Real Estate</i>	Prudential Real Estate	2.0%	3.0%	4.0%	2.3%	82,992,279	3.0%	109,295,772	No	26,303,493		82,992,279	2.3%	No
	UBS Real Estate	3.0%	3.8%	5.0%	4.9%	178,706,026	3.8%	136,619,715	No	(42,086,311)		178,706,026	4.9%	No
	Guggenheim	0.5%	1.0%	2.0%	0.6%	22,664,017	1.0%	36,431,924	No	13,767,906		22,664,017	0.6%	No
	RREEF	0.1%	0.3%	1.0%	0.3%	10,225,857	0.3%	9,107,981	No	(1,117,876)		10,225,857	0.3%	No
<i>Private Equity</i>	Adams Street Partners	0.0%	0.0%	4.0%	0.8%	27,779,378	0.0%	-	No	(27,779,378)		27,779,378	0.8%	No
	Pantheon Ventures	0.0%	0.0%	4.0%	0.2%	7,507,668	0.0%	-	No	(7,507,668)		7,507,668	0.2%	No
<i>Other/Alts</i>	Clifton	0.0%	0.0%	0.0%	0.4%	13,369,852	0.0%	-	Above	(13,369,852)		13,369,852	0.4%	Above
	<b>Total</b>				<b>100.0%</b>	<b>3,643,192,396</b>	<b>100.0%</b>	<b>3,643,192,396</b>		<b>0</b>	<b>-</b>	<b>3,643,192,396</b>	<b>100.0%</b>	

# Medium Term Views

**Major Asset Class Split  
March 2013**



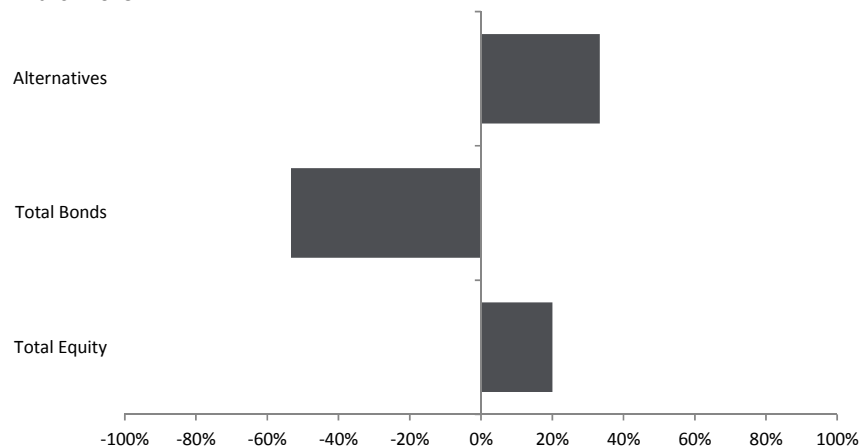
## Favored Asset Classes

- Equities
- Alternatives

## Less Favored Asset Classes

- Bonds

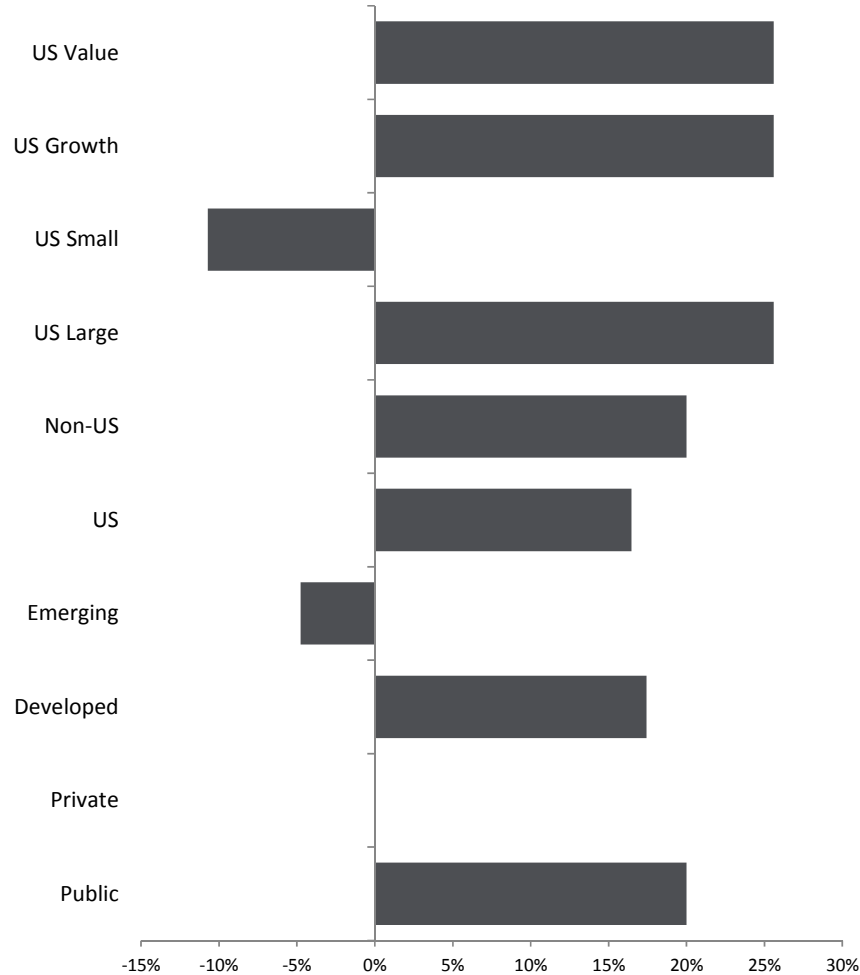
**Major Asset Class Conviction  
March 2013**



Note: Conviction levels presented relative to targets in HEK Model portfolio.

# Medium Term Views (continued)

Equity Conviction  
March 2013



## Favored Equity Positions

- Large over small
- Non US over US
- Developed Non US over Emerging
- Public over private

## Neutral Equity Positions

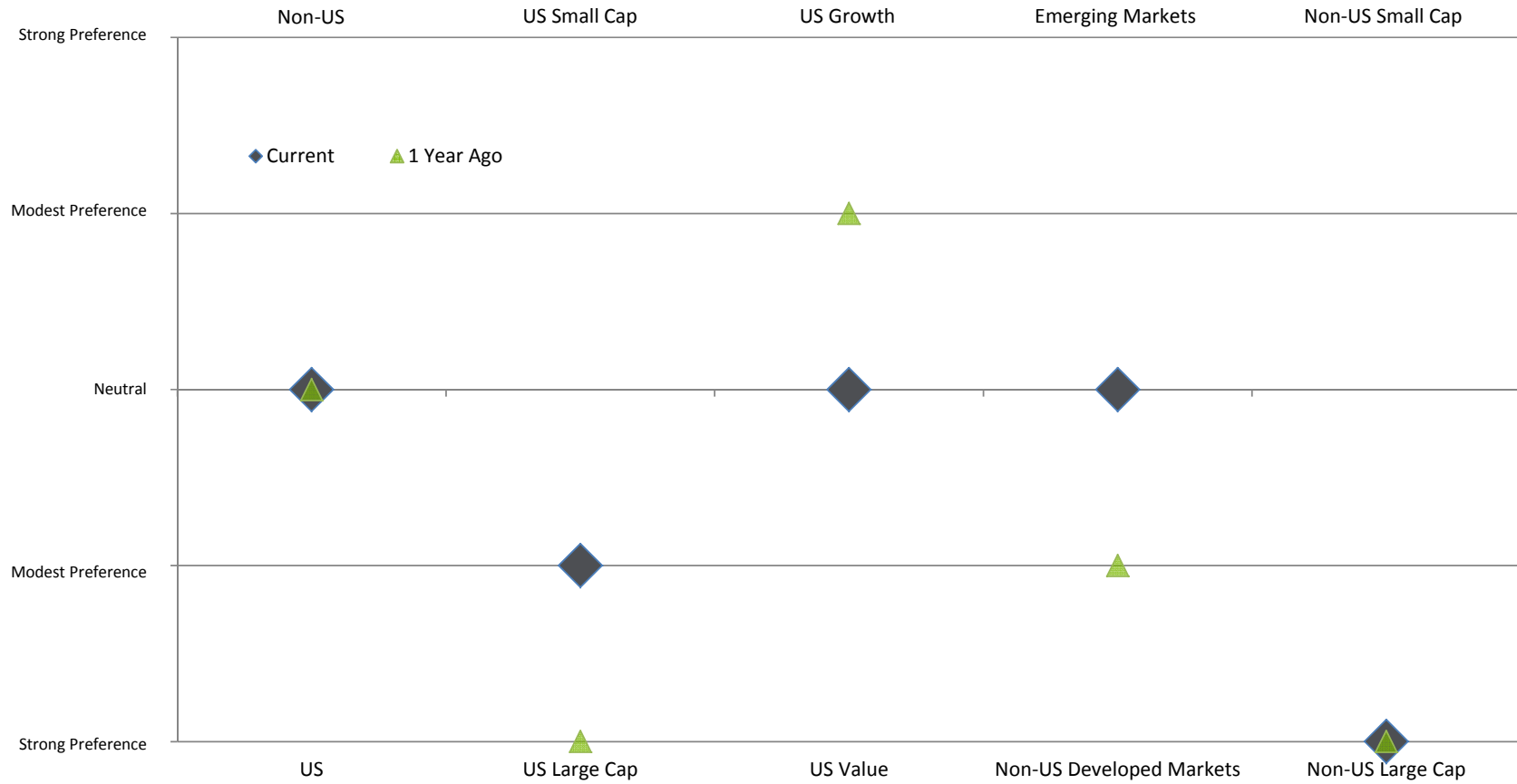
- Growth vs. Value

Note: Conviction levels presented relative to targets in HEK Model portfolio.



