

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

May 20, 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. | <u>INTRODUCTION OF MEETING</u> | Master Page No. |
| II. | <u>APPROVAL OF AGENDA</u> | 1 - 3 |
| III. | <u>APPROVAL OF MINUTES</u> | |
| | A. Disability Meeting of May 6, 2013. | 4 - 12 |
| IV. | <u>CONSENT AGENDA</u> | |
| | 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 April 2013. | 13 - 14 |

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C. Asset Allocation as of April 30, 2013.	24
D. Statement of Plan Net Assets, Statement of Changes in Plan Net Assets, and Investments & Cash Equivalents for the Month Ended February 28, 2013.	25 - 30
E. Budget Summary – Year to Date as of April 2013, Fiscal-Year 2012-13.	31

END OF CONSENT AGENDA

V. INVESTMENT INFORMATION

A. Annual Investment Presentation, State Street Global Advisors – Yolanda Diaz (Custodial Services) and John Muir (Securities Lending). (30 Minutes)	32 – 68
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1. First Quarter 2013 Performance Report.	69 - 194
2. Monthly Manager Performance Report April 2013.	195 - 214
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b. RREEF Retirement Update.	
c. Rethinking Fixed Income.	
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C. HarbourVest, Dover VIII, Legal Review Report.	251
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VI. OLD BUSINESS

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| 1. Pensionable Compensation Under CalPEPRA Letter - CEO | 260 - 265 |
| 2. VRSD Pay Code Analysis – Staff | 266 |
| 3. Manatt Presentation Slides - Implementing AB 340 and AB 197 | 267 - 284 |

VII. NEW BUSINESS

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| A. Pension Bridge Conference – Written Report. | 285 |
| 1. Report from Trustees – Goulet/Henderson | 286 |

VIII. PUBLIC COMMENT

IX. BOARD MEMBER COMMENT

X. ADJOURNMENT

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

May 6, 2013

MINUTES

DIRECTORS William W. Wilson, Chair, Public Member
PRESENT: Steven Hintz, Treasurer-Tax Collector
Peter C. Foy, 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: Vacant, Public Member

STAFF
PRESENT: Donald C. Kendig, Retirement Administrator
Henry Solis, Chief Financial Officer
Lori Nemiroff, Assistant County Counsel
Glenda Jackson, Program Assistant
Angie Tolentino, Retirement Benefits Specialist
Julie Stallings, Retirement Operations Manager

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 May 6, 2013, to order at 9:00 a.m.

II. APPROVAL OF AGENDA

Mr. Goulet requested that Agenda item VI.A. Private Equity Fee Comparison be continued to the next Board Meeting.

Staff requested that Agenda item VII.A. Disability Process Review and Educational Presentation be continued to the Disability Meeting of June 3.

Staff requested that the Minutes Master Pages 5-12 be replaced with those in the Trustee folders.

III. APPROVAL OF MINUTES

A. Business Meeting of April 15, 2013.

Staff noted the following corrections to the April 15, 2013 Business Meeting Minutes:

Master Page 8, item VII.B. Pensionable Compensation, Mr. Goulet voted “no.”

Master Page 9, item VI.G. Investment Information GTAA and Risk Parity Funding Decision, “Mr. Goulet and Mr. Henderson absent for this item. Mr. Hoag voting.”

Master Page 10, item VI.G. move “Mr. Goulet left the meeting at 10:25 a.m.” to before item VI.D. GTAA Finalist Presentation, PIMCO.

Master Page 10, item VI.G, “delete second item VI.G. and move the discussion and motion after PIMCO presentation.”

MOTION: Mr. Goulet moved, seconded by Ms. McCormick, to approve item II. Approval of Agenda and item III. Approval of Minutes as amended.

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

IV. PENDING DISABILITY APPLICATION STATUS REPORT

Mr. Goulet commented on a number of overdue reports from Risk Management.

MOTION: Mr. Henderson moved, seconded by Mr. T. Johnston, 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

A. Application for Non-Service Connected Disability Retirement; Andrea C. De Vera, Case No. 12-023.

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, Andrea C. De Vera, was present. Both parties declined to comment.

The following motion was made:

MOTION: Mr. Goulet moved, seconded by Mr. T. 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.

B. Application for Non-Service, and Service Connected Disability Retirement; Steven P. Lengyel, Case No. 12-021.

1. Application for Non-Service, and Service Connected Disability Retirement and Supporting Documentation.
2. Hearing Notice.

Paul Hilbun was present representing the County of Ventura Risk Management. Mark E. Singer, Attorney at law, was present representing the applicant. The applicant, Steven P. Lengyel, was present.

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

MOTION: Mr. C. Johnston moved, seconded by Judge Hintz, 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.

V. APPLICATIONS FOR DISABILITY RETIREMENT (continued)

C. Application for Non-Service Connected Disability Retirement; Luz Martinez, Case No. 12-041.

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. Javier Martinez, the applicant's surviving spouse, was present. Both parties declined to comment.

The following motion was made:

MOTION: Mr. C. Johnston moved, seconded by Mr. T. 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.

D. Application for Non-Service, and Service Connected Disability Retirement; Michael Wheat, Case No. 11-017.

1. Petition for Reconsideration, Submitted by Steven R. Pingel, Attorney at Law, dated March 28, 2013.
2. Respondent's Objection to the Petition for Reconsideration, Submitted by B. Derek Straatsma, Attorney at Law, dated March 29, 2013.
3. Hearing Notice.

B. Derek Straatsma, Attorney at Law, was present representing the County of Ventura Risk Management. Steven R. Pingel, Attorney at Law, was present representing the applicant. The applicant, Michael Wheat, was not present.

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

MOTION: Mr. Goulet moved, seconded by Mr. Foy, to deny the petition for reconsideration.

Motion passed. Mr. Towner absent. Mr. C. Johnston voting no.

V. APPLICATIONS FOR DISABILITY RETIREMENT (continued)

- E. Application for Service Connected Disability Retirement; Gregory Danko, Case No. 10-019.
1. Petition for Reconsideration, Submitted by Gregory Danko, March 11, 2013.
 2. Respondent's Objection to the Petition for Reconsideration, Submitted by Stephen D. Roberson, Attorney at Law, dated March 19, 2013.
 3. Applicant's Response to Respondent's Objection to the Petition for Reconsideration, Submitted by Gregory Danko, dated March 29, 2013.
 4. Respondent's Opposition to Applicant's Petition for Reconsideration, Submitted by Stephen D. Roberson, Attorney at Law, dated April 10, 2013.
 5. Hearing Notice.

Stephen D. Roberson, Attorney at Law, was present representing the County of Ventura Risk Management. The applicant, Gregory Danko, was present.

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

MOTION: Judge Hintz moved, seconded by Mr. C. Johnston, to grant the petition for reconsideration.

Motion failed. Judge Hintz, Mr. C. Johnston, Mr. T. Johnston and Ms. McCormick voting yes. Mr. Foy, Mr. Goulet, Mr. Henderson and Mr. Wilson voting no. Mr. Towner absent.

After further discussion, the following motion was made:

MOTION: Mr. Goulet moved, seconded by Mr. Henderson, to deny the petition for reconsideration.

Motion failed. Mr. Foy, Mr. Goulet, Mr. Henderson and Mr. Wilson voting yes. Judge Hintz, Mr. C. Johnston, Mr. T. Johnston and Ms. McCormick voting no. Mr. Towner absent.

VI. INVESTMENT INFORMATION

A. Private Equity Fee Comparison – Hewitt EnnisKnupp.

1. Fee Comparison.

Item continued to Board meeting of May 20, 2013.

B. Bridgewater Allocation Update – Staff.

Joel Whidden was present on behalf of Bridgewater and provided an update.

After discussion, the following motion was made:

MOTION: Mr. Foy moved, seconded by Judge Hintz, to authorize the Retirement Administrator to engage the services of Manatt, Phelps and Phillips for the review of the Bridgewater All Weather Fund documents.

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

C. Loomis Sayles Strategic Alpha Update – Staff.

1. Side Letter.

After discussion, the following motion was made:

MOTION: Mr. Henderson moved, seconded by Mr. C. Johnston, to authorize the Chair to execute the side letter as modified for the change of Henry Solis from Interim Retirement Administrator to Chief Financial Officer on Master Page No. 464.

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

D. HarbourVest Allocation Update.

After discussion, the following motion was made:

MOTION: Ms. McCormick moved, seconded by Mr. Goulet, to authorize the Retirement Administrator to engage the services of Harvey Leiderman for an educational presentation to be given at the July 1, 2013 Disability meeting on the pros and cons of the alternative investment process.

Motion passed. Mr. Foy and Mr. Henderson voting no. Mr. Towner absent. Mr. C. Johnston voting.

VI. INVESTMENT INFORMATION

D. HarbourVest Allocation Update. (continued)

After further discussion, the following motion was made:

MOTION: Judge Hintz moved, seconded by Mr. Goulet to approve the presentation of a public legal memo at its May 20, 2013 Business meeting summarizing key provisions of the side letter that will be signed by the Chair and any key findings of the legal documents review.

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

E. Summer Due Diligence Planning – Staff.

After discussion, the Chair designated Mr. Hoag, Mr. C. Johnston, Ms. McCormick, and Mr. Wilson to participate in the Summer Due Diligence trip.

VII. OLD BUSINESS

A. Disability Process Review and Educational Presentation.

1. Updated Proposed Application Packet for Disability Retirement.
2. Disability Retirement 101: Legal Standards Presentation (30 minutes).
3. Disability Procedures Proposals
 - a. Independent Medical Examination (IME) Cover Letter Template.
 - b. Board Report Template.

Item continued to Disability Meeting of June 3, 2013.

B. 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.

VII. OLD BUSINESS (continued)

B. Board Policies Update. (continued)

After discussion, the following motion was made:

MOTION: Mr. Henderson moved, seconded by Mr. T. Johnston, to approve the proposed policy revisions.

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

VIII. NEW BUSINESS

A. Quarterly PAS (VCERIS) Report.

Brian Colker, of Linea Solutions, Inc., gave the report and Mr. Colker, along with staff, answered questions.

Jeff Burgh, Assistant Auditor-Controller, and Valerie Barraza, Chief Deputy Auditor-Controller spoke before the Board and answered questions.

No Action taken.

B. Authorization to Attend Investment Trends Summit.

After discussion, the following motion was made:

MOTION: Judge Hintz moved, seconded by Mr. Henderson, to authorize interested trustees and staff to attend the Investment Trends Summit.

IX. PUBLIC COMMENT

Staff reported that no word has been received on the status of room reservations for the SACRS Napa Conference and that back-up options are being explored.

Staff also reminded the Board of the Investment Consultant search and quiet period and that Hewitt EnnisKnupp (HEK), Meketa, Milliman, NEPC, Pension Consulting Alliance (PCA), Russell Investments, Segal Rogers Casey, Strategic Investment Solutions (SIS) and Wurts are currently under review.

X. **BOARD MEMBER COMMENT**

Judge Hintz announced that he has only received four Retirement Administrator evaluation forms and reminded the Board that the evaluation forms are due May 20, 2013.

XI. **ADJOURNMENT**

The meeting was adjourned by 11:26 a.m.

Respectfully submitted,



DONALD C. KENDIG, Retirement Administrator

Approved,

WILLIAM W. WILSON, Chairman

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

APRIL 2013

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	TOTAL SERVICE	OTHER SERVICE	DEPARTMENT	EFFECTIVE DATE
REGULAR RETIREMENTS:							
Thomas L.	Bennett	S	10/19/1980	32.41		Sheriff's Department	03/31/13
Elaine	Breen	G	02/24/2003	6.77		Library Services Agency (From Deferred)	03/26/13
Rita	Caldwell	G	10/20/1985	27.39		General Services Agency	03/30/13
Maria	Cardenas	G	11/01/1957	24.01		Human Services Agency	03/15/13
Juan	Ceja	G	04/16/1978	35.31	B=0.46	Public Works (From Deferred)	03/29/13
Christine L.	Cohen	G	12/23/1979	33.93	D=0.62	Auditor Controller	04/13/13
James	Connery	S	07/23/2000	19.69	D=7.01	Probation Agency	03/30/13
Gregory L.	Davis	G	03/20/2013	34.37		Information Services Department	03/20/13
Thomas	Dimock	G	08/09/1987	25.54		Agricultural Department	03/02/13
Michael P.	Estrada	S	07/27/1975	38.52	B=0.89	Fire Protection District	03/17/13
Matthew R.	Findlay	S	12/10/1978	34.87	B=0.56	Sheriff's Department	03/31/13
William	Flannigan	S	04/23/1979	33.91		Sheriff's Department	03/24/13
Rogelio P.	Flora	G	02/07/2000	12.87		Public Works	03/11/13
Barbara J.	Gallison	G	01/13/1969	44.13		Superior Courts	03/02/13
Cruz	Garcia	S	01/14/1973	40.20		Fire Protection District	03/26/13
Richard J.	Godfrey	S	10/05/1970	42.42		Sheriff's Department	03/09/13
Alan	Hammerand	S	01/04/1981	32.35	B=0.11	Probation Agency	03/30/13
Douglas J.	Herder	S	02/14/1982	31.13		Sheriff's Department	03/31/13
Linda M.	Hight	G	06/11/1979	31.49	B=0.19	Public Defender	03/16/13
David S.	Lea	S	10/01/1978	34.47		Sheriff's Department	03/24/13
Anita R.	Limon	G	10/20/1985	27.41	B=0.12	Auditor Controller	03/15/13
David W.	Maki	G	11/12/2001	11.32		General Services Agency	03/08/13
Kathleen	McInerny	G	02/21/1999	7.40		Health Care Agency (From Deferred)	03/29/13
James	Mensendiek	S	02/26/1984	31.13	B=2.03	Fire Protection District	03/31/13
Matthew B.	Mozley	G	03/24/1975	37.81		Public Works	03/22/13
Cleo	Olague	G	02/11/1996	17.13		Library Services Agency	03/30/13
Lisa	Partch	S	08/23/2012	5.03		Sheriff's Department (Nonmember Spouse) (From Deferred)	08/24/12
Debra A.	Pearson	G	06/25/1979	31.82		Sheriff's Department	03/16/13
Raja	Perera	G	06/12/2002	10.72		Health Care Agency	03/03/13
Barbara M.	Poitras	G.	11/12/1989	22.86	B=0.09	Health Care Agency	03/02/13
Darrell A.	Ralston	S	10/02/1978	24.19	D=0.50	Fire Protection District	03/17/13
Roberta R.	Rodriguez	G	10/23/1973	39.35		CEO	03/30/13
Estella	Soto	G	08/06/1989	19.91		Human Services Agency	03/20/13
Inese	Teteris	S	04/27/1980	33.15	B=0.12	Probation Agency	03/30/13
Edward E.	Tumbleson	S	07/05/1981	31.71		Sheriff's Department	03/30/13
Frank	Underlin	S	12/10/1978	34.26		Sheriff's Department	03/15/13
Leesa	Varela	S	02/22/2012	9.41		Probation Agency (Nonmember Spouse) (From Deferred)	04/01/12
Margarita	Velasco	G	11/09/1980	27.29		Health Care Agency (From Deferred)	03/16/13
James E.	Waldron	G	02/26/1984	29.08		Information Services Department	03/15/13
Paul	Wilkinson	G	08/27/2001	11.51		Health Care Agency	03/02/13
Jerry	Yeksavich	G	12/27/1977	35.03		Health Care Agency	03/16/13

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

APRIL 2013

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	TOTAL SERVICE	OTHER SERVICE	DEPARTMENT	EFFECTIVE DATE
DEFERRED RETIREMENTS:							
Alexander J.	Doran	G	05/14/2004	2.07 *		Public Works	06/03/09
Sally J.	Coleman	G	02/20/2007	8.14	A=2.09130	VRSD	04/10/13
Tammy	Cruz	G	04/02/2001	10.07	C=1.26977	Health Care Agency	04/06/13
Christina M.	Danko	G	01/07/2008	5.25		Resource Management	04/04/13
Jeanne	Engbrecht	G	12/03/1995	15.76		Human Services Agency	03/22/13
Nicole	Horne	G	10/09/2011	1.21	C = 9.123	Health Care Agency	03/08/13
Jessica	Huerta	G	08/26/2007	5.51		Human Services Agency	03/08/13
Monique	Nowlan	G	02/02/1992	22.71	D=1.75	CEO / Human Resources	02/06/13
Leroy C	Wu	G	06/25/2006	6.81	C=.26830	District Attorney	04/12/13

SURVIVORS' CONTINUANCES:

Sandra Bullard
 Joe Flores
 Ann Marie Shields

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

Date: Thursday, May 02, 2013
 Time: 11:12AM
 User: CSTEVENSON

Ventura County Retirement Assn
Check Register - Standard
 Period: 10-13 As of: 5/2/2013

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 Report: 03630.rpt
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
Company: VCERA										
Acct / Sub:	1002		00							
022088	VC	4/1/2013	MANATT MANATT, PHELPS, PHILLIPS	10-13 10-13	016890	VO	ADMIN EXP	3/15/2013	0.00	-250.00
Check Total										-250.00
022089	-	022173	Missing							
022174	CK	4/1/2013	F5422 CRAIG S. MILLER	10-13	016970	VO	PENSION PAYMENT	4/1/2013	0.00	384.90
022175	VC	4/4/2013	MANATT MANATT, PHELPS, PHILLIPS	10-13 10-13						
022176	CK	4/4/2013	101602 HENRY SOLIS	10-13	016972	VO	TRAVEL REIMB	4/3/2013	0.00	952.48
022177	CK	4/4/2013	BOFA BANK OF AMERICA	10-13	016973	VO	ADMIN EXP	4/3/2013	0.00	2,349.57
022178	CK	4/4/2013	122180 DONALD C KENDIG	10-13	016974	VO	ADMIN EXP	4/3/2013	0.00	150.00
022179	CK	4/4/2013	102661 LORI NEMIROFF	10-13	016975	VO	TRAVEL REIMB	4/3/2013	0.00	152.07
022180	CK	4/4/2013	990002 ARTHUR E. GOULET	10-13	016976	VO	TRAVEL REIMB	4/4/2013	0.00	789.44
022181	CK	4/5/2013	MANATT MANATT, PHELPS, PHILLIPS	10-13 10-13	016890	VO	ADMIN EXP	3/15/2013	0.00	250.00
022181	VC	4/5/2013	MANATT MANATT, PHELPS, PHILLIPS	10-13 10-13	016890	VO	ADMIN EXP	3/15/2013	0.00	-250.00
Check Total										0.00
022182	CK	4/5/2013	F0193B1 SUZANNE R. MCCASLIN	10-13	016977	VO	DEATH BENEFIT	4/5/2013	0.00	1,363.26
022183	CK	4/5/2013	F0193B2 LESLIE M. BARNES	10-13	016978	VO	DEATH BENEFIT	4/5/2013	0.00	1,363.26
022184	CK	4/5/2013	F0693B1 MATTHEW LOPUCK	10-13	016979	VO	DEATH BENEFIT	4/5/2013	0.00	3,040.02

Date: Thursday, May 02, 2013
 Time: 11:12AM
 User: CSTEVENSON

Ventura County Retirement Assn
Check Register - Standard
 Period: 10-13 As of: 5/2/2013

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 Report: 03630.rpt
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period		Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
				To Post	Closed						
022185	CK	4/5/2013	104333B1 JADE A. BETANCOURT	10-13		016980	VO	DEATH BENEFIT	4/5/2013	0.00	22,838.26
022186	CK	4/5/2013	104333B1R J.P. MORGAN CHASE	10-13		016981	VO	DEATH BENEFIT	4/5/2013	0.00	40,123.21
022187	CK	4/5/2013	F0193B3 FRANKLIN BARNES	10-13		016982	VO	DEATH BENEFIT	4/5/2013	0.00	1,473.78
022188	CK	4/5/2013	107749 JANE C. WINTERS	10-13		016983	VO	REFUND T2 COL	4/5/2013	0.00	4,297.12
022189	CK	4/5/2013	105609 HELEN T. REID	10-13		016984	VO	REFUND T2 COL	4/5/2013	0.00	10,847.14
022190	CK	4/5/2013	106195 ADRIANA M. VELASCO	10-13		016985	VO	REFUND	4/5/2013	0.00	10,119.12
022191	CK	4/5/2013	121327R FIDELITY INVESTMENTS	10-13		016986	VO	ROLLOVER	4/5/2013	0.00	10,117.84
022192	CK	4/5/2013	121327 SETH D. FREY	10-13		016987	VO	REFUND	4/5/2013	0.00	224.48
022193	CK	4/5/2013	121653 OSCAR VALLES	10-13		016988	VO	REFUND	4/5/2013	0.00	3,244.49
022194	CK	4/5/2013	122224 MELISSA PEREZCHICA-RAMIREZ	10-13		016989	VO	REFUND	4/5/2013	0.00	524.76
022195	CK	4/5/2013	109995 MARIA ELENA LAJOM	10-13		016990	VO	REFUND	4/5/2013	0.00	4,478.75
022196	CK	4/5/2013	109995R OFI TRUST COMPANY, TRUSTEE	10-13		016991	VO	ROLLOVER	4/5/2013	0.00	8,761.33
022197	CK	4/5/2013	122244 BENJAMIN R. JOHNSON	10-13		016992	VO	REFUND	4/5/2013	0.00	2,872.11

Date: Thursday, May 02, 2013
 Time: 11:12AM
 User: CSTEVENSON

Ventura County Retirement Assn
Check Register - Standard
 Period: 10-13 As of: 5/2/2013

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

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period		Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
				To Post	Closed						
022198	CK	4/5/2013	122020R FIDELITY INVESTMENTS	10-13		016993	VO	ROLLOVER	4/5/2013	0.00	3,796.64
022199	CK	4/5/2013	109821 REBECCA A. JORDAN	10-13		016994	VO	REFUND	4/5/2013	0.00	809.12
022200	CK	4/5/2013	122127 DANA W. FILES	10-13		016995	VO	REFUND	4/5/2013	0.00	2,602.07
022201	CK	4/5/2013	102147 ERIC HEDGEMAN	10-13		016996	VO	REFUND	4/5/2013	0.00	72,368.22
022202	CK	4/5/2013	122051R WILMINGTON TRUST CO. AS CU	10-13		016997	VO	ROLLOVER	4/5/2013	0.00	8,527.30
022203	CK	4/5/2013	120931 JOSHUA P. COOPER	10-13		016998	VO	REFUND	4/5/2013	0.00	12,255.74
022204	CK	4/5/2013	118536 YUMIE B. BERLENBACH	10-13		016999	VO	REFUND	4/5/2013	0.00	13,835.99
022205	CK	4/5/2013	117954 EVANGELINA ARVIZU	10-13		017000	VO	REFUND	4/5/2013	0.00	686.92
022206	CK	4/5/2013	119944 MARC A. BROBERG	10-13		017001	VO	REFUND	4/5/2013	0.00	31,123.83
022207	CK	4/5/2013	119729 DONALD S. ADDISON	10-13		017002	VO	REFUND	4/5/2013	0.00	11,375.91
022208	CK	4/5/2013	115811 CURTIS J. EDWARDS	10-13		017003	VO	REFUND	4/5/2013	0.00	35,864.99
022209	CK	4/12/2013	SPRUCE SPRUCEGROVE INVESTMENT M	10-13		017004	VO	INVESTMENT FEES	4/11/2013	0.00	53,355.53
022210	CK	4/12/2013	CUSTOM CUSTOM PRINTING	10-13		017005	VO	ADMIN EXP	4/11/2013	0.00	142.44
022211	CK	4/12/2013	SEGAL THE SEGAL COMPANY	10-13		017006	VO	ADMIN EXP	4/11/2013	0.00	25,674.00

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				To Post	Closed						
022212	CK	4/12/2013	COMPUWAVE COMPUWAVE	10-13		017007	VO	ADMIN EXP	4/11/2013	0.00	1,143.38
022213	CK	4/12/2013	ADP ADP INC	10-13		017008	VO	ADMIN EXP	4/11/2013	0.00	2,396.38
022214	CK	4/12/2013	COUNTY COUNTY COUNSEL	10-13		017009	VO	LEGAL FEES	4/11/2013	0.00	24,661.25
022215	VC	4/12/2013	F3161B2 MORGAN STANLEY	10-13	10-13						
022216	CK	4/12/2013	F7562S JOE FLORES	10-13		017011	VO	DEATH BENEFIT	4/12/2013	0.00	4,593.54
022217	CK	4/12/2013	101988 ESTELLA SOTO	10-13		017012	VO	REFUND T2 COL	4/12/2013	0.00	10,573.10
022218	CK	4/12/2013	105460 ROGELIO P. FLORA	10-13		017013	VO	REFUND T2 COL	4/12/2013	0.00	7,103.03
022219	CK	4/12/2013	101581 THOMAS E. DIMOCK	10-13		017014	VO	REFUND T2 COL	4/12/2013	0.00	15,357.55
022220	CK	4/12/2013	101603 MARIA S. CARDENAS	10-13		017015	VO	REFUND T2 COL	4/12/2013	0.00	11,272.74
022221	CK	4/12/2013	102133 ANNA W. SCALES	10-13		017016	VO	REFUNF T2 COL	4/12/2013	0.00	18,425.35
022222	CK	4/12/2013	106752 DAVID W. MAKI	10-13		017017	VO	REFUND T2 COL	4/12/2013	0.00	13,836.19
022223	CK	4/12/2013	121877 PAULINE ERIKA GALLARDO VILL	10-13		017018	VO	REFUND	4/12/2013	0.00	3,313.94
022224	CK	4/12/2013	119499 TAIDE MELCHOR	10-13		017019	VO	REFUND	4/12/2013	0.00	19,480.33

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022225	CK	4/12/2013	119014 MIA J. LASALLE	10-13		017020	VO	REFUND	4/12/2013	0.00	12,017.65
022226	CK	4/12/2013	121406 ROCKWELL M. ELLIS	10-13		017021	VO	REFUND	4/12/2013	0.00	357.98
022227	VC	4/12/2013	F3161B2 MORGAN STANLEY	10-13	10-13						
022228	CK	4/12/2013	F3161B2 MORGAN STANLEY	10-13		017010	VO	DEATH BENEFIT	4/12/2013	0.00	2,261.54
022229	VC	4/19/2013	MANATT MANATT, PHELPS, PHILLIPS	10-13	10-13						
022230	VC	4/19/2013	990004 WILL HOAG	10-13	10-13						
022231	VC	4/19/2013	PALADINO ANNETTE A. PALADINO	10-13	10-13						
022232	VC	4/19/2013	ADP ADP INC	10-13	10-13						
022233	VC	4/19/2013	VALLEY VALLEY MAINTENANCE CORP	10-13	10-13						
022234	VC	4/19/2013	119663 DEBBIE DOWNEY	10-13	10-13						
022235	VC	4/19/2013	MEGAPATH MEGAPATH INC.	10-13	10-13						
022236	VC	4/19/2013	VOLT VOLT	10-13	10-13						
022237	VC	4/19/2013	BARNEY ABU COURT REPORTING INC	10-13	10-13						
022238	ZC	4/19/2013	MANATT MANATT, PHELPS, PHILLIPS	10-13	10-13	016890	VO	ADMIN EXP	3/15/2013	0.00	250.00

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				To Post	Closed						
022238	ZC	4/19/2013	MANATT MANATT, PHELPS, PHILLIPS	10-13	10-13	017022	AD	RVS FEE	4/15/2013	0.00	-250.00
Check Total											0.00
022239	CK	4/19/2013	990004 WILL HOAG	10-13		017023	VO	TRAVEL REIMB	4/19/2013	0.00	571.66
022240	CK	4/19/2013	PALADINO ANNETTE A. PALADINO	10-13		017024	VO	ADMIN EXP	4/19/2013	0.00	7,290.93
022241	CK	4/19/2013	ADP ADP INC	10-13		017025	VO	ADMIN EXP	4/19/2013	0.00	7,834.83
022242	CK	4/19/2013	VALLEY VALLEY MAINTENANCE CORP	10-13		017026	VO	ADMIN EXP	4/19/2013	0.00	444.00
022243	CK	4/19/2013	119663 DEBBIE DOWNEY	10-13		017027	VO	TRAVEL REIMB	4/19/2013	0.00	94.55
022244	CK	4/19/2013	MEGAPATH MEGAPATH INC.	10-13		017028	VO	ADMIN EXP	4/19/2013	0.00	4.95
022245	CK	4/19/2013	VOLT VOLT	10-13		017029	VO	ADMIN EXP	4/19/2013	0.00	3,337.05
022246	CK	4/19/2013	BARNEY ABU COURT REPORTING INC	10-13		017030	VO	ADMIN EXP	4/19/2013	0.00	945.00
022247	CK	4/19/2013	F1778S ANN MARIE SHIELDS	10-13		017031	VO	DEATH BENEFIT	4/19/2013	0.00	3,077.35
022248	CK	4/19/2013	F2260 ANGELINA M. JUAREZ	10-13		017032	VO	PENSION PAYMENT	4/19/2013	0.00	808.99
022249	CK	4/19/2013	107761 ELAINE A. BREEN	10-13		017033	VO	REFUND T2 COL	4/19/2013	0.00	11,974.27
022250	CK	4/19/2013	118608R PACIFIC OAKS FED. CREDIT UNI	10-13		017034	VO	ROLLOVER	4/19/2013	0.00	6,989.33
022251	CK	4/19/2013	118608 MARLANA LAROSE MICONI	10-13		017035	VO	REFUND	4/19/2013	0.00	4,869.06

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				To Post	Closed						
022252	CK	4/19/2013	121731 SHARON LOUISE RISHEL	10-13		017036	VO	REFUND	4/19/2013	0.00	1,351.31
022253	CK	4/19/2013	121731R TD AMERITRADE	10-13		017037	VO	ROLLOVER	4/19/2013	0.00	1,820.43
022254	CK	4/19/2013	122765 KATHLEEN WHITE	10-13		017038	VO	REFUND	4/19/2013	0.00	608.41
022255	CK	4/25/2013	990004BM WILL HOAG	10-13		017039	VO	BRD MEM FEES	4/25/2013	0.00	200.00
022256	CK	4/25/2013	990002BM ARTHUR E GOULET	10-13		017040	VO	BRD MEM FEES	4/25/2013	0.00	300.00
022257	CK	4/25/2013	990002 ARTHUR E. GOULET	10-13		017041	VO	MILEAGE REIMB	4/25/2013	0.00	57.63
022257	CK	4/25/2013	990002 ARTHUR E. GOULET	10-13		017042	VO	TRAVEL REIMB	4/25/2013	0.00	928.59
										Check Total	986.22
022258	CK	4/25/2013	105703 GLENDA JACKSON	10-13		017043	VO	ADMIN EXP	4/25/2013	0.00	34.16
022259	CK	4/25/2013	122180 DONALD C KENDIG	10-13		017044	VO	ADMIN EXP	4/25/2013	0.00	307.22
022259	CK	4/25/2013	122180 DONALD C KENDIG	10-13		017045	VO	ADMIN EXP	4/25/2013	0.00	130.72
022259	CK	4/25/2013	122180 DONALD C KENDIG	10-13		017046	VO	ADMIN EXP	4/25/2013	0.00	120.00
										Check Total	557.94
022260	CK	4/25/2013	100748 CHRIS JOHNSTON	10-13		017047	VO	TRAVEL REIMB	4/25/2013	0.00	598.64
022261	CK	4/25/2013	MBS MANAGED BUSINESS SOLUTION	10-13		017048	VO	ADMIN EXP	4/25/2013	0.00	22,793.75
022262	CK	4/25/2013	VITECH VITECH SYSTEMS GROUP INC	10-13		017049	VO	ADMIN EXP	4/25/2013	0.00	192,900.00

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				To Post	Closed						
022263	CK	4/25/2013	LINEA LINEA SOLUTIONS	10-13		017050	VO	ADMIN EXP	4/25/2013	0.00	71,602.15
022264	CK	4/25/2013	SBS SBS GROUP	10-13		017051	VO	ADMIN EXP	4/25/2013	0.00	2,887.50
022265	CK	4/25/2013	CMP CMP & ASSOCIATES, INC	10-13		017052	VO	ADMIN EXP	4/25/2013	0.00	19,910.00
022266	CK	4/25/2013	PEREA KENNETH A. PEREA	10-13		017053	VO	ADMIN EXP	4/25/2013	0.00	4,156.25
022267	CK	4/25/2013	BROWN BROWN ARMSTRONG	10-13		017054	VO	ADMIN EXP	4/25/2013	0.00	380.00
022268	CK	4/25/2013	YORK ACCESS INFORMATION MANAGE	10-13		017055	VO	ADMIN EXP	4/25/2013	0.00	475.37
022269	CK	4/25/2013	990005BM WILLIAM W WILSON	10-13		017056	VO	BRD MEM FEES	4/25/2013	0.00	200.00
022270	CK	4/25/2013	990003BM JOSEPH HENDERSON	10-13		017057	VO	BRD MEM FEES	4/25/2013	0.00	200.00
022271	CK	4/25/2013	990001BM ALBERT G HARRIS	10-13		017058	VO	BRD MEM FEES	4/25/2013	0.00	200.00
022272	CK	4/25/2013	NAPPA NAPPA	10-13		017059	VO	ADMIN EXP	4/25/2013	0.00	895.00
022272	CK	4/25/2013	NAPPA NAPPA	10-13		017060	VO	ADMIN EXP	4/25/2013	0.00	450.00
022273	CK	4/25/2013	CINTAS CINTAS DOCUMENT MANAGEME	10-13		017061	VO	ADMIN EXP	4/25/2013	0.00	57.25
Check Total											1,345.00
022274	CK	4/25/2013	TWC TIME WARNER CABLE	10-13		017062	VO	ADMIM EXP	4/25/2013	0.00	426.62
022275	CK	4/25/2013	AT&T AT & T MOBILITY	10-13		017063	VO	ADMIN EXP	4/25/2013	0.00	356.90

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Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid		
022276	CK	4/25/2013	HARRIS HARRIS WATER CONDITIONING	10-13	017064	VO	ADMIN EXP	4/25/2013	0.00	114.50		
022277	CK	4/25/2013	MF M.F. DAILY CORPORATION	10-13	017065	VO	ADMIN EXP	4/25/2013	0.00	14,978.81		
Check Count:		106								Acct Sub Total:		937,113.22

Check Type	Count	Amount Paid
Regular	91	937,613.22
Hand	0	0.00
Electronic Payment	0	0.00
Void	14	-500.00
Stub	0	0.00
Zero	1	0.00
Mask	0	0.00
Total:	106	937,113.22

Company Disc Total	0.00	Company Total	937,113.22
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VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
ASSET ALLOCATION
As of 04/30/2013

Mandate	\$ Actual	% of Actual	\$ Target	% Target	Permissible		Outside Permissible	Calculated Adjustments	Proposed Adjustments	Closing Balance	Proposed Allocation	After Rebalancing
					Min	Max						
BlackRock Extended Equity Index Fund	35,620,938	0.96%	37,005,818	1.00%	0.5%	2.0%	OK	1,384,880		35,620,938	0.96%	OK
Western U.S. Index Plus	103,303,663	2.79%	111,017,455	3.00%	2.0%	4.0%	OK	7,713,792		103,303,663	2.79%	OK
BlackRock Equity Market Fund	1,139,050,868	30.78%	962,151,273	26.00%	22.0%	30.0%	HIGH	(176,899,595)	(150,000,000)	989,050,868	26.73%	OK
Total U.S. Equities	1,277,975,469	34.53%	1,110,174,546	30.00%	24.5%	36.0%	OK	(167,800,923)	(150,000,000)	1,127,975,469	30.48%	OK
BlackRock ACWI ex-U.S. Index	365,198,985	9.87%	222,034,909	6.00%	4.0%	8.0%	HIGH	(143,164,076)	(100,000,000)	265,198,985	7.17%	OK
Sprucegrove	169,640,606	4.58%	148,023,273	4.00%	3.0%	6.0%	OK	(21,617,333)		169,640,606	4.58%	OK
Hexavest	73,950,035	2.00%	74,011,636	2.00%	1.0%	3.0%	OK	61,601		73,950,035	2.00%	OK
Walter Scott	90,810,006	2.45%	74,011,636	2.00%	1.5%	4.0%	OK	(16,798,370)		90,810,006	2.45%	OK
Total Non-U.S. Equities	699,599,632	18.91%	518,081,455	14.00%	9.5%	21.0%	OK	(181,518,177)	(100,000,000)	599,599,632	16.20%	OK
GMO Global	189,695,316	5.13%	185,029,091	5.00%	3.0%	7.0%	OK	(4,666,225)		189,695,316	5.13%	OK
BlackRock MSCI ACWI Equity Index	141,802,547	3.83%	185,029,091	5.00%	3.0%	7.0%	OK	43,226,544		141,802,547	3.83%	OK
Total Global Equities	331,497,863	8.96%	370,058,182	10.00%	6.0%	14.0%	OK	38,560,319	-	331,497,863	8.96%	OK
Total Equities	2,309,072,964	62.40%	1,998,314,183	54.00%	44.0%	64.0%	OK	(310,758,781)	(250,000,000)	2,059,072,964	55.64%	OK
Western	285,298,349	7.71%	222,034,909	6.00%	3.0%	9.0%	OK	(63,263,440)	(25,000,000)	260,298,349	7.03%	OK
BlackRock U.S. Debt Fund	135,015,834	3.65%	111,017,455	3.00%	3.0%	6.0%	OK	(23,998,379)		135,015,834	3.65%	OK
Reams	244,776,217	6.61%	259,040,727	7.00%	6.0%	9.0%	OK	14,264,510		244,776,217	6.61%	OK
Loomis Sayles	111,656,141	3.02%	111,017,455	3.00%	2.0%	4.0%	OK	(638,686)		111,656,141	3.02%	OK
Total Domestic Fixed Income	776,746,541	20.99%	703,110,546	19.00%	14.0%	28.0%	OK	(73,635,995)	(25,000,000)	751,746,541	20.31%	OK
PIMCO Global	100,060,581	2.70%	111,017,455	3.00%	2.0%	4.0%	OK	10,956,874		100,060,581	2.70%	OK
Loomis Sayles Global	68,327,963	1.85%	74,011,636	2.00%	1.0%	4.0%	OK	5,683,673		68,327,963	1.85%	OK
Total Global Fixed Income	168,388,544	4.55%	185,029,091	5.00%	3.0%	8.0%	OK	16,640,547	-	168,388,544	4.55%	OK
Total Fixed Income	945,135,085	25.54%	888,139,637	24.00%	17.0%	36.0%	OK	(56,995,448)	(25,000,000)	920,135,085	24.86%	OK
Prudential Real Estate	85,830,507	2.32%	111,017,455	3.00%	2.0%	4.0%	OK	25,186,948		85,830,507	2.32%	OK
UBS Real Estate	179,894,156	4.86%	138,771,818	3.75%	3.0%	6.0%	OK	(41,122,338)		179,894,156	4.86%	OK
Guggenheim	2,268,960	0.06%	-	0.00%	0.0%	0.0%	HIGH	(2,268,960)	(2,268,960)	-	0.00%	OK
RREF	10,228,167	0.28%	9,251,455	0.25%	0.0%	1.0%	OK	(976,712)		10,228,167	0.28%	OK
Real Estate	278,221,790	7.52%	259,040,727	7.00%	5.0%	11.0%	OK	(19,181,063)	(2,268,960)	275,952,830	7.46%	OK
Adams Street Partners	28,566,460	0.77%	28,566,460	3.00%	1.0%	4.0%	LOW	-	3,000,000	31,566,460	0.85%	LOW
Pantheon Ventures	9,450,002	0.26%	9,450,002	0.25%	0.0%	2.0%	OK	-		9,450,002	0.26%	OK
HarbourVest		0.00%	-	1.75%	0.0%	2.0%	OK	-	5,100,000	5,100,000	0.14%	OK
Private Equity	38,016,462	1.03%	185,029,091	5.00%	1.0%	8.0%	OK	-	8,100,000	46,116,462	1.25%	OK
Bridgewater		0.00%	-	7.00%	2.0%	8.0%	LOW	-	250,000,000	250,000,000	6.76%	OK
Tortoise Capital Advisors	108,869,649	2.94%	111,017,455	3.00%	1.0%	5.0%	OK	2,147,806		108,869,649	2.94%	OK
Alternatives	108,869,649	2.94%	370,058,182	10.00%	3.0%	13.0%	LOW	2,147,806	250,000,000	358,869,649	9.70%	OK
Clifton	21,265,870	0.57%	-	0.00%	0.0%	3.0%	OK	(21,265,870)	19,168,960	40,434,830	1.09%	OK
Other Assets	21,265,870	0.57%	-	0.00%	0.0%	3.0%	OK	(21,265,870)	19,168,960	40,434,830	1.09%	OK
Total Investment Portfolio	3,700,581,820	100.00%	3,700,581,820	100.00%				(406,053,356)	-	3,700,581,820	100.00%	

Ventura County Retirement Assn

Statement of Plan Net Assets
February 28, 2013

ASSETS

CASH & CASH EQUIVALENTS **\$39,196,204**

RECEIVABLES

ACCRUED INTEREST AND DIVIDENDS	3,424,477
SECURITY SALES	26,154,456
MISCELLANEOUS	<u>533</u>
TOTAL RECEIVABLES	29,579,466

INVESTMENTS AT FAIR VALUE

DOMESTIC EQUITY SECURITIES	88,655,565
DOMESTIC EQUITY INDEX FUNDS	1,235,280,447
INTERNATIONAL EQUITY SECURITIES	316,851,884
INTERANTIONAL EQUITY INDEX FUNDS	350,955,260
GLOBAL EQUITY	315,153,360
PRIVATE EQUITY	35,003,633
DOMESTIC FIXED INCOME – CORE PLUS	611,196,062
DOMESTIC FIXED INCOME – U.S. INDEX	133,567,393
GLOBAL FIXED INCOME	171,048,023
REAL ESTATES	292,870,199
CASH OVERLAY – CLIFTON	<u>(8,622)</u>
TOTAL INVESTMENTS	3,550,573,204

PENSIONS SOFTWARE DEVELOPMENT COSTS **686,886**

TOTAL ASSETS **3,620,035,760**

LIABILITIES

SECURITY PURCHASES	27,237,133
ACCOUNTS PAYABLE	1,542,977
PREPAID CONTRIBUTIONS	<u>45,953,946</u>
TOTAL LIABILITES	<u>74,734,056</u>

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS **\$3,545,301,704**

Ventura County Retirement Assn

Statement of Changes in Plan Net Assets
February 28, 2013

ADDITIONS

CONTRIBUTIONS:

EMPLOYER	\$94,741,212
EMPLOYEE	<u>28,258,544</u>
TOTAL CONTRIBUTIONS	122,999,756

INVESTMENT INCOME

NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	322,523,716
INTEREST INCOME	13,783,918
DIVIDEND INCOME	15,762,139
REAL ESTATE OPERATING INCOME, NET	7,179,820
SECURITY LENDING INCOME	<u>223,867</u>

TOTAL INVESTMENTS **359,473,460**

LESS INVESTMENT EXPENSES:

MANAGEMENT & CUSTODIAL FEES	5,184,969
SECURITIES LENDING BORROWER REBATES	46,263
SECURITIES LENDING MANAGEMENT FEES	<u>59,662</u>
TOTAL INVESTMENT EXPENSES	5,290,894

NET INVESTMENT INCOME **354,182,566**

TOTAL ADDITIONS **477,182,322**

DEDUCTIONS

BENEFIT PAYMENTS	134,676,493
MEMBER REFUNDS	2,663,797
ADMINISTRATIVE EXPENSES	<u>4,157,535</u>

TOTAL DEDUCTIONS **141,497,825**

NET INCREASE **335,684,497**

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS

BEGINNING OF YEAR	<u>3,209,617,207</u>
ENDING BALANCE	<u><u>\$3,545,301,704</u></u>

Ventura County Retirement Assn

Investments & Cash Equivalents

February 28, 2013

	<u>SECURITIES FAIR VALUE</u>	<u>CASH</u>
EQUITY		
DOMESTIC EQUITY		
WESTERN ASSET INDEX PLUS	\$88,655,565	\$2,164,801
TOTAL DOMESTIC EQUITY	88,655,565	2,164,801
DOMESTIC INDEX FUNDS		
BLACKROCK – US EQUITY MARKET	1,201,473,278	1
BLACKROCK – EXTENDED EQUITY	33,807,169	1
TOTAL EQUITY INDEX FUNDS	1,235,280,447	2
INTERNATIONAL EQUITY		
SPRUCEGROVE	162,106,575	0
HEXAVEST	69,364,866	0
WALTER SCOTT	85,380,443	0
TOTAL INTERNATIONAL EQUITY	316,851,884	0
INTERNATIONAL INDEX FUNDS		
BLACKROCK – ACWIXUS	350,955,260	0
TOTAL INTERNATIONAL EQUITY	350,955,260	0
GLOBAL EQUITY		
GRANTHAM MAYO & VAN OTTERLOO (GMO)	179,865,459	0
BLACKROCK GLOBAL INDEX	135,287,901	0
TOTAL GLOBAL EQUITY	315,153,360	0
PRIVATE EQUITY		
ADAMS STREET	27,779,378	0
PANTHEON	7,224,255	0
TOTAL PRIVATE EQUITY	35,003,633	0
FIXED INCOME		
DOMESTIC		
LOOMIS SAYLES & COMPANY (CORE PLUS)	103,439,395	3,359,392
REAMS (CORE PLUS)	245,290,271	263,302
WESTERN ASSET MGMT (CORE PLUS)	262,466,396	15,490,387
TOTAL DOMESTIC FIXED INCOME	611,196,062	19,113,081
DOMESTIC INDEX FUNDS		
BLACKROCK –US DEBT INDEX	133,567,393	0
TOTAL DOMESTIC INDEX FUNDS	133,567,393	0
GLOBAL		
LOOMIS SAYLES & COMPANY	67,188,108	0
PIMCO	103,859,915	3,081,124
TOTAL GLOBAL FIXED INCOME	171,048,023	3,081,124

Ventura County Retirement Assn

Investments & Cash Equivalents

February 28, 2013

REAL ESTATE

GUGGENHEIM REAL ESTATE	\$22,689,592	\$0
PRUDENTIAL REAL ESTATE	82,992,279	0
RREEF	10,225,857	0
UBS REALTY	<u>176,962,471</u>	<u>0</u>
TOTAL REAL ESTATE	292,870,199	0

CASH OVERLAY – CLIFTON GROUP (8,622) 12,982,987

IN HOUSE CASH 0 1,854,209

TOTAL INVESTMENTS AND CASH EQUIVALENTS \$3,550,573,204 \$39,196,204

Ventura County Retirement Assn
 Schedule of investment Management Fees
 For the Eight Months Ending February 28, 2013

EQUITY MANAGERS

DOMESTIC

BLACKROCK – US EQUITY MARKET	\$116,135
BLACKROCK – EXTENDED EQUITY	6,019
WESTERN ASSET INDEX PLUS	<u>111,295</u>
TOTAL	233,449

INTERNATIONAL EQUITY

BLACKROCK – ACWIXUS	154,644
SPRUCEGROVE	303,979
HEXAVEST	147,638
WALTER SCOTT	<u>368,978</u>
TOTAL	975,239

GLOBAL

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

PRIVATE EQUITY

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

FIXED INCOME MANAGERS

DOMESTIC

BLACKROCK –US DEBT INDEX	41,685
LOOMIS SAYLES & COMPANY	204,022
REAMS ASSET MANAGEMENT	255,132
WESTERN ASSET MANAGEMENT	<u>257,466</u>
TOTAL	758,305

GLOBAL

LOOMIS SAYLES & COMPANY	101,468
PIMCO	<u>83,964</u>
TOTAL	185,432

REAL ESTATE

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

CASH OVERLAY – CLIFTON GROUP

41,784

Ventura County Retirement Assn
Schedule of investment Management Fees
For the Eight Months Ending February 28, 2013

SECURITIES LENDING

BORROWERS REBATE	\$46,263
MANAGEMENT FEES	<u>59,662</u>
TOTAL SECURITIES LENDING	105,925

OTHER

INVESTMENT CONSULTANT	119,500
INVESTMENT CUSTODIAN	<u>57,358</u>
TOTAL	<u>176,858</u>

TOTAL INVESTMENT MANAGEMENT FEES	<u><u>\$5,290,894</u></u>
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VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BUDGET SUMMARY FISCAL YEAR 2012-2013
April 2013 - 83.33% of Fiscal Year Expended

EXPENDITURE DESCRIPTIONS	Adopted 2012/2013 Budget	Adjusted 2012/2013 Budget	Apr-13	Year to Date Expended	Available Balance	Percent Expended
Salaries & Employee Benefits:						
Regular Salaries	\$ 1,623,400.00	\$ 1,558,900.00	\$ 117,389.01	\$ 1,130,987.87	\$ 427,912.13	72.55%
Extra-Help	25,000.00	25,000.00	1,652.81	34,984.41	(9,984.41)	139.94%
Overtime	7,600.00	7,600.00	145.97	1,160.56	6,439.44	15.27%
Supplemental Payments	49,300.00	47,000.00	3,567.89	33,729.86	13,270.14	71.77%
Vacation Redemption	71,700.00	71,700.00	1,592.46	55,048.73	16,651.27	76.78%
Retirement Contributions	363,600.00	350,200.00	24,842.11	243,607.29	106,592.71	69.56%
OASDI Contributions	82,600.00	79,000.00	7,405.48	68,934.95	10,065.05	87.26%
FICA-Medicare	25,400.00	24,400.00	1,731.91	17,224.33	7,175.67	70.59%
Management Retiree Health Benefit	15,600.00	15,600.00	1,351.56	13,193.40	2,406.60	84.57%
Group Insurance	159,800.00	152,700.00	10,920.00	109,473.00	43,227.00	71.69%
Life Insurance/Mgmt	900.00	900.00	72.66	705.76	194.24	78.42%
Unemployment Insurance	2,500.00	2,400.00	176.23	1,681.56	718.44	70.07%
Management Disability Insurance	4,100.00	3,900.00	283.44	2,737.94	1,162.06	70.20%
Worker' Compensation Insurance	10,200.00	9,800.00	743.54	7,456.48	2,343.52	76.09%
401K Plan Contribution	41,500.00	39,400.00	2,062.64	20,468.59	18,931.41	51.95%
Total Salaries & Employee Benefits	\$ 2,483,200.00	\$ 2,388,500.00	\$ 173,937.71	\$ 1,741,394.73	\$ 647,105.27	72.91%
Services & Supplies:						
Telephone Services - ISF	\$ 21,400.00	\$ 21,400.00	\$ 3,221.30	\$ 34,259.25	\$ (12,859.25)	160.09%
General Insurance - ISF	9,600.00	9,600.00	3,233.00	8,029.00	1,571.00	83.64%
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	870.00	8,740.00	960.00	90.10%
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)	(17,074.00)	(34,148.00)	48.00	100.14%
Printing Services - Not ISF	5,500.00	5,500.00	142.44	3,034.82	2,465.18	55.18%
Books & Publications	2,500.00	2,500.00	0.00	1,225.31	1,274.69	49.01%
Office Supplies	18,000.00	18,000.00	472.10	11,835.58	6,164.42	65.75%
Postage & Express	55,000.00	55,000.00	3,209.67	41,231.82	13,768.18	74.97%
Printing Charges - ISF	12,000.00	12,000.00	(3,522.27)	9,771.70	2,228.30	81.43%
Copy Machine Services - ISF	5,900.00	5,900.00	0.00	4,146.21	1,753.79	70.27%
Board Member Fees	11,500.00	11,500.00	1,100.00	8,700.00	2,800.00	75.65%
Professional Services	828,400.00	887,900.00	74,558.63	684,468.89	203,431.11	77.09%
Storage Charges	3,200.00	3,200.00	475.37	3,114.12	85.88	97.32%
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	146,792.10	31,807.90	82.19%
Private Vehicle Mileage	8,000.00	8,000.00	760.14	6,105.64	1,894.36	76.32%
Conference, Seminar and Travel	60,000.00	60,000.00	7,265.79	37,220.38	22,779.62	62.03%
Furniture	2,000.00	7,000.00	0.00	647.00	6,353.00	9.24%
Facilities Charges	0.00	15,000.00	795.76	3,733.00	11,267.00	24.89%
Total Services & Supplies	\$ 1,223,700.00	\$ 1,302,200.00	\$ 90,486.74	\$ 995,620.51	\$ 306,579.49	76.46%
Total Administrative Budget	\$ 3,706,900.00	\$ 3,690,700.00	\$ 264,424.45	\$ 2,737,015.24	\$ 953,684.76	74.16%
Information Technology:						
Computer Hardware	\$ 20,000.00	\$ 32,500.00	\$ 907.97	22,320.24	\$ 10,179.76	68.68%
Computer Software	8,800.00	21,300.00	444.99	11,658.73	9,641.27	54.74%
Data Processing and Maintenance	416,400.00	416,400.00	37,114.37	346,429.11	69,970.89	83.20%
Special Project - New Pension System	2,089,200.00	2,598,950.00	285,787.94	2,046,150.92	552,799.08	78.73%
Total Information Technology	\$ 2,534,400.00	\$ 3,069,150.00	\$ 324,255.27	\$ 2,426,559.00	\$ 642,591.00	79.06%
Contingency	\$ 596,600.00	\$ 78,050.00	\$ -	\$ -	\$ -	0.00%
Total Current Year	\$ 6,837,900.00	\$ 6,837,900.00	\$ 588,679.72	\$ 5,163,574.24	\$ 1,674,325.76	75.51%

Ventura County Employees' Retirement Association (VCERA) Board Meeting

May 20, 2013

Presented by: Yolanda Diaz and John Muir



STATE STREET®

Custody

Yolanda Diaz



STATE STREET®

Agenda

- Organization overview
- Public Fund focus
- Custody services

Our Company Today Strong Global Enterprise

STATE STREET

STATE STREET GLOBAL ADVISORS

Developing investment strategies that make the best use of client capital

- Assets under management of \$2.1 trillion*
- One of the world's largest managers of institutional assets
- Provider of a comprehensive range of investment strategies that span the risk / return spectrum
- With approximately \$340 billion* in ETF assets under management, we have one of the broadest ranges of ETFs in the industry

STATE STREET GLOBAL MARKETS

Research and trading solutions that improve the efficient use of client capital

- Global leader in investment research, trading and securities lending
- Total of approximately \$2.5 trillion in average lendable assets for Q4 2012
- \$16.8 trillion in foreign exchange and interbank volume traded in 2012
- Source of investor behavior and other research, advanced portfolio strategies, trade process optimization and global connectivity across multiple asset classes and markets

STATE STREET GLOBAL SERVICES

Maintaining the inventory of client capital and dividends / interest owing

- Assets under custody and administration of \$24.4 trillion*
- One of the world's leading investment service providers
- Provides fund accounting, fund administration, custody, investment operations outsourcing, recordkeeping, performance and analytics, and transfer agency services

Our Company Today

Strong Global Presence*

29,660 employees worldwide



* As of December 31, 2012

Benefits to VCERA

A Partnership with State Street Exceeding Your Needs

- Thought Leadership for VCERA
 - Active participation on industry committees and governmental bodies
 - Delivering unique solutions to our clients
- Industry Experience and Focus
 - #1 custodian of public funds
 - New business wins, rebids and extensions
 - Safe choice for VCERA
 - Highest capital ratios
 - State Street business focus
 - Ensures continuous reinvestment in our business

Capital Ratios Among the Highest

	T1 Capital (Risk-Based)	Total Capital	Leverage Capital	T1 Common Capital	TCE	FY12 EPS
State Street	19.1	20.6	7.1	17.1	7.2	\$4.20
Northern Trust	12.8	14.3	8.2	12.4	N/A*	\$2.81
BNY Mellon	15.1	16.4	5.3	13.6	9.8	\$3.95
JPMorgan Chase	12.6	15.3	7.1	10.4	N/A*	\$5.20
Citi	14.1	17.3	7.5	12.7	N/A*	\$2.44

Our Public Funds Focus

- Unmatched market presence
 - Investment servicing provider for over 35 percent of the public fund market with *\$1.5 trillion in public fund assets
- Deep understanding of the public fund market
 - Leverage 20 years of experience to continually enhance our products and services
 - Custody Real Time Reporting
 - Cash Management / Movement Tools
 - Investment Policy Compliance Monitoring
 - Executive Level Online Dashboard
 - Integrated Risk Assessment and Performance Measurement Tools
 - Proprietary Derivative Valuation and Processing through OTC Hub
 - GASB Reporting
 - Corporate Governance Interactive Reporting for Class Actions and Proxy Voting
- Consultative approach
 - Client service professionals provide proactive solutions tailored to the requirements of each client

Commitment to California Public Funds

- **SACRS clients**

- Alameda County
- Contra Costa County
- Marin County
- Orange County
- Sacramento County
- San Mateo County
- San Bernardino County
- Sonoma County
- Ventura County

- **CALAPRS clients**

- 9 SACRS clients
- City of San Jose
- City of San Diego
- Sacramento Regional Transit
- UC Regents
- CalSTRS
- CalPERS

Resources for VCERA to Draw From



State Street Sacramento Team Responsibilities

- Daily cash monitoring
- Daily, weekly, monthly audits
- Domestic/global accounting and reporting
- Custom reporting
- Monitor portfolio transitions
- Monitor class actions
- Documentation
- Client billing
- Client liaison throughout the bank
- Client training
- Vendor payments
- GASB Reporting

Review of Plan Structure

2012 Statistics

- Purchases and sales # 5,300
- Approximate holdings # 1,150
- Class actions filed # 3 Filed in 2012 (5 Funds Impacted)
- Portfolios # 22
- Global Markets # 48

Open Global Markets for VCERA

ARGENTINA - CITIBANK N.A.
AUSTRALIA – HSBC
BANCO NACIONAL DE MEXICO SA
BELGIUM - DEUTSCHE BANK
BRAZIL - CITIBANK N.A.
CANADA SELF CUSTODY – CDSX
CANADA SELF CUSTODY – PHYSICAL
CHILE - BANCO ITAU
CHINA - THE HONGKONG + SHANGHAI BANKING COR
CITITRUST COLOMBIA SA SOCIEDAD FIDU
CLEARSTREAM BANKING SA
Czech Republic - CESKOSLOVENSKA OBCHODNI BANKA, AS
DENMARK - SKANDINAVISKA ENSKILDA BANKEN
EGYPT - HSBC BANK S.A.E.
EUROCLEAR
FINLAND – SEB
FRANCE - DEUTSCHE BANK PARIS
GERMANY - DEUTSCHE BANK AG FRANKFURT
GREECE - BNP PARIBAS
HONG KONG - STANDARD CHARTERED BANK
HSBC - JAPAN, JGB
INDONESIA - DEUTSCHE BANK AG
ISRAEL - BANK HAPOALIM BM
ITALY - DEUTSCHE BANK
JAPAN – JP3 MIZUHO CORPORATE BANK, LTD
JAPAN – JPH MIZUHO CORPORATE BANK, LTD
MALAYSIA - STANDARD CHARTERED
NETHERLAND - DEUTSCHE BANK N.V.
NEW ZEALAND - HSBC
NIGERIA - STANBIC IBTC BANK PLC
NORWAY - SEB
PERU - CITIBANK NA
PHILIPPINES - DEUTSCHE BANK
POLAND - BANK HANDLOWY W WARSZAWIE SA
PORTUGAL - DEUTSCHE BANK
SINGAPORE - CITIBANK
SOUTH AFRICA - STANDARD BANK OF SOUTH AFRICA LTD.
SOUTH KOREA - THE HONGKONG + SHANGHAI BANKING COR
SPAIN - DEUTSCHE BANK
SWEDEN - SKANDINAVISKA ENSKILDA BANKEN
SWITZERLAND - THE HONGKONG + SHANGHAI BANKING COR
THAILAND - STANDARD CHARTERED BANK
TURKEY - CITIBANK NA
UNICREDIT BANK AUSTRIA AG
UNICREDIT BANK HUNGARY ZRT
UNITED KINGDOM - STATE STREET BK LDN - PHYSICAL
UNITED KINGDOM - STATE STREET BK LONDON-CREST
URUGUAY - BANCO ITAU

Net Asset Value

Fund Number	Manager Name		Net Assets
2M1G	PRUDENTIAL REAL ESTATE INVESTORS	\$	98,327,634.01
2M1L	BLACKROCK DEBT INDEX	\$	135,015,834.28
2M1N	WESTERN ASSET MANAGEMENT	\$	285,298,349.23
2M1O	BLACKROCK EQUITY INDEX FUND	\$	1,139,050,867.78
2M1W	REAMS ASSET MANAGEMENT COMPANY	\$	244,776,217.25
2M1X	SPRUCEGROVE INV MGMT LTD	\$	169,640,605.76
2M1Y	BLACKROCK EXTENDED EQ MKT FND	\$	35,620,938.31
2M1Z	UBS REALTY INVESTORS	\$	179,894,156.20
2M2A	GRANTHAM, MAYO VAN OTTERLOO	\$	189,695,315.53
2M2D	LOOMIS, SAYLES & CO., L.P.	\$	111,656,141.23
2M2E	BLACKROCK ALL CNTY WRLD EX-US INDEX	\$	365,198,984.64
2M2F	WESTERN ASSET MANAGEMENT CO	\$	103,303,662.80
2M2G	CLIFTON GROUP	\$	21,265,869.97
2M2H	ACADIAN ASSET MANAGEMENT	\$	-
2M2I	ARTIO GLOBAL MGMT LCC	\$	-
2M2J	PRIVATE EQUITY	\$	38,016,462.48
2M2L	HEXAVEST INCORPORATED	\$	73,950,034.83
2M2M	WALTER SCOTT & PARTNERS	\$	90,810,006.08
2M2N	K2 ADVISORS	\$	-
2M2P	PIMCO	\$	100,304,971.28
2M2Q	LOOMIS, SAYLES & COMPANY, LP - GLOBAL	\$	67,314,758.94
2M2R	BLACKROCK GLOBAL EQUITY INDEX	\$	136,560,120.95
2M2S	TORTOISE CAPITAL ADVISORS	\$	114,880,888.65
as of April 30, 2013	Total NAV	\$	3,700,581,820.20

Our Fully Integrated System

Data Integrity Ensures Accuracy

Global Horizon

A single platform which is the foundation for many critical business decisions

Global Horizon

- Real-time
- Base and local currency reporting
- Trade date calculation
- Full accrual and “as of” capabilities

Client Service Workstation

- Automated daily processing
- Exceptions identified daily
- Automated audits
 - Cost and Share
 - Price Tolerance
 - Unrealized gain / loss
 - Realized gain / loss
 - Income Verification
 - Income Activity
 - Open Trades
 - Pending Foreign Exchange
 - Payable and Receivable
 - Base Equivalent Cash
 - Trial Balance

my.statestreet.com

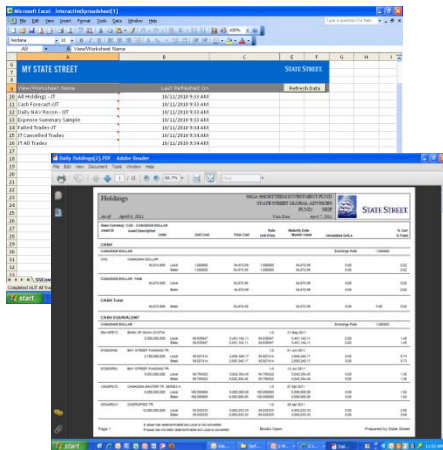
- Web-based
- 24-hour access from work or home
- Reporting
 - Standard
 - Customized
 - Performance
 - Private assets
- Sophisticated Dashboards

Daily Accounting Controls

- Automated exception-based accounting to custody reconciliation for cash and positions
- Failed trades reviewed and researched for resolution
- Dividend and interest income proofs
- Alternative investment statement tracking and valuations
- Wire Log
 - Central repository to record receipt of wire instructions and monitor completion of process
- Fund Attributor
 - Fund and plan level performance attribution
 - Exception-based income, expense, currency, and asset class impact analysis
 - NAV benchmarking where applicable
- Daily Interactive Dashboard
 - Management oversight and real-time monitoring of daily processes
 - Workload allocation management ensures 100% core coverage daily
 - Daily and monthly-based alert system

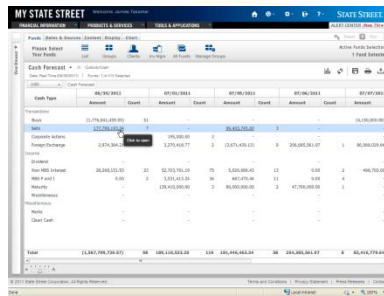
Interactive Functionality, Desktop Integration and Mobile Availability Augment A Robust Online Reporting Experience

Report Center & Interactive Spreadsheet



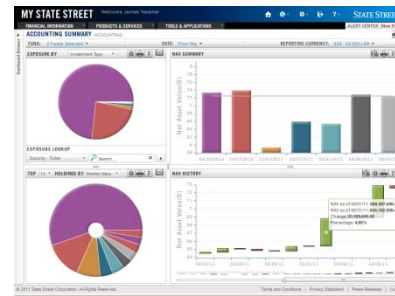
- User customizable reports
- Robust reporting library
- Scheduling
- Automated Delivery to the desktop and local printer
- Direct integration to Excel

Interactive Views



- Spreadsheet like experience
- Drag and drop configuration
- User defined aggregation and drill down
- User defined graphing
- Easily export to PDF and Excel

Dashboards



- Graphical presentation
- Easily explore broad and deep content
- Drill down to detail
- User configurable

Springboard



- Simple and easy to use
- Summarized critical information
- Drill down
- User customizable
- Free!