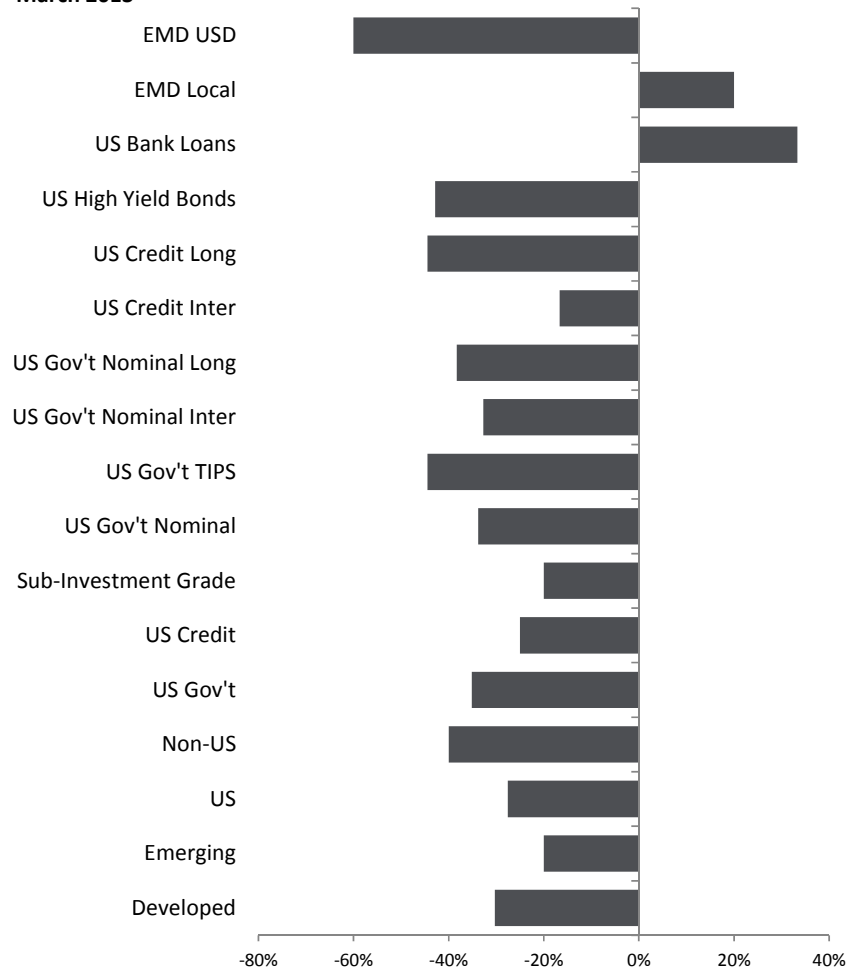
# Medium Term Views (continued)

## Relative Equity Market Views



## Medium Term Views (continued)

**Bond Conviction**  
**March 2013**



### Favored Bond Positions

- EMD Local Debt
- Bank Loans
- Credit over Government Bonds
- Investment Grade over High Yield
- Local Currency EMD over Dollar EMD

### Less Favored Bond Strategies

- Government Bonds
- High Yield
- EMD USD

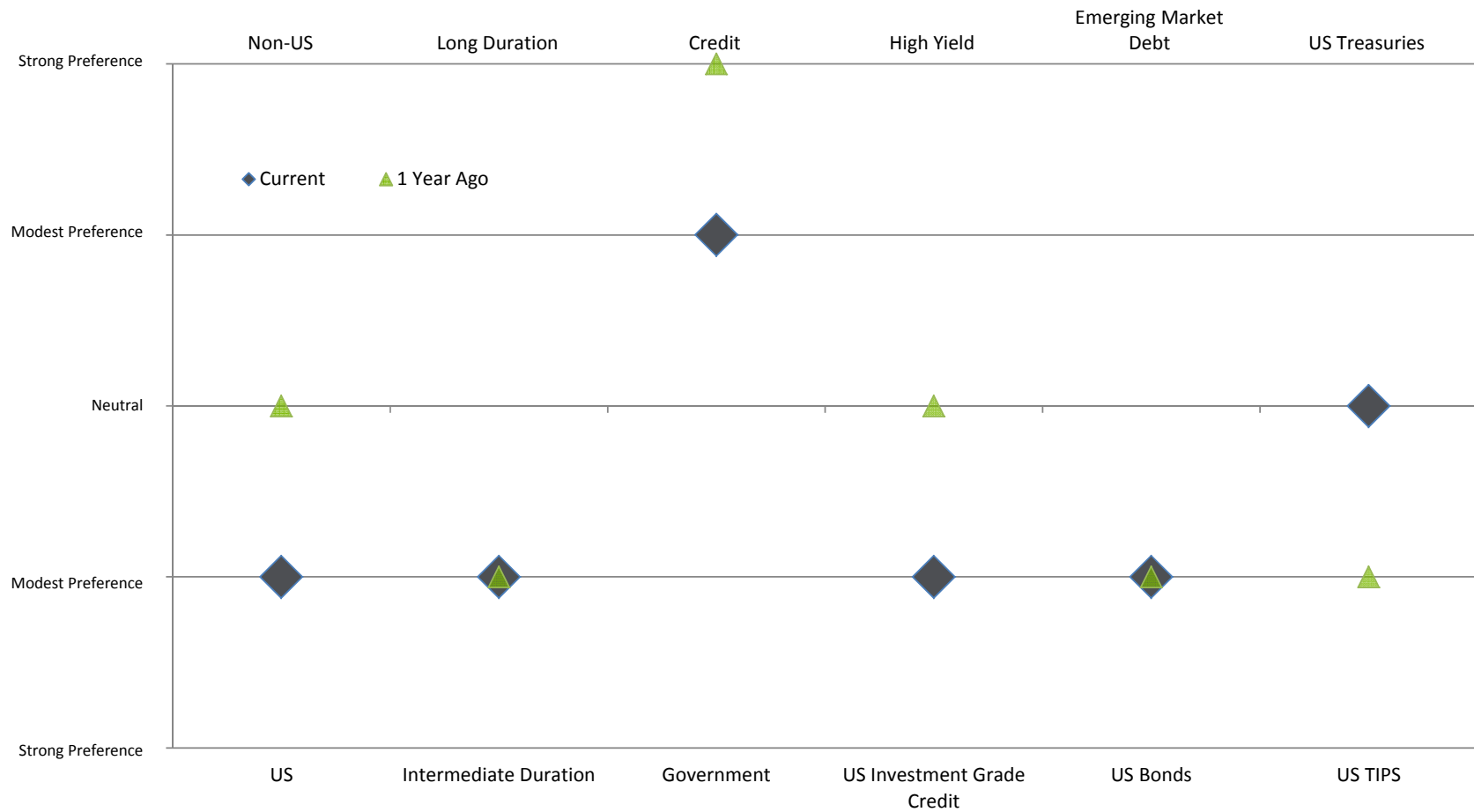
### Neutral Equity Positions

- Treasuries vs. TIPS

Note: Conviction levels presented relative to targets in HEK Model portfolio.

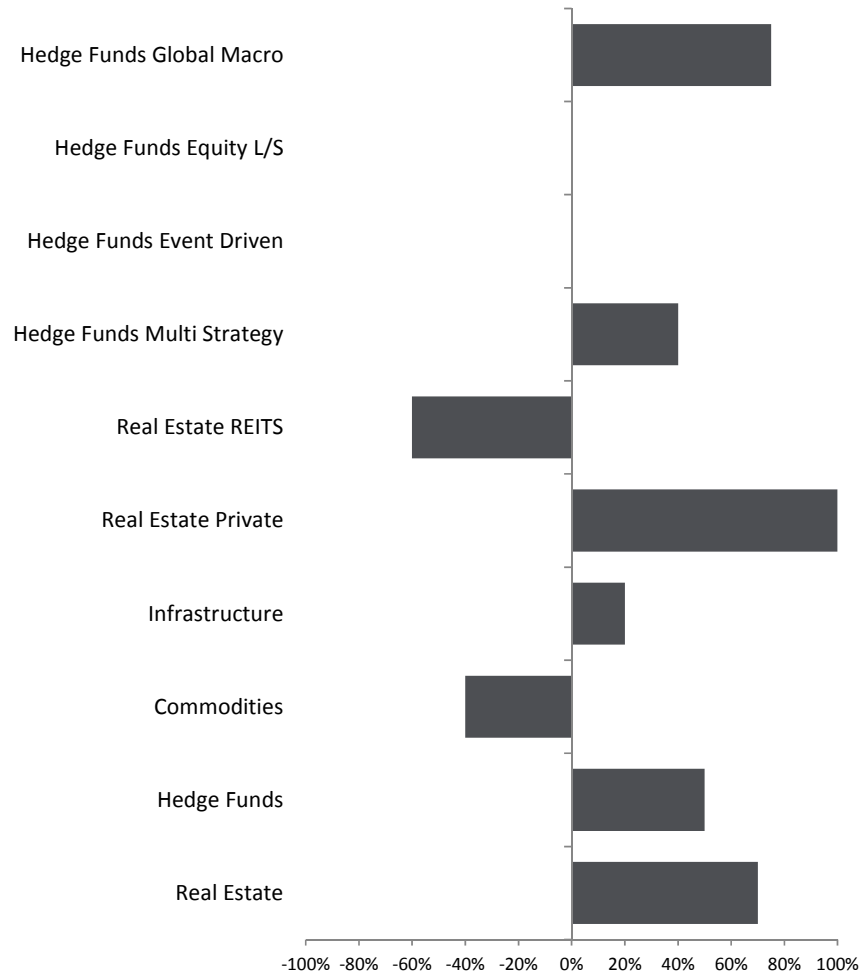
# Medium Term Views (continued)

Relative Bond Market Views



# Medium Term Views (continued)

**Alternatives Conviction**  
**March 2013**



## Favored Alternative Strategies

- Global Macro
- Multi Strategy
- Real Estate Properties over REITs
- Infrastructure

## Less Favored Alternative Strategies

- REITs
- Commodities

Note: Conviction levels presented relative to targets in HEK Model portfolio.

## Medium Term Views (continued)

Asset Class	Medium Term View	Rationale
<b>Equity Market</b>	Gains now more difficult to sustain	Fiscal cliff and sequestration worries have apparently not made any dent in the markets and markets seem assured that the Federal Reserve will continue to deliver. Equities are in a reasonable place versus bonds, but market valuations are largely normalized – given that the forward PE on consensus earnings is now 14x (on our adjusted earnings, PE ratios are higher). Room for positive surprises is diminishing and this is likely to cap equity market gains.
<b>U.S. Large vs. Small Cap</b>	Prefer U.S. Large Cap	Small cap has outperformed as a higher beta play in markets for some months, clawing back some of its relative underperformance. However, valuation support is still not convincing for a continuation of relative small cap gains. As the broader equity market starts to level off, the relatives should mean some reversion to large cap.
<b>Non-U.S. Large vs. Small Cap</b>	Prefer Non-U.S. Large Cap	There is less relative valuation support than the U.S., but we continue to see investors favoring the global diversification and greater earnings predictability of large cap.
<b>U.S. Equities vs. EAFE</b>	Use U.S. outperformance to raise EAFE allocations	Recent US underperformance has still not been sufficient to cause a change of view on the relative attractions of non US markets. On a currency hedged view, it is still right to favor non-US markets, but the valuation discount of non-US markets is unlikely to narrow fully.
<b>U.S. Growth vs. Value Stocks</b>	Neutral stance between growth versus value	Value has come back here for the past few months, reflecting in part the relative gains in financials relative to technology. A key factor here in leveling the ground between the two is that gains in technology are likely to be more difficult to sustain, taking away support for growth. We are cautious on financials after recent performance, a mainstay of value.
<b>Developed vs. Emerging Markets</b>	Neutral stance between developed and emerging markets	Emerging markets have once again run into harder ground, reflecting the relative improvement in sentiment in Europe and the US relative to key emerging market stories in China and elsewhere. Though macroeconomic supports for emerging markets are still thin, relative valuations are helping provide support.