Securities Lending

John Muir



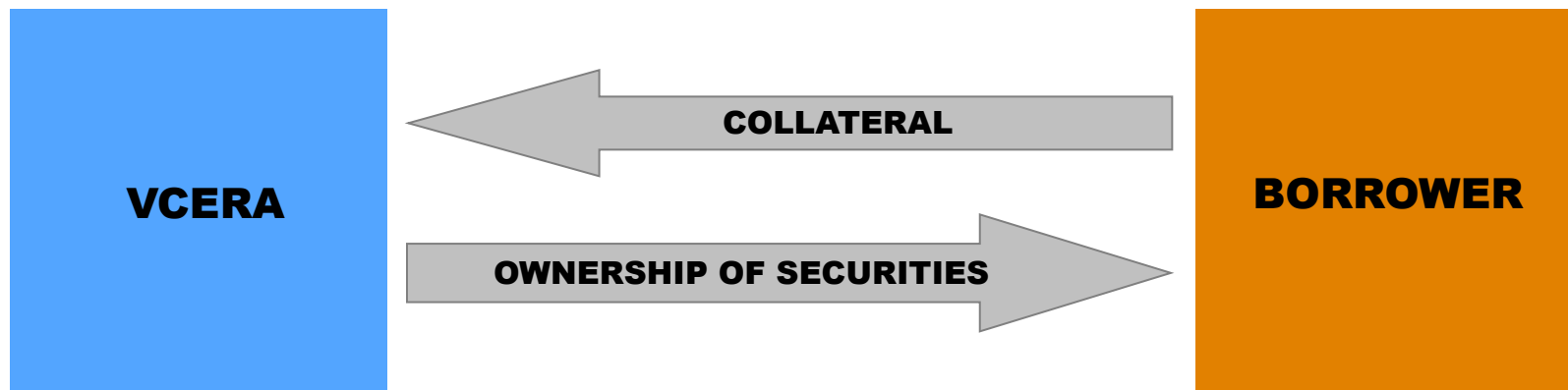
STATE STREET®

Agenda

- Securities Lending
- VCERA's Performance
- Program Review
- Collateral Pool Update

Securities Lending

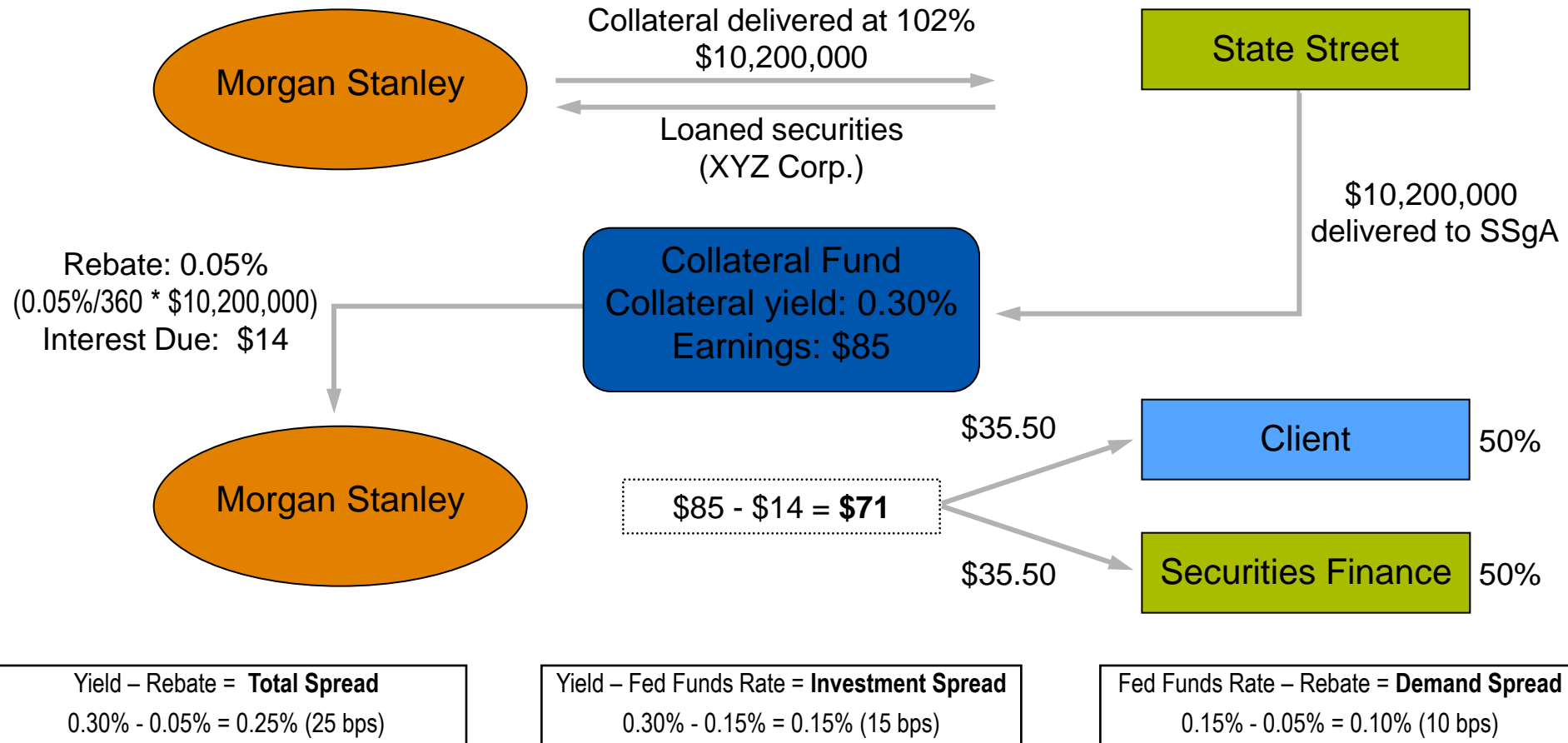
An investment management product where participants generate revenue by temporarily transferring idle securities, in a collateralized transaction, to a borrower.



- Lender transfers legal owner of securities while retaining rights of beneficial ownership (i.e. entitlements on all dividend distributions and corporate actions)
- Borrower is contractually obligated to return the securities upon recall by the lender

Fundamentals of Securities Finance

One Day Sample Transaction Diagram



Collateral Yield and Rebate Rate are annualized using a 360 day basis.

Fundamentals of Securities Lending

How are Earnings Generated?

- Cash collateral is posted by the borrower at the inception of the lending transaction
- State Street pays interest (the “rebate”) on the cash to the borrower at a rate that reflects the supply/demand characteristics of the loaned security
- State Street invests this cash collateral according to the client’s investment guidelines
- The difference between the yield on the investment of the cash and the interest paid to the borrower represents the earnings or “spread”

VCERA's Securities Lending Review

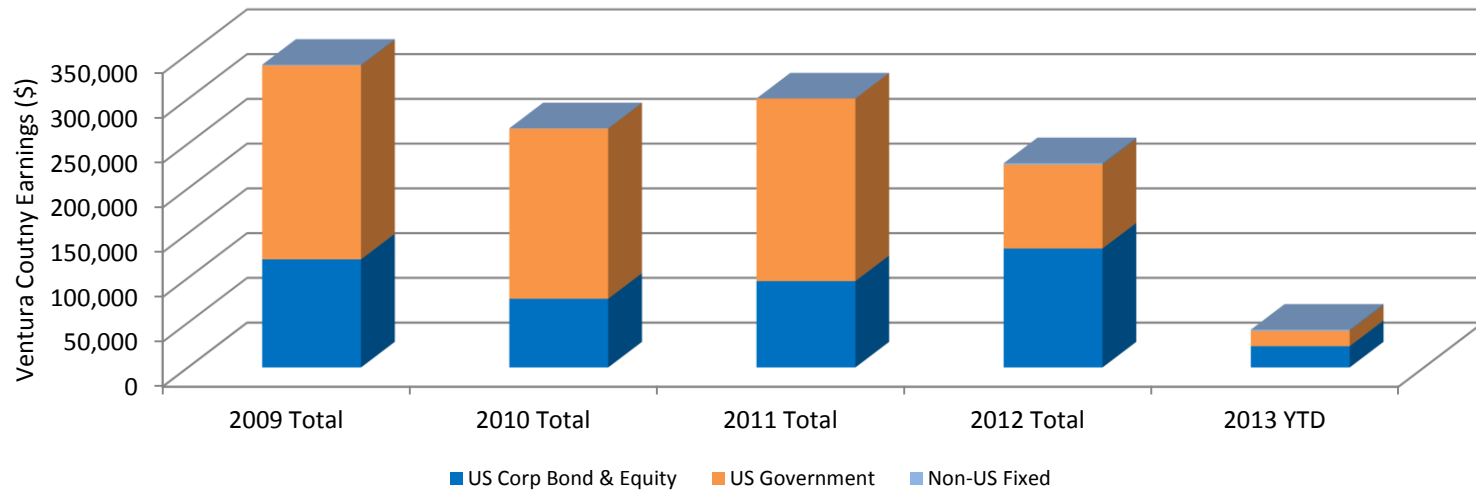
Relationship Summary

- Our relationship commenced in May 1997
- VCERA has 4 funds in securities lending
 - 2M1N – Western Asset Management
 - 2M2D – Loomis, Sayles & Co. LP
 - 2M2F – Western Asset Management
 - 2M2P - Pimco
- Earnings Summary (calendar year)
 - Since Inception ~ \$7.0 million (thru 2012)
 - 2013 YTD ~ \$ 56 k (as of 5/10/13)
- Programs
 - U.S. Equity
 - U.S. Corporate Bonds
 - US Government
- Cash Collateral
 - Quality D
- Indemnified against borrower default

Earnings History

Ventura County Employees' Retirement Association

	US Corp Bond & Equity	US Government	Non-US Fixed	Total	Cumulative Earnings
2009 Total	120,728	216,626	845	338,252	4,550,865
2010 Total	76,718	190,110	386	267,214	4,818,079
2011 Total	96,407	204,097	-	300,504	5,118,583
2012 Total	132,858	93,746	1,550	228,154	5,346,737
2013 YTD	23,768	17,108	1,326	42,202	5,388,939



Notes:

- (1) 2013 YTD Earnings includes Jan – Mar 2013
- (2) Cumulative earnings reflect earnings since 2001
- (3) Performance data represents past performance and is not a guarantee of future results
- (4) Data Source: my.statestreet.com

VCERA's Securities Lending Performance

Ventura County Employees' Retirement Association

	FY 2011	FY 2012	YoY % Change	FYTD 2013
Average Lendable (\$)	485,187,571	516,751,388	7%	456,734,657
Average On Loan (\$)	178,699,413	110,635,811	-38%	95,316,761
Utilization	37%	21%	-42%	21%
Earnings by Program (\$)				
US Corp Bond & Equity	80,805	120,568	49%	95,374
US Government	208,086	133,404	-36%	61,424
Non-US Fixed Income	162	4	-97%	2,871
Total Earnings	289,053	253,976	-12%	159,669
Components of Spread (bps)				
Demand Spread	6	6	0%	9
Reinvestment Spread	19	26	37%	23
Total Net Spread	24	32	33%	32
Return to Lendable (bps)	6.0	4.9	-18%	4.6

Notes:

- (1) Fiscal Year to Date data includes July 2012 - March 2013
- (1) Data represents past performance and is not a guarantee of future results
- (2) Data Source: my.statestreet.com & Securities Finance Business Intelligence

Borrower Diversification

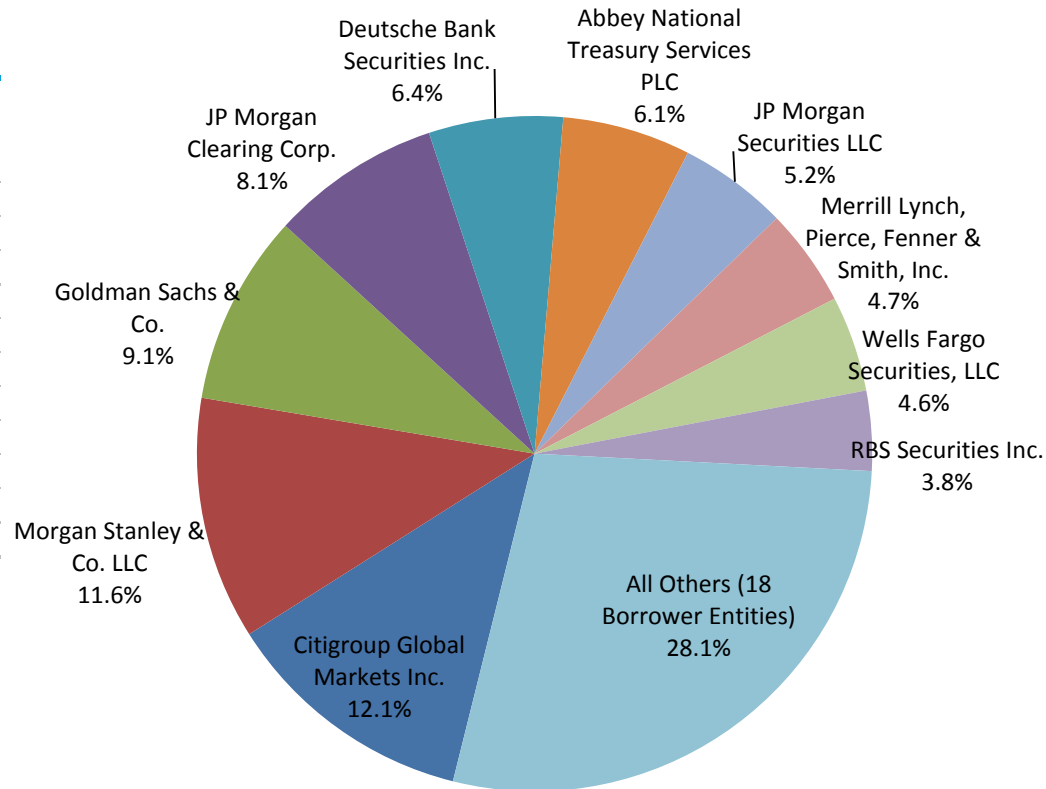
As of March 31, 2013

Ventura County Employees' Retirement Association

Borrower	Loan Balance (\$)	% of Total
Citigroup Global Markets Inc.	7,678,896	12.1%
Morgan Stanley & Co. LLC	7,360,199	11.6%
Goldman Sachs & Co.	5,784,787	9.1%
JP Morgan Clearing Corp.	5,157,703	8.1%
Deutsche Bank Securities Inc.	4,063,563	6.4%
Abbey National Treasury Services PLC	3,888,062	6.1%
JP Morgan Securities LLC	3,305,048	5.2%
Merrill Lynch, Pierce, Fenner & Smith, Inc.	2,968,697	4.7%
Wells Fargo Securities, LLC	2,904,372	4.6%
RBS Securities Inc.	2,419,666	3.8%
All Others (18 Borrower Entities)	17,762,402	28.1%
Total	63,293,395	

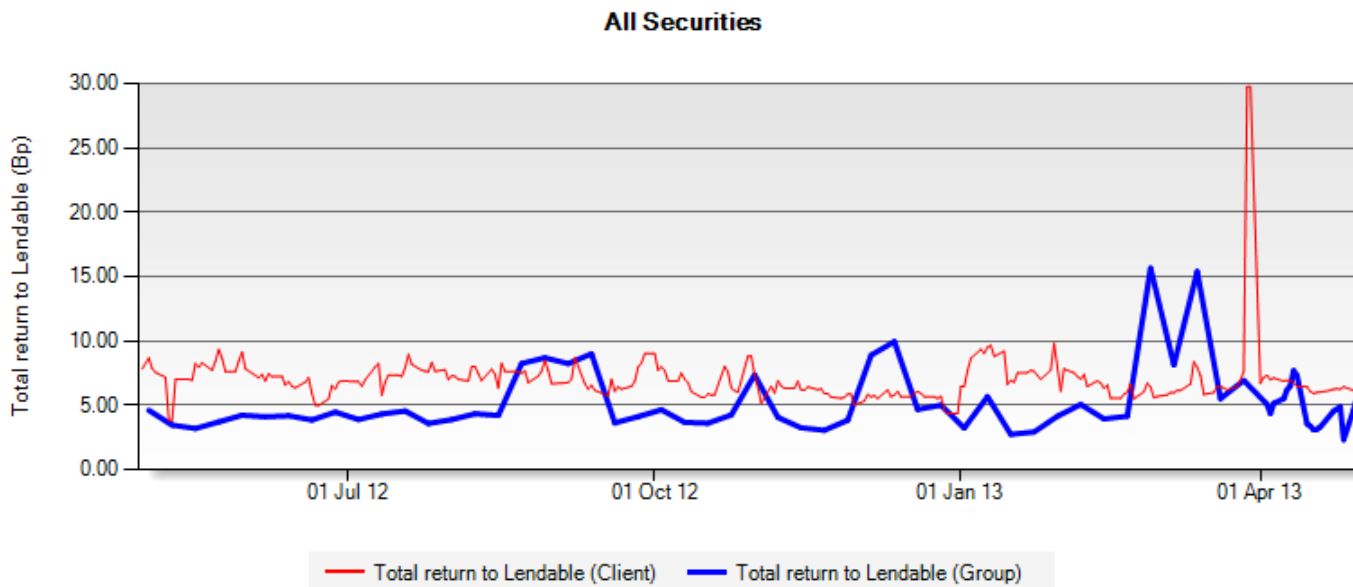
Notes:

- (1) Loan Balance as of March 31, 2013
- (2) Performance data represents past performance and is not a guarantee of future results
- (3) Data Source: Securities Finance Business Intelligence



VCERA's securities lending program with State Street consistently outperforms your peer group

Benchmark Comparison – Total Return to Lendables



Peer group consisting of US domiciled tax exempt lenders (Pension Fund, US Public Fund, ERISA Fund, Public Pension Plan, Non-Public Pension Plan)

As of April 30 2013
 VCERA's Lendable - \$260.3 m
 Group Lendable - \$ 38.5 b

Average Total return to Lendable (Client) : 7.03 (Bp)
 Average Total return to Lendable (Group) : 5.30 (Bp)

Source: Data Explorers Limited – information available on www.performanceexplorer.com

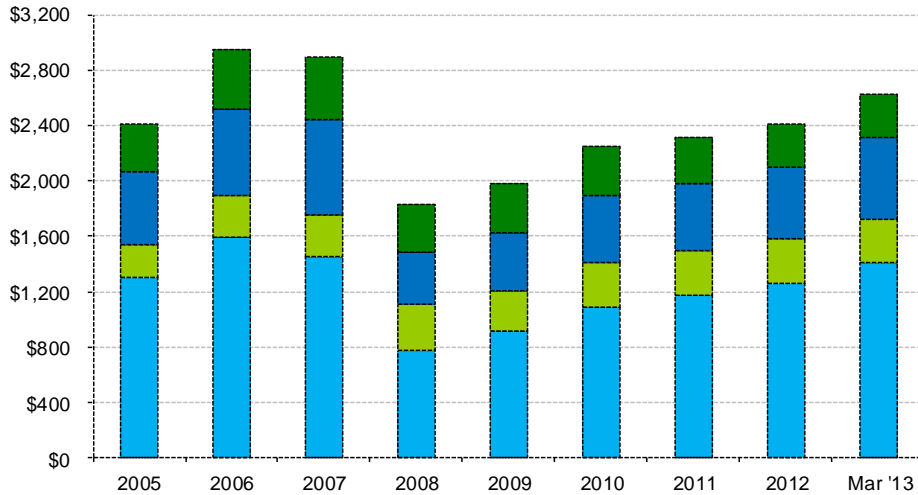
The source data is provided by group participants of Performance Explorer. The market data was from a source believed to be reliable. However because of the possibility of human or mechanical errors, neither State Street, Data Explorers Limited nor any provider of the source data guarantees the accuracy, adequacy or completeness of the information.

Program Update

Market leading securities lending program

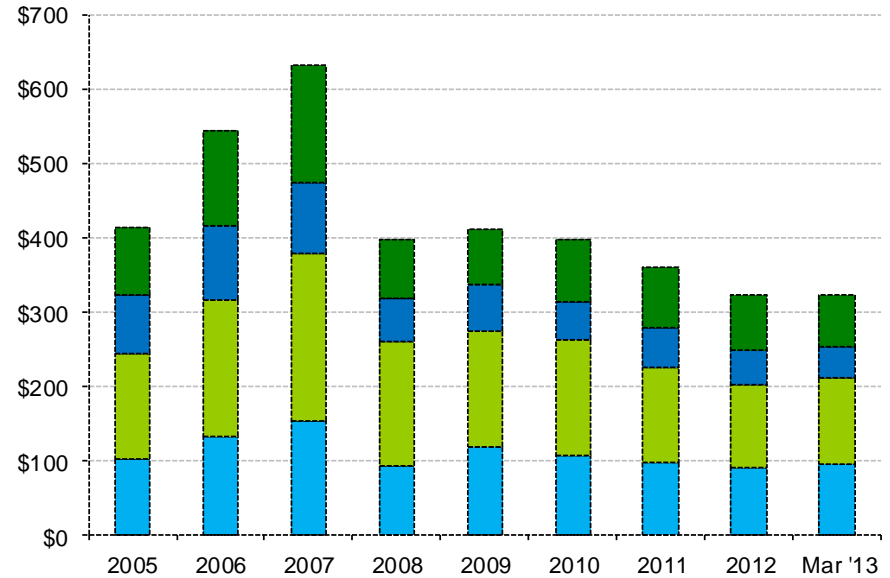
Lendable Assets

\$ Billions



Total on Loan

\$ Billions



Global Presence

Approximately 327 active agency and principal clients worldwide

Approximately 133 borrower relationships

Lending across more than 30 international markets

13 regional locations with 5 trading desks and 3 full service operations centers

Approximately 275 employees dedicated specifically to securities lending activities

The Americas

- **Boston, Massachusetts**
(World Headquarters)
- Los Angeles, California
- Toronto, Ontario

Europe/Middle-East/Africa

- Amsterdam, Netherlands
- Doha, Qatar
- Dublin, Ireland
- Frankfurt, Germany
- **London, England**
- Milan, Italy
- Cape Town, South Africa

Asia/Pacific

- Hong Kong, China
- **Sydney, Australia**
- **Tokyo, Japan**

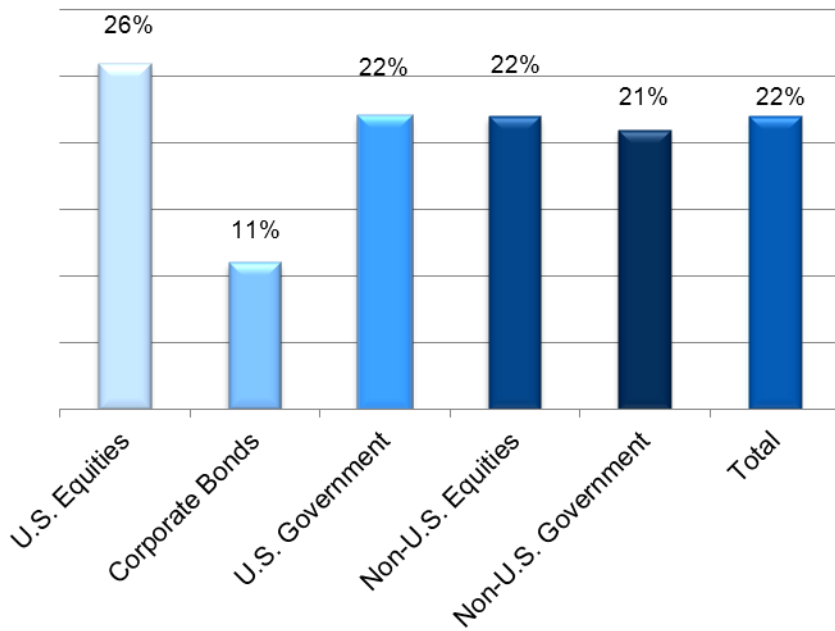
- Full Service Center
- Relationship Management Office
- Relationship Management and Trading Office
- Relationship Management and Operations

State Street Securities Lending Market Share

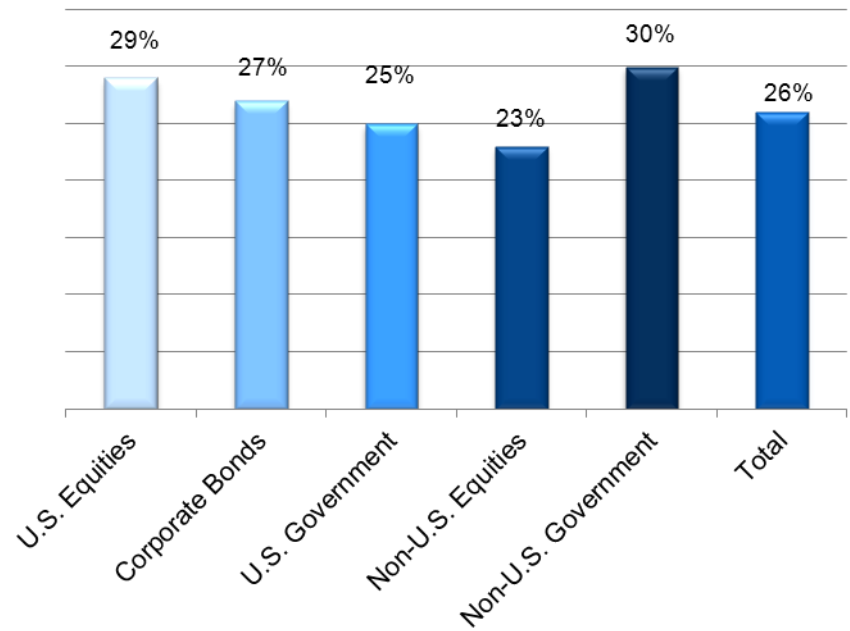
Total on loan balances defined by asset class

On Loan Balances

March 2008



December 2012



Source: The above data is provided by [Data Explorers, Ltd.](#), and is underpinned by source data provided by PerformanceExplorer™ participants and also market data. However, because of the possibility of human or mechanical errors, neither Data Explorers, Ltd., nor the providers of the source or market data can guarantee the accuracy, adequacy or completeness of the information. This summary contains information that is confidential and is the property of Data Explorers, Ltd. It may not be copied, published or used, in whole or in part, for any purpose other than expressly authorized by the owners.

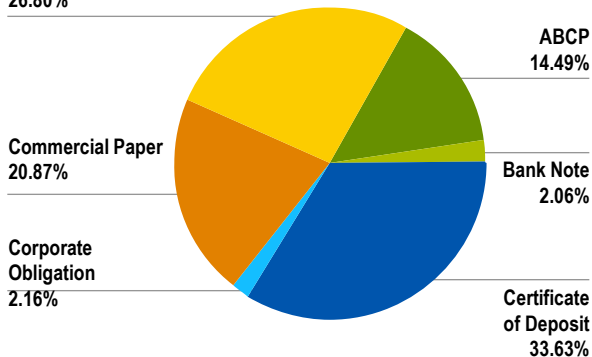
Securities Finance

- Collateral Pool

FC14 — Quality D
Summary Characteristics

As of March 28, 2013	
1-Day Yield ¹	0.29%
Shares Outstanding (in millions)	14,602.39
Floating Rate	28.34
Foreign Issuers ²	17.59
Weighted Average Maturity (WAM) ³	43
Weighted Average Life (WAL) ⁴	91
Fund Price as of 3/28/13	1.00
Number of Holdings	79

Repurchase Agreement
26.80%



Liquidity Schedule	% of Fund
Next Business Day (4 Day)	27.64
5-7 Days Liquidity	1.02
8-14 Days Liquidity	3.06
15-21 Days Liquidity	9.09
22-28 Days Liquidity	1.02
29-35 Days Liquidity	4.06
36-60 Days Liquidity	9.29
61-90 Days Liquidity	11.18
Greater than 90 Days Liquidity	33.65
90 Day Liquidity	66.35

Long-term Ratings	% of Fund
AAA	—
AA	3.90
A	2.98
BBB+	—
BBB	—
BBB-	—
BB+	—
BB	—
BB-	—

Short-term Ratings	% of Fund
A-1+/P-1	17.83
A-1/P-1	68.19
SPLIT	—
Other	7.10

Source: SSgA, Bloomberg. Ratings are from Bloomberg and are S&P. Past performance is not a guarantee of future results.

1. 1 Day yield does not include Management Fees

2. All YCD's and Repo are being reported as Domestic and thus not included in the % Foreign Issuers

3. Weighted Average Maturity (WAM): aggregation of WAM of underlying securities in fund defined as (1) Floating rate securities: Next Reset Date - Current Date; (2) Fixed Rate: Maturity Date - Current Date defined in days

4. Weighted Average Life (WAL): aggregation of WAL of underlying securities in fund defined as (1) Floating rate securities: Expected Maturity Date - Current Date; (2) Fixed Rate: Expected Maturity Date - Current Date (defined in days)

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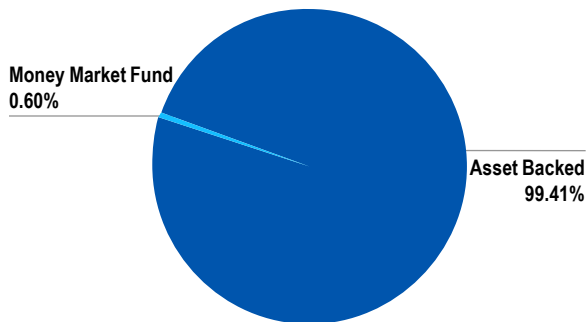
Investing involves risk including the risk of loss of principal.

FC4J — Quality D Duration Summary Characteristics

As of March 28, 2013	
1-Day Yield ¹	0.46%
Shares Outstanding (in millions)	961.56
Floating Rate	99.41
Foreign Issuers ²	76.93
Weighted Average Maturity (WAM) ³	45
Weighted Average Life (WAL) ⁴	1,772
Fund Price as of 3/28/13	0.96
Number of Holdings	37

Liquidity Schedule	% of Fund
Next Business Day (4 Day)	0.56
5-7 Days Liquidity	0.00
8-14 Days Liquidity	0.00
15-21 Days Liquidity	0.00
22-28 Days Liquidity	0.00
29-35 Days Liquidity	0.00
36-60 Days Liquidity	0.00
61-90 Days Liquidity	0.00
Greater than 90 Days Liquidity	99.44
90 DAY LIQUIDITY	0.56

Long-term Ratings	% of Fund
AAA	18.84
AA	40.56
A	31.07
BBB+	—
BBB	7.28
BBB-	—
BB+	—
BB	—
BB-	—
Short-term Ratings	% of Fund
A-1+/P-1	—
A-1/P-1	—
SPLIT	—
Other	2.25



Source: SSGA, Bloomberg. Ratings are from Bloomberg and are S&P. Past performance is not a guarantee of future results.

1. 1 Day yield does not include Management Fees

2. All YCD's and Repo are being reported as Domestic and thus not included in the % Foreign Issuers

3. Weighted Average Maturity (WAM): aggregation of WAM of underlying securities in fund defined as (1) Floating rate securities: Next Reset Date - Current Date; (2) Fixed Rate: Maturity Date - Current Date defined in days

4. Weighted Average Life (WAL): aggregation of WAL of underlying securities in fund defined as (1) Floating rate securities: Expected Maturity Date - Current Date; (2) Fixed Rate: Expected Maturity Date - Current Date (defined in days)

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Investing involves risk including the risk of loss of principal.

Quality D Collateral Pool Allocation

- December 31, 2010 collateral pool allocation
 - Liquidity Pool ~ \$152.9 (68.9%)
 - Duration Pool ~ \$ 69.0 (31.1%)
- June 30, 2011 allocation
 - Liquidity Pool ~ \$ 74.8 (61.1%)
 - Duration Pool ~\$ 47.7 (38.9%)
- December 31, 2011 allocation
 - Liquidity Pool ~ \$ 64.7 (73.7%)
 - Duration Pool ~ \$ 23.0 (26.3%)
- April 30, 2013 collateral pool allocation
 - Liquidity Pool ~ \$ 49.2 (84.4%)
 - Duration Pool ~ \$ 9.1 (15.6%)
- The Quality D duration fund has received over \$7.0 b in maturities and pay-downs
- The collateral pools have not experienced any defaults

Thank You



STATE STREET®



Ventura County Employees' Retirement Association

First Quarter 2013

Hewitt EnnisKnupp, Inc.

10 South Riverside Plaza, Suite 1600

Chicago, IL 60606

phone: 1-312-715-1700

fax: 1-312-715-1952

www.hewittennisknupp.com

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Market Environment

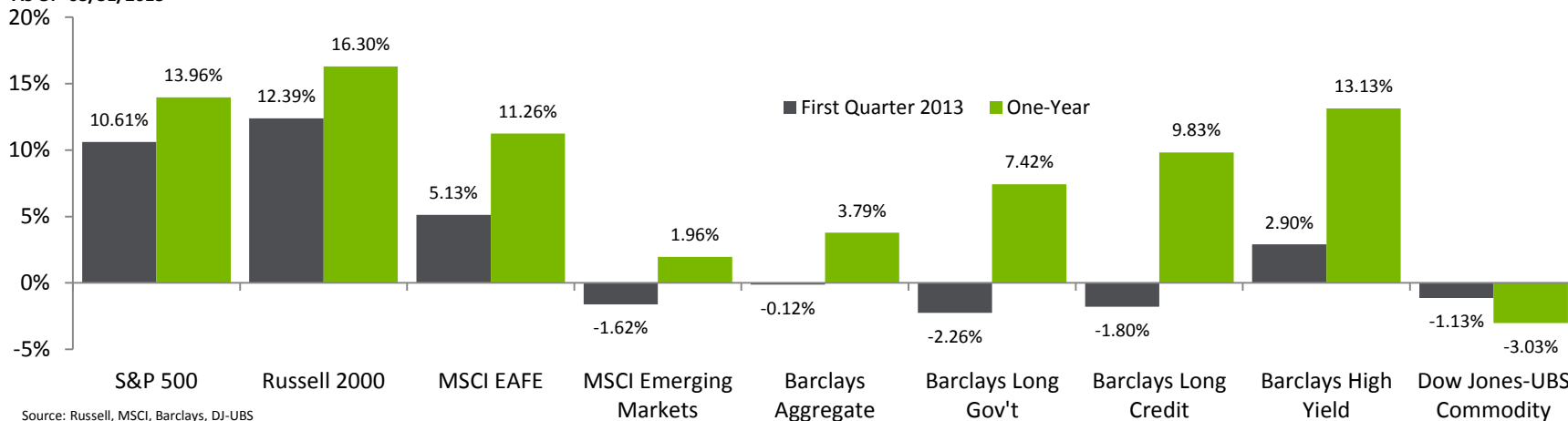
First Quarter 2013

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Market Highlights

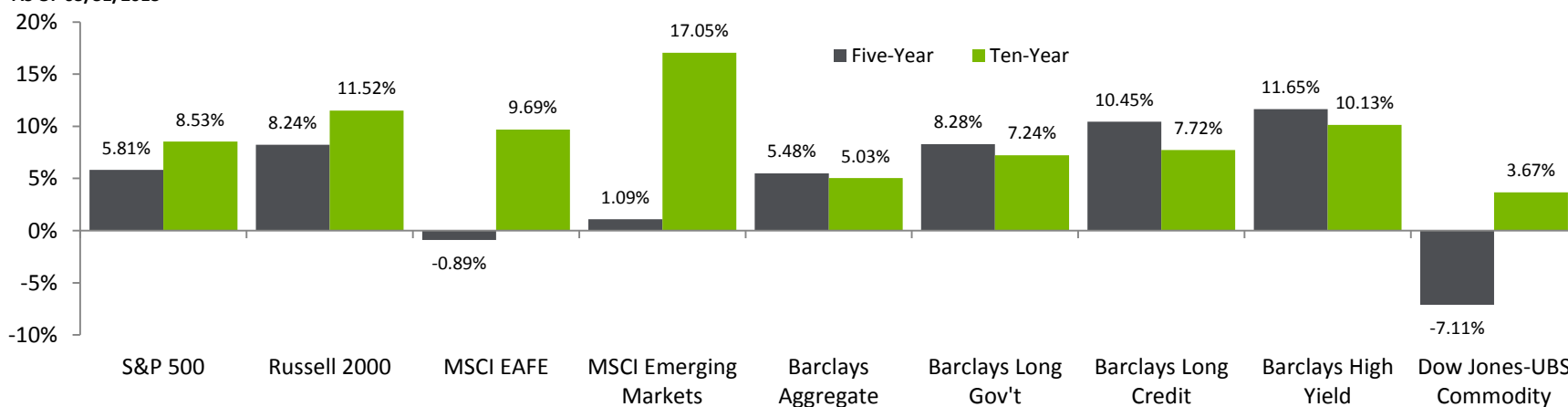
SHORT TERM RETURNS

AS OF 03/31/2013



LONG TERM ANNUALIZED RETURNS

AS OF 03/31/2013



Market Highlights

Returns of the Major Capital Markets						
	Periods Ending 03/31/2013					
	First Quarter	Year-to-Date	1-Year	3-Year ¹	5-Year ¹	10-Year ¹
Equity						
MSCI All Country World IMI	6.90%	6.90%	10.95%	8.13%	2.58%	9.87%
MSCI All Country World	6.50%	6.50%	10.55%	7.78%	2.06%	9.36%
Dow Jones U.S. Total Stock Market	11.07%	11.07%	14.49%	13.08%	6.48%	9.43%
Russell 3000	11.07%	11.07%	14.57%	12.97%	6.32%	9.15%
S&P 500	10.61%	10.61%	13.96%	12.68%	5.81%	8.53%
Russell 2000	12.39%	12.39%	16.30%	13.45%	8.24%	11.52%
MSCI All Country World ex-U.S. IMI	3.57%	3.57%	8.62%	4.71%	-0.03%	11.33%
MSCI All Country World ex-U.S.	3.17%	3.17%	8.36%	4.41%	-0.39%	10.93%
MSCI EAFE	5.13%	5.13%	11.26%	5.00%	-0.89%	9.69%
MSCI EAFE (100% Hedged)	8.79%	8.79%	13.27%	1.59%	-1.75%	5.22%
MSCI EAFE (Local Currency)	9.67%	9.67%	16.73%	4.34%	0.74%	7.46%
MSCI Emerging Markets	-1.62%	-1.62%	1.96%	3.27%	1.09%	17.05%
Fixed Income						
Barclays Global Aggregate	-2.10%	-2.10%	1.25%	4.52%	3.65%	5.47%
Barclays Aggregate	-0.12%	-0.12%	3.79%	5.54%	5.48%	5.03%
Barclays Long Gov't	-2.26%	-2.26%	7.42%	12.39%	8.28%	7.24%
Barclays Long Credit	-1.80%	-1.80%	9.83%	12.05%	10.45%	7.72%
Barclays Long Gov't/Credit	-1.98%	-1.98%	8.94%	12.31%	9.55%	7.52%
Barclays US TIPS	-0.37%	-0.37%	5.67%	8.56%	5.88%	6.32%
Barclays High Yield	2.90%	2.90%	13.13%	11.24%	11.65%	10.13%
SSB Non-U.S. WGBI	-3.83%	-3.83%	-2.16%	3.33%	2.28%	5.58%
JP Morgan EMBI Global (Emerging Markets)	-2.30%	-2.30%	10.44%	10.55%	9.81%	10.59%
Commodities						
Dow Jones-UBS Commodity	-1.13%	-1.13%	-3.03%	1.42%	-7.11%	3.67%
Goldman Sachs Commodity	0.55%	0.55%	-4.96%	3.04%	-9.74%	2.34%
Hedge Funds						
HFRI Fund-Weighted Composite ²	3.81%	3.81%	5.46%	4.05%	3.02%	6.99%
HFRI Fund of Funds ²	3.36%	3.36%	4.78%	2.10%	-0.24%	3.85%
Real Estate						
NAREIT U.S. Equity REITS	8.19%	8.19%	15.29%	17.17%	6.83%	12.44%
NCREIF ODCE ³	2.69%	2.69%	10.79%	15.13%	-0.84%	6.80%
Private Equity						
Thomson Reuters VentureXpert ⁴	3.75%	9.11%	13.49%	13.63%	4.47%	12.54%
Infrastructure						
Macquarie Global Infrastructure - North America	12.00%	12.00%	16.68%	16.37%	7.28%	13.47%

MSCI Indices and NCREIF ODCE show net returns.

MSCI EAFE (100% Hedged) shows price return.

All other indices show total returns.

¹ Periods are annualized.

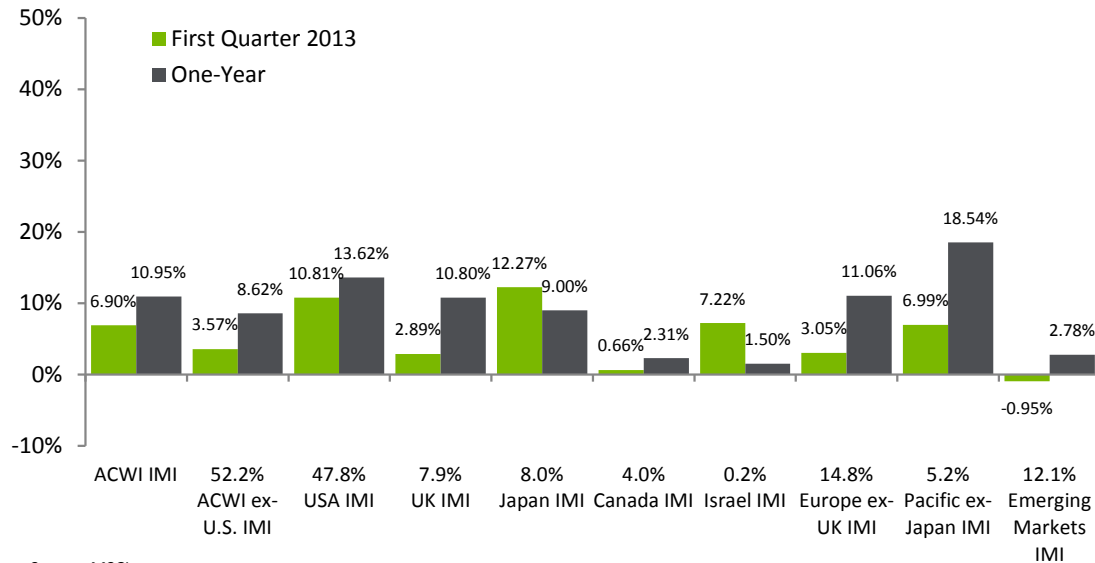
² Latest 5 months of HFR data are estimated by HFR and may change in the future.

³ First quarter results are preliminary.

⁴ Benchmark is as of 09/30/2012.

Global Equity Markets

**GLOBAL MSCI IMI INDEX RETURNS
AS OF 03/31/2013**

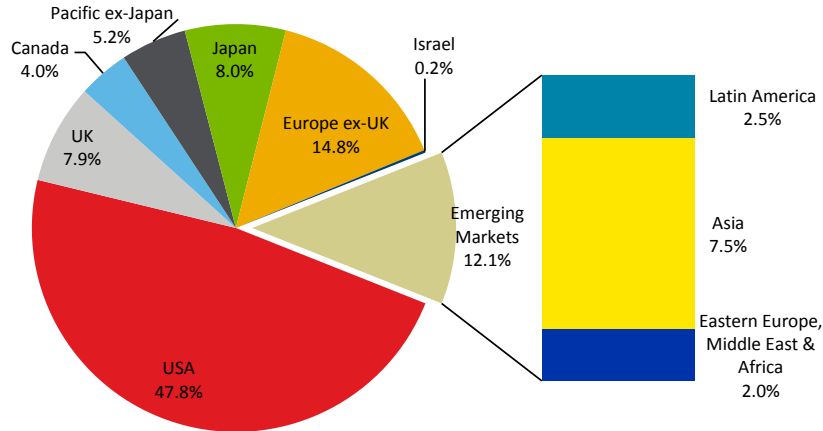


Source: MSCI

- Equity markets posted positive returns during the quarter despite Eurozone worries resulting from an Italian election in which no party claimed a majority, corruption allegations in Spain, and a Cypriot bailout. Equity markets were pushed higher by positive U.S. economic data and the U.S. fiscal cliff deal that was reached at the beginning of the quarter.
- Japan proved to be the best performing region as investors were pleased with the Prime Minister's ongoing pressure to increase the money supply. The worst performing region was Emerging Markets.

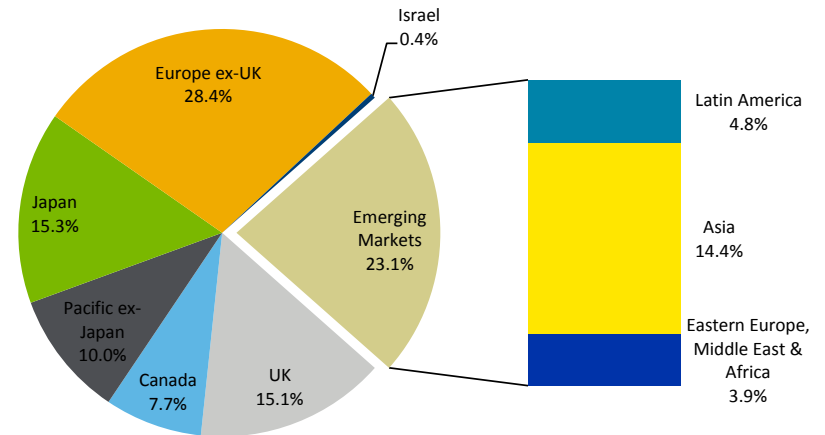
Global Equity Markets

**MSCI ALL COUNTRY WORLD IMI INDEX
GEOGRAPHIC ALLOCATION AS OF 03/31/2013**



Source: MSCI

**MSCI ALL COUNTRY WORLD EX-U.S. IMI INDEX
GEOGRAPHIC ALLOCATION AS OF 03/31/2013**

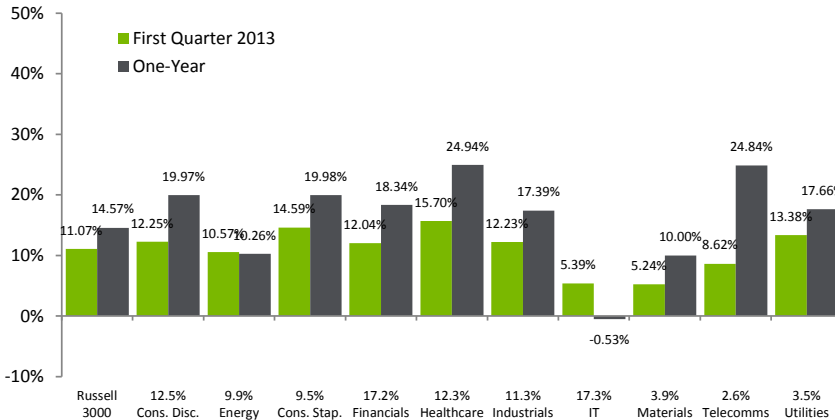


Source: MSCI

- The two exhibits on this slide illustrate the percentage that each country/region represents of the global equity market as measured by the MSCI All Country World IMI Index and the MSCI All Country World ex-U.S. IMI Index.

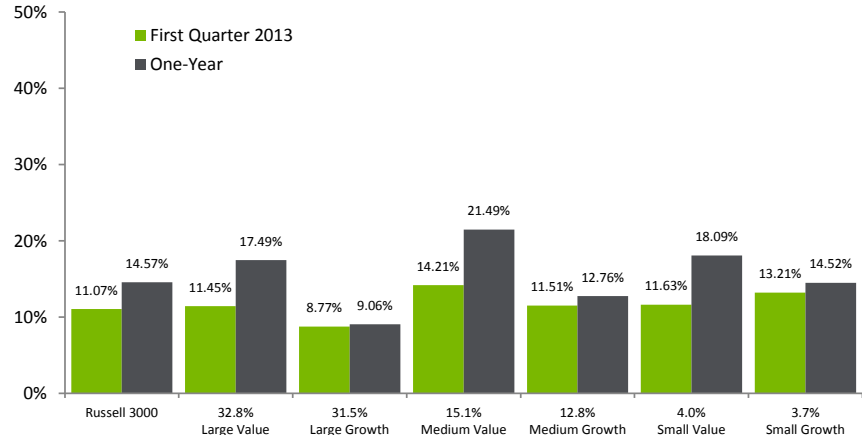
U.S. Equity Markets

**RUSSELL GICS SECTOR RETURNS
AS OF 03/31/2013**



Source: Russell Indexes

**RUSSELL STYLE RETURNS
AS OF 03/31/2013**

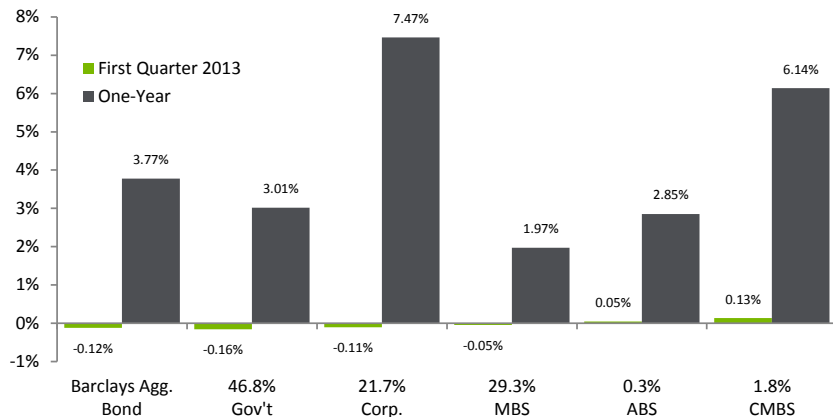


Source: Russell Indexes

- 2013 started strong for U.S. equities as Congress acted to delay negotiations regarding the debt ceiling. The rally continued through the second half of the quarter as fourth quarter earnings proved to be strong with roughly three-fourths of companies meeting or beating expectations.
- The Russell 3000 rose 11.07% during the quarter and returned 14.57% over the one-year period.
- The Healthcare, Consumer Staples, Utilities, Consumer Discretionary, and Industrial sectors were the best performing sectors during the first quarter, posting returns of 15.70%, 14.59%, 13.38%, 12.25%, and 12.23%, respectively. The Materials and Information Technology sectors were the worst performing areas, producing returns of 5.24% and 5.39%, respectively, during the first quarter.
- Overall, mid cap outperformed both small cap and large cap during the first quarter. Value outperformed growth in the large and mid cap sectors but growth prevailed amongst small cap stocks during the quarter.

U.S. Fixed Income Markets

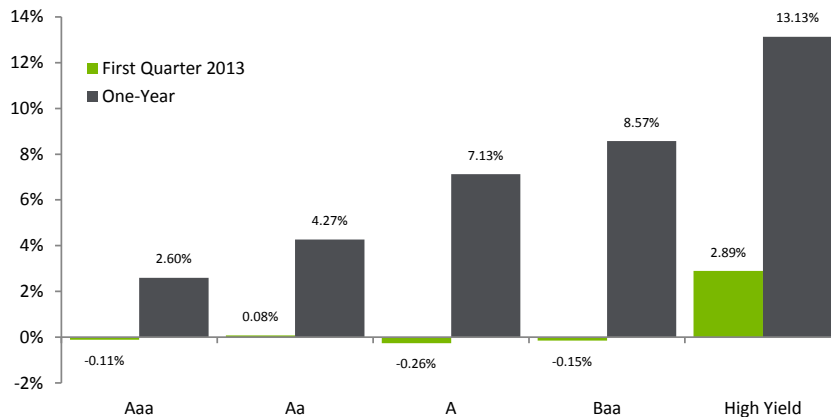
BARCLAYS AGGREGATE RETURNS BY SECTOR
AS OF 03/31/2013



Source: Barclays Live

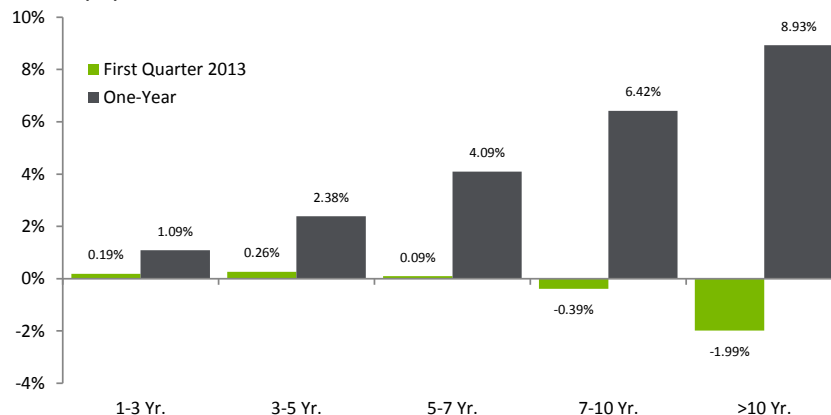
- The Barclays Aggregate Bond Index returned -0.12% in the first quarter.
- Commercial mortgage-backed securities and asset-backed securities were the strongest performing sectors, returning 0.13% and 0.05%, respectively, over the course of the first quarter.
- In the investment grade market, higher quality bonds outperformed lower quality bonds during the first quarter.
- High yield bonds outperformed investment grade bonds as investors sought yield in a low interest rate environment.
- From a maturity perspective, shorter term bonds outperformed, with the 1-3 yr. and 3-5 yr. posting positive returns of 0.19% and 0.26%, respectively, during the first quarter.

BARCLAYS AGGREGATE RETURNS BY QUALITY AND HIGH YIELD RETURNS
AS OF 03/31/2013



Source: Barclays Live

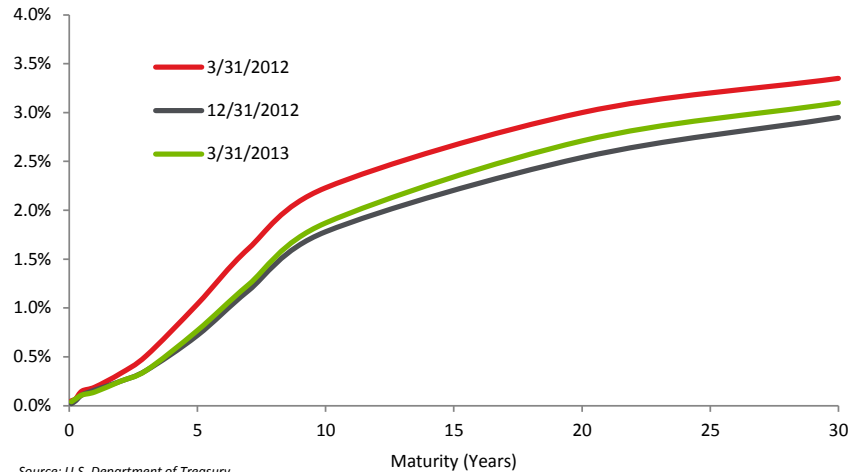
BARCLAYS AGGREGATE RETURNS BY MATURITY
AS OF 03/31/2013



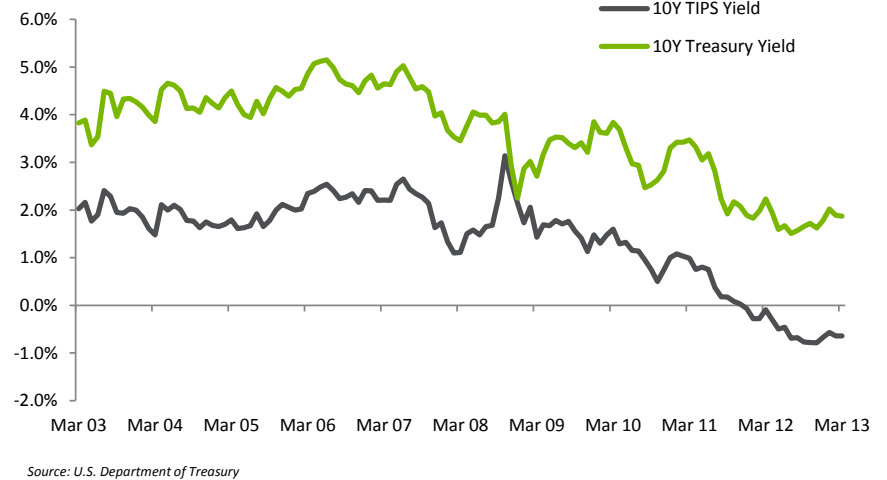
Source: Barclays Live

U.S. Fixed Income Markets

U.S. TREASURY YIELD CURVE



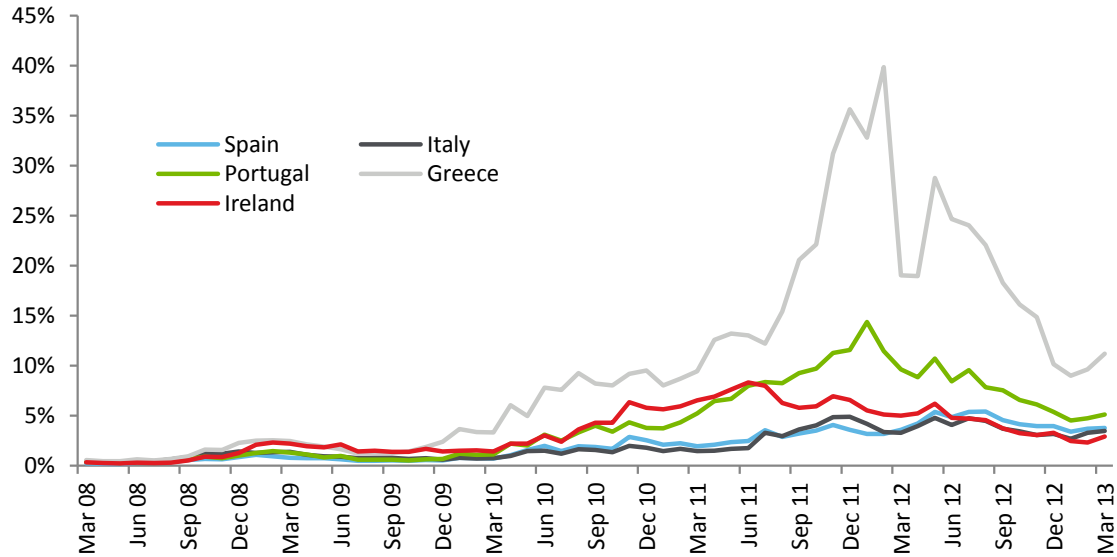
U.S. 10-YEAR TREASURY AND TIPS YIELDS



- The Treasury yield curve steepened during the quarter; both the intermediate (1 to 10 years) and the long-term segments of the yield curve rose.
- The 10-year U.S. Treasury yield ended the quarter at a yield of 1.87%, roughly 9 basis points higher than its level at the beginning of the quarter.
- 10-year TIPS yields remained in negative territory, but rose by 3 basis points to -0.64% over the quarter.

European Fixed Income Markets

**EUROZONE PERIPHERAL BOND SPREADS
(10-YEAR SPREADS OVER GERMAN BUNDS)**



Source: DataStream

- Cyprus was one of the focal points of the Eurozone debt crisis during the quarter as issues arose around the terms of the losses that depositors should face in the country's bailout. By the end of the quarter, Cyprus re-opened its banks after accepting €10 billion of financial aid under the condition that Cypriot bank depositors with deposits over €100,000 would bear significant losses.

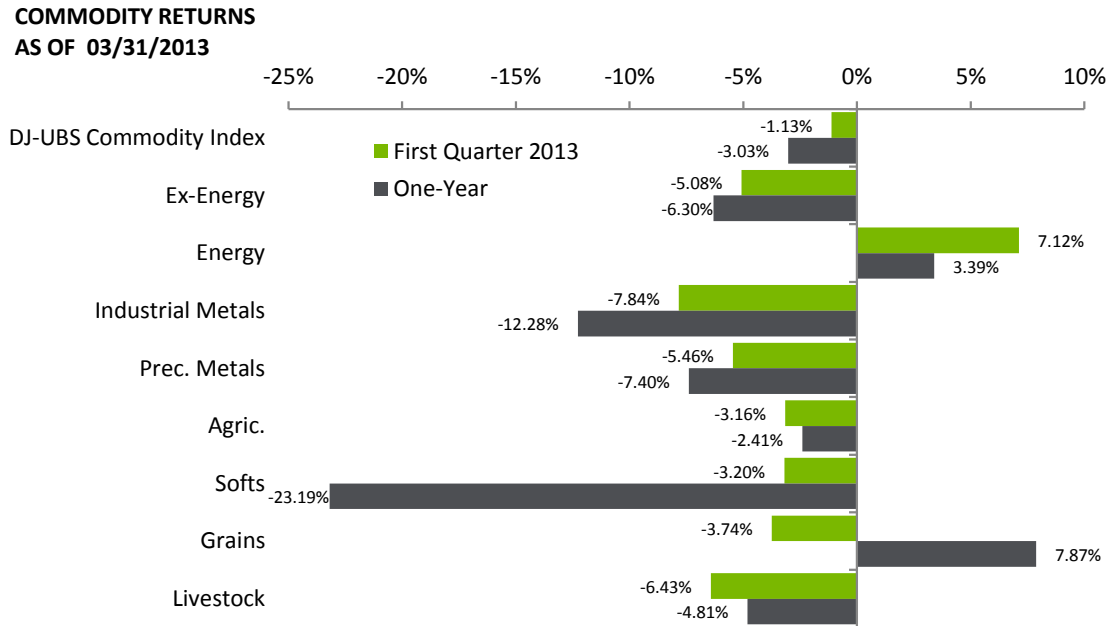
Credit Spreads

Spread (bps)	3/31/2013	12/31/2012	3/31/2012	Quarterly Change (bps)	1-Year Change (bps)
U.S. Aggregate	56	53	64	2	-8
Long Gov't	4	4	5	0	-1
Long Credit	183	180	198	3	-15
Long Gov't/Credit	113	109	114	3	-1
MBS	58	50	52	8	6
CMBS	133	124	221	9	-89
ABS	49	43	65	6	-16
Corporate	139	141	176	-2	-37
High Yield	457	511	576	-54	-119
Global Emerging Markets	287	293	359	-6	-72

Source: Barclays Live

- Credit spreads rose modestly across most markets during the quarter with the exceptions of Long Government, Corporate, High Yield, and Global Emerging Markets.
- The High Yield segment experienced the largest drop in spreads during both the quarter and the one-year period.
- Credit spreads across most segments as of March 31, 2013 were lower relative to a year prior with the exception of MBS, which rose by 6 bps.

Commodities

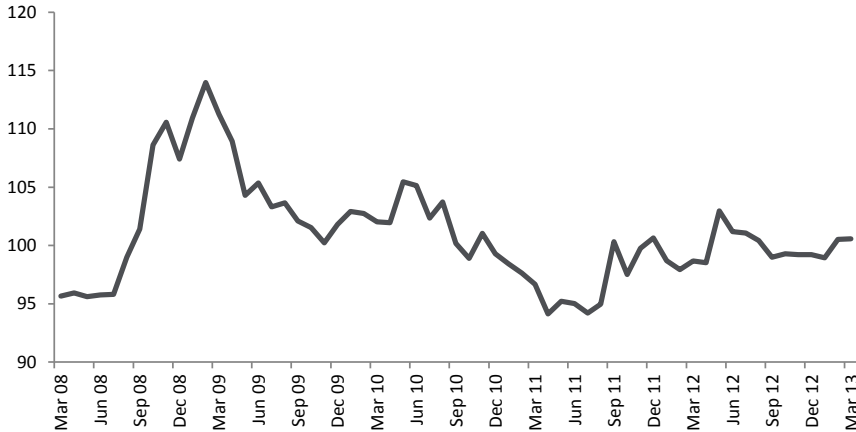


Source: Dow Jones-UBS

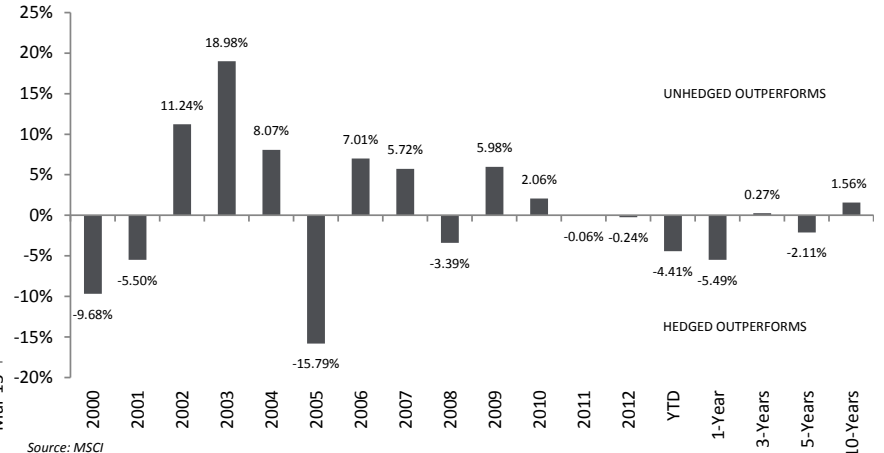
- Driven by negative returns across most market sectors, the Dow Jones-UBS Commodity Index decreased by 1.13% during the first quarter.
- The strongest and only positive performing segment of the market was Energy with a return of 7.12% during the quarter.
- Industrial Metals and Livestock were the worst performing sectors of the market during the first quarter with returns of -7.84% and -6.43%, respectively.

Currency

**TRADE WEIGHTED U.S. DOLLAR INDEX
(1997 = 100)**



**DIFFERENCE BETWEEN MSCI EAFE UNHEDGED AND HEDGED INDICES
AS OF 03/31/2013**



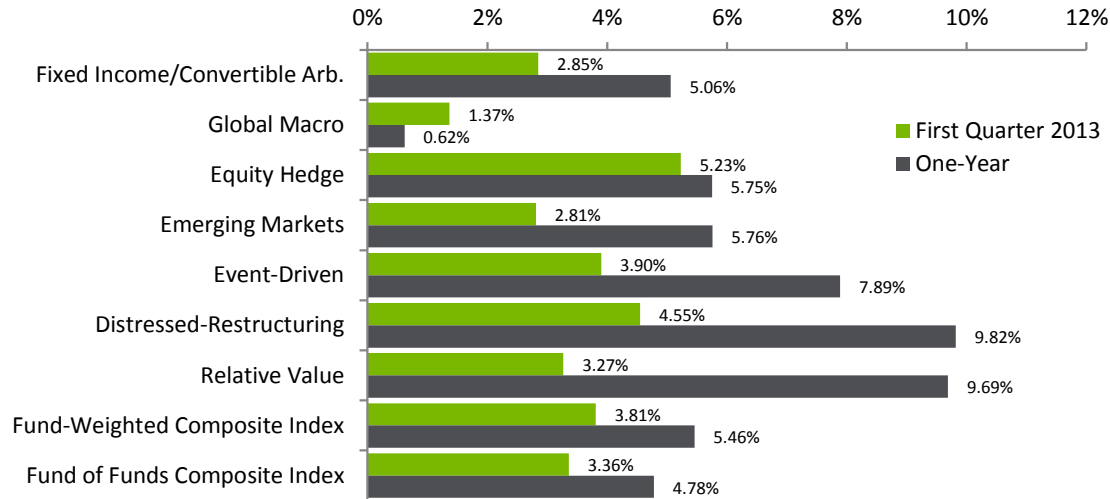
Source: Federal Reserve

Source: MSCI

- As measured through the broad trade weighted U.S. dollar index, the U.S. dollar appreciated during the quarter and the one year period.
- The MSCI EAFE Unhedged Index significantly underperformed the MSCI EAFE 100% Hedged Index during the year-to-date period reflecting the appreciation of the U.S. dollar. The Unhedged index underperformed the Hedged index during the trailing 1 and 5 year periods.

Hedge Fund Markets Overview

HEDGE FUND PERFORMANCE AS OF 03/31/2013



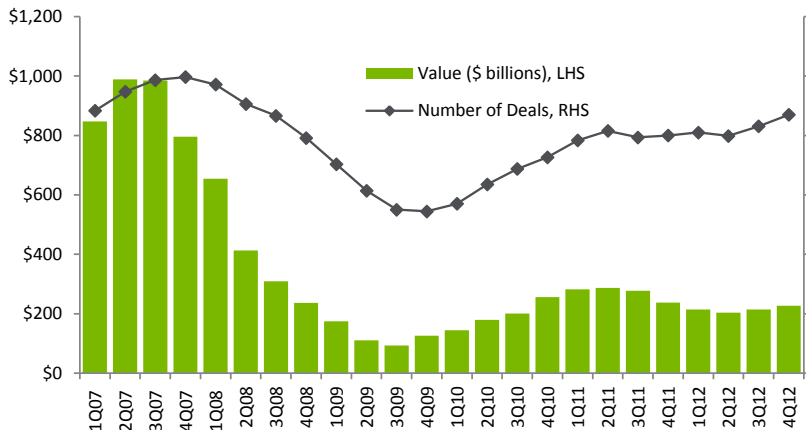
Note: Latest 5 months of HFR data are estimated by HFR and may change in the future.

Source: HFR

- All major hedge fund strategies types posted positive returns in the first quarter and one-year period. The HFRI Fund-Weighted Composite Index and the HFRI Fund of Funds Composite Index produced returns of 3.87% and 3.46%, respectively, during the first quarter.
- Equity Hedge and Distressed-Restructuring strategies were the strongest performers during the quarter gaining 5.29% and 4.37%, respectively.