## Medium Term Views (continued)

Asset Class	Medium Term View	Rationale
<b>Global Government Bonds</b>	Negative view	Some firming in core global government bond yields is noticeable, but the road to normal yields is a long and winding one. Bond yields are supported by accommodating central banks but not much else. Such low yields carry with them significant risk, so duration must be carefully managed.
<b>Global Corporate Bonds</b>	Prefer to government bonds	We still prefer credit to government bonds, but valuations are now much closer to neutral. Returns remain vulnerable in both a positive story (rising government bond yields insufficiently offset by spread compression given how low the latter are), or a relapse in economic conditions (economic conditions worsen again). Spreads are signaling a relatively good economic environment but the underlying government bond yield is signaling worse. This inconsistency carries risks.
<b>Intermediate vs. Long Duration</b>	Extend duration only to match liabilities	Intermediate credit spreads are now somewhat below our fair values, though long credit spreads are still above. This should make us prefer long credit, but the duration risk here is higher. Accessing long credit with an underweight to duration would be a reasonable approach, if possible within the portfolio context.
<b>U.S. vs. Non-U.S. Aggregate Bonds</b>	Prefer the US	European yields are the greater risk, given relative credit risk in corporate bonds. Prefer US corporate bonds to government bonds.
<b>U.S. High Yield vs. U.S. Investment Grade Corporate Bonds</b>	Prefer investment grade	High yield is still holding firm at expensive levels and flows remain strong as risk appetites recover further. Our view is that at such low yields and with spreads back down to the 500bp range or so, high yield is likely to be tested later this year.
<b>U.S. Bonds vs. Emerging Market Debt</b>	Prefer U.S. bonds and local currency to dollar-denominated debt	Some setback in the this market becoming noticeable this year, as spreads have risen. From a medium-term point of view, we see dollar-denominated emerging market debt vulnerable to rising U.S. yields (given significant duration in this asset class) and spread compression is unlikely to fully compensate. Local currency emerging market debt is more attractive than dollar-denominated debt.
<b>Treasury Inflation Protected Securities</b>	Neutral versus fixed interest	Break-even inflation rates have moved sideways, with real and fixed interest Treasury yields rising slightly in tandem. The rise in real yields is particularly welcome even though yields still close to 0 on 20 year TIPS remain unattractive. Longer-term upward bias to inflation risks from current policy environment suggests that inflation protection is important. Valuations neutral currently between fixed and TIPS.

## Medium Term Views (continued)

Asset Class	Medium Term View	Rationale
<b>U.S. Commercial Real Estate</b>	Good investment opportunity for the longer term investor	While Core returns are moderating, expected performance remains attractive versus other asset classes for both equity and debt vehicles. For Non Core real estate, the bifurcation of the real estate recovery to date continues to drive attractive tactical opportunities in Value-Added and Opportunistic real estate due to the on-going recovery in underlying sector fundamentals and attractive risk premiums versus Core. Manager selection remains key.
<b>Hedge Funds</b>	Favored investment strategy	Weak upside prospects for equities alongside still fluid and volatile market conditions should allow hedge funds to add value. Selection of funds and strategies all important. Global macro strategy is favored with CTAs and a multi-strategy approach also worth considering.
<b>Private Equity</b>	Selective opportunities	Attractive opportunities in certain sectors where value is created through avenues other than leverage and the IPO market (small and midcap focus within buyouts). Opportunities exist in venture capital, growth equity, control oriented distressed debt, mezzanine, secondaries, and bank loans.
<b>Commodities</b>	Unattractive	Commodities have lagged other risky assets, reflecting worries over global demand. Our expectation of returns from this asset class are low.
<b>Global Infrastructure</b>	More attractive opportunities appearing	Pressures on the public sector and corporate deleveraging are bringing more and better valued opportunities to the marketplace.
<b>U.S. Dollar</b>	Gradual dollar strength against most developed market currencies	The dollar has been regaining some poise, clawing back some ground lost to the Euro for a few months.. We are still positive on the US dollar against major developed currencies on a medium-term view, even though the size of the recent move against the Yen has already been substantial.



# Highlights and Research

*Ventura County Employees' Retirement Association*

*April 2013*

**Hewitt** ennisknupp

*An Aon Company*



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## Memo

**To: Staff and Board**  
**Ventura County Employees' Retirement Association**

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**From:** Russ Charvonia, ChFC, CFP®, Esq.  
Kevin Chen

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**Date:** April 15, 2013

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**Re: New Manager Contracts Review Update**

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### Background

Hewitt EnnisKnupp ("HEK") was asked to review the new fund offering documents to ensure the contract terms as it relates to investment objectives and fees conform to what was presented by the managers to the Board.

HEK has reviewed the documents and confirms they are consistent with what was communicated to the Board. As always, HEK reviews fund offering documents for VCERA and proactively notifies Staff of any discrepancies or concerns.

HEK reviewed the information provided by Loomis, Tortoise, Adams Street Partners, and HarbourVest and have found no issues from what was originally presented. We understand Board Member Goulet has raised some concerns surrounding Adams Street Partners, we will address them at the upcoming Board meeting. Additionally, we will perform this review of the managers retained as a result of the GTAA/Risk Parity search.

We look forward to discussing this with the Board at the April 15 meeting.

## Memo

**To: Staff and Board**  
**Ventura County Employees' Retirement Association**

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**From:** Russ Charvonia, ChFC, CFP®, Esq.  
Kevin Chen

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**Date:** April 15, 2013

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**Re: Western Asset Management Update**

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### **Background**

Stephen Walsh, CIO, has decided to retire. This move has been anticipated for some time and will bring Ken Leech, previous CIO, back into this role. The transition will happen over the next year with his official retirement at the end of March 2014.

Ken Leech will return to the Chief Investment Officer role after serving as Chair of Western Asset's Global Investment Strategy Committee and the lead global portfolio manager.

Ken and Stephen have worked closely for 22 years, and they jointly led Western Asset's investment efforts for nearly ten years. Western has also added significantly to the senior leadership team in the Investment Management Department over the last five years.

At this time, we recommend no action be taken. We will continue to closely monitor the situation and report any new revelations.

We look forward to discussing this with the Board at the April 15 meeting.

# Flash Report

*Global Investment Management*



Prudential Real Estate Investors (“PREI”)

March 15, 2013

## Head of research in the U.S. to leave PREI

On Wednesday, March 13th, PREI announced that Youguo Liang, head of research in the U.S., will be leaving Prudential Real Estate Investors. Having spent 15 years at PREI, Mr. Liang will be leaving at the end of the month.

Mr. Liang was a Managing Director within the real estate research department and led the U.S. effort. More importantly, he was a member of the Investment Committee and Management Committee of PREI. While we believe that both committees will be losing his expertise and breadth of knowledge he brought to the table, PREI has a deep bench within research with 14 professionals globally (eight in the U.S.). The team continues to be led by Peter Hayes who was promoted to Global Head earlier this year. Mr. Hayes had previously served as head of European research at PREI.

In the interim, Frank Nitschke, a Principal within the research group, will lead the U.S. research effort. Mr. Nitschke, who joined the firm in 2010 and who has been heavily involved in the research platform in the U.S., is seen as a possible candidate for Mr. Liang replacement. Still, PREI has initiated a search for a new head of research for the Americas.

Research is an integral part of the investment process across the entire PREI platform, and the group prides itself as being one of the industry's top real estate research providers. With such a large team and committee within PREI, we expect that Mr. Liang's coming departure will not have a significant impact on the investment process across PREI's platform.

GIM has reached out to PREI to obtain initial information post-announcement. We plan on conducting a more thorough analysis of the impact of Mr. Liang's impending departure and monitor the search process for his replacement. For PRISA fund series investors, we recommend clients make no changes at this time.

## Disclaimer

This document has been produced by the Global Investment Management Team of Aon plc. Nothing in this document should be treated as an authoritative statement of the law on any particular aspect or in any specific case. It should not be taken as financial advice and action should not be taken as a result of this document alone. Consultants will be pleased to answer questions on its contents but cannot give individual financial advice. Individuals are recommended to seek independent financial advice in respect of their own personal circumstances.

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United Kingdom

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## Quarterly Securities Lending Update

March 2013

### **About This Material**

Each quarter, the Hewitt EnnisKnupp (HEK) Trust Services team (Trust team) issues the following report in order to recap recent research efforts pertaining to securities lending. This quarter, a recap of 2012 is provided, a look ahead to 2013 is included, and themes from the annual Beneficial Owners conference are shared.

### **Securities Lending Market Recap and Outlook**

2012 saw the decline in lendable assets level out and the return of some beneficial owners that had suspended programs in the aftermath of the 2008 recession. Nevertheless, demand on the borrower side of the lending equation remained subdued throughout the year. Other themes in the market during the year included an intense focus on regulations, and a fresh look at cash reinvestment practices.

Looking ahead, it is possible that 2013 will be the year that the securities lending market undergoes drastic changes. More specifically, changes from the implementation of regulations will likely become more evident. Dodd Frank 165(e) is set to take effect in October 2013 (although market consensus is that this will likely be pushed back to early 2014), and Basel III will begin to be phased in. At the forefront of possible changes is indemnification. It remains to be seen how each securities lending agent will account for indemnification on their organization's balance sheets. This will be a topic that HEK focuses on in the coming year.

Similarly, cash reinvestment / collateral practices could evolve in 2013. After the events of 2008, cash collateral reinvestment guidelines were reigned in to be more conservative and limit risk exposure. Most guidelines migrated to mirroring those of a SEC registered 2a7 money market fund. However, more recently, the short-term credit markets have been plagued by a shortage in high quality securities, and cash collateral portfolio managers are struggling to find attractive investments. As a result, consideration has been given to extending the duration or lowering the quality standard in cash collateral reinvestment guidelines. However, forthcoming recommendations from the Financial Stability Board on Weighted Average Life (WAL) and Weighted Average Maturity (WAM) may derail such plans. Lastly, the acceptance of non-cash collateral is likely to continue to increase as a share of overall collateral in a securities lending program.

### **IMN Beneficial Owners Annual Conference**

Naturally, the major theme at the annual IMN Beneficial Owners conference was regulations. All of the major regulations that will have an impact on securities lending were covered in depth, as well as regulations that may indirectly affect the securities lending industry. Individuals from various regulatory bodies (SEC, FINRA, Federal Reserve of New York, etc.), participated on panels. As a result of Dodd Frank section 984(b), the SEC will have rule-making authority over securities lending transactions. Historically, the SEC has not had such authority. Given the new scope of authority, industry participants fear that the SEC lacks the in-depth knowledge and expertise in securities lending to issue effective rules. Thus, the comments from the individual representing the SEC were particularly noteworthy.

A representative from the SEC shared thoughts about the recommendations that the SEC would be making in regards to the securities lending market. The three major topics the SEC is focused on are: transparency, regulations, and market structure. In addition, the SEC is tackling issues related to cash reinvestment, one of the principal risks associated with securities lending. For example, some of the questions the SEC is attempting to address include: how much discretion do beneficial owners deserve on the reinvestment of cash collateral? Should the SEC make it mandatory to invest all cash collateral in accordance with 2a7 investment guidelines? Or, should sophisticated investors have the option to opt out of such a rule? Lastly, should there be more reporting to “end” users (i.e. the beneficiaries of a pension plan, or shareholders in a mutual fund)?

Other themes outside of regulations that were covered at the conference included program design, communications between lending agents and beneficial owners, and international lending. The observations on program design are that many clients are demanding flexibility and customization. This is particularly evident for clients that are making a return to securities lending after suspending programs. All lending agents indicated customization of programs can be accommodated. Around the topic of communication and relations, comments included the fact that daily reporting on securities lending activity should be the norm. Furthermore, panelists suggested that policies and procedures relating to securities lending should be clearly defined, and shared between beneficial owner and agent. International lending remains a complex endeavor in markets that have tax and operational nuances. However, most lending agents have dedicated resources to understanding how to navigate such challenges and make it possible for clients to take advantage of lending in international markets, an area with a high share of special securities.