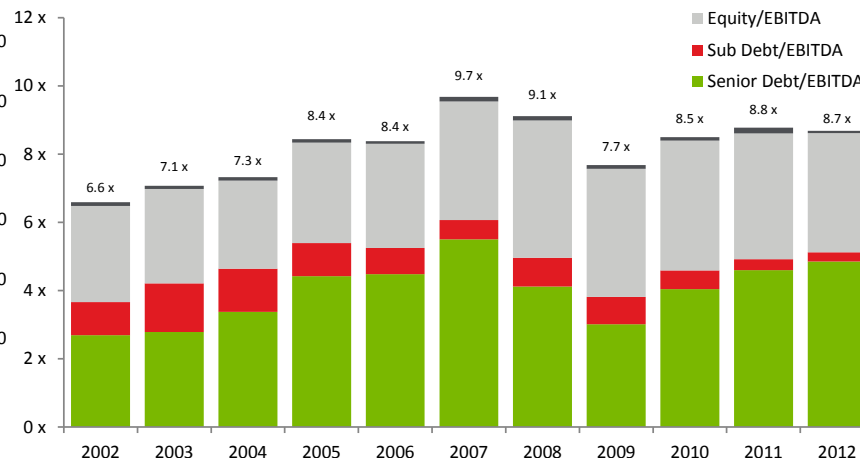
Private Equity Market Overview – Q4 2012

**LTM GLOBAL SPONSOR M&A DEAL VOLUME AND VALUE
(TRAILING 12 MONTH DATA)**



Source: ThomsonOne

PURCHASE PRICE MULTIPLES

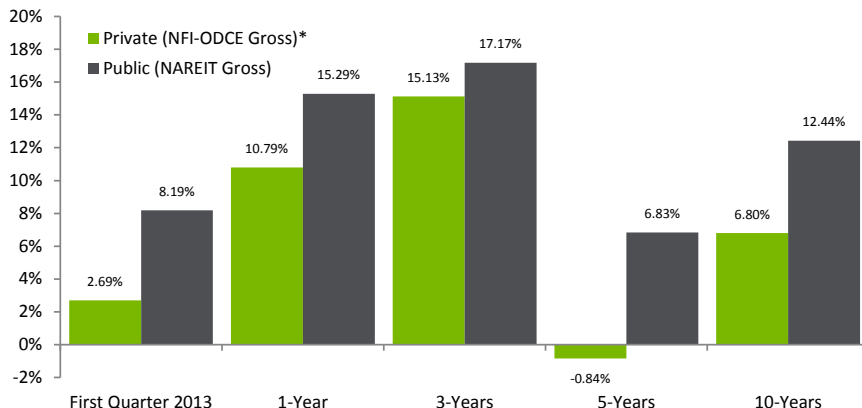


Source: S&P

- **Fundraising:** \$265 billion was raised in 2012, which is flat with 2011. This is a healthy but not excessive levels and is the well below the peak pre-crisis levels (\$490B). Dry powder available to invest is significant (\$789B) but decreasing and resides primarily within large cap and mega funds.
- **Buyout:** The number and value of deals completed is trending up but is 33.5% below the ten year average. Some mega deals are getting done although small and middle market deals comprise bulk of the number of deals. Purchase price multiples remained relatively steady for last three years; European and US large cap prices are above their 10 year average while middle market is at its 10 year average. Europe activity remains slow due to economic uncertainty.
- **Venture capital:** \$25.5 billion was invested in new deals, lagging the solid \$29 billion in 2011. Pre money valuations stabilized with exception of series B valuations which increased 34% to levels not seen since 2007. Exit activity was slightly lower than 2011 due to reduced M&A activity and poor performance of consumer technology IPO's.
- **Mezzanine:** U.S. mezzanine lenders are getting squeezed out of larger transactions due to robust and less expensive high yield market. In smaller deals mezzanine is facing competition from senior lenders who are beginning to provide higher levels of leverage.
- **Distressed Debt:** Investment activity remains low due to high refinance activity and continued low high yield default rates; looking forward to 2013-2014 attractive opportunities exist primarily in mid to lower cap market and in Europe where bulk of troubled situations have yet to be resolved.
- **Secondaries:** \$20 billion raised which is the highest level since 2008. \$24 billion of deals was completed, the second highest level for this strategy. Purchase prices for buyout funds increased to 90% of value due to improving valuations, increased expected liquidity and higher levels of capital raised. Venture pricing fell to 69% of value, but is largely contingent on the specific fund being priced. Solid activity expected in 2013 but smaller transactions and lesser quality assets.
- **Infrastructure:** \$23.2 billion raised, 5% greater than 2011. Infrastructure debt funds are being raised to replace the void left by the banks. Activity plateaued at lower levels due debt availability and increased regulation in Europe.

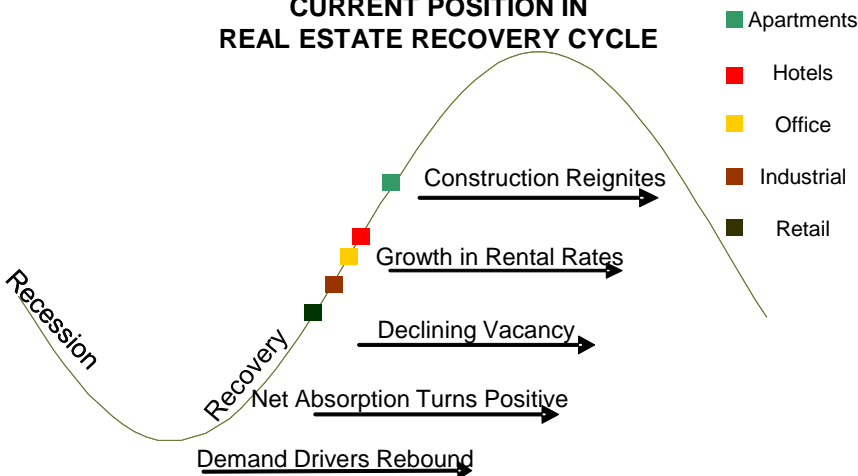
U.S. Commercial Real Estate Markets

PRIVATE VS. PUBLIC REAL ESTATE RETURNS
AS OF 03/31/2013



*First quarter returns are preliminary
Sources: NCREIF, NAREIT

CURRENT POSITION IN
REAL ESTATE RECOVERY CYCLE



2013 U.S. Real Estate Outlook:

- U.S. economy expected to remain in slow-growth mode for much of 2013, though still strong enough to support continued measured improvements in real estate fundamentals
- New supply expected to become more noticeable in 2013, first in apartments with some uptick in industrial as well; other new property type deliveries are still well restrained
- Current low interest rate environment continues to support price recovery/growth
 - Relative value of Real Estate versus other asset classes remains attractive
- Core rebound is mature and returns are expected to continue to moderate (consensus NPI forecast range is 6–9%...generally in line with long-term average)
 - Still solid investment option for long term investors seeking diversification and yield
 - Consider debt plays as a substitute for Core returns (also good alternative for fixed income)
- Non Core opportunities remain in the sector's sweet spot, with above average return potential
 - Distress, recapitalization, lease up, repositioning, even some development attractive
- Headwinds remain, both domestic and global, thus don't discount the potential for above average volatility in the sector to continue



Total Fund

Highlights

Return Summary

	Qtr	1 Yr	3 Yrs	5 Yrs
Dow Jones US Total Stock Index	11.1 %	14.5 %	13.1 %	6.5 %
MSCI All Country World ex-U.S. Index	3.2 %	8.4 %	4.4 %	-0.4 %
MSCI EAFE Index	5.1 %	11.3 %	5.0 %	-0.9 %
MSCI Emerging Markets Index	-1.6 %	2.0 %	3.3 %	1.1 %
MSCI All Country World Index	6.5 %	10.6 %	7.8 %	2.1 %
Barclays Aggregate Bond Index	-0.1 %	3.8 %	5.5 %	5.5 %

1Q 2013 Market Commentary

Financial markets surged during the first quarter of 2013 as the S&P 500 (+10.6%) hit a new all-time closing record at the end of the quarter, fueled by positive economic data in the U.S. and the U.S. fiscal cliff deal that was reached at the beginning of the quarter.

According to the Bureau of Labor Statistics (BLS), the unemployment rate dropped from 7.8% to 7.6%, and U.S. employers created 481,000 jobs in the first quarter. It is noteworthy to mention that had the BLS used the 2009 labor force participation rate, the current unemployment rate would be nearly 11%, highlighting the growing trend of unemployed Americans not actively seeking work while unemployed and thereby not being included in the unemployment rate. During the 1-year period through January, home prices continued their upward trend increasing 7.3%, as measured by the S&P/Case Shiller Index, signaling that the real estate market may have found a floor during the second quarter of 2012 amidst an environment with sub-4% 30 year mortgage rates and population growth exceeding the rate of new home construction.

The Federal Open Market Committee (FOMC) again decided to keep the target range for the federal funds rate at 0-0.25%. Additionally, the Fed has committed to continue QE3 until economic conditions improve, specifically, keeping rates exceptionally low until unemployment falls below 6.5%, or inflation exceeds 2.5%.

The U.S. equity market, as measured by the Dow Jones U.S. Total Stock Market Index, gained 11.1% during the first quarter. Performance based on capitalization and style was mixed, with mid-cap value stocks performing best, while large-cap growth stocks were the worst performing. Materials was the worst performing sector during the quarter, gaining 5.2%, while the Healthcare sector was the best performing sector, gaining 15.7% during the quarter.

Japan (+12.3%) proved to be the best performing region as investors were pleased with the Prime Minister's ongoing pressure to increase the money supply, while Emerging Markets was the worst performing region, due to flat demand in commodities, one of the primary drivers of Emerging Markets returns. The non-U.S. equity market, as measured by the MSCI All Country World ex-U.S. Investable Market Index, rose 3.6% during the quarter, while emerging markets fell 1.6%, according to the MSCI Emerging Market Index.

The U.S. bond market, as measured by the Barclays Aggregate Bond Index, returned -0.1% during the first quarter. Long duration bonds underperformed intermediate and short duration bonds as the yield curve rose during the quarter. High yield bonds gained 2.9%, as investors sought yield in a low interest rate environment.

Highlights

Commentary on Investment Performance

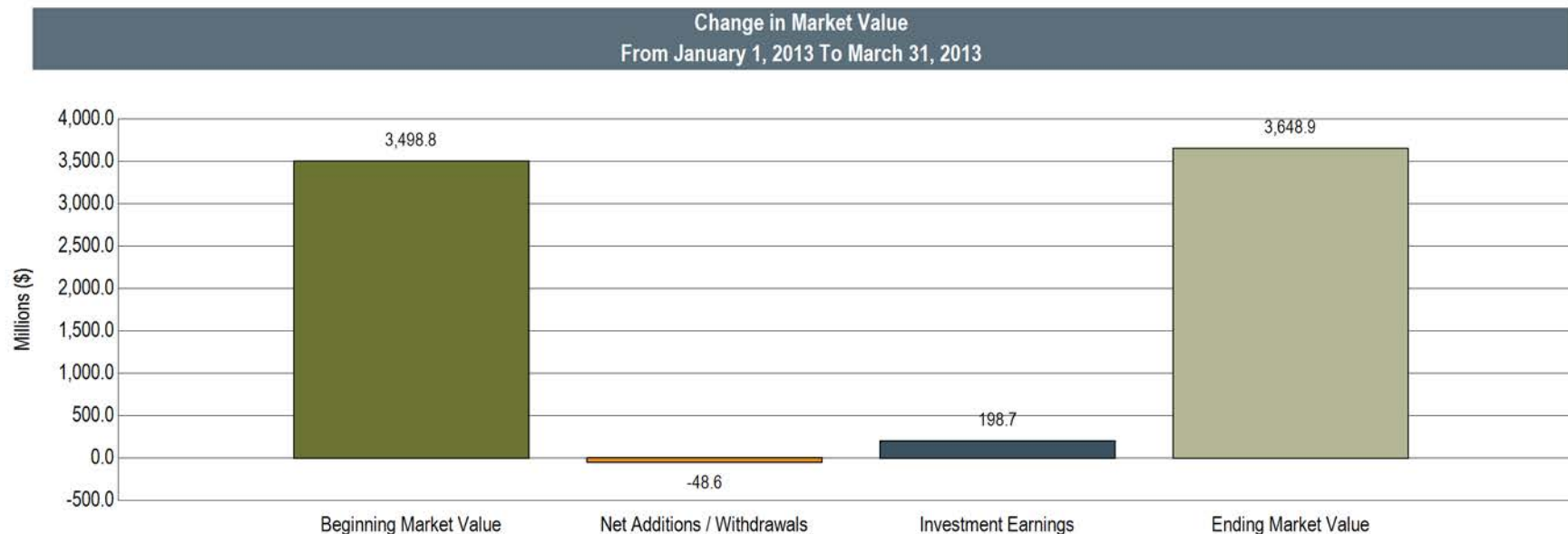
The Total Fund returned 5.6% during the first quarter, outperforming the return of the Policy Portfolio by 32 basis points. The Fund's U.S. Fixed Income component added value over the benchmark, as well as the Non-U.S. Equity component. Partially offsetting results were the below-benchmark returns from the Global Equity and Global Fixed Income components.

For the one-year ending March 31, 2013, the Total Fund advanced 10.7%, outpacing the return of the Policy Portfolio by 85 basis points. Overperformance was mainly attributed to above-benchmark returns from the U.S. Fixed Income, U.S. Equity and Non-U.S. Equity components.

The Total Fund's longer-term relative performance has been showing positive divergence over the Policy Portfolio. The Total Fund has outperformed the return of its benchmark during the trailing five-year and three-year period, and has matched the benchmark for the trailing ten-year period. The Fund's annualized since inception return rose to 8.1%, outperforming the Policy Portfolio.

The attribution analysis exhibits on page 30 provide additional information regarding each sub-component's contribution to performance during the quarter and one-year period.

Plan Summary

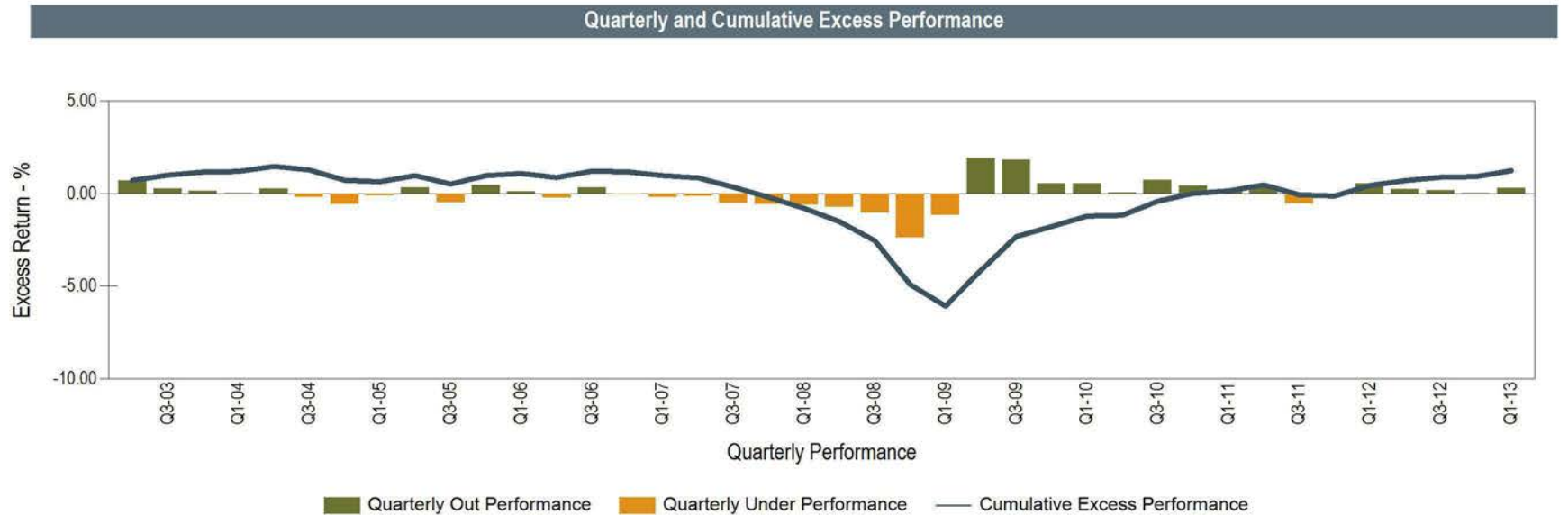
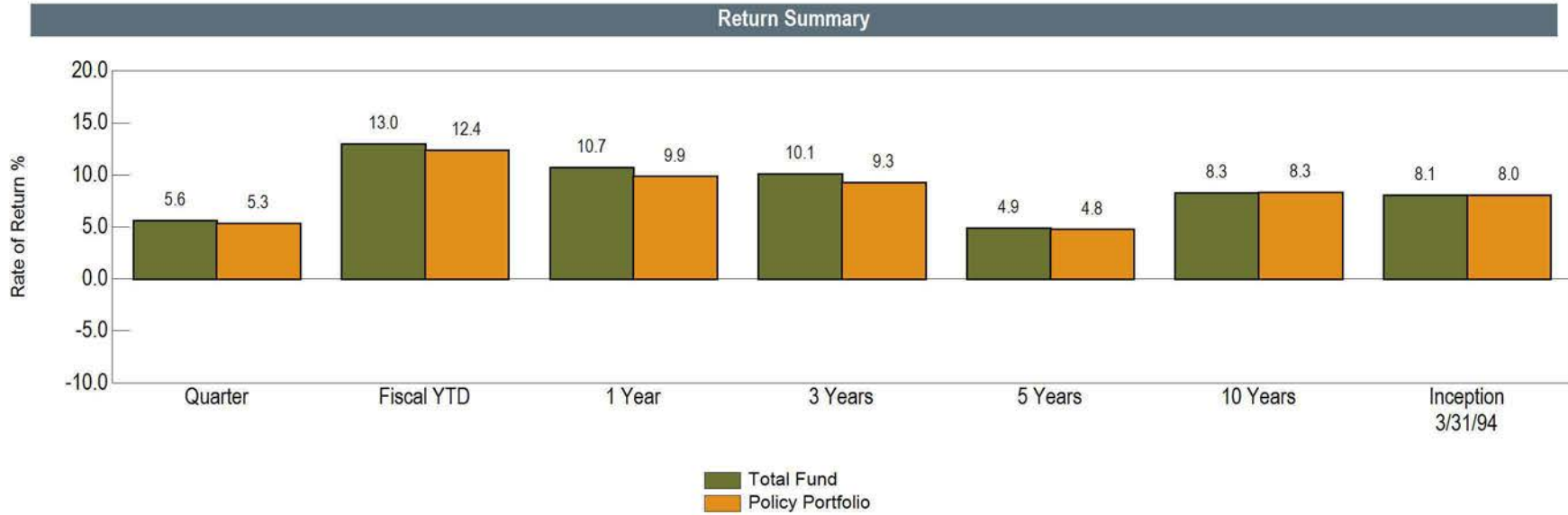


Summary of Cash Flows

Sources of Portfolio Growth	First Quarter	One Year
Beginning Market Value	\$3,498,758,840	\$3,294,661,872
Net Additions/Withdrawals	-\$48,643,215	\$107,697,972
Investment Earnings	\$198,745,725	\$246,501,505
Ending Market Value	\$3,648,861,350	\$3,648,861,350

Plan Performance

Benchmark: Policy Portfolio



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

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

Returns

As of March 31, 2013

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

	1st Quarter	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
Loomis Sayles Global Fixed Income	-1.1	2.9	--	--	--	--	2.9	6/30/12
Barclays Capital Global Aggregate Bond Index	-2.1	0.6	--	--	--	--	0.6	
PIMCO Global Fixed Income	-1.5	--	--	--	--	--	-1.8	9/30/12
Barclays Capital Global Aggregate Bond Index	-2.1	--	--	--	--	--	-1.4	
Total Global Fixed Income	-1.4	2.1	--	--	--	--	2.1	6/30/12
Barclays Capital Global Aggregate Bond Index	-2.1	0.6	--	--	--	--	0.6	
Western	0.5	5.0	7.5	8.4	7.3	6.2	6.9	12/31/96
Barclays Capital Aggregate Bond Index	-0.1	1.7	3.8	5.5	5.5	5.0	6.1	
BlackRock U.S. Debt Fund	0.0	1.8	4.0	5.7	5.6	5.1	6.0	11/30/95
Barclays Capital Aggregate Bond Index	-0.1	1.7	3.8	5.5	5.5	5.0	6.0	
Reams	0.1	4.3	6.6	8.3	9.1	7.4	7.0	9/30/01
Barclays Capital Aggregate Bond Index	-0.1	1.7	3.8	5.5	5.5	5.0	5.4	
Loomis Sayles	2.6	12.2	13.2	10.7	9.8	--	8.3	7/31/05
Performance Benchmark***	0.8	4.4	6.4	7.2	7.3	--	6.4	
Total U.S. Fixed Income	0.2	4.6	6.8	8.1	8.3	6.7	6.8	2/28/94
Barclays Capital Aggregate Bond Index	-0.1	1.7	3.8	5.5	5.5	5.0	6.2	
Prudential Real Estate	3.1	6.5	8.8	16.1	-2.7	--	2.9	6/30/94
NCREIF Open-End Fund Property Index	2.6	7.6	10.5	13.3	2.3	--	8.1	
UBS Real Estate	1.4	5.5	7.6	12.2	-0.1	6.7	6.7	3/31/03
NCREIF Open-End Fund Property Index	2.6	7.6	10.5	13.3	2.3	8.4	8.4	
Guggenheim	5.0	9.1	12.7	15.7	-4.2	--	-0.7	6/30/06
Performance Benchmark****	4.2	9.1	12.6	14.9	4.9	--	6.4	
RREEF	2.7	12.5	22.1	31.4	-15.3	--	-14.1	10/31/07
NCREIF Open-End Fund Property Index	2.6	7.6	10.5	13.3	2.3	--	3.0	
Total Real Estate*****	2.0	5.7	8.2	13.5	-3.4	4.9	7.5	3/31/94
NCREIF Open-End Fund Property Index*****	2.6	7.6	10.5	13.3	2.3	8.4	9.2	
Adams Street Partners	2.3	3.3	8.3	--	--	--	--	7/31/10
Dow Jones Total Stock Index + 3%	11.9	20.8	17.9	--	--	--	--	
Pantheon	8.8	5.2	11.8	--	--	--	--	8/31/10
Dow Jones Total Stock Index + 3%	11.9	20.8	17.9	--	--	--	--	
Total Private Equity	5.3	6.8	12.2	--	--	--	--	7/31/10
Dow Jones Total Stock Index + 3%	11.9	20.8	17.9	--	--	--	--	
Total Fund	5.6	13.0	10.7	10.1	4.9	8.3	8.1	3/31/94
Policy Portfolio*****	5.1	12.2	9.6	9.3	4.7	8.3	8.0	
Total Fund (ex-Private Equity)	5.5	12.5	9.8	--	--	--	--	
Total Fund (ex-Clifton)	5.6	12.8	10.6	9.9	4.8	8.2	8.1	

*All returns contained in this 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 Citigroup High Yield Market Index, and 5% of the J.P. Morgan Non-U.S. Hedged Bond Index.

****A mix of 70% of the National Council of Real Estate Investment Fiduciaries (NCREIF) Open-End Fund and 30% of the NAREIT Index.

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

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

*****Policy Portfolio Benchmark defined in Appendix.

Note: Total Fund inception date is the longest time period that Hewitt Enniskrupp has reliable historical monthly data.

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%		
Total U.S. Equity	\$1,368,190						\$1,368,190	37.5%	36.0%	36.0%
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%		
Total Non-U.S. Equity		\$674,924					\$674,924	18.5%	18.0%	19.0%
GMO Global Equity	\$84,094	\$99,118					\$183,212	5.0%		
BlackRock MSCI ACWI Equity Index	\$63,794	\$73,990					\$137,785	3.8%		
Total Global Equity	\$147,889	\$173,108					\$320,997	8.8%	10.0%	10.0%
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%		
Total Fixed Income			\$935,837				\$935,837	25.6%	27.0%	25.0%
Prudential Real Estate				\$85,723			\$85,723	2.3%		
UBS Real Estate				\$179,894			\$179,894	4.9%		
Guggenheim				\$23,797			\$23,797	0.7%		
RREEF				\$10,226			\$10,226	0.3%		
Total Real Estate				\$299,640			\$299,640	8.2%	8.0%	10.0%
Adams Street Partners					\$28,396		\$28,396	0.8%		
Pantheon Ventures					\$7,508		\$7,508	0.2%		
Total Private Equity					\$35,904		\$35,904	1.0%	1.0%	0.0%
Clifton Group						\$13,370	\$13,370	0.4%		
Total Cash						\$13,370	\$13,370	0.4%	0.0%	0.0%
Total Assets	\$1,516,079	\$848,032	\$935,837	\$299,640	\$35,904	\$13,370	\$3,648,861	100.0%	100.0%	100.0%
Percent of Total	41.5%	23.2%	25.6%	8.2%	1.0%	0.4%	100.0%			

* 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

Calendar Year Performance

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Calendar Year Performance

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
BlackRock Extended Equity	18.4	-3.4	29.0	35.0	-38.4	5.4	15.2	10.5	18.1	43.2
Dow Jones U.S. Completion Total Stock Market Index	17.9	-3.8	28.6	37.4	-39.0	5.4	15.3	10.0	18.0	44.0
Western U.S. Index Plus	20.6	0.8	24.6	42.0	-56.3	--	--	--	--	--
S&P 500 Index	16.0	2.1	15.1	26.5	-37.0	--	--	--	--	--
BlackRock Equity Market Fund	16.4	1.1	17.5	28.6	-37.2	--	--	--	--	--
Dow Jones U.S. Total Stock Market Index	16.4	1.1	17.5	28.6	-37.2	--	--	--	--	--
Total U.S. Equity	16.9	0.9	18.5	29.2	-40.0	4.3	15.3	5.2	11.8	32.0
Performance Benchmark**	16.4	1.1	17.5	28.6	-37.2	5.5	15.7	6.1	11.9	31.1
BlackRock All Country World ex-U.S.	17.2	-14.1	12.8	43.1	-45.6	--	--	--	--	--
MSCI All Country World ex-U.S. IM Index	17.0	-14.3	12.7	43.6	-45.9	--	--	--	--	--
Sprucegrove	17.1	-10.8	18.7	36.1	-42.5	5.8	29.9	14.3	24.6	33.8
MSCI EAFE Index	17.3	-12.1	7.8	31.8	-43.4	11.2	26.3	13.5	20.2	38.6
MSCI All Country World ex-U.S. Index	16.8	-13.7	11.2	41.4	-45.5	16.7	26.7	16.6	20.9	40.8
Hexavest	13.9	-9.2	5.8	30.5	-32.3	--	--	--	--	--
MSCI EAFE Index	17.3	-12.1	7.8	31.8	-43.4	--	--	--	--	--
Walter Scott	20.4	-9.3	13.3	31.6	-31.7	--	--	--	--	--
MSCI All Country World ex-U.S. Index	16.8	-13.7	11.2	41.4	-45.5	--	--	--	--	--
Total International	17.9	-13.6	13.5	37.4	-44.1	11.7	25.2	19.3	18.8	36.0
Performance Benchmark	16.8	-13.7	11.2	41.4	-45.5	16.7	26.7	16.6	20.9	40.8
GMO Global Fund	15.0	-2.0	10.2	24.3	-32.8	10.0	19.7	--	--	--
MSCI All Country World Index	16.1	-7.3	12.7	34.6	-42.2	11.7	21.0	--	--	--
BlackRock Global MSCI ACWI Equity Index	--	--	--	--	--	--	--	--	--	--
MSCI All Country World Index	--	--	--	--	--	--	--	--	--	--
Total Global Equity	14.4	-3.9	11.4	17.8	-37.3	11.3	19.5	--	--	--
MSCI EAFE Index	16.1	-7.3	12.7	34.6	-42.2	11.7	21.0	--	--	--

Calendar Year Performance

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (Continued)
Calendar Year Performance

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Western	9.7	7.3	11.3	18.2	-8.9	4.8	5.1	3.2	6.4	9.1
Barclays Capital Aggregate Bond Index	4.2	7.8	6.5	5.9	5.2	7.0	4.3	2.4	4.3	4.1
BlackRock U.S. Debt Fund	4.3	7.9	6.7	6.0	5.4	7.0	4.3	2.4	4.3	4.2
Barclays Capital Aggregate Bond Index	4.2	7.8	6.5	5.9	5.2	7.0	4.3	2.4	4.3	4.1
Reams	9.9	8.3	10.1	35.9	-12.1	7.4	5.0	3.9	5.0	6.7
Barclays Capital Aggregate Bond Index	4.2	7.8	6.5	5.9	5.2	7.0	4.3	2.4	4.3	4.1
Loomis Sayles	16.8	4.2	13.5	38.1	-19.9	6.7	9.0	--	--	--
Performance Benchmark***	7.5	7.1	8.7	18.8	-4.6	5.1	6.8	--	--	--
Total Fixed Income	9.6	7.3	10.6	25.6	-8.7	6.3	5.3	3.2	5.2	7.1
Barclays Capital Aggregate Bond Index	4.2	7.8	6.5	5.9	5.2	7.0	4.3	2.4	4.3	4.1
Prudential Real Estate	8.8	18.2	17.5	-34.8	-13.7	16.6	15.8	27.8	--	--
NCREIF Open-End Fund Property Index	10.5	14.3	13.1	-16.8	-6.5	15.8	15.3	20.1	--	--
UBS Real Estate	9.1	12.2	15.8	-23.2	-8.4	12.7	15.6	20.1	13.5	--
NCREIF Open-End Fund Index	10.5	14.3	13.1	-16.8	-6.5	15.8	15.3	20.1	14.5	--
Guggenheim	11.6	17.0	15.1	-27.0	-29.0	3.8	--	--	--	--
Performance Benchmark****	13.4	13.0	17.8	-3.2	-15.2	5.8	--	--	--	--
RREEF	22.9	53.7	8.4	-64.5	-41.8	--	--	--	--	--
NCREIF Open-End Fund Index	10.5	14.3	13.1	-16.8	-6.5	--	--	--	--	--
Total Real Estate*****	9.1	14.4	15.4	-31.2	-16.0	12.8	15.7	26.6	7.5	12.1
NCREIF Open-End Fund Property Index*****	10.5	14.3	13.1	-16.8	-6.5	15.8	15.3	20.1	14.5	9.0
Adams Street Partners	10.8	--	--	--	--	--	--	--	--	--
Dow Jones Total Stock Index + 3%	19.8	--	--	--	--	--	--	--	--	--
Pantheon	0.9	--	--	--	--	--	--	--	--	--
Dow Jones Total Stock Index + 3%	19.8	--	--	--	--	--	--	--	--	--
Total Private Equity	10.3	--	--	--	--	--	--	--	--	--
Dow Jones Total Stock Index + 3%	19.8	--	--	--	--	--	--	--	--	--
Total Fund	14.0	0.3	15.1	24.2	-30.9	7.0	14.2	7.8	10.9	24.4
Policy Portfolio*****	12.8	0.6	13.3	20.8	-27.1	8.5	14.0	7.6	11.3	22.9
Total Fund (ex-Private Equity)	13.3	--	--	--	--	--	--	--	--	--
Total Fund (ex-Clifton)	13.7	0.6	14.5	23.3	-30.3	6.9	14.0	7.9	10.8	24.4

*All returns contained in this 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 Citigroup High Yield Market Index, and 5% of the J.P. Morgan Non-U.S. Hedged Bond Index.

****A mix 70% of the National Council of Real Estate Investment Fiduciaries (NCREIF) Open-End Fund and 30% of the NAREIT Index.

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

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

*****Policy Portfolio Benchmark defined in Appendix.

Manager "Watch" List

Manager "Watch" Status Policy

A manager may be placed on "Watch" status for:

- Failure to meet one or more of the standards, objectives, goals, or risk controls as set forth in this policy statement
- Violation of ethical, legal, or regulatory standards
- Material adverse change in the ownership of the firm or personnel changes
- Failure to meet reporting or disclosure requirements
- Failure to meet performance objectives or goals
- Any actual or potentially adverse information, trends, or developments that the Board feels might impair the investment manager's ability to deliver successful outcomes for the participants of the plan

The Board may take action to place a manager on Watch status. Managers placed on Watch status shall be notified in writing, and be made aware of the reason for the action and the required remediation. Watch status is an optional interim step that may be used to formally communicate dissatisfaction to the investment manager and the potential for termination. Watch status is not a required step in terminating a manager. Watch status will normally be for a period of six months, but the time frame may be determined by action of the Board. The Board retains the right to terminate the manager at any time, extend the period of the Watch status, or remove the manager from Watch status at any time.

Watch status indicates that the manager shall be subject to increased focus on the remediation of the factors that caused the manager to be placed on Watch status. Discussion of the manager on Watch status shall become a regular monthly reporting agenda item for the Board. Staff or retained Consultant shall prepare a written monthly report addressing the progress of the manager in the remediation of the dissatisfaction.

"Watch" status:

- RREEF is currently on watch for performance reasons.