## Memo

**To: Staff and Board**  
**Ventura County Employees' Retirement Association**

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**From:** Russ Charvonia, ChFC, CFP®, Esq.  
Kevin Chen

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**Date:** April 15, 2013

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**Re: HEK Client Webcast & Blog**

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## Background

HEK hosts ongoing monthly call for our clients. The next monthly client call will be on April 17 at 8:00 to 9:00 A.M. Pacific Time. The agenda items this month include recent developments in the Eurozone, adding "opportunity buckets" in asset allocation to allow greater flexibility, improving fixed income management, and hedge fund replication.

Click <https://event.webcasts.com/starthere.jsp?ei=1015085> to register.

Also, we currently publish a weekly blog which can be accessed at: <http://www.hekblog.com/>

We look forward to discussing this with the Board at the April 15 meeting.



## VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

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April 4, 2013

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

Re: Adams Street Partners

Dear Board Members:

At our meeting of April 1, staff was directed to obtain confirmation from HEK that the private equity fund documents, service agreements, and investment objectives match what HEK understands was initially proposed to the Board, and to provide trustees additional fee clarification from Adams Street Partners. As you may recall, I was the one who asked for this because I was concerned that what was furnished was not consistent with what had been presented to us at the March 18 meeting. Subsequent to the April 1 meeting, the Retirement Administrator sent us an email with information about the Adams Street fees. I do not believe the fees have been calculated in a manner consistent with what I believe was verbally presented to us. My understanding was that, in calculating the fees for the new commitment, VCERA would be credited with value of our current commitment. That is, the \$85 M current commitment would be added to the new commitment (\$75 M), for a total of \$160 M. The fee structure presented to us credited only \$22.5 M, or 25% of our previous commitment.

By way of background, on January 28, HEK was charged with the task of conducting a search for fund of funds managers to which we would commit \$150 M. After hearing presentations on March 18, the Board selected Adams Street Partners and HarbourVest Partners as the fund of fund managers.

The printed brochure provided to us at the March 18 meeting simply indicated we would receive credit for our subscription to the 2010 Global Fund, if we subscribed to the Adams Street 2013 Global Fund. Admittedly, in the Appendix to the brochure, there was a table indicating the credit that would ensue for earlier subscriptions to various funds, and it showed 25% for the 2010 Global Fund. However, in voting to select Adams Street, I was strongly influenced by what I believed was an offer of credit for our entire earlier commitment. I also think one or more other members believed the same as I did.

Additionally, it needs to be pointed out that a 10% component of the 2013 Global Fund is a direct fund, although the other 90% comprises fund of funds. The fee for this direct fund component is 2%, and the carry is 20% and, as best I can discern, no credit is applied to it. The brochure does contain a footnote that the global program allocation can be adjusted to meet specific investor goals and preferences. Accordingly, our Board should consider whether we want to be in a direct fund, especially since we have intentionally pursued (at least I thought) fund of funds private equity investments. However, I need to mention that the 2010 Global Fund also has a direct fund component. I don't think that was made clear to us when we committed to that fund, and it certainly wasn't made clear this time.

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

Respectfully,



Arthur E. Goulet  
Board Member

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

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April 15, 2013

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

**SUBJECT: ADAMS STREET PARTNERS**

Dear Board Members:

Trustee Goulet has submitted a letter regarding the recent Adams Street Partners allocation decision. At issue are:

- The amount of the credit for the previous allocation to the 2010 fund.
- The potential allocation to the direct fund and the fees associated with that.

The Board could take no further action on the item, modify its allocation to Adams Street Partners (i.e. excluding the Direct Fund) or choose an allocation with another finalist. Should the Board want to consider an alternative allocation, staff has provided, as reference, the presentation materials from all three finalists, Adams Street Partners, The Common Fund, and Portfolio Advisors and HEK's associated manager profiles.

Russ, Kevin, and I would be pleased to respond to any questions you may have on this matter.

Sincerely,



Donald C. Kendig, CPA  
Retirement Administrator

Attachments

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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April 15, 2013

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

**SUBJECT: PENSIONABLE COMPENSATION UNDER THE CALIFORNIA PUBLIC EMPLOYEES' PENSION REFORM ACT (CaIPEPRA)**

Dear Board Members:

This matter was brought to the Board on December 3, 2012, and after hearing comment from interested parties and having Board discussion, the item was tabled to December 17, 2012. At the December 17, 2012 meeting, the Board tentatively adopted Board Counsel interpretation option 2 pending a sixty (60) day waiting period. Option 2 is an interpretation of Government Code (GC) Section 7522.34 that includes skills-based and service-based pay items, on top of base pay, that are not specifically excluded per subdivision (c) of GC Section 7522.34. On February 25, 2013 the Board extended the implementation of the Board's interpretation another 60 days with the acknowledgement of the letter of assurance provided by Ventura County's County Counsel that it would make corrections to pensionable compensation calculations and contributions, if necessary. The waiting period and extension were utilized to allow time for CalPERS to issue a position, or regulations, on the interpretation of the term "pensionable compensation" as a potential guidepost of legislative intent, and to allow the County more time to review its pay codes to determine which pay items could be rolled into base pay, and to evaluate its various options.

The extension will expire April 26, 2013, and the tentative decision will be considered effective. At present, Ventura County views option 1, base pay only, as the proper legal interpretation, which is more narrow and limited than the interpretation adopted by your Board. To date, there has been no further published CalPERS movement on the subject, and no urgency legislation.

Staff and Board counsel will present various options at the Board meeting and seek direction on the steps to take next to formalize your Board's interpretation into a resolution.

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

Sincerely,



Donald C. Kendig, CPA  
Retirement Administrator

*A model of excellence for public pension plans around the World.*

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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---

April 15, 2013

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

## **SUBJECT: MANATT PUBLIC PENSION FUND FIDUCIARY FORUM**

Dear Board Members:

The Board Education and Travel policy provides for reporting by Retirement Board members, no later than the 2<sup>nd</sup> subsequent Board meeting, on meetings attended on behalf of VCERA.

Trustees Goulet, Hoag, C. Johnston, and McCormick attended the Manatt Public Pension Fund Fiduciary Forum on March 21 and 22, 2013, and Trustee McCormick has provided the attached written report. Henry Solis, staff, and Lori Nemiroff, Board Counsel, also attended.

Staff looks forward to oral reports and asks the Board to receive and file the written report by Trustee McCormick and any oral reports given at the meeting.

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

Sincerely,



Donald C. Kendig, CPA  
Retirement Administrator

Attachment

To: Donald Kendig, Administrator (in care of The Board of Retirement)  
From: Deanna McCormick, Trustee  
April 1, 2013

Course Evaluation of Public Pension Fund Fiduciary Forum  
March 21 – 22 at Manatt in San Francisco

Instructors: Attorneys Ashley Dunning and Michael Toumanoff, et al

Some of the points that I was able to glean included:

1. Multiple pension systems within California do not have uniformity. Specifically, plans can have different tier systems, different policies regarding the return or transfer of an employee from one plan to another, and differing interpretations of AB 340 and what is and is not pensionable compensation. These issues may be what we are discussing in regards to our current discussion with the County and what base pay is to be considered for the retirement program.
2. Some pension funds that can't pay off their bonds are the driving force behind the changes in AB 37 and AB 196. One of the main controversial items were that retirement plans were changing their health care benefits after retirees had retired. Bankruptcy Court in Bildisco & Bildisco found retiree health benefits were not part of an executory contract since performance did not remain due to some extent on both sides.
3. Some plans have chosen to not pay CalPERS. I understand some are doing this to show the bankruptcy court how they plan to close their deficit. However, if CalPERS survives the court battle, it is unknown how the cities will pay. Most likely these cases will have to go to California's Supreme Court.
4. Pension spiking is also another enhancement paid to members that is being scrutinized.
5. As far as the pay inclusion for longevity pay and bilingual pay based on services rendered, CalPERS is not yet showing their hand how they have decided to stand on this issue. In addition, some plans stating PEPRA is not standing behind them.
6. The Court of Appeals case over benefit and contribution changes states there is no guarantee to set the amount of a COLA. COLA's are vulnerable since they are post retirement increases. Different pension plans can't be sued for some decisions; however, the details are not clear on all the different issues yet.
7. Total pension liability funding standard ARC can be used for both contribution rates. Pension ARC equals expenses. Some plans use different safety asset smoothing schedules. Some use a 15-year rolling asset smoothing plan and others use 20 or 30 year rolling amortization of gains / losses. CalPERS uses a 30-year smoothing of gains and losses, while the '37 Act allows a maximum of 30-year amortization of unfunded liability.

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April 15, 2013

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

**SUBJECT: PRINCIPLES OF PENSION MANAGEMENT**

Dear Board Members:

The Board Education and Travel policy provides for reporting by Retirement Board members, no later than the 2<sup>nd</sup> subsequent Board meeting, on meetings attended on behalf of VCERA.

Trustee McCormick attended the Principles of Pension Management course March 26-29, 2013, and has provided the attached written report.

Please receive and file Trustee McCormick's written report.

Sincerely,



Donald C. Kendig, CPA  
Retirement Administrator

Attachment

To: Board of Retirement  
From: Trustee Deanna McCormick  
Date: April 1, 2013

Subj: Course Evaluation of the CALAPRS Training at Stanford University Principles of Pension Management for Trustees, March 26-29, 2013 in Palo Alto, California

Instructors: Michael Kelher, et al..

Some of the points that I was able to glean included:

1. Fiduciary Duty - I do know and understand Duty of Loyalty to my friends and family, but for this job it is to all the participants and beneficiaries of our plan. We, as Trustees, must always be diligent with our investments and have a duty to the Employer and Employee contribution rates without favoritism. Our duties are rooted in the California Constitution, Art XVI, section 17, and in Prop 162 and the Pension Protection Act of 1992.

To avoid any legal issues it is important to look at the entire composite portfolio. Those investments that are leveraged have a possibility to fail within two years, probably sued and collapse taking the funds money down with them. Actuarial valuations and rate settings must stay in reasonable ranges. Having strong polices in place can assist in decision-making and provide legal protection.

2. Ethics for Public Officials – The laws governing ethical standards are made to describe the minimum standards, however, we should always go above and do more whenever possible (which is all the time). Per the PRA – Conflicts of Interest, no public official can make or participate in using their official position to influence the making of any governmental decision in any way, where they or their immediate family has any type of financial interest.

If a Trustee has any specific interest in any way to any presenter or the possibility having any interest in any company, the Trustee must declare it to all the members, make sure it is on the record, and leave the room without fail. If the Trustee only recuses himself, he is not absolved from any bad decisions or the appearance of impropriety. Transparency in all aspects is mandatory. Some closed meetings can be possible to protect patent ideas and some medical issues discussed by retirees and/or as a result of a disability retirement request.

3. Benefits Trustees Authorize – Service and disability retirement reviews. Survivor and death benefits reviews, which includes death benefits even after retirement. Other benefits include cost of living adjustments, reciprocity (eligible members to move from one system to another), and

additional service credit. It is important that the system's benefit counselors are the people giving the financial counseling to their members and the Trustees do not step into this arena.