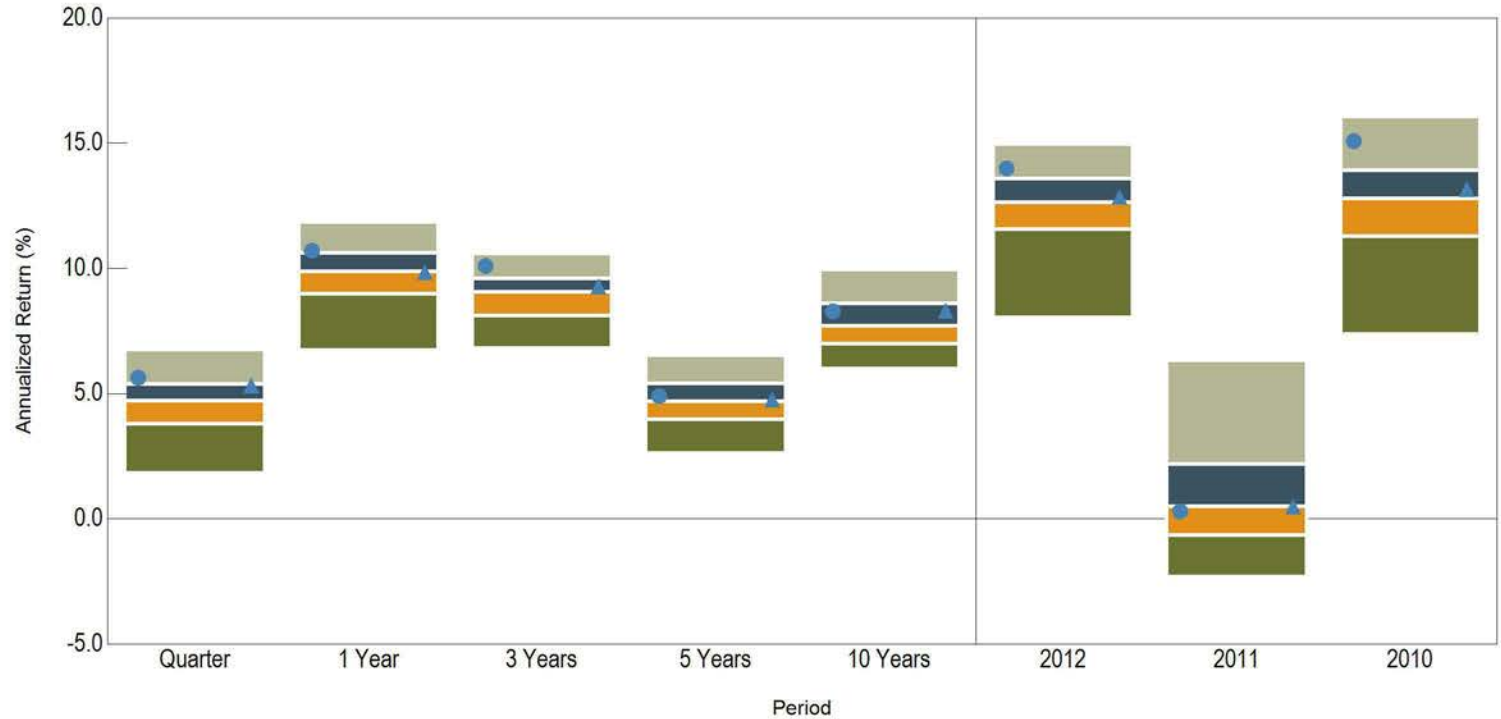
Manager	Date Added	Reason	Follow-Up Date
RREEF	February 1, 2009	Performance	TBD

Universe Comparison

Benchmark: Policy Portfolio

Universe: Public Funds Net

Ending March 31, 2013



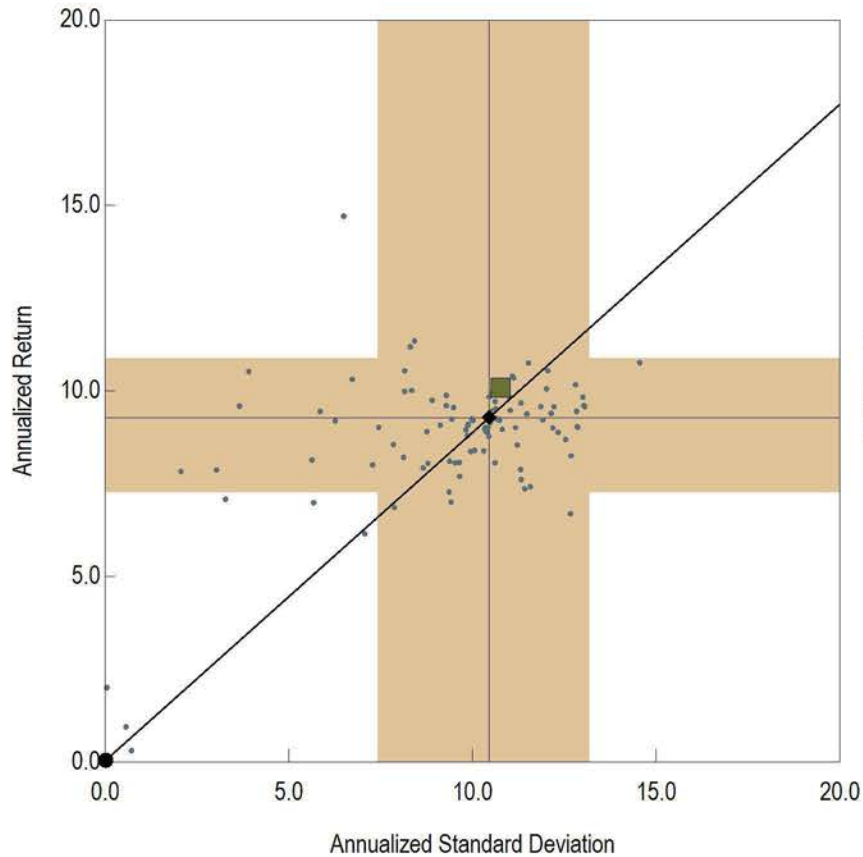
	Return (Rank)															
5th Percentile	6.8	11.9	10.6	6.5	9.9	15.0	6.3	16.1								
25th Percentile	5.4	10.6	9.6	5.4	8.6	13.6	2.2	13.9								
Median	4.7	9.9	9.1	4.7	7.7	12.7	0.5	12.8								
75th Percentile	3.8	9.0	8.1	4.0	7.0	11.6	-0.6	11.3								
95th Percentile	1.8	6.8	6.8	2.6	6.0	8.0	-2.3	7.4								
# of Portfolios	102	100	97	95	83	108	111	113								
● Total Fund	5.6	(19)	10.7	(24)	10.1	(13)	4.9	(41)	8.3	(31)	14.0	(19)	0.3	(55)	15.1	(10)
▲ Policy Portfolio	5.3	(33)	9.9	(52)	9.3	(39)	4.8	(46)	8.3	(31)	12.9	(46)	0.5	(51)	13.2	(46)

Risk Profile

Benchmark: Policy Portfolio

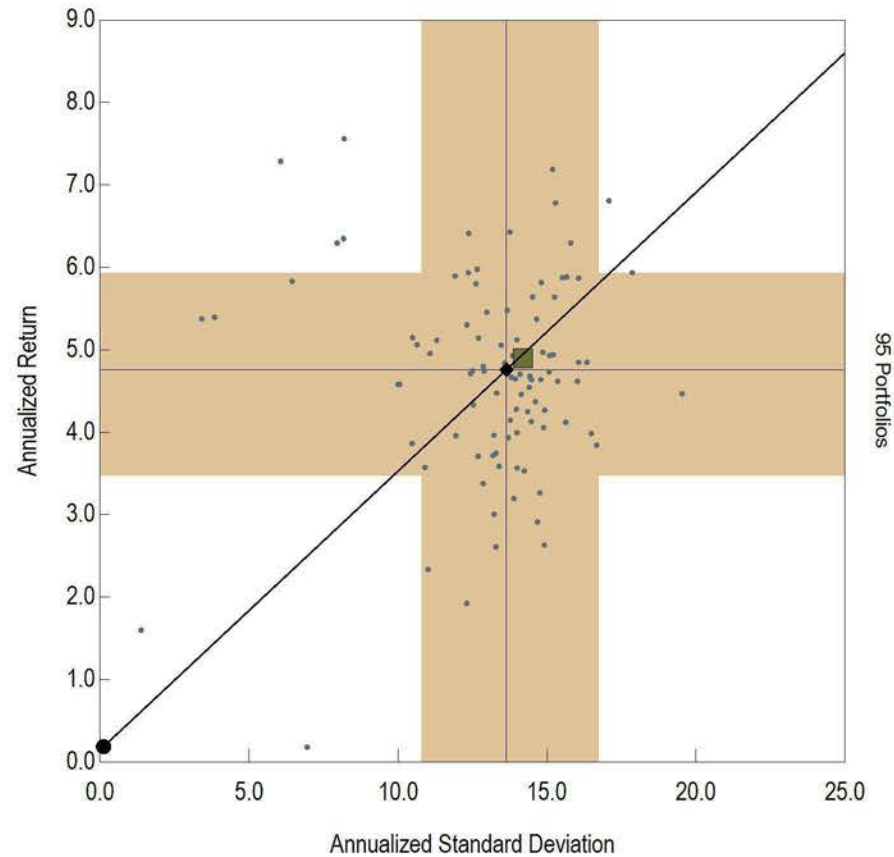
Universe: Public Funds Net

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2013



- Total Fund
- ◆ Policy Portfolio
- Risk Free
- 68% Confidence Interval
- Public Funds Net

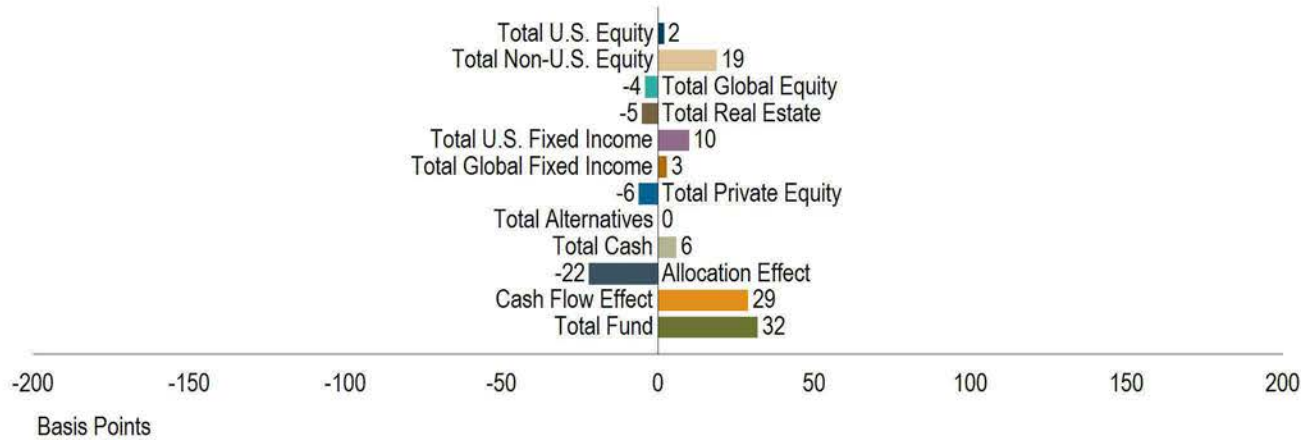
Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2013



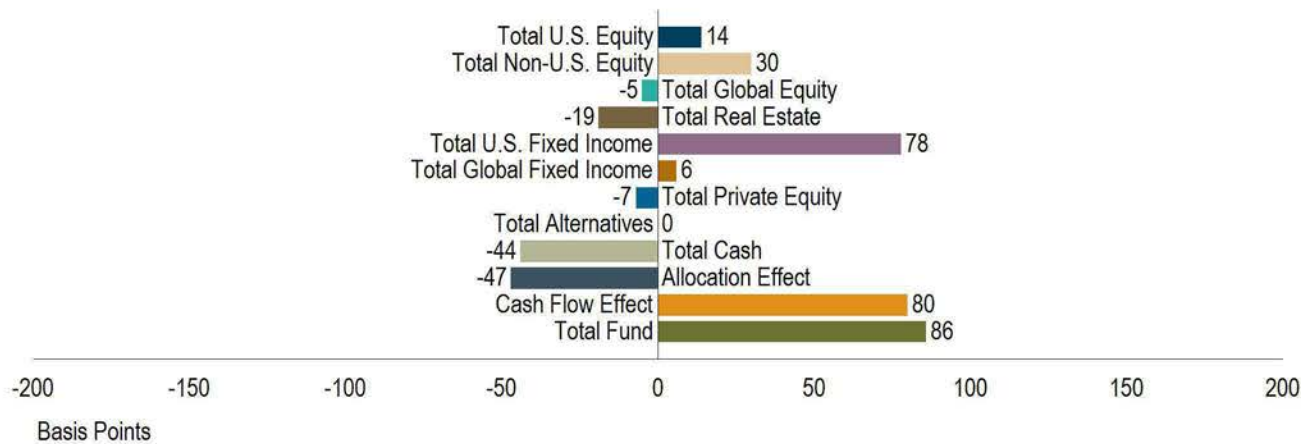
- Total Fund
- ◆ Policy Portfolio
- Risk Free
- 68% Confidence Interval
- Public Funds Net

Attribution

**TOTAL FUND ATTRIBUTION ANALYSIS
3 MONTHS ENDING 3/31/13**

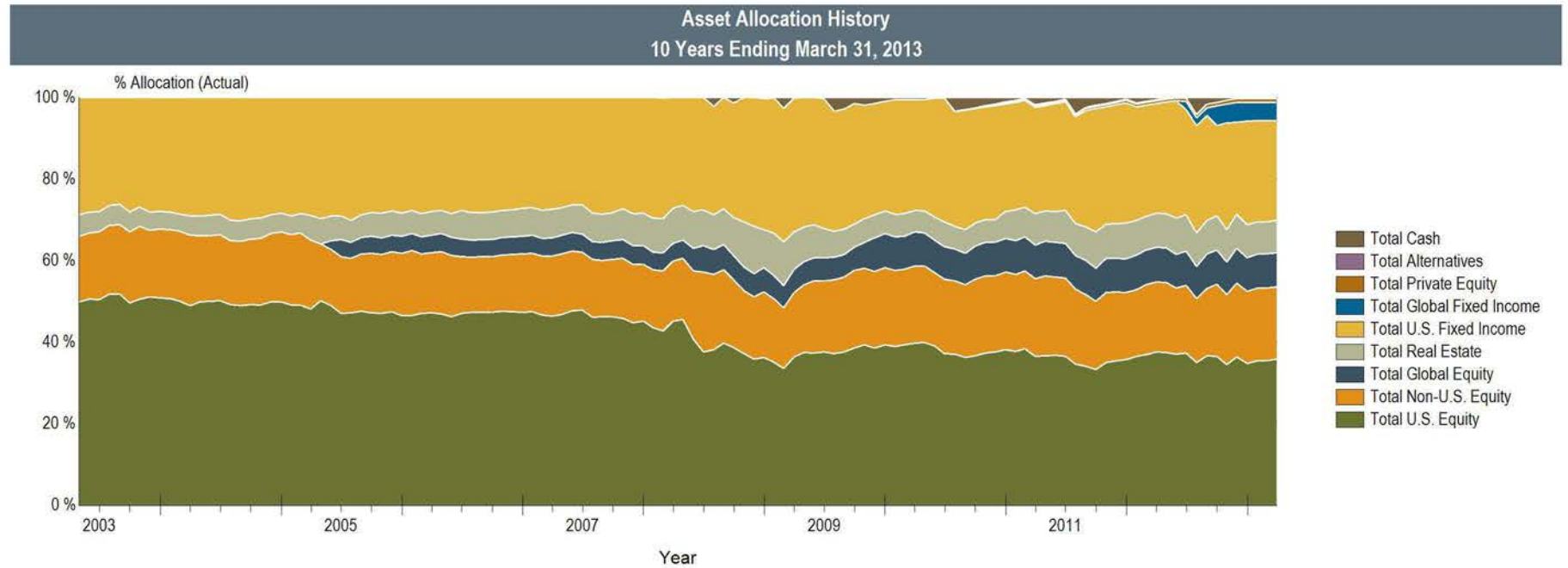
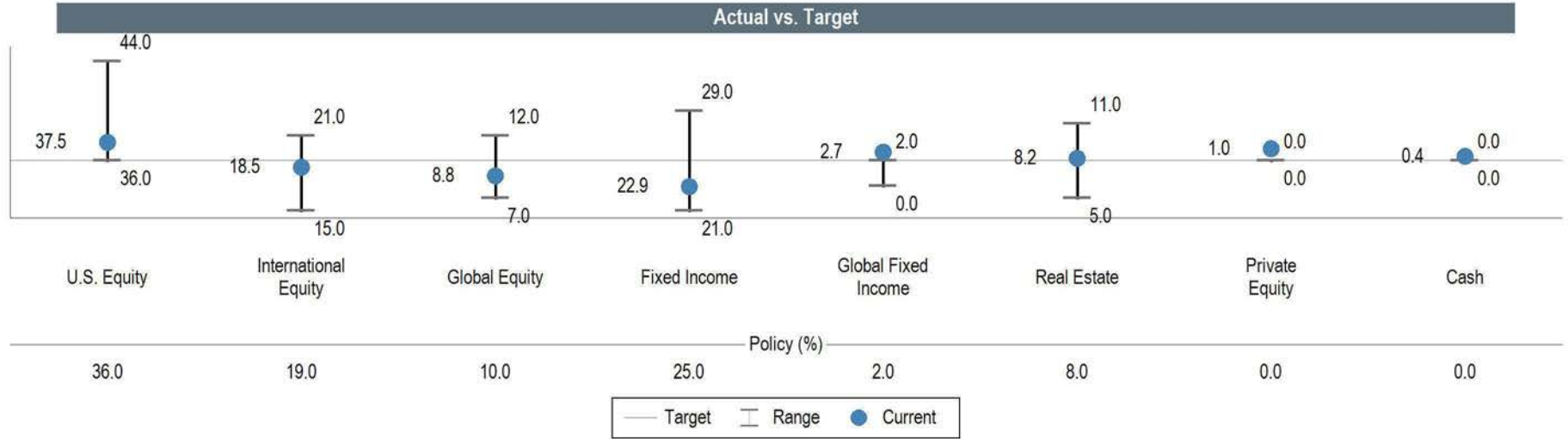


**TOTAL FUND ATTRIBUTION ANALYSIS
1 YEAR ENDING 3/31/13**



Note: The Cash Flow Effect exhibited represents the effect the Clifton Group had on the Total Fund.

Asset Allocation



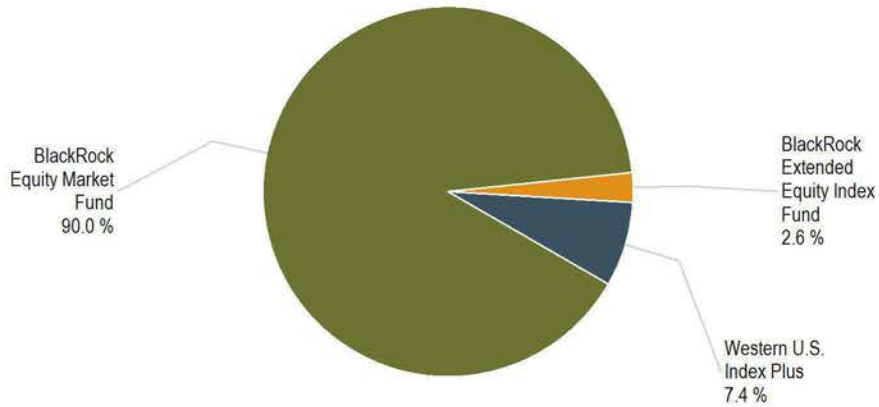


Total U.S. Equity

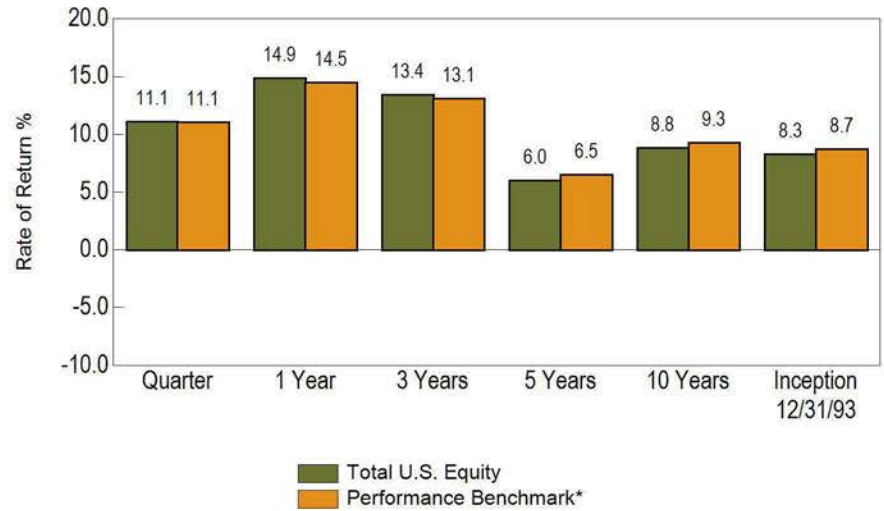
Overview

Benchmark: Performance Benchmark*

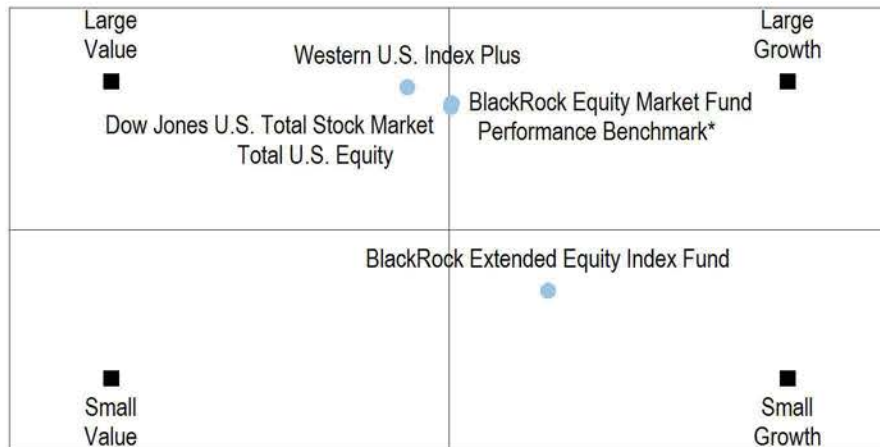
Current Allocation



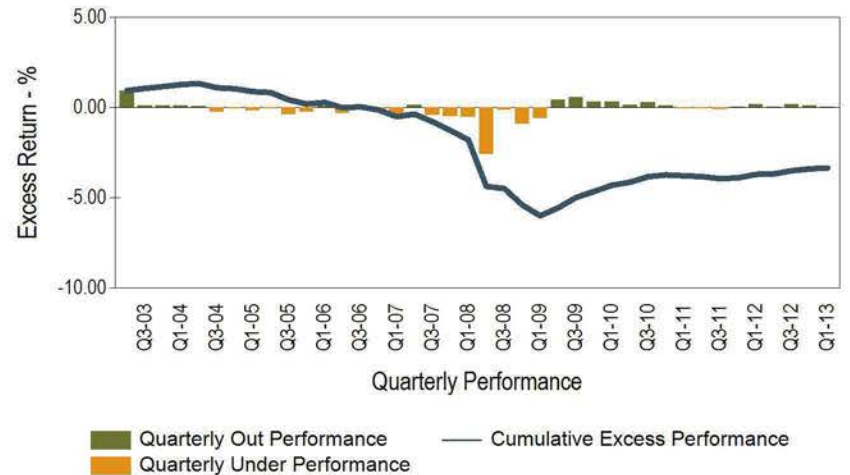
Return Summary



U.S. Effective Style Map
3 Years Ending March 31, 2013



Quarterly and Cumulative Excess Performance

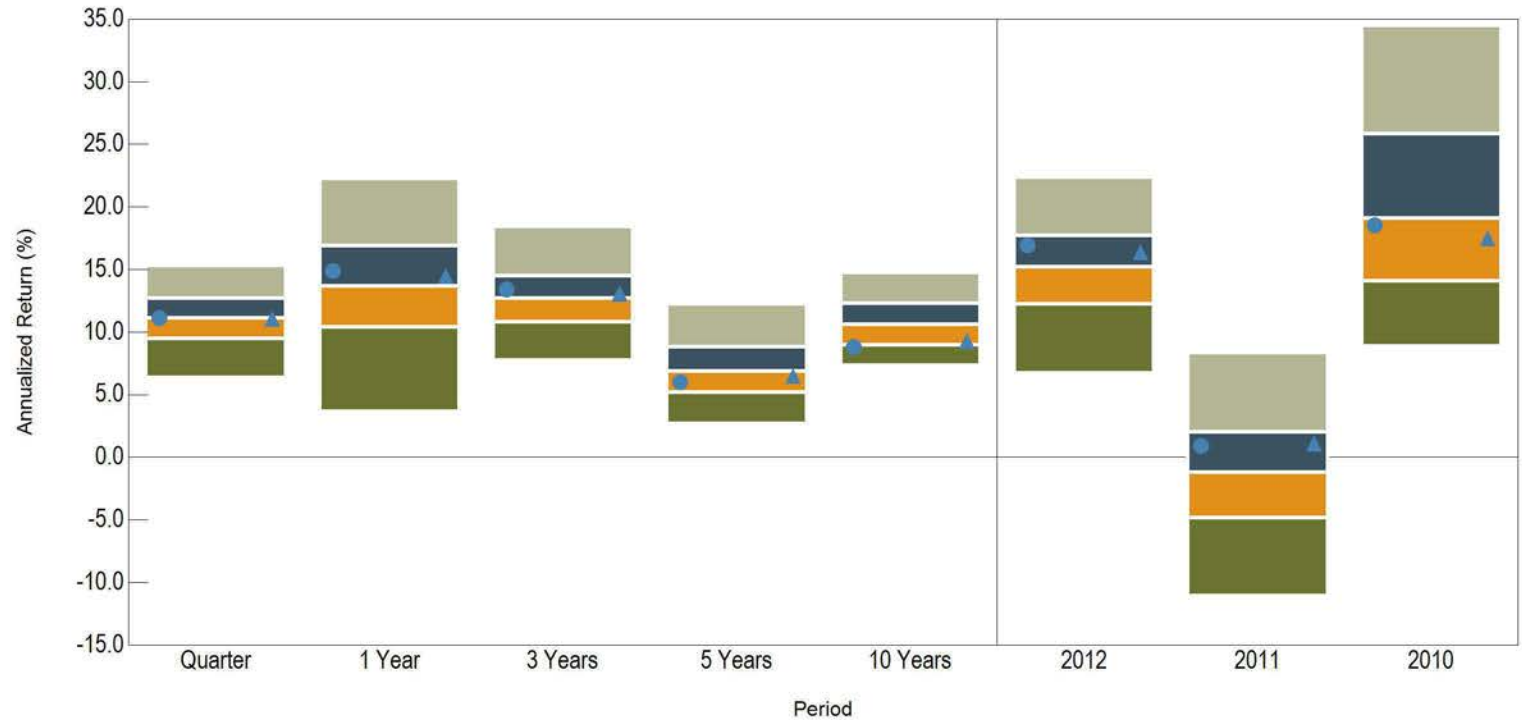


Universe Comparison

Benchmark: Performance Benchmark*

Universe: eA All US Equity Net

Ending March 31, 2013



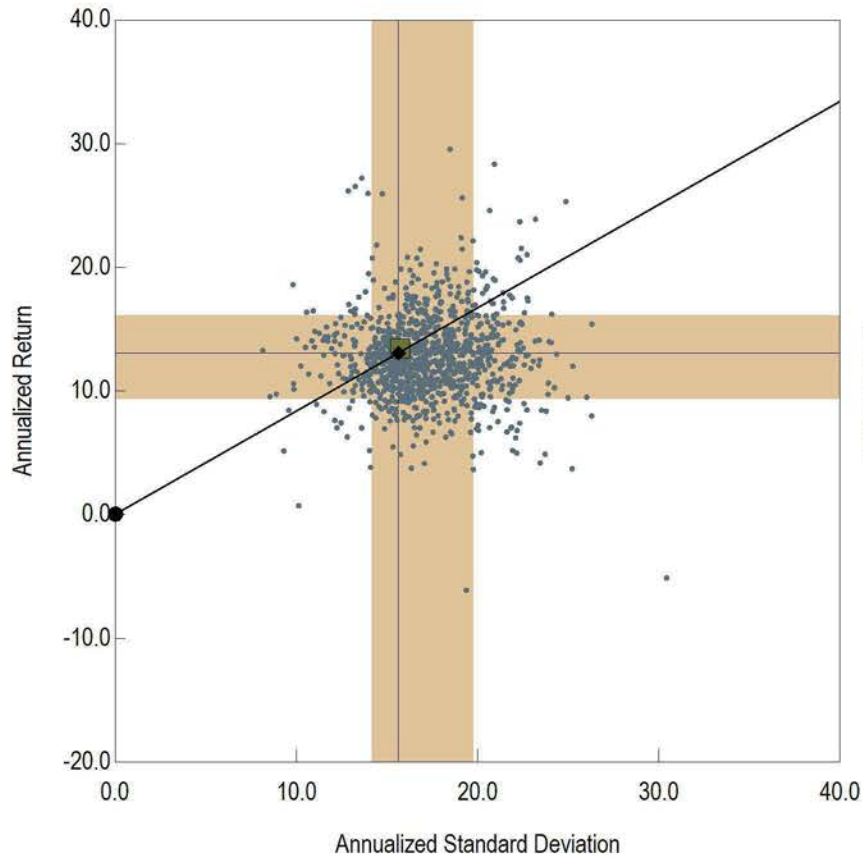
	Return (Rank)															
5th Percentile	15.3	22.3	18.4	12.3	14.7	22.4	8.4	34.5								
25th Percentile	12.7	17.0	14.5	8.9	12.4	17.7	2.1	25.9								
Median	11.1	13.7	12.7	6.9	10.6	15.3	-1.1	19.1								
75th Percentile	9.5	10.4	10.8	5.2	9.0	12.3	-4.8	14.1								
95th Percentile	6.4	3.7	7.8	2.7	7.4	6.8	-11.0	8.9								
# of Portfolios	1,274	1,186	1,108	1,022	696	1,223	1,081	1,035								
● Total U.S. Equity	11.1	(51)	14.9	(40)	13.4	(39)	6.0	(65)	8.8	(78)	16.9	(32)	0.9	(35)	18.5	(53)
▲ Performance Benchmark*	11.1	(52)	14.5	(44)	13.1	(45)	6.5	(57)	9.3	(72)	16.4	(38)	1.1	(33)	17.5	(58)

Risk Profile

Benchmark: Performance Benchmark*

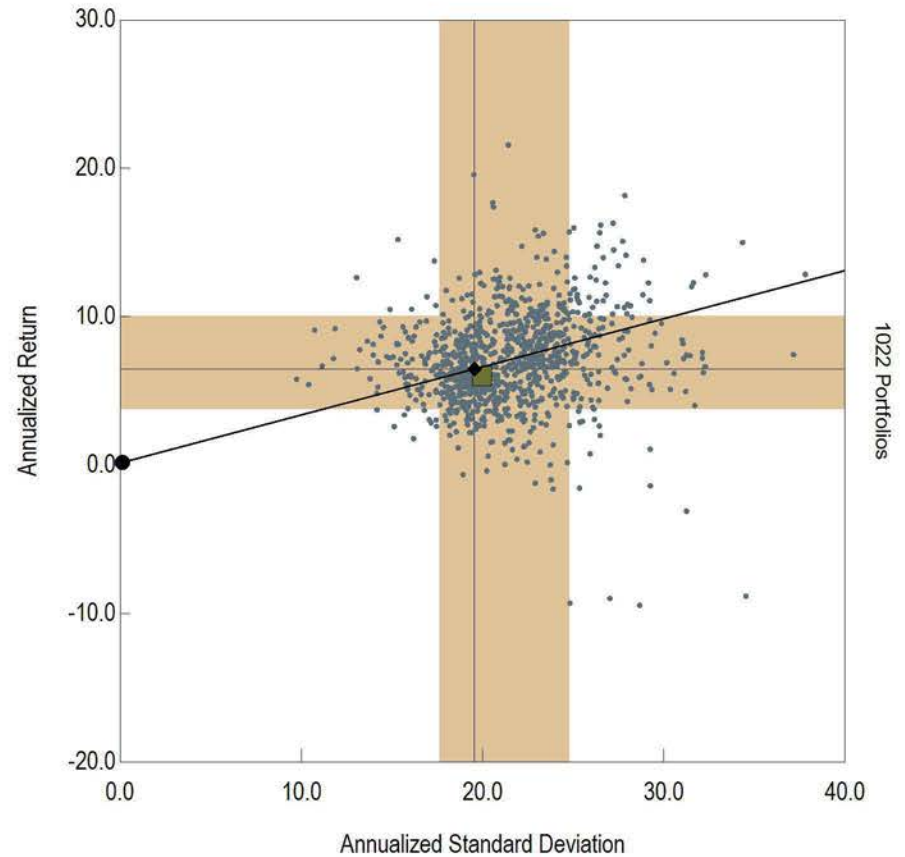
Universe: eA All US Equity Net

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2013



- Total U.S. Equity
- ◆ Performance Benchmark*
- Risk Free
- 68% Confidence Interval
- eA All US Equity Net

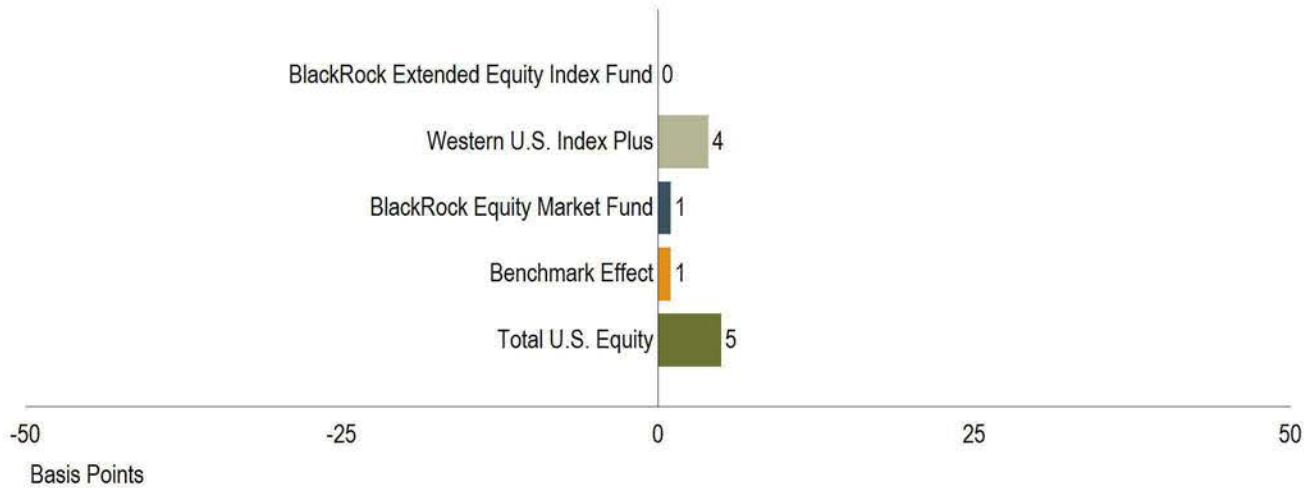
Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2013