4. Key Issues in Disability Retirement – Workers Comp information is usually a part of the case to be reviewed. It is important to look at all information and to examine the medical facts without bias. Thus far the member cannot refuse reasonable care but can refuse surgery. The County or the Member can elicit witnesses. If the Board revisits the retirement issue, and the member is no longer disabled, they can be hired back to their prior position. If the employee does not want to return to work, the retirement ends.
5. Actuary – The promise today turns into the benefit to the retired members down the road. The defined benefit plan is the collection of contributions today and dealing with how the money grows over time. There should always be a second audit on the actuarial current services. Code of Conduct for Actuarial Standards has a web site – [www.actuarialstandardsboard.com](http://www.actuarialstandardsboard.com).

Even with a very well funded plan, when the market crashes it can hurt. Risk equals volatility and investment return. There is no risk balanced plan. The actuarial report needs to be audited every three years to get a good look back on what was done between the actuarial liability and the normal cost. Actuarial gains can be seen as favorable with more deaths than expected and can be seen as financial losses if salaries are higher than expected.

6. Investment Basics – Don't pull out too soon or at the end of a drop since it will be going up at some point. Stock is ownership in an enterprise like IBM, this includes a piece of the desk to their property or any patents. Bonds are diversifiers to stocks. If the economy slows, bonds may do better. A bond is a loan; a promise to pay you back. Loans are made to companies and can become stocks if the company crashes, thus the bonds become stock in that company. Government securities are supposed to be more secure. Alternatives can be liquid, can use leverage, and can have abnormal distributions. Real Estate is now a traditional asset.
7. Management of Investment Programs – All investment managers must register as a lobbyist. The plan sponsors have several duties to the consultants and the consultants have duties to the plan sponsors. There are pros and cons to all the asset allocation frameworks. Each plan comes with its risks and benefits depending on where the market is in the varied economic conditions. In a perfect world we should have appropriate asset classes with the right amount of capital market assumptions to put out an efficient portfolio. This is done through educated guesswork combined with a lot of research and the use of trusted expert consultants and money managers.



# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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April 15, 2013

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

## **SUBJECT: REQUEST TO ATTEND THE BROWN ARMSTRONG GASB UPDATE**

Dear Board Members:

The Board Education and Travel policy provides that approval for travel by a Board or staff member to an educational meeting, conference or seminar shall be made in an open meeting of the Board, except for attendance at SACRS, or in the case of an overnight stay for a staff member or one-day meetings held within the State, attended by staff or the Board's legal advisor, where the Retirement Administrator may approve the travel.

I request approval for Lia Philips, CPA, our new Accounting Officer, and myself to attend Brown Armstrong's GASB Update (Update Details attached). The update is scheduled for May 2 – 3, 2013, in Bakersfield, California, and will provide 16 hours of continuing education toward the maintenance of our Certified Public Accountant status. We will be leaving early on the morning of the first day and will be carpooling.

The estimated cost for our participation is under \$1,000; registration \$380, hotel \$220, mileage \$173, and meals & incidentals \$166.

While I could approve Lia's overnight stay, per the policy, I would appreciate the Board's authorization for the both of us.

I would be pleased to respond to any questions you may have on this matter.

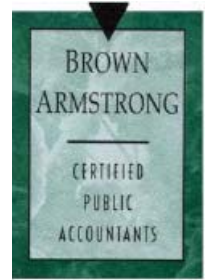
Sincerely,



Donald C. Kendig, CPA  
Retirement Administrator

Attachment

**BROWN ARMSTRONG**  
**ACCOUNTANCY CORPORATION**  
 Continuing Professional Education



**Day 1 - Thursday, May 2, 2013**  
**Day 2 - Friday, May 3, 2013**

**Both Days:**

8:30 a.m. - 4:30 p.m.

**Buena Vista/Kern River Rooms**

*California Room 5/2 and San Joaquin Room 5/3 for Lunch*

**DoubleTree by Hilton, Bakersfield, CA**

3100 Camino Del Rio Court



**Program Includes:**

**Speaker**

*Day 1 & Day 2*

**Eric S. Berman, CPA, MSA, CGMA,  
Principal**

*Brown Armstrong Accountancy Corporation*

CPE Hours: 8 Hours - Each Day  
 Government Accounting 8 Hours (5/2)  
 Government Accounting 2 Hours (5/3)  
 Government Auditing 4 Hours (5/3)  
 Ethics 2 Hours (5/3)

**Cost: \$95 per person/day**

**Includes:** Class Materials, Continental Breakfast,  
Lunch Buffet, and Afternoon Snack

**Class Day 1**

**GASB Update (part 1)**

This session will provide an in-depth review of all GASB standards to be implemented and implementation strategies. GASB-60 through the newly issued GASB-70 and projects in process will be reviewed. Approximately 3 to 4 hours will be spent on the new defined benefit pension standards for governments - GASB-67 and 68, including provisions, implementation strategies and auditing.

***We're Paperless!***

***Materials for the conference will be offered in a PDF format (ebook).***

***The ebook will be emailed to you three days prior to the conference.***

***Registrants may order printed event materials for an additional \$25 fee.***

**Class Day 2**

**GASB Update (part 2) and  
Audit Update**

This session will provide revised guidance on audit reports for governments, including GAGAS reports, OMB internal controls reports, HUD reporting and the revised Schedule of Expenditures of Federal Awards for 2013, the proposed revision of the single audit act, the SEC proposal on Money Market Funds, fraud and ethics updates.

**Please e-mail, fax or mail your registration by April 22nd**

**Organization:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State** \_\_\_\_\_ **Zip** \_\_\_\_\_

**Phone:** \_\_\_\_\_ **Fax** \_\_\_\_\_

**Checks payable to  
Brown Armstrong  
can be mailed or  
brought with you  
the day of the  
training.**

**Who's Attending:**

		<b>Day 1</b>	<b>Day 2</b>	<b>Total</b>
<b>Name:</b> _____	<b>E-mail</b> _____	<input type="checkbox"/>	<input type="checkbox"/>	_____
<b>Name:</b> _____	<b>E-mail</b> _____	<input type="checkbox"/>	<input type="checkbox"/>	_____
<b>Name:</b> _____	<b>E-mail</b> _____	<input type="checkbox"/>	<input type="checkbox"/>	_____
<b>Name:</b> _____	<b>E-mail</b> _____	<input type="checkbox"/>	<input type="checkbox"/>	_____

**Choose one:**  **Accept Ebook**  **Purchase Hard Copy (\$25)**

**Registration will begin at 8:00 a.m. Class begins at 8:30 a.m.**

**Hotel:** DoubleTree by Hilton  
(800) 445-8667

**Direct Questions &  
Registration to:**

***Sarah Shields***  
***Email: sshields@bacpas.com***

**Brown Armstrong  
Accountancy Corporation  
4200 Truxtun Ave., Ste. 300  
Bakersfield, CA 93309**

**Tel:** (661) 324-4971

**Fax:** (661) 324-4997

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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April 15, 2013

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

## **SUBJECT: REQUEST TO ATTEND THE NAPPA 2013 LEGAL EDUCATION CONFERENCE**

Dear Board Members:

The Board Education and Travel policy provides that approval for travel by a Board or staff member to an educational meeting, conference or seminar shall be made in an open meeting of the Board, except for attendance at SACRS, or in the case of an overnight stay for a staff member or one-day meetings held within the State, attended by staff or the Board's legal advisor, where the Retirement Administrator may approve the travel.

Lori Nemiroff, the Board's legal advisor, seeks authorization to attend the National Association of Public Pension Attorneys (NAPPA) 2013 Legal Education Conference, to be held in Santa Fe, New Mexico on June 26 – 28, 2013. The agenda is attached, and this is an Education and Travel Policy recommended course.

The conference is estimated to cost approximately \$2,400; registration \$895, materials \$125, hotel \$669, airfare \$325, car rental & gas \$175, and meals & other incidentals \$200.

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

Sincerely,



Donald C. Kendig, CPA  
Retirement Administrator

Attachment



# 2013

## Legal Education Conference

### Santa Fe, NM

June 26 - June 28, 2013

*New Member Session: June 25*



*Photo by: Douglas Merrian*

Deadline for Conference Registration:  
*Tuesday, June 11*

Deadline for Hotel Reservations:  
*Monday, June 3*



National Association of  
**NAPPA**  
Public Pension Attorneys



National Association of Public Pension Attorneys

# Conference At a Glance

## Tuesday, June 25, 2013 (1:00 p.m. - 5:00 p.m. Early Conference Check-In)

- |                       |   |
|-----------------------|---|
| 2:00 p.m. - 3:30 p.m. | New Member and Associate Counsel Session                            |
| 3:45 p.m. - 4:45 p.m. | New Member and Associate Counsel Session Roundtable Discussion      |
| 5:00 p.m. - 6:30 p.m. | New Member and Associate Counsel Only Reception (provided by NAPPA) |

## Wednesday, June 26, 2013 (7:00 a.m. - 5:00 p.m. Conference Registration)

- |                         |  |
|-------------------------|--|
| 7:00 a.m. - 8:00 a.m.   | Breakfast (provided by NAPPA)  |
| 8:00 a.m. - 8:30 a.m.   | Welcome and Introduction   |
| 8:30 a.m. - 9:30 a.m.   | <b><u>General Session:</u></b> The Return of Capital   |
| 10:00 a.m. - 11:00 a.m. | <b><u>General Session:</u></b> If You Take it Away, They'll Try to Make You Pay: Pension Reform Litigation   |
| 11:15 a.m. - 12:15 p.m. | <b><u>Concurrent Workshops</u></b> (choose one)<br><i>Session A:</i> Investing in Real Assets - Real Estate and Infrastructure<br><i>Session B:</i> 50 Ways to Bling Your Benefit: Earnable Compensation |
| 12:15 p.m. - 1:15 p.m.  | Lunch (provided by NAPPA)  |
| 12:15 p.m. - 1:15 p.m.  | Emeritus Lunch (provided by NAPPA)   |
| 1:15 p.m. - 2:15 p.m.   | <b><u>Concurrent Workshops</u></b> (choose one)<br><i>Session A:</i> What's in Your Wallet? Lingering Claims Against Investment Sale Proceeds<br><i>Session B:</i> Collection of Benefit Overpayments    |
| 2:15 p.m. - 3:45 p.m.   | <b><u>Concurrent Workshops</u></b> (choose one)<br><i>Session A:</i> Investment Roundtable<br><i>Session B:</i> Are Hybrid and Alternative Plans as Bad as You Think?                                    |
| 4:00 p.m. - 5:00 p.m.   | <b><u>Concurrent Workshops</u></b> (choose one)<br><i>Session A:</i> Shift Happens: Leading Practices in Board Governance<br><i>Session B:</i> Anti-Alienation Issues                                    |
| 6:00 p.m. - 8:00 p.m.   | Reception (provided by NAPPA)  |