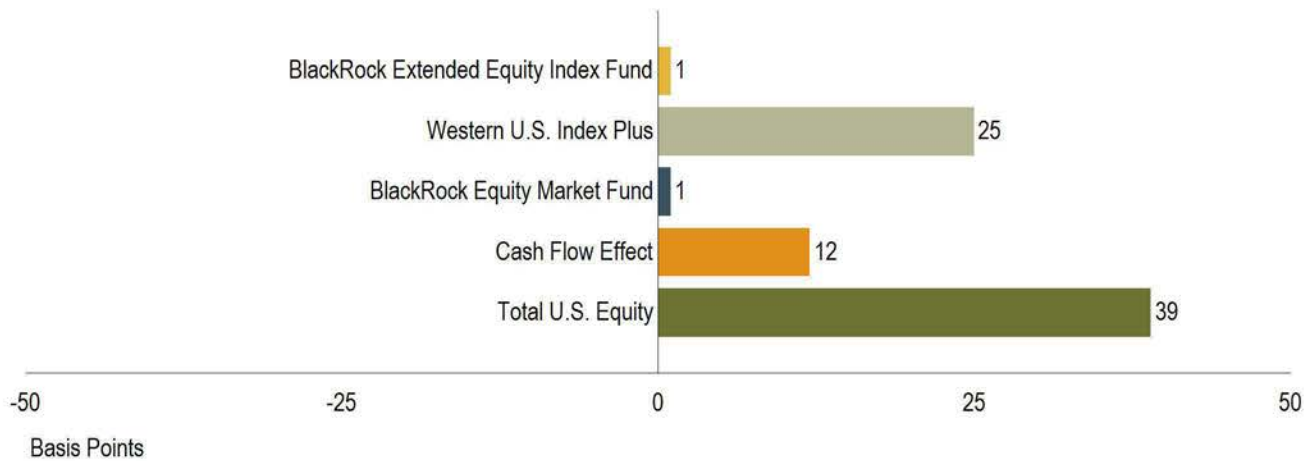
- Total U.S. Equity
- ◆ Performance Benchmark*
- Risk Free
- 68% Confidence Interval
- eA All US Equity Net

Attribution

**MANAGER ATTRIBUTION ANALYSIS
3 MONTHS ENDING 3/31/13**



**MANAGER ATTRIBUTION ANALYSIS
1 YEAR ENDING 3/31/13**



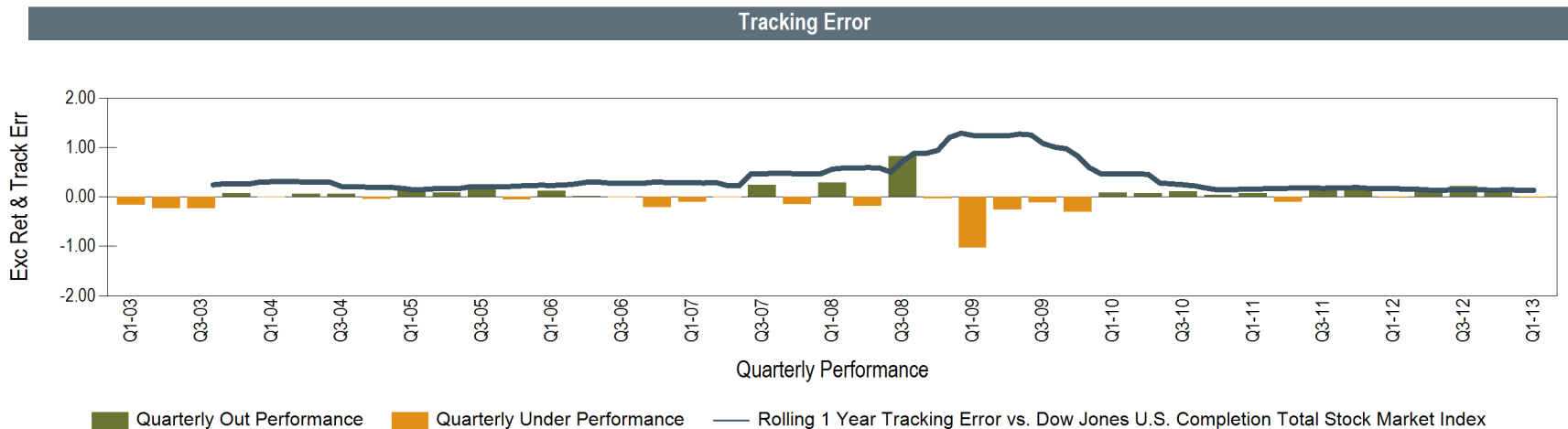
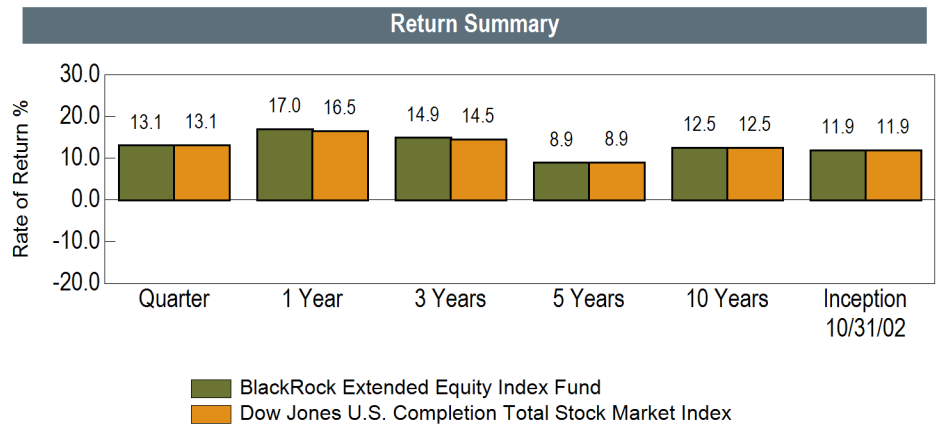
Manager Performance

Benchmark: Dow Jones U.S. Completion Total Stock Market Index

The BlackRock Extended Market Index Fund provides investment in the U.S. equity market excluding those stocks represented in the S&P 500 Index. The Fund is passively managed using a "fund optimization" technique. The Fund typically invests all, or substantially all, assets in the 1,300 largest stocks in the Index and in a representative sample of the remainder. Stocks are selected based on appropriate industry weightings, market capitalizations, and certain fundamental characteristics (e.g. price/earnings ratio and dividend yield) that closely align the Fund's characteristics with those of its benchmark.

The Fund does not hold publicly traded partnerships (PTPs) because of their potential to distribute unrelated business taxable income. However, the DJ U.S. Completion Total Stock Market Index includes PTPs which result in the Fund experiencing tracking discrepancies. While there will likely be tracking discrepancies on a quarter-to-quarter basis, we expect the difference to be minimal over longer time periods.

Account Information	
Account Name	BlackRock Extended Equity Index Fund
Account Structure	Commingled Fund
Investment Style	Passive
Inception Date	10/31/02
Account Type	US Stock
Benchmark	Dow Jones U.S. Completion Total Stock Market Index
Universe	eA US Small-Mid Cap Equity Net

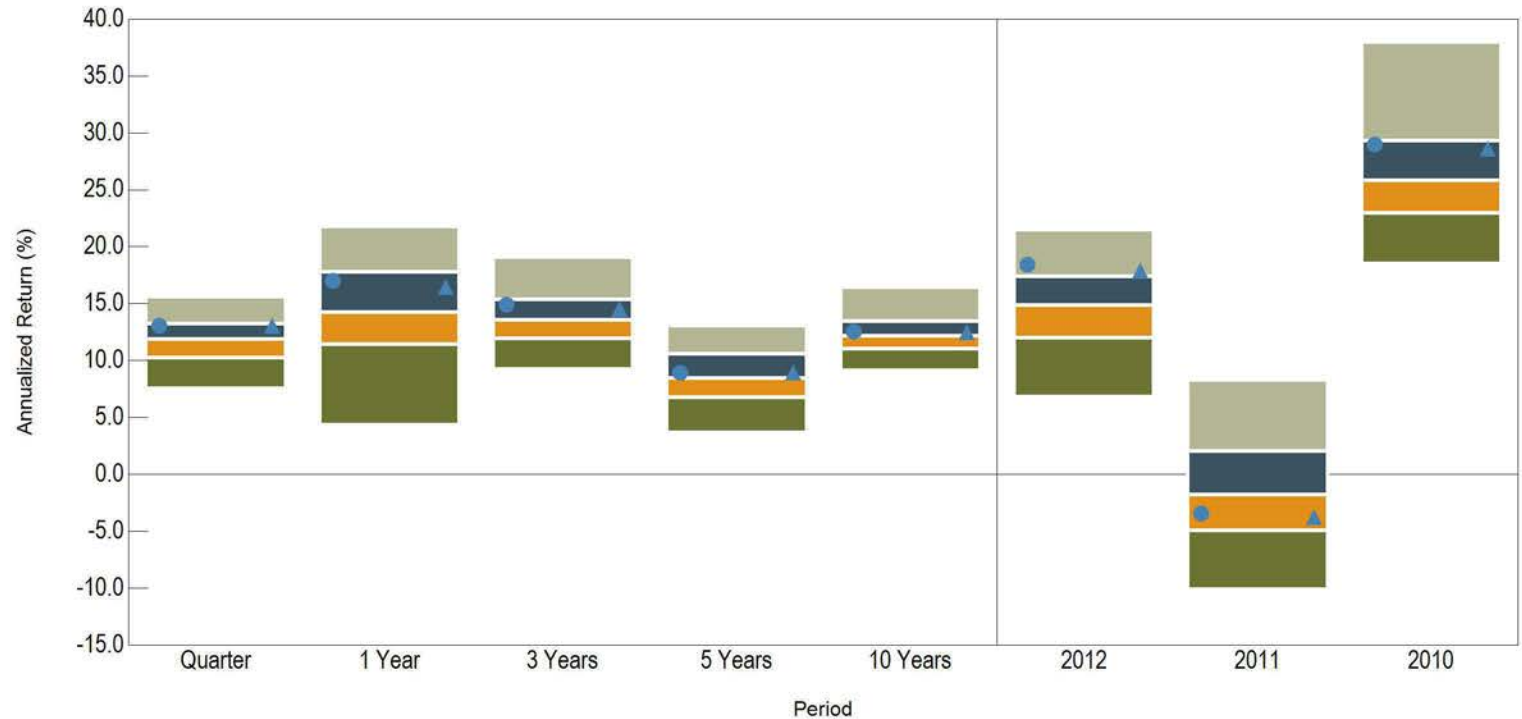


Universe Comparison

Benchmark: Dow Jones U.S. Completion Total Stock Market Index

Universe: eA US Small-Mid Cap Equity Net

Ending March 31, 2013



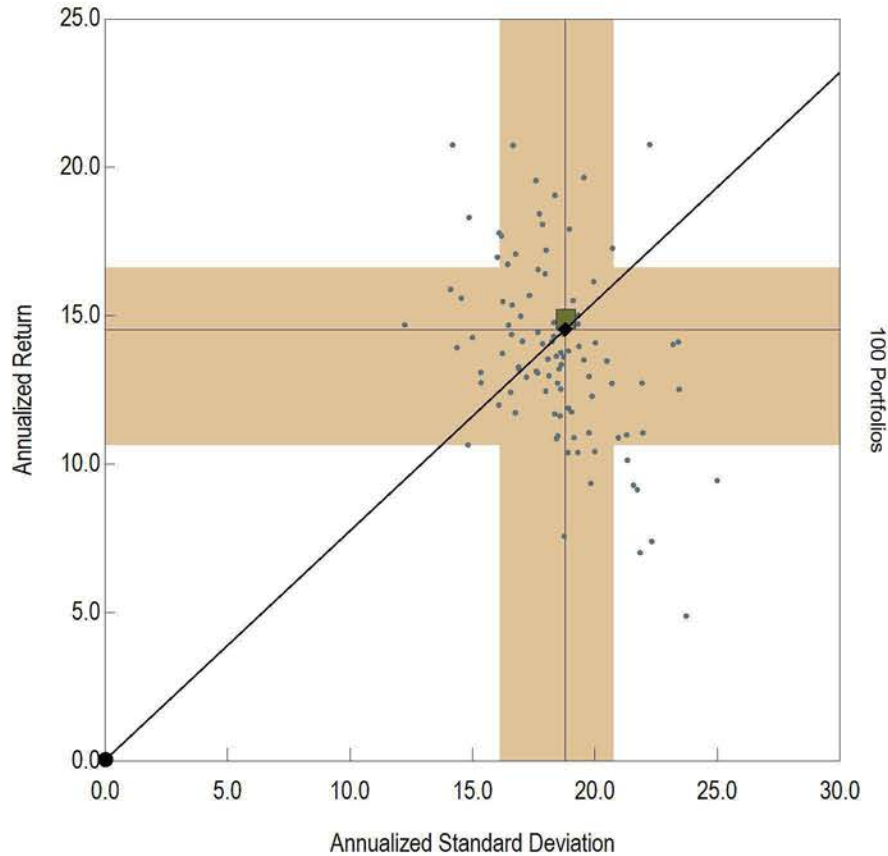
	Return (Rank)							
5th Percentile	15.6	21.8	19.1	13.1	16.4	21.5	8.3	38.0
25th Percentile	13.3	17.8	15.4	10.7	13.5	17.5	2.1	29.3
Median	11.9	14.3	13.6	8.5	12.2	14.9	-1.7	25.8
75th Percentile	10.3	11.5	12.0	6.8	11.1	12.0	-4.9	23.0
95th Percentile	7.6	4.4	9.3	3.7	9.1	6.9	-10.1	18.5
# of Portfolios	123	110	100	90	53	115	93	89
● BlackRock Extended Equity Index Fund	13.1 (30)	17.0 (30)	14.9 (28)	8.9 (46)	12.5 (45)	18.4 (18)	-3.4 (66)	29.0 (28)
▲ Dow Jones U.S. Completion Total Stock Mark	13.1 (30)	16.5 (33)	14.5 (33)	8.9 (46)	12.5 (46)	17.9 (22)	-3.8 (67)	28.6 (34)

Risk Profile

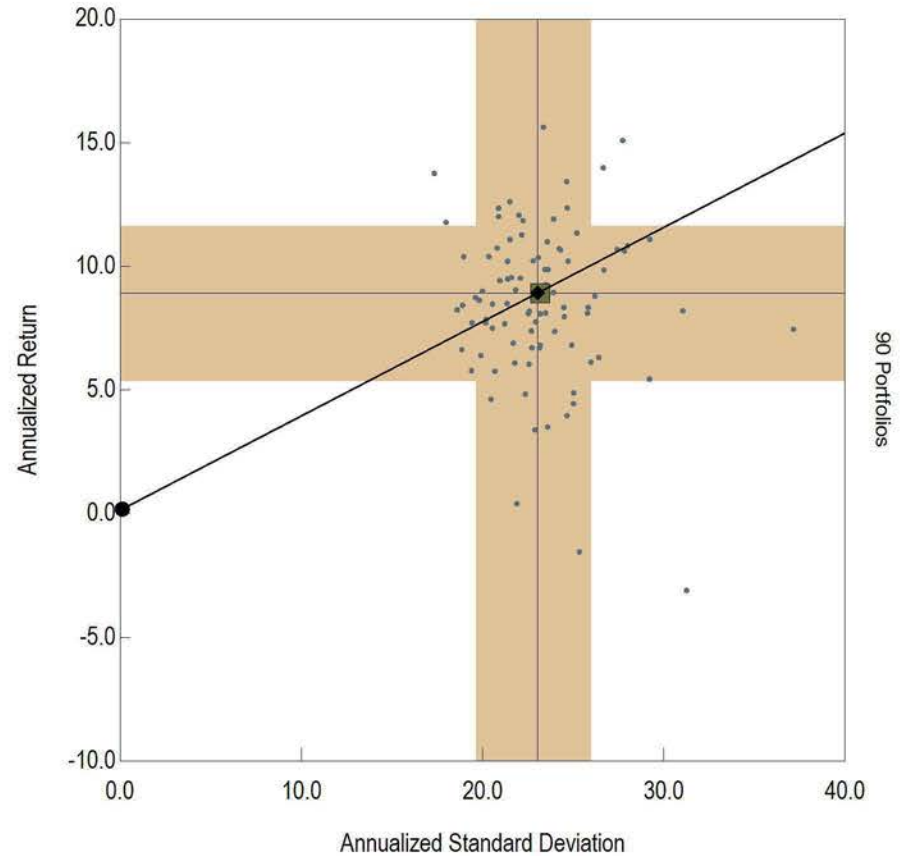
Benchmark: Dow Jones U.S. Completion Total Stock Market Index

Universe: eA US Small-Mid Cap Equity Net

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2013



Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2013



- BlackRock Extended Equity Index Fund
- ◆ Dow Jones U.S. Completion Total Stock Market Index
- Risk Free
- 68% Confidence Interval
- eA US Small-Mid Cap Equity Net

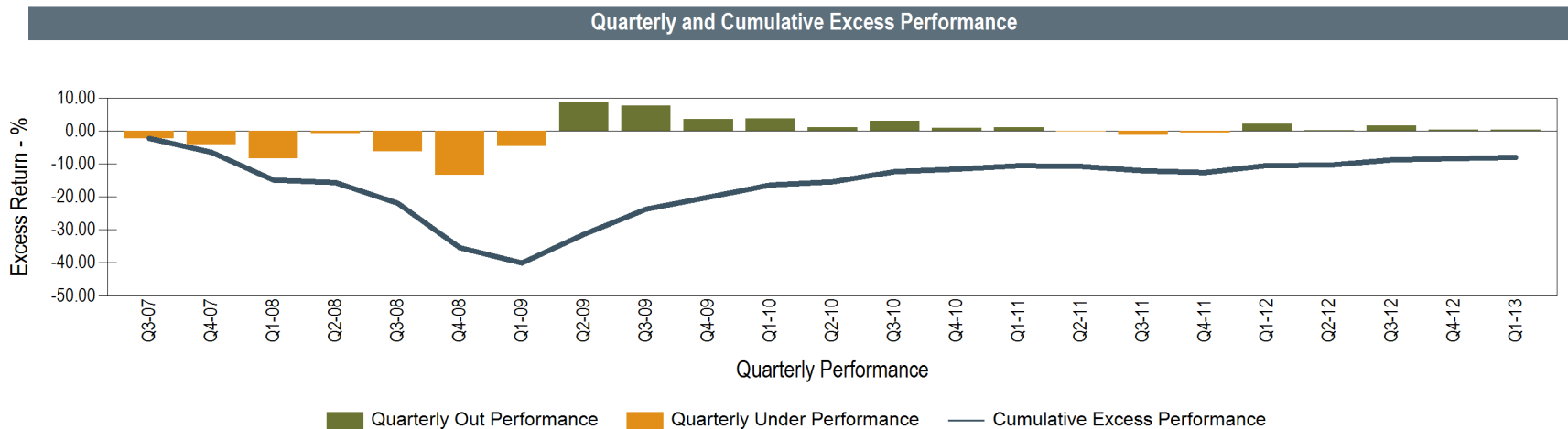
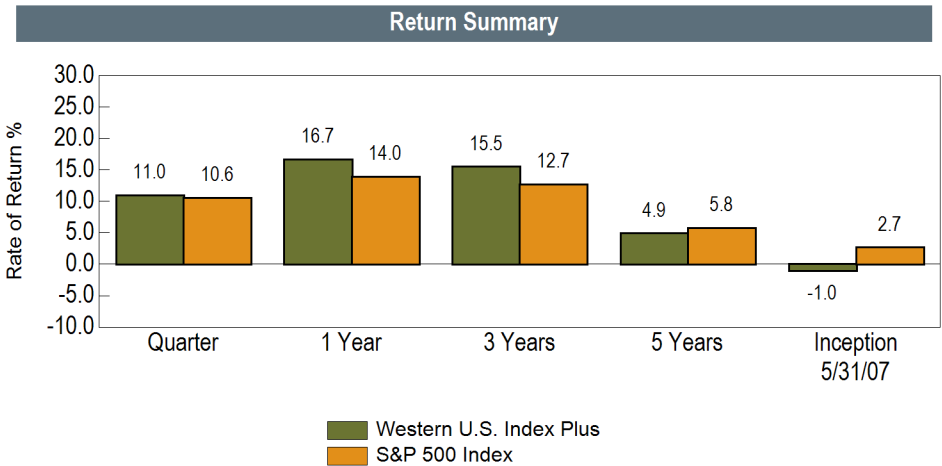
- BlackRock Extended Equity Index Fund
- ◆ Dow Jones U.S. Completion Total Stock Market Index
- Risk Free
- 68% Confidence Interval
- eA US Small-Mid Cap Equity Net

Manager Performance

Benchmark: S&P 500 Index

Western employs a value-oriented investment approach that has proven successful in adding excess returns across various market cycles. This versatility comes from the manager's multiple sources of value-added and focus on finding long-term fundamental value. Western seeks to achieve balance between multiple sources of value added - duration management, yield curve positioning, sector allocation, and security selection - while diversifying risk. Western has one of the deepest teams of investment/risk professionals in the industry. The manager also has dedicated significant resources to analytics and risk management. We would highlight that active sector rotation and portfolio construction are key strengths of Western.

Account Information	
Account Name	Western U.S. Index Plus
Account Structure	Separate Account
Investment Style	Passive
Inception Date	5/31/07
Account Type	US Stock
Benchmark	S&P 500 Index
Universe	eA All US Equity Net

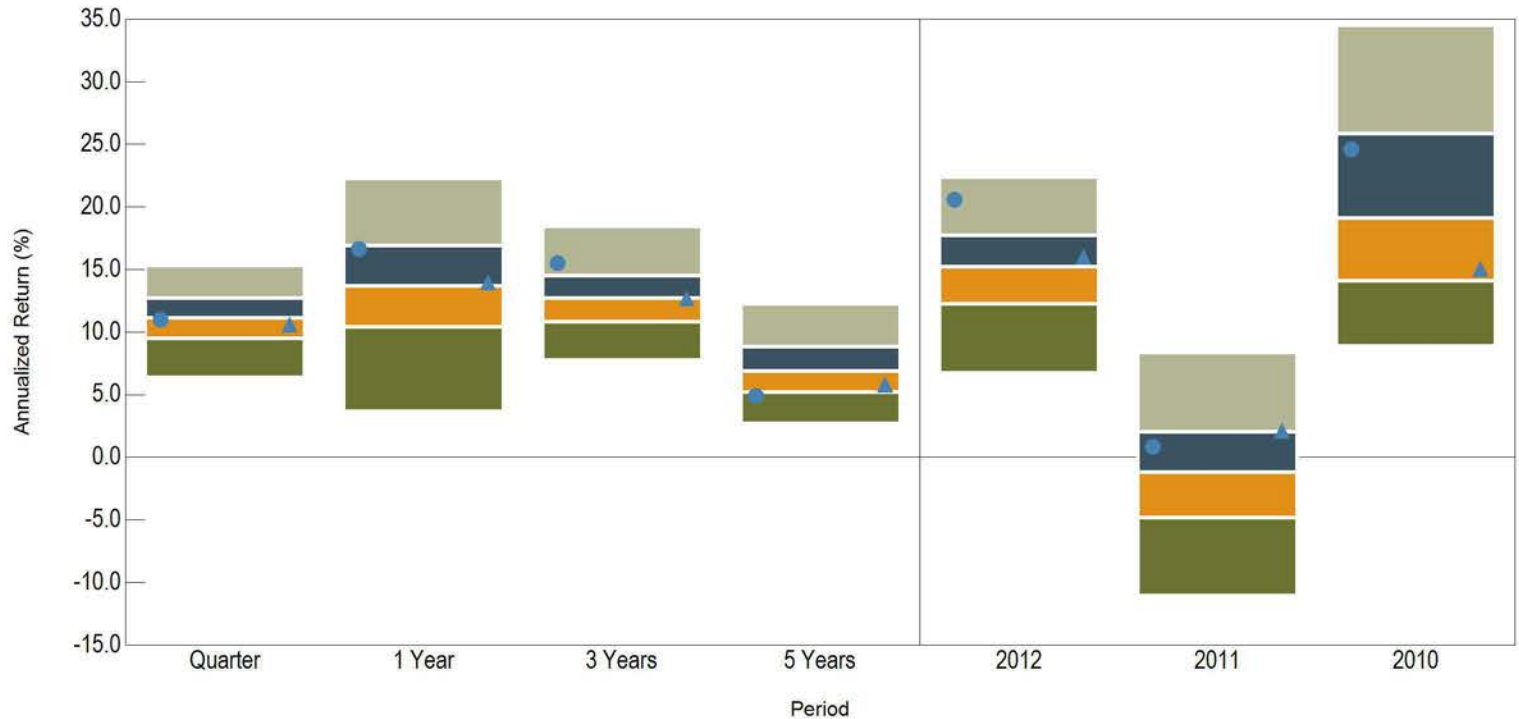


Universe Comparison

Benchmark: S&P 500 Index

Universe: eA All US Equity Net

Ending March 31, 2013



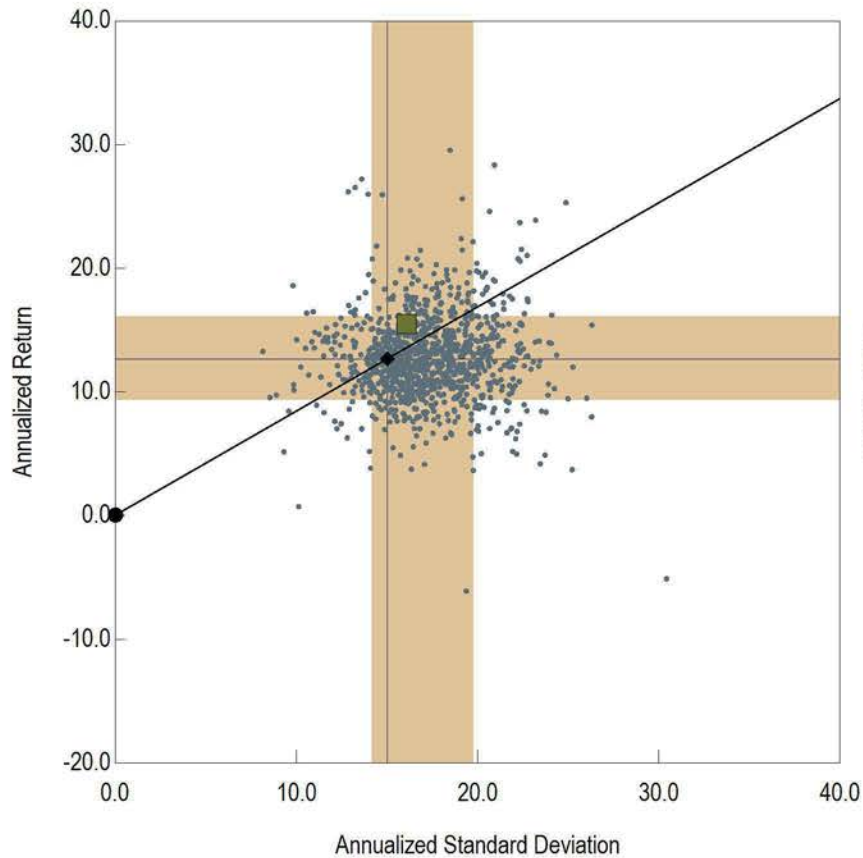
	Return (Rank)													
5th Percentile	15.3	22.3	18.4	12.3	22.4	8.4	34.5							
25th Percentile	12.7	17.0	14.5	8.9	17.7	2.1	25.9							
Median	11.1	13.7	12.7	6.9	15.3	-1.1	19.1							
75th Percentile	9.5	10.4	10.8	5.2	12.3	-4.8	14.1							
95th Percentile	6.4	3.7	7.8	2.7	6.8	-11.0	8.9							
# of Portfolios	1,274	1,186	1,108	1,022	1,223	1,081	1,035							
● Western U.S. Index Plus	11.0	(53)	16.7	(27)	15.5	(17)	4.9	(80)	20.6	(10)	0.8	(36)	24.6	(30)
▲ S&P 500 Index	10.6	(59)	14.0	(49)	12.7	(51)	5.8	(68)	16.0	(42)	2.1	(25)	15.1	(69)

Risk Profile

Benchmark: S&P 500 Index

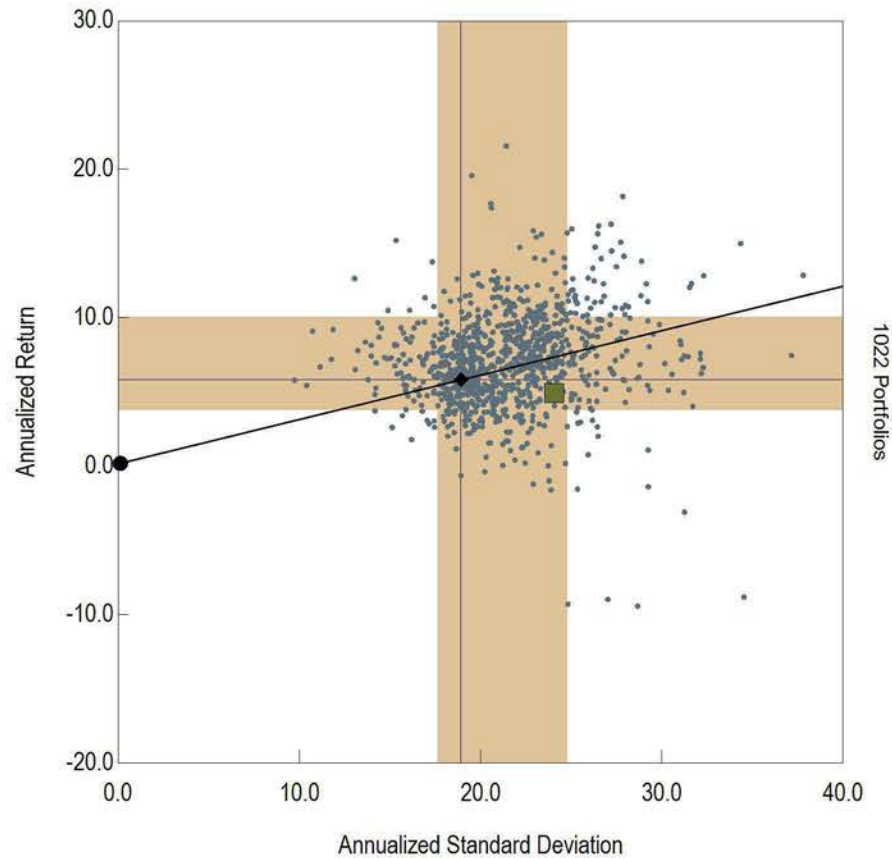
Universe: eA All US Equity Net

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2013



- Western U.S. Index Plus
- ◆ S&P 500 Index
- Risk Free
- 68% Confidence Interval
- eA All US Equity Net

Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2013



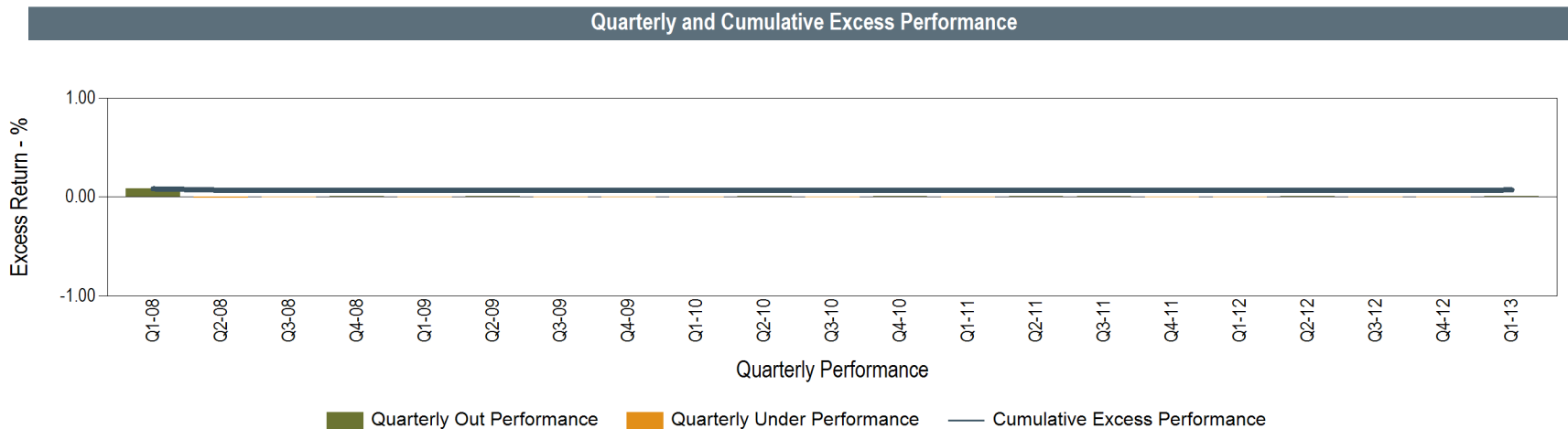
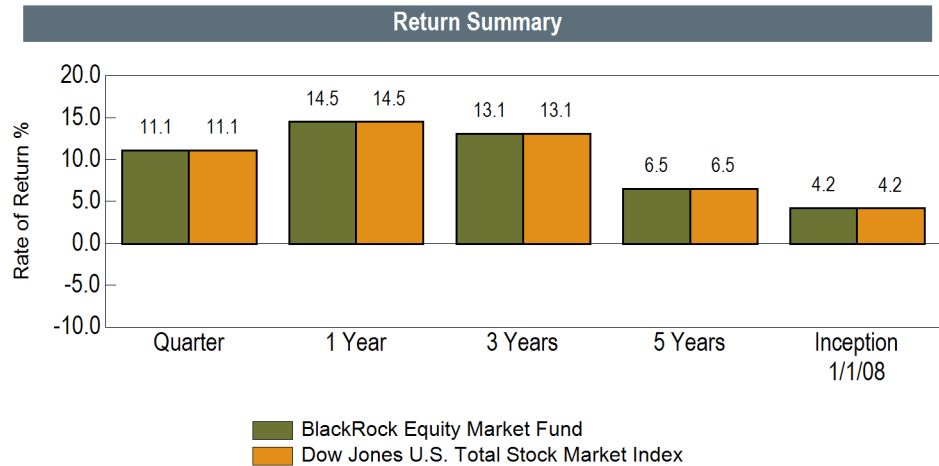
- Western U.S. Index Plus
- ◆ S&P 500 Index
- Risk Free
- 68% Confidence Interval
- eA All US Equity Net

Manager Performance

Benchmark: Dow Jones U.S. Total Stock Market Index

The objective of the BlackRock U.S. Equity Market Fund is to approximate the return of the Dow Jones U.S. Total Stock Market Index. The Dow Jones U.S. Total Stock Market Index contains essentially all publicly traded stocks in the U.S. Accordingly, it is the broadest available measure of the domestic stock market.