# Conference At a Glance

## Thursday, June 27, 2013 (7:00 a.m. - 5:00 p.m. Conference Registration)

7:00 a.m. - 8:00 a.m.	Breakfast (General Counsel breakfast in separate room)
8:00 a.m. - 9:30 a.m.	<b><u>General Session:</u></b> Legal Ethics for Public Pension Attorneys
10:00 a.m. - 11:00 a.m.	<b><u>Concurrent Workshops</u></b> (choose one) <i>Session A:</i> Investing in Emerging Markets <i>Session B:</i> The ABC's of DRO's: Current Issues and Trends
11:00 a.m. - 12:00 p.m.	<b><u>Concurrent Workshops</u></b> (choose one) <i>Session A:</i> Securities Litigation Policy <i>Session B:</i> The New GASB Rules Affecting Public Retirement Systems
12:00 p.m. - 1:30 p.m.	Lunch (provided by NAPPA) - <i>followed by short business meeting</i>
1:30 p.m. - 2:30 p.m.	<b><u>Concurrent Workshops</u></b> (choose one) <i>Session A:</i> Municipal Bankruptcies and Creditor Pension Plans <i>Session B:</i> To Be (Retired) or Not to Be (Retired) - That is the Question
2:45 p.m. - 4:15 p.m.	<b><u>Concurrent Sessions</u></b> (choose one) Health Plan Affinity Group Public Safety Affinity Group Small and Medium Fund Affinity Group DC Plan Affinity Group  Dinner on your own
5:00 p.m. - 10:00 p.m.	NAPPA will provided shuttle buses to and from Santa Fe

## Friday, June 28, 2013

7:00 a.m. - 8:00 a.m.	Breakfast (provided by NAPPA)
8:00 a.m. - 9:00 a.m.	<b><u>General Session:</u></b> Federal Legislative Update
9:00 a.m. - 10:00 a.m.	<b><u>General Session:</u></b> Tax Hot Topics
10:30 a.m. - 11:30 a.m.	<b><u>General Session:</u></b> Corporate Governance Developments
11:30 a.m.	Adjournment ( <i>Lunch not provided</i> )

# Registration and Hotel Information

## Deadline to Register:

The registration form guarantees your reservation for the conference.

**The Deadline to Register is  
Tuesday, June 11, 2013.**

Registration must be completed on-line at [www.nappa.org](http://www.nappa.org) (Visa and MasterCard accepted). To begin registration click on the Legal Education Conference photo icon on the right hand side of the NAPPA home page.

If paying by check, send payment to:

NAPPA  
2410 Hyde Park Road, Suite B  
Jefferson City, MO 65109

Reminder: 2013 NAPPA Dues must be paid prior to attending the June Legal Education Conference.

## Conference Fee:

\$895 (if registered on or before May 31)  
\$995 (if registered June 1 or after)

## Purchase Conference Binder:

NAPPA is going digital. Conference materials will be provided to registrants prior to the conference at no charge in an electronic format.

For members who prefer a printed copy of the conference materials, you may pre-order the notebook for an additional fee of \$125.00.

Pre-Orders will be taken through May 31, 2013.

Note: NAPPA will not be shipping the conference books home.

## Cancellation Policy:

(Refunds will be processed after the conference.)

Prior to June 1	Full refund
June 1 - June 11	\$150 fee deducted from refund
June 12 or later	No refund

## Hotel and Airfare:

You are responsible for your own airfare and hotel accommodations. **Hotel reservations must be made no later than Monday, June 3rd.** After that date, the hotel will not guarantee you a room nor the special conference rate.

## Location of the Meeting



### Hilton Santa Fe Buffalo Thunder

20 Buffalo Thunder Trail  
Santa Fe, NM 87506  
(505) 455-5555 or 800-hiltons

<http://www.buffalothunderresort.com>

The group code to book is "NAPPA"  
and the group rate is \$199 per night.

**Hotel Reservations must be made  
no later than Monday, June 3.**

## CLE Credits:

The NAPPA Legal Education Conference qualifies for CLE credits. Applications will be made by the NAPPA office for all attendees that practice in states requiring continuing legal education.

## As a Reminder:

There is a "No Smoking" policy at all sessions.

Dress is casual for the conference. Please note that most meeting rooms tend to be on the chilly side, so a sweater or jacket would be recommended.

## Questions:

If you have any questions regarding the conference or encounter problems making reservations online, please call (573) 616-1895.

Karen Holterman	karen@nappa.org
Brenda Faken	brenda@nappa.org

**Sponsors and marketing are prohibited at all NAPPA conferences.**

# Conference Agenda

Tuesday, June 25, 2013

- 1:00 p.m. - 5:00 p.m. Early Conference Check-In
- 2:00 p.m. - 3:30 p.m. **New Member and Associate Counsel Session**  
Moderator:  
Thomas S. Gray - General Counsel, Teachers' Retirement System of the State of Illinois  
Presenters:  
*Tax - Terry Mumford - Partner, Ice Miller*  
*Fiduciary Law - Bill Ackerman - Of Counsel, Klausner, Kauffman, Jensen, & Levinson*  
*Benefits - Rachel Cohen - Deputy Counsel, Maryland State Retirement and Pension System*  
*Investments - David Parrish - Partner, Jackson Walker*
- NAPPA embraces attorneys new to the practice of public pension law and those with many years of experience. The New Member and Associate Counsel session is designed to provide attorneys who are relatively new to the field of public pension law with useful and practical basic information. The general session will begin with a one and one half hour "overview" of four subject areas: Tax, Fiduciary Law, Benefits, and Investments.
- After a short break, there will be a roundtable discussion which will focus on the role of counsel and ethical issues facing counsel.
- 3:45 p.m. - 4:45 p.m. **New Member and Associate Counsel Roundtable Discussion**  
**Role of Counsel and Ethical Issues Facing Counsel**  
Co-Moderators:  
*Thomas S. Gray - General Counsel, Teachers' Retirement System of the State of Illinois*  
*Ashley K. Dunning - Partner, Manatt, Phelps & Phillips*  
*Laura Gilson - General Counsel, Arkansas Teacher Retirement System*
- 5:00 p.m. - 6:30 p.m. New Member and Associate Counsel Only Reception (provided by NAPPA)



# Conference Agenda

Wednesday, June 26, 2013

- 7:00 a.m. - 5:00 p.m. Conference Registration
- 7:00 a.m. - 8:00 a.m. Breakfast (provided by NAPPA)
- 8:00 a.m. - 8:30 a.m. Welcome and Introduction
- 8:30 a.m. - 9:30 a.m. *General Session:*  
**The Return of Capital**  
Moderator:  
*Peter Mixon - General Counsel, California Public Employees' Retirement System*
- Presenters:  
*Terry Mumford - Partner, Ice Miller*  
*Jay Chaudhuri - General Counsel, North Carolina Department of the State Treasurer*
- Fiduciaries of public pension funds focus a great deal of effort on rates of return on capital. But should equal time be spent on the "return of capital" - obtaining the contributions that are needed to fund liabilities? Many governmental employers are facing revenue shortfalls and may fail to fulfill their funding obligations to their pension plans. What is the obligation of the plan fiduciary in these circumstances? What are federal law issues that may arise? What are the options for obtaining required contributions from insolvent cities and other agencies outside of bankruptcy courts?
- 10:00 a.m. - 11:00 am *General Session:*  
**If You Take It Away, They'll Try to Make You Pay: Pension Reform Litigation**  
Moderator:  
*Jake McMahon - General Counsel, Missouri State Employees' Retirement System*
- Presenters:  
*Larry D. Scott - Legal Counsel, Florida Retirement System*  
*Gregory W. Smith - Executive Director, Colorado Public Employees' Retirement Association*
- Pension reform legislation that diminishes current benefits often ends up being challenged in court. This session will focus on two examples of this type of pension reform and the subsequent court cases that challenged the legislation in Florida and Colorado. The panel will provide insights and lessons learned based on their experiences.

# Conference Agenda

Wednesday, June 26, 2013 continued...

11:15 a.m. - 12:15 p.m.

Concurrent Workshops (choose one)

**Session A: Investing in Real Assets - Real Estate and Infrastructure**

Moderator:

*Paul McCoy - Partner, Morgan, Lewis & Bockius*

Presenters:

*Vince Smith - Deputy State Investment Officer, New Mexico State Investment Council*

*Floyd L. Norton, IV - Partner, Morgan, Lewis & Bockius*

The workshop will address the unique terms of real estate and infrastructure funds (as compared to private equity funds), some of the differences in terms and finally a discussion of using separate accounts or co-invested vehicles to make direct or quasi-direct investments into real estate and infrastructure.

**Session B: 50 Ways to Bling Your Benefit: Earnable Compensation**

Moderator:

*Kevin B. Lindahl - General Counsel, Colorado Fire & Police Pension Association*

Presenters:

*Marc R. Lieberman - Chair, Public Pensions/Alternative Investments, Kutak Rock*

*Adam L. Franklin - Co-General Counsel, Colorado PERA*

*Thomas F. Gibson - Chairman, Middlesex County Retirement Board*

Beginning with an overview of IRS issues related to earnable compensation, the panel will discuss pitfalls and solutions for contribution and benefit issues regarding earnable compensation.

12:15 p.m. - 1:15 p.m.

Lunch (provided by NAPPA)

12:15 p.m. - 1:15 p.m.

Emeritus Lunch (provided by NAPPA)

1:15 p.m. - 2:15 p.m.

Concurrent Workshops (choose one)

**Session A: What's in Your Wallet? Lingering Claims Against Investment Sale Proceeds**

Moderator:

*Kevin Lindahl - General Counsel, Colorado Fire & Police Pension Association*

Presenters:

*Christopher T. Heffelfinger - Partner, Berman DeValerio*

*Carl A. Eklund - Senior Counsel, Ballard Spahr*

*Michael D. Herrera - Senior Staff Counsel, Los Angeles County Employees' Retirement Association*

What are some risks that an investor has to claims after the sale of an asset? This panel will discuss a study of the Tribune case and other claims for claw back.

# Conference Agenda

**Wednesday, June 26, 2013 continued...**

## **Session B: Collection of Benefit Overpayments**

Moderator:

*Rosemarie Hewig - Assistant General Counsel, New York State Teachers' Retirement System*

Presenters:

*Adam L. Franklin - Co-General Counsel, Colorado Public Employees' Retirement Association*

*James O'Leary - Deputy General Counsel, Massachusetts Teachers' Retirement System*

This panel will discuss the procedures and resources utilized by plans in their efforts to collect benefit overpayments to retirees and beneficiaries.

2:15 p.m. - 3:45 p.m.

## **Concurrent Workshops (choose one)**

### **Session A: Investment Roundtable**

Moderator:

*Erin Perales - General Counsel, Houston Municipal Employees Pension System*

Presenters:

*David B. Parrish - Partner, Jackson Walker*

*Semma G. Arzapalo - Counsel, Pillsbury Winthrop Shaw Pittman*

*Andrew Malone - Assistant Legal Counsel, State of Wisconsin Investment Board*

*Angela Vogeli - Assistant General Counsel, Teacher Retirement System of Texas*

This panel will discuss key issues for public plan counsel in reviewing terms of typical investment agreements. Included will be a discussion of the varying issues related to separate accounts and investment management agreements, hedge funds and private equity funds, side letters, commingled trusts and other investment vehicles.

### **Session B: Are Hybrid and Alternative Plans as Bad as You Think?**

Moderator:

*Deborah Bacharach - Maryland State Retirement and Pension System*

Presenters:

*Laurie McKinnon - General Counsel, Kansas Public Employees' Retirement System*

*Tom Davidson - General Counsel, Indiana Public Retirement System*

*Hank Kim - Executive Director and General Counsel, National Conference on Public Employee Retirement Systems*

Many NAPPA members have worked only with defined benefit plans, and believe in them. However, should we be educating our members about hybrid and other alternative plans and the pros and cons of such plans? This panel will provide the basics behind a long-standing hybrid plan, a new cash balance plan, and a proposal for more broad based retirement plans.

# Conference Agenda

Wednesday, June 26, 2013 continued...

4:00 p.m. - 5:00 p.m.

Concurrent Workshops (choose one)

**Session A: Shift Happens: Leading Practices in Board Governance**

Moderator:

*Jake McMahon - Chief Counsel, Missouri State Employees' Retirement System*

Presenter:

*Rick Funston - Managing Partner, Funston Advisory Services*

Many NAPPA members are required to advise their governing boards. The difference between a properly functioning board that has a clear understanding of its role and a board that is dysfunctional is immense. Rick Funston has extensive experience in both the public and private sector consulting with boards and senior executives on strategy and the means to improve decision making and oversight. He will describe what the leading, lagging and prevailing governance practices are and what may be best for your fund.

**Session B: Anti-Alienation Issues**

Moderator:

*Rosemarie Hewig - Assistant General Counsel, New York State Teachers' Retirement System*

Presenters:

*Robert Coughlin - Counsel, New York State & Local Retirement System*

*Mary Beth Braitman - Partner, Ice Miller*

This panel will prove a discussion of current issues that have arisen relative to the protection of retirement benefits under anti-alienation clauses.

6:00 p.m. - 8:00 p.m.

Reception (provided by NAPPA)



*Photo by: Daniel Nadelbach*

# Conference Agenda

Thursday, June 27, 2013

- 7:00 a.m. - 5:00 p.m.      Registration
- 7:00 a.m. - 8:00 am      Breakfast (provided by NAPPA) - *General Counsel only*  
Moderators:  
*Deborah Bacharach - Principal Counsel, Maryland State Retirement and Pension System*  
*Rosemarie Hewig - Assistant General Counsel, New York State Teachers' Retirement System*  
*Kevin Lindahl - General Counsel, Colorado Fire & Police Pension Association*  
*Jake McMahon - Chief Counsel, Missouri State Employees' Retirement System*  
*Peter Mixon - General Counsel, California Public Employees' Retirement System*
- 7:00 a.m. - 8:00 a.m.      Breakfast (provided by NAPPA) - *All other attendees*
- 8:00 a.m. - 9:30 am      General Session:  
**Legal Ethics for Public Pension Attorneys**  
Moderator:  
*Michael V. Toumanoff - Counsel, Manatt, Phelps & Phillips*
- Presenters:  
*Luke Bierman - Associate Dean and Distinguished Professor of Law, Northeastern School of Law*  
*Suzanne Dugan - Special Counsel, Cohen Milstein Sellers & Toll*  
*Cynthia Collins - Deputy Attorney General, Counsel to Delaware Deferred Compensation, Department of Justice, State of Delaware*
- The session will provide a discussion of ethical issues regarding client identity, privilege, and the use of attorneys from foreign jurisdictions.
- 10:00 a.m. - 11:00 a.m.      Concurrent Workshops (choose one)  
**Session A: Investing in Emerging Markets**  
Moderator:  
*Dulcie D. Brand - Partner, Pillsbury Winthrop Shaw Pittman*
- Presenters:  
*Margaret A. Niles - Partner, K&L Gates*  
*Sherri Rossoff - Managing Director, The Rock Creek Group*  
*Cynthia Collins - Deputy Attorney General, Counsel to Delaware Deferred Compensation, Department of Justice, State of Delaware*
- This panel will explore the legal and practical considerations of investing in emerging markets. The discussion will address the characteristics that distinguish emerging markets, investment considerations resulting from those characteristics, and due diligence and related legal considerations in emerging market investments. The development of investment policies and guidelines for emerging market investments will also be discussed.

# Conference Agenda

Thursday, June 27, 2013 continued...

## Session B: The ABC's of DRO's: Current Issues and Trends

### Moderator:

*Rosemarie Hewig - Assistant General Counsel, New York State Teachers' Retirement System*

### Presenters:

*Janet A. Graham - Assistant Director, Hearing Administration, New York State Office of the Comptroller*

*Melanie Symons - Chief Legal Counsel, Montana Public Employee Retirement Administration*

*Chris Bulman - Assistant General Counsel, Public Employees Retirement Association of New Mexico*

The panel will discuss current issues and trends in the administration of Domestic Relations Orders.

11:00 a.m. - 12:00 p.m.

## Concurrent Workshops (choose one)

### Session A: Securities Litigation Policy

#### Moderator:

*Adam L. Franklin - Co-General Counsel, Colorado Public Employees' Retirement Association*

#### Presenter:

*Michael D. Herrera - Senior Staff Counsel, Los Angeles County Employees' Retirement Association*

*Luke Bierman - Associate Dean and Distinguished Professor of Law, Northeastern University School of Law*

The workshop will address issues related to developing a securities litigation policy. Particular emphasis will be given to addressing remedies outside the United States because of the Morrison decision.

## Session B: The New GASB Rules Affecting Public Retirement Systems

### Moderator:

*Michael V. Toumanoff - Counsel, Manatt, Phelps & Phillips*

### Presenters:

*Paul Zorn - Director of Governmental Research, Gabriel Roeder Smith & Company*

*Jean-Pierre Aubrey - Assistant Director of State and Local Research, Center for Retirement Research at Boston College*

The panel will discuss the changes made by the new GASB rules and their potential impacts.

12:00 p.m. - 1:30 p.m.

Lunch (provided by NAPPA) - followed by brief business meeting

# Conference Agenda

Thursday, June 27, 2013 continued...

1:30 p.m. - 2:30 p.m.

Concurrent Workshop (choose one)

**Session A: Municipal Bankruptcies and Creditor Pension Plans**

Moderator:

*Peter Mixon - General Counsel, California Public Employees' Retirement System*

Presenters:

*Michael J. Gearin - Partner, K&L Gates*

*Kenneth N. Klee - Founding Partner, Klee, Tuchin, Bogdanoff & Stern*

The panel will discuss the limits on the powers of bankruptcy courts to modify the relationship between public pension plans, their municipal plan sponsors, and pension plan members. The issues discussed will include the meaning of pertinent sections of the Bankruptcy Code, the Tenth Amendment, and principles of federalism.

**Session B: To Be (Retired) or Not to Be (Retired) - That is the Question**

Moderator:

*Terry Mumford - Partner, Ice Miller*

Presenters:

*Jennifer A. Jones - Interim General Counsel, Kentucky Retirement Systems*

*Denise Pizzini - Chief Legal Counsel, Montana Teacher Retirement System*

*Michael Sutherland - Benefits Counsel, Colorado Fire & Police Pension Association*

The panel will address issues that arise when pension plan members retire and wish to return to employment. Panelists will discuss federal law issues and state law issues as well as approaches from individual states in dealing with return-to-work issues.

2:45 p.m. - 4:15 p.m.

Concurrent Sessions:

**Health Plan Affinity Group**

Convenor:

*Angela M. Nixon - Legal Counsel, Georgia Municipal Employees Benefit System*

Presenters:

*Katherine Hesse - Partner, Murphy, Hesse, Toomey & Lehane*

*Chris Sears - Partner, Ice Miller*

The Affordable Care Act (ACA) guidance keeps coming fast and furious, and there are a number of ACA provisions that will take effect in 2014. In this session, we will discuss upcoming ACA requirements and their potential impact on governmental health plans (e.g., implementation of state exchanges; employer penalties; exchange notice requirements; PCORI fees; elimination of pre-existing condition exclusions; elimination of annual and lifetime limits for "essential health benefits"; and the cap on employer waiting periods). We will also briefly touch on final rules recently issued under HIPAA, HITECH, and the OCR's HIPAA audit program.

# Conference Agenda

Thursday, June 27, 2013 continued...

## Public Safety Affinity Group

Convenor:

*Jonathan Needle - Chief Legal Officer, Houston Firefighters' Relief & Retirement Fund*

Presenters:

*Carolyn Welch Clifford - Partner, Ottosen Britz Kelly Cooper Gilbert & DiNolfo*

*Mary Beth Foley - General Counsel, Ohio Police & Fire Fund*

*Luke Bailey - Partner, Strasburger & Price*

*Anthony J. Roda - Partner, William & Jensen*

Experienced in-house counsel and outside counsel will address real-life questions faced by many public safety plans including: (i) Should public safety overtime wages be pensionable wages? (ii) What are the levels and extent of survivor benefits for public safety? What are the taxable and not-taxable portions of disability benefits? What constitutes "on duty" (or similar clauses) for purposes of determining the level of a benefit? (iii) How to deal with the situation where plan sponsor budgeters attempt to pit the value of public safety service and equipment against the cost of your pension? (iv) What are the issues that when coding 1099-R's for distributions are typical to public safety employees? Panelists will also discuss the NCPERS public safety system survey summary and federal issues affecting public safety plans. Audience members are encouraged to participate vigorously in the discussion.

## Small and Medium Fund Affinity Group

Convenor:

*Beth Conradson Cleary - Deputy Director, City of Milwaukee Employees' Retirement System*

Presenters:

*Lydia Lee - Attorney at Law, Lieff, Cabraser, Heimann & Bernstein*

*Joshua Mond - General Counsel, Dallas Police & Fire Pension System*

*Flick Forna - President, Pension Trustee Advisors, Inc.*

Hear from fellow small and medium sized funds (via collected survey data and first-hand accounts) regarding an exploration of best practices and modernization of service examples. This session will also feature the following special topics: actuarial issues related to plan design (e.g., funding policy, actuarial assumptions, etc.) and inherent board fiduciary duties.



# Conference Agenda

Thursday, June 27, 2013 continued...

## DC Plan Affinity Group

### Convenor:

*Jennifer Schreck - Interim Co-General Counsel, Colorado Public Employees' Retirement Association*

### Presenters:

*Gwin Hall - Associate Legal Counsel, Georgia Municipal Employees Benefit System*  
*Lisa Erb Harrison - Of Counsel, Ice Miller*

The workshop is for NAPPA members who work directly with governmental defined contribution plans - 401(a), 401(k), 457(b), and 403(b) plans. Learn the details of a fund's sweeping reforms to its DC Plan investment choices and another fund's efforts to offer its DB investment portfolio in the DC portion of its hybrid plan. Then join in an examination of if and when a governmental plan should follow ERISA practices.

### Dinner on Your Own

5:00 p.m. - 10:00 p.m.

NAPPA will provide shuttle buses to and from Santa Fe (*please indicate on your conference registration form if you will be taking the shuttle bus to Santa Fe*)



*Photo by: Jack Parsons*

# Conference Agenda

Friday, June 28, 2013

7:00 a.m. - 8:00 a.m. [Breakfast \(provided by NAPPA\)](#)

8:00 a.m. - 9:00 a.m. [General Session:](#)  
[Federal Legislative Update](#)

[Presenter:](#)

*Leigh Snell - Director of Federal Relations, National Council on Teacher Retirement*

The presenter will provide the membership with an update on pending federal legislative actions affecting the public pension community.

9:00 a.m. - 10:00 a.m. [General Session:](#)  
[Tax Hot Topics](#)

[Moderator:](#)

*Paul W. Madden - Partner, Whiteford, Taylor & Preston*

[Presenters:](#)

*John Nixon - Partner, Duane Morris*

*Thomas Knoeller - Partner, Global Compliance & Reporting Team, Ernst & Young*

*Andrew Malone - Assistant Legal Counsel, State of Wisconsin Investment Board (SWIB)*

This general session will bring NAPPA members up-to-date on what's new at the IRS. In addition, the panel, which includes a consultant, tax attorneys, and in-house counsel, will address foreign tax recovery work and how to deal with tax compliance in countries that are just waking up to the number of foreign investments in the country and the taxing opportunities there.

10:30 a.m. - 11:30 a.m. [General Session:](#)  
[Corporate Governance Developments](#)

[Moderator:](#)

*Peter Mixon - General Counsel, California Public Employees' Retirement System*

[Presenter:](#)

*Ann Yerger - Executive Director, Council of Institutional Investors*

In this session, the latest developments in corporate governance will be discussed. These include rulemaking at the Securities and Exchange Commission and the Public Companies Accounting Oversight Board as well as proxy voting and corporate engagement issues.

11:30 a.m. [Adjournment \(no lunch provided\)](#)

# NAPPA Executive Board

**Eric Wampler, *President***  
Kentucky Teachers' Retirement System

**Terry A. M. Mumford, *Vice President***  
Ice Miller LLP

**Deborah B. Bacharach**  
Maryland State Retirement and Pension Systems

**Dulcie D. Brand**  
Pillsbury Winthrop Shaw Pittmann LLP

**Rosemarie Hewig**  
New York State Teachers' Retirement System

**Kevin Lindahl**  
Colorado Police & Fire Pension Association

**Jake McMahon**  
Missouri State Employees' Retirement System

**Peter Mixon**  
California Public Employees' Retirement System

**Michael V. Toumanoff**  
Manatt, Phelps & Phillips, LLP

## NAPPA Staff

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Susie@nappa.org

**Karen Holterman**  
Karen@nappa.org

**Brenda Faken**  
Brenda@nappa.org

**NAPPA**  
2410 Hyde Park Rd., Suite B  
Jefferson City, MO 65109  
Phone: (573) 616-1895  
Fax: (573) 616-1897

# 2013 Conference Host Committee

**Mary Beth Braitman, *Committee Chair***  
Past-President and Emeritus Board member  
(Braitman@icemiller.com)

**Christopher Schatzman, General Counsel**  
New Mexico Educational Retirement Board  
(chris.schatzman@state.nm.us)

**Susan G. Pittard, General Counsel**  
New Mexico Public Employees' Retirement Association  
(susan.pittard@state.nm.us)

**Chris Bulman, Assistant General Counsel**  
New Mexico Public Employees' Retirement Association  
(Christopher.bulman@state.nm.us)

## Mark Your Calendar!

**2014 Winter Seminar**  
Washington, DC  
Capital Hilton  
February 19 - February 21

**2014 Legal Education Conference**  
Nashville, TN  
Sheraton Nashville Downtown  
June 25 - June 27  
*New Member Session on June 24*

**2015 Legal Education Conference**  
Austin, TX  
Hilton Austin  
June 24 - June 26  
*New Member Session on June 23*

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

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April 15, 2013

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

**SUBJECT: DUE DILIGENCE REPORT – CUSTODIAN – STATE STREET GLOBAL SERVICES (STATE STREET)**

Dear Board Members:

VCERA's Education and Travel policy requires that an oral or written report be provided no later than the second subsequent regular board meeting after a scheduled site visit. On March 20, 2013, the due diligence site visit team (Team) comprised of Trustee Art Goulet, Trustee Chris Johnston, Lori Nemiroff (Board Counsel), and Henry Solis (CFO) conducted a due diligence of State Street Global Services (State Street), VCERA's custodian in Sacramento, CA. State Street has been providing custodial and securities lending services to VCERA since 1997. This was VCERA's first formal due diligence review of State Street since the relationship began. VCERA's Investment Consultant, HEK, was not able to participate but provided a number of questions in advance to State Street. State Street provided written responses and presented them to each member of the Team when we arrived.

The Team was greeted by several members from State Street who either service VCERA's custodial account or represent other service centers. Some of the key members of State Street were Rick Young, Senior Vice President, Institutional Investor Services; Lisa Pae, Senior Vice President, in charge of the Sacramento Public Funds group; Yolanda Diaz and Angela Zimmer, VCERA's Relationship Manager and Client Services Officer; Jason O'Neil, VP of Accounting and Operations; and, John Muir, VP of Securities Lending.

Ms. Diaz provided an overview of State Street and highlighted that they are the #1 custodian of public funds with 35% of the public funds market, maintain the highest capital ratios, and continue to gain new account relationships while retaining existing account relationships. State Street has divided itself into State Street Global Advisors, which focuses on developing investment strategies for funds under management, State Street Global Markets, which focuses on investment research and trading solutions, and State Street Global Services which focuses on servicing custodial relationships. VCERA's primary service agreement with State Street focuses primarily on custodial services and securities lending.

## **DUE DILIGENCE REPORT – CUSTODIAN – STATE STREET GLOBAL SERVICES (STATE STREET)**

April 15, 2013

Page 2 of 3

The Sacramento office where VCERA's account is serviced is staffed by over 400 professionals. More specifically, State Street has over 90 staff dedicated to the Public Funds group which services 21 public fund customers. Ms. Diaz highlighted all the internal resources State Street can draw from to service our account. Some of those specialized services are class action processing, trade processing, pricing and global custody to name a few. All of these services are integrated so each area can be leveraged within the company.

Ms. Zimmer discussed custody and accounting, which are the core service provided to VCERA. She discussed the comprehensive fund accounting quality control and custody reconciliation processes they employ to insure the accurate recording and valuation of investments being reported by VCERA's external managers. What was impressive is the daily audit process they employ to properly account for all the activity, identify and resolve any issues and value the investments accurately. They also employ other metrics to identify the cause of movement within each manager's net asset value and to insure the managers' fall within the established tolerance thresholds developed for each manager. In addition, they assist VCERA with monitoring class actions, filing claims on VCERA's behalf, providing portfolio transition services and assisting VCERA staff with GASB reporting information for inclusion in the annual CAFR.

Both Ms. Diaz and Ms. Zimmer provided an interactive overview of their client web portal, [mystatestreet.com](http://mystatestreet.com), and highlighted many of its features. One can obtain daily values, for those managers that report daily, securities lending information, as well as create custom reports based on the details of holdings in the various accounts. Currently, staff accesses the information to reconcile some of the more complex fixed income accounts. In addition, several of VCERA's investment managers currently access the information and others can be provided access, if deemed appropriate.

Ms. Pae provided an overview of the compliance services offered by State Street but currently not utilized by VCERA, as this would be at an additional cost. The focus of this service is to ensure adherence to our investment guidelines and regulatory requirements. Their solution would provide testing and look-through capabilities that could be tailored and range from simple investment restrictions to complex quantitative guidelines across our portfolio. More specifically, some of the core capabilities include: asset allocation and issuer concentration; industry, sector and security investment limits; credit quality; duration and leverage restrictions, and; country and regional exposures to name a few. The question is how much more this would add to what is currently being provided by HEK and the investment manager certifying each month that they are in compliance with the investment guidelines.

The Team was given a tour of the offices which included an opportunity to view the dedicated training room for new hires and ongoing staff training. State Street explained that all new hires go through a three week intensive training before their assignment. This training provides an overview followed by intensive training in the area to which

**DUE DILIGENCE REPORT – CUSTODIAN – STATE STREET GLOBAL SERVICES  
(STATE STREET)**

April 15, 2013

Page 3 of 3

they will be assigned. In addition, they provide ongoing training to ensure staff stays current with the ever-changing regulations affecting investments. We were then escorted to meet State Street staff that support VCERA's account. Unfortunately, it was lunch time, so most were out but we had an opportunity to meet a couple of the team members.

The next topic discussed was the commission recapture program. This program exists to allow VCERA an opportunity to receive hard dollar credits to complement the "soft dollar" arrangements that Investment Managers receive from commissions. However, this discussion became brief when State Street stated that an equity analysis of VCERA's portfolio would have yielded only \$163 to VCERA. The reason for such a small amount is that VCERA has most of its equity investments in passive index accounts as opposed to active separately managed accounts.

John Muir, VP of Securities Lending, provided an overview of VCERA's securities lending program with State Street. The program has earned \$7.1 million since inception and they currently have three of our domestic fixed income managers participating in the program. VCERA currently does not have any equity managers participating as they are mostly in passive index funds, and those respective funds have their own securities lending programs. Mr. Muir described the securities lending process and stated that VCERA's program currently outperforms our peer group with respect to utilization and total return to lendable. The top ten entities that borrow comprise approximately 80% of all the activity in the account. Mr. Muir emphasized that VCERA is indemnified against borrower default. Currently, VCERA programs only allow the loaning of securities where cash collateral is provided. He suggested that if VCERA allowed other securities to be provided as collateral that VCERA would have even greater demand for its securities. Mr. Muir assured the Team that they do not just accept any security and have a very rigorous evaluation process as they totally indemnify VCERA from losses if the loaned securities are not sufficient to make VCERA whole in the event of a default.

This report was prepared collaboratively with all members of the Team.

The Team would be pleased to respond to any questions you may have on this matter.

Respectfully submitted,



Henry C. Solis, CPA  
Chief Financial Officer

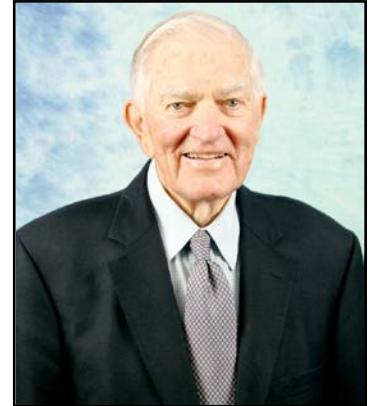
# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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April 15, 2013

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



**SUBJECT: FAREWELL TRUSTEE HARRIS**

1969 – 2013  
44 Years of Service

Dear Board Members:

On April 1, 2013 Trustee Albert Harris announced his resignation, effective May 1, 2013 and that April 15, 2013 would be his last meeting. Mr. Harris has served VCERA diligently for just under 44 years, first assuming office on September 1, 1969.

This item will be the last item just before adjournment, at approximately 1:30 pm. Anyone who would like to honor Mr. Harris is invited to arrive five to ten minutes early. Anyone who would like to speak may also pick up a speaker slip and turn it into staff or the Chair. The Chair will be presenting a plaque (text attached) and, immediately following the adjournment of the meeting, there will be a staff-sponsored reception.

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

Sincerely,

A handwritten signature in blue ink that reads "Donald C. Kendig". The signature is written in a cursive, slightly slanted style.

Donald C. Kendig, CPA  
Retirement Administrator

Attachment



entura County Employees' Retirement Association

**ALBERT HARRIS**

**TRUSTEE**

**BOARD OF RETIREMENT**



**IN GRATITUDE FOR YOUR**

**44 YEARS**

**OF DEDICATED SERVICE**

**1969 - 2013**