Account Information	
Account Name	BlackRock Equity Market Fund
Account Structure	Commingled Fund
Investment Style	Passive
Inception Date	1/01/08
Account Type	US Stock
Benchmark	Dow Jones U.S. Total Stock Market Index
Universe	eA All US Equity Net

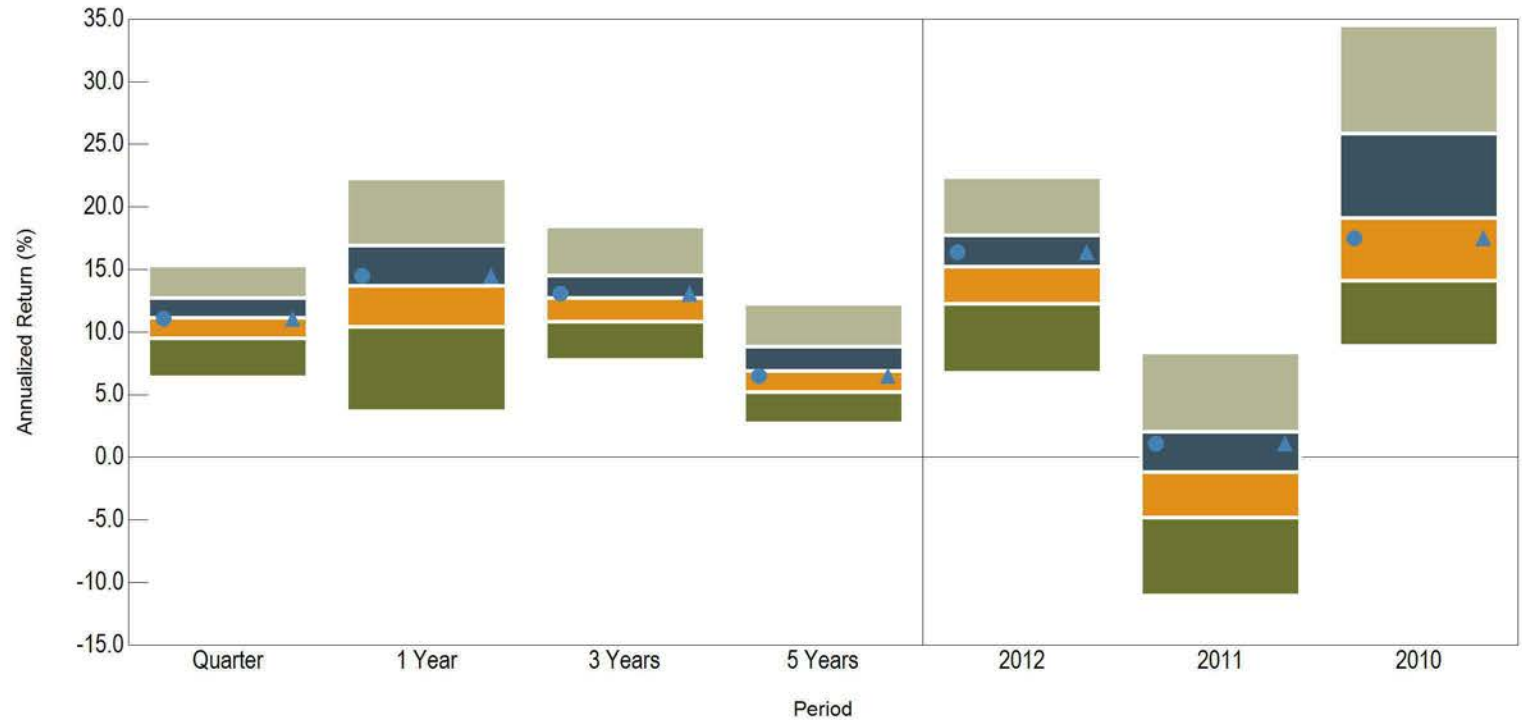


Universe Comparison

Benchmark: Dow Jones U.S. Total Stock Market Index

Universe: eA All US Equity Net

Ending March 31, 2013



	Return (Rank)														
5th Percentile	15.3	22.3	18.4	12.3	22.4	8.4	34.5								
25th Percentile	12.7	17.0	14.5	8.9	17.7	2.1	25.9								
Median	11.1	13.7	12.7	6.9	15.3	-1.1	19.1								
75th Percentile	9.5	10.4	10.8	5.2	12.3	-4.8	14.1								
95th Percentile	6.4	3.7	7.8	2.7	6.8	-11.0	8.9								
# of Portfolios	1,274	1,186	1,108	1,022	1,223	1,081	1,035								
● BlackRock Equity Market Fund	11.1	(52)	14.5	(44)	13.1	(45)	6.5	(57)	16.4	(38)	1.1	(33)	17.5	(58)	
▲ Dow Jones U.S. Total Stock Market Index	11.1	(52)	14.5	(44)	13.1	(45)	6.5	(57)	16.4	(38)	1.1	(33)	17.5	(58)	

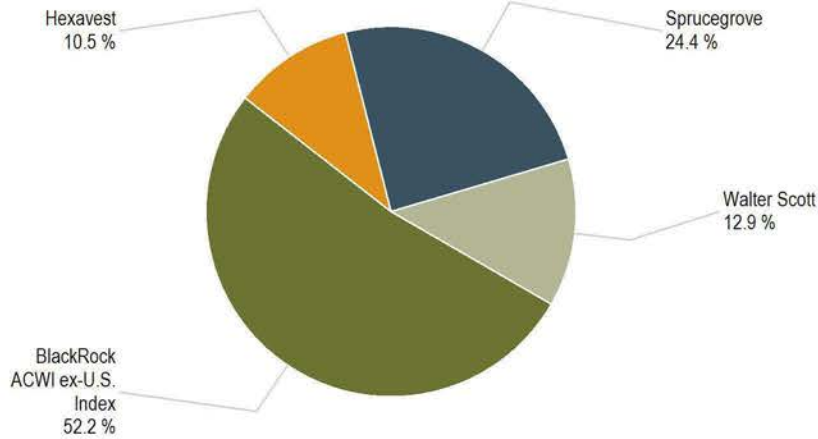


Total Non-U.S. Equity

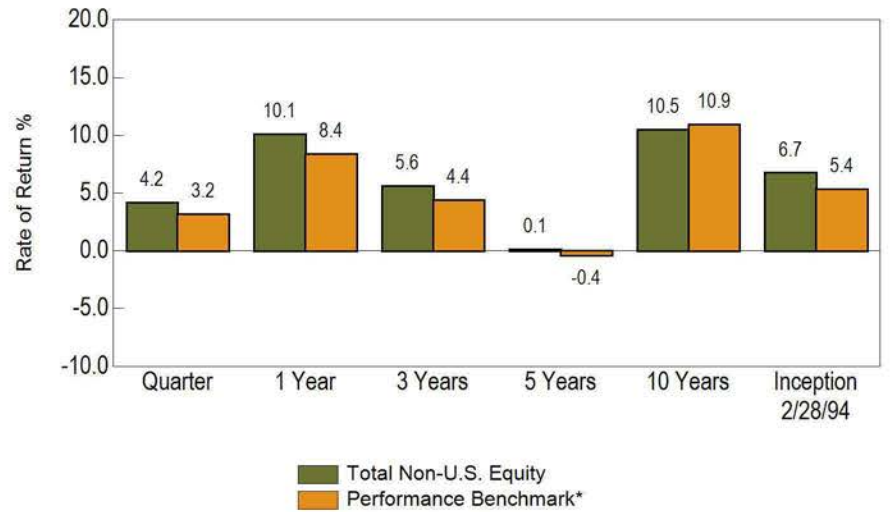
Overview

Benchmark: Performance Benchmark*

Current Allocation



Return Summary



Quarterly and Cumulative Excess Performance

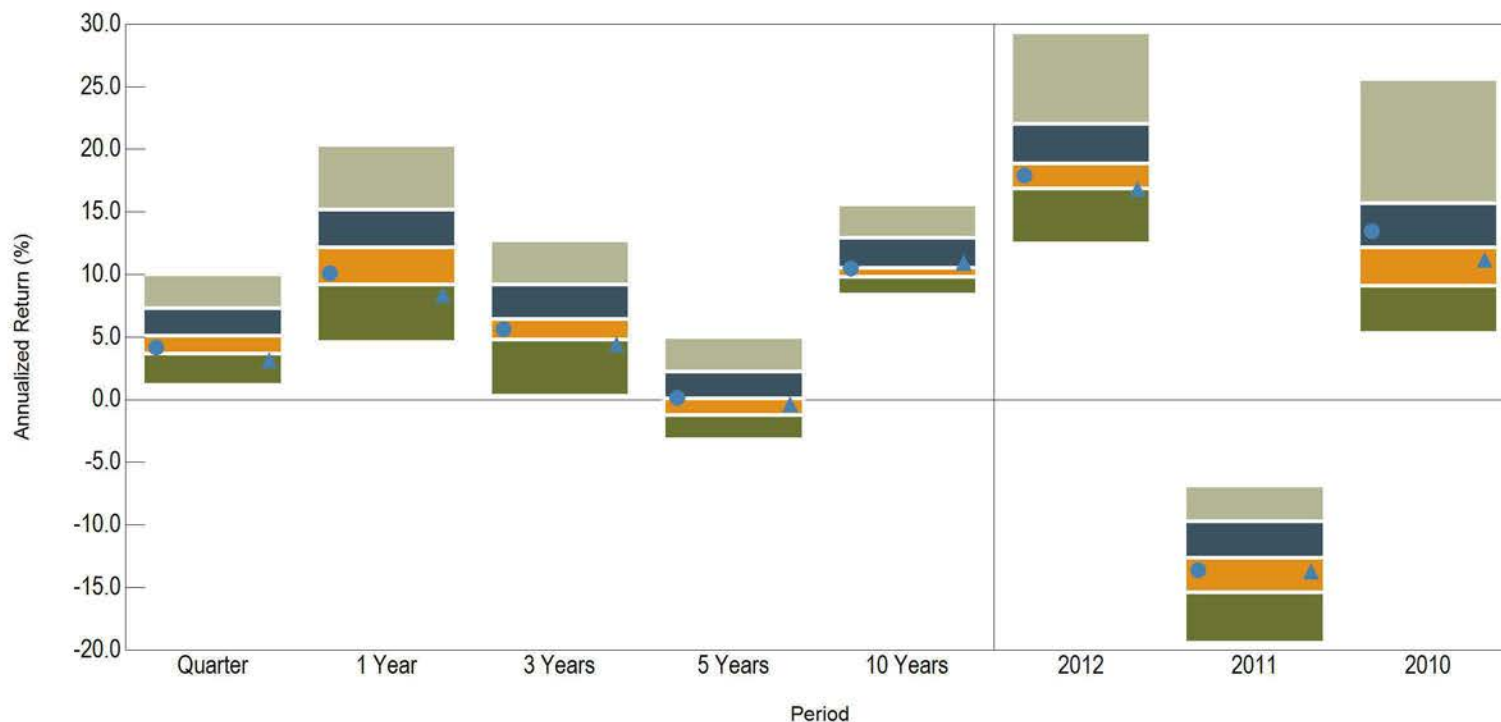


Universe Comparison

Benchmark: Performance Benchmark*

Universe: eA All EAFE Equity Net

Ending March 31, 2013



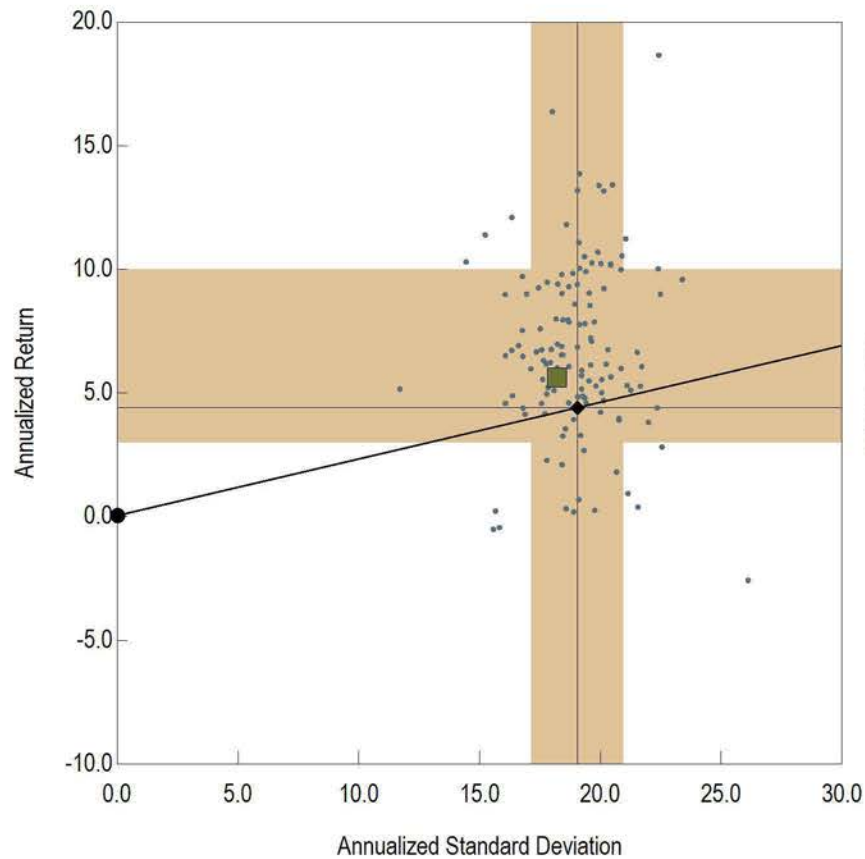
	Return (Rank)															
5th Percentile	10.0	20.4	12.7	5.0	15.6	29.3	-6.9	25.6								
25th Percentile	7.3	15.2	9.2	2.3	13.0	22.1	-9.7	15.7								
Median	5.1	12.2	6.5	0.2	10.6	18.9	-12.6	12.2								
75th Percentile	3.7	9.2	4.8	-1.2	9.9	16.9	-15.4	9.1								
95th Percentile	1.2	4.6	0.4	-3.1	8.4	12.5	-19.4	5.3								
# of Portfolios	143	141	130	119	78	144	129	143								
● Total Non-U.S. Equity	4.2	(67)	10.1	(71)	5.6	(63)	0.1	(53)	10.5	(54)	17.9	(63)	-13.6	(59)	13.5	(38)
▲ Performance Benchmark*	3.2	(82)	8.4	(81)	4.4	(80)	-0.4	(61)	10.9	(43)	16.8	(77)	-13.7	(60)	11.2	(54)

Risk Profile

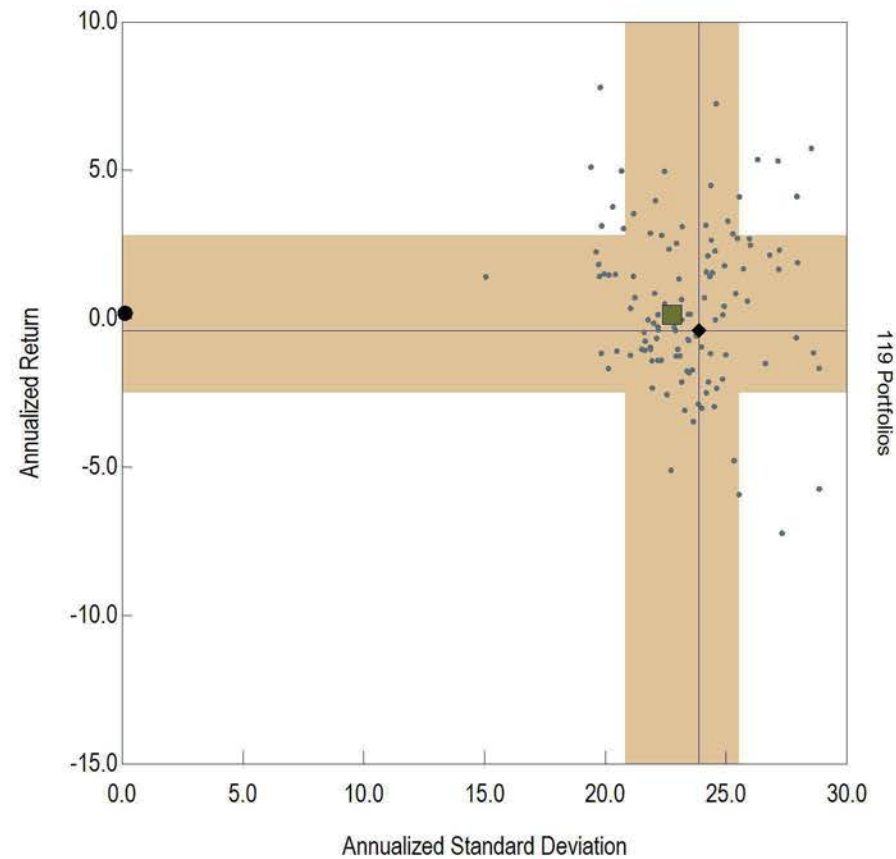
Benchmark: Performance Benchmark*

Universe: eA All EAFE Equity Net

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2013



Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2013

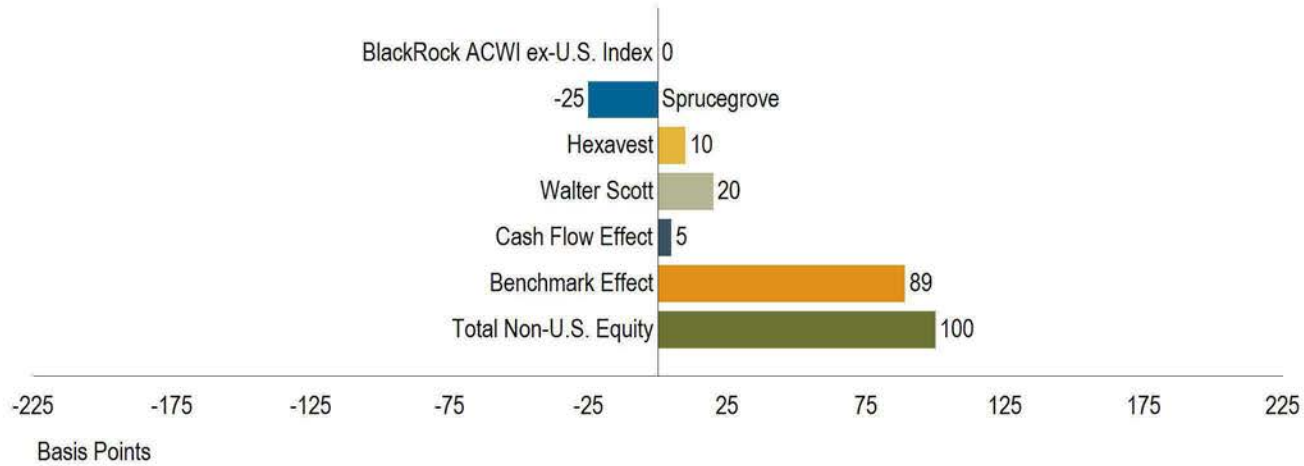


- Total Non-U.S. Equity
- ◆ Performance Benchmark*
- Risk Free
- 68% Confidence Interval
- eA All EAFE Equity Net

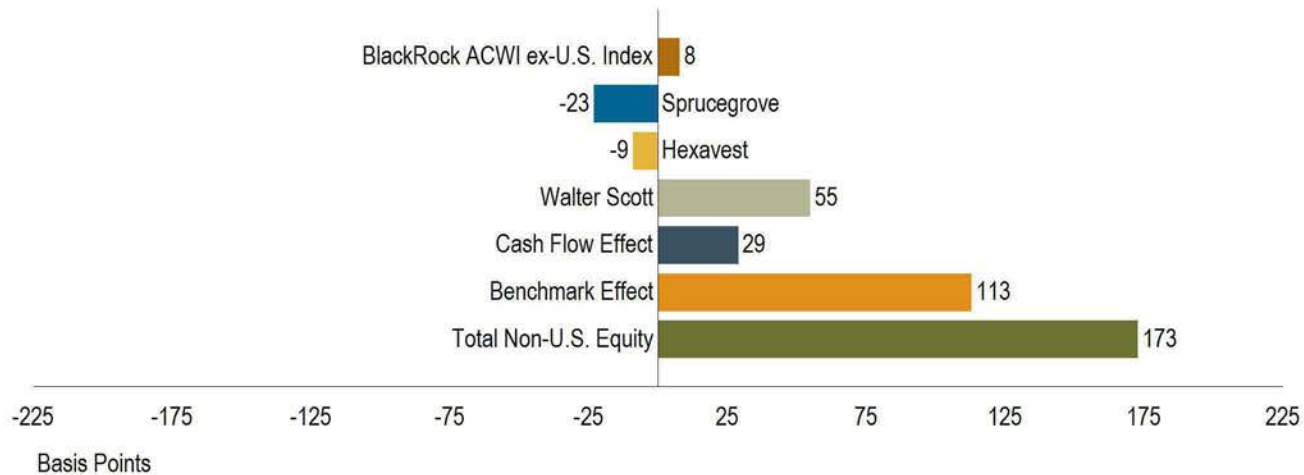
- Total Non-U.S. Equity
- ◆ Performance Benchmark*
- Risk Free
- 68% Confidence Interval
- eA All EAFE Equity Net

Attribution

**MANAGER ATTRIBUTION ANALYSIS
3 MONTHS ENDING 3/31/13**



**MANAGER ATTRIBUTION ANALYSIS
1 YEAR ENDING 3/31/13**

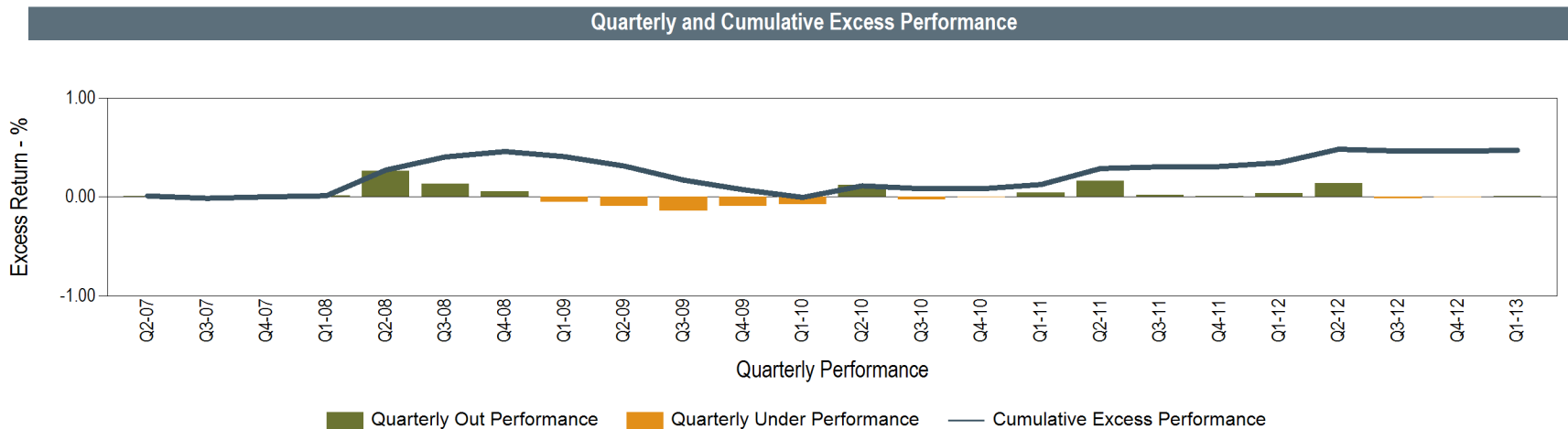
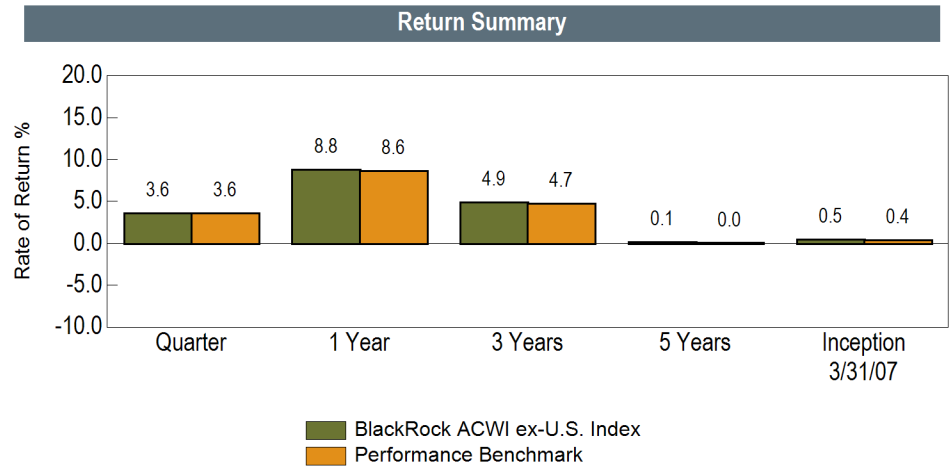


Manager Performance

Benchmark: Performance Benchmark

The BlackRock ACWI ex-U.S. Index Fund is designed to track the performance and risk characteristics of the MSCI All Country World ex-U.S. IM Index.

Account Information	
Account Name	BlackRock ACWI ex-U.S. Index
Account Structure	Commingled Fund
Investment Style	Passive
Inception Date	3/31/07
Account Type	Non-U.S. Stock - All
Benchmark	Performance Benchmark
Universe	eA All EAFE Equity Net

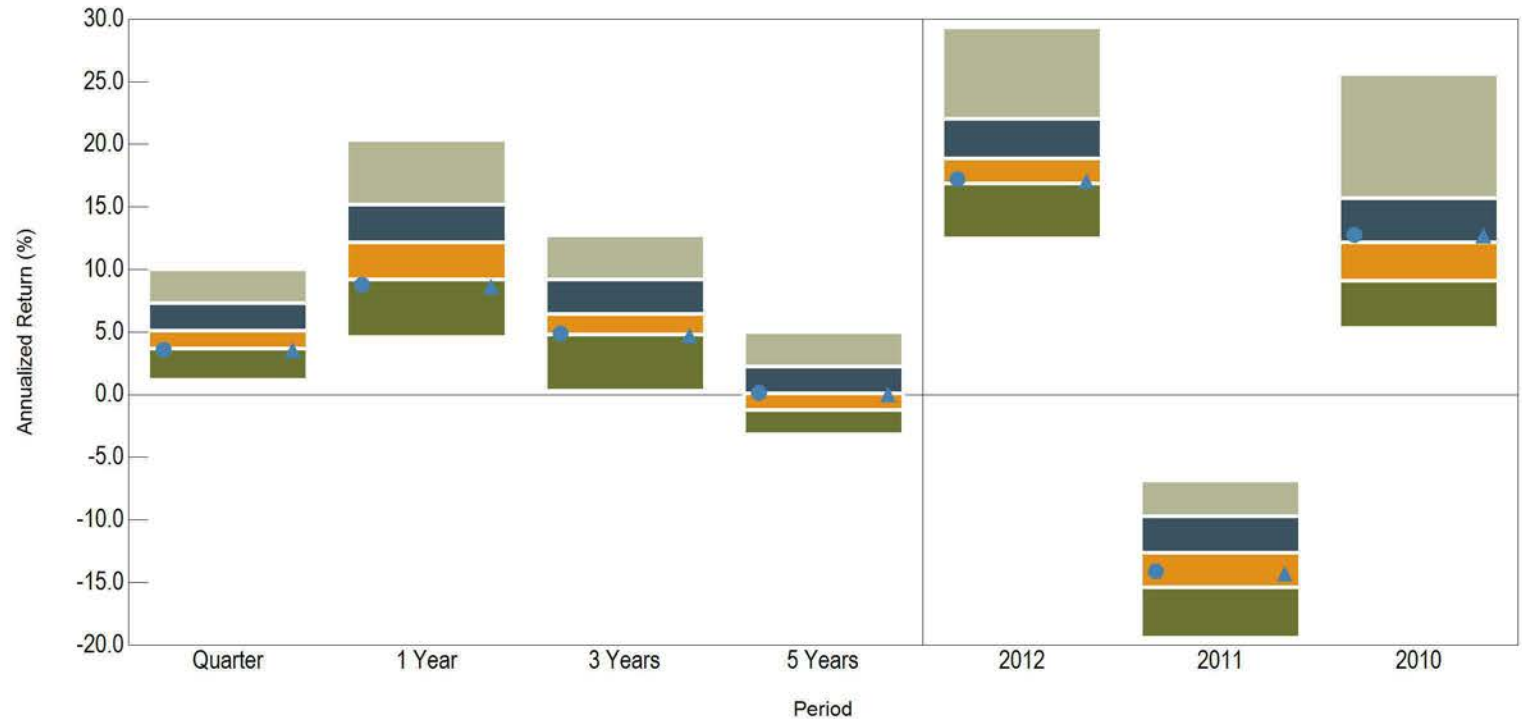


Universe Comparison

Benchmark: Performance Benchmark

Universe: eA All EAFE Equity Net

Ending March 31, 2013



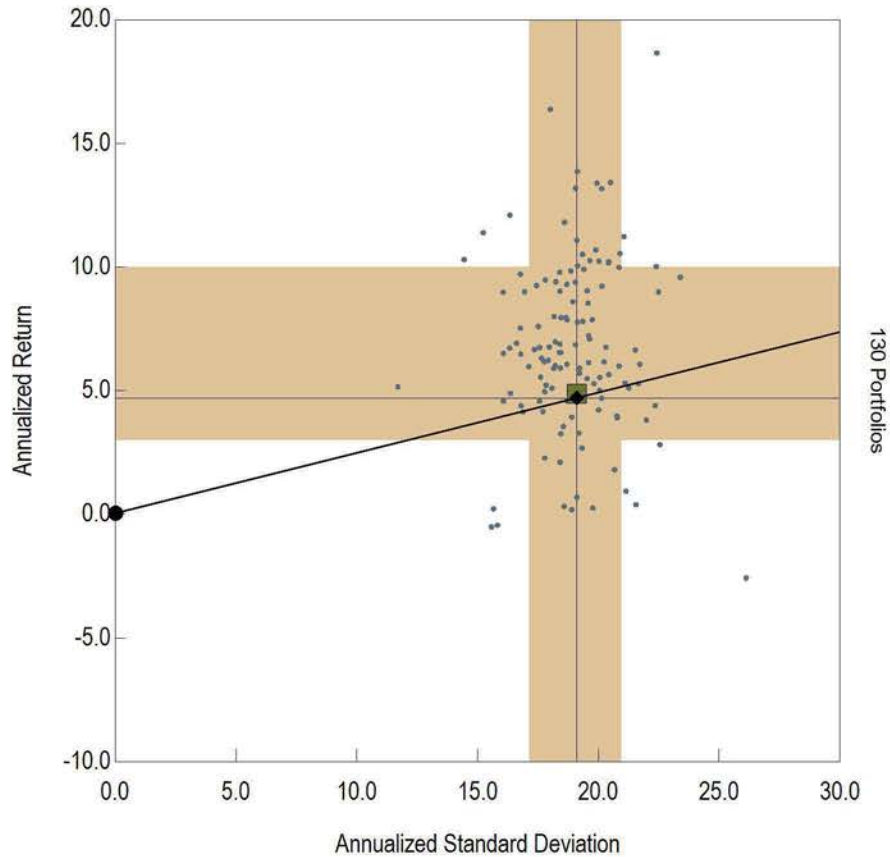
	Return (Rank)													
5th Percentile	10.0	20.4	12.7	5.0	29.3	-6.9	25.6							
25th Percentile	7.3	15.2	9.2	2.3	22.1	-9.7	15.7							
Median	5.1	12.2	6.5	0.2	18.9	-12.6	12.2							
75th Percentile	3.7	9.2	4.8	-1.2	16.9	-15.4	9.1							
95th Percentile	1.2	4.6	0.4	-3.1	12.5	-19.4	5.3							
# of Portfolios	143	141	130	119	144	129	143							
● BlackRock ACWI ex-U.S. Index	3.6	(78)	8.8	(78)	4.9	(74)	0.1	(52)	17.2	(72)	-14.1	(65)	12.8	(45)
▲ Performance Benchmark	3.6	(78)	8.6	(79)	4.7	(76)	0.0	(54)	17.0	(74)	-14.3	(66)	12.7	(45)

Risk Profile

Benchmark: Performance Benchmark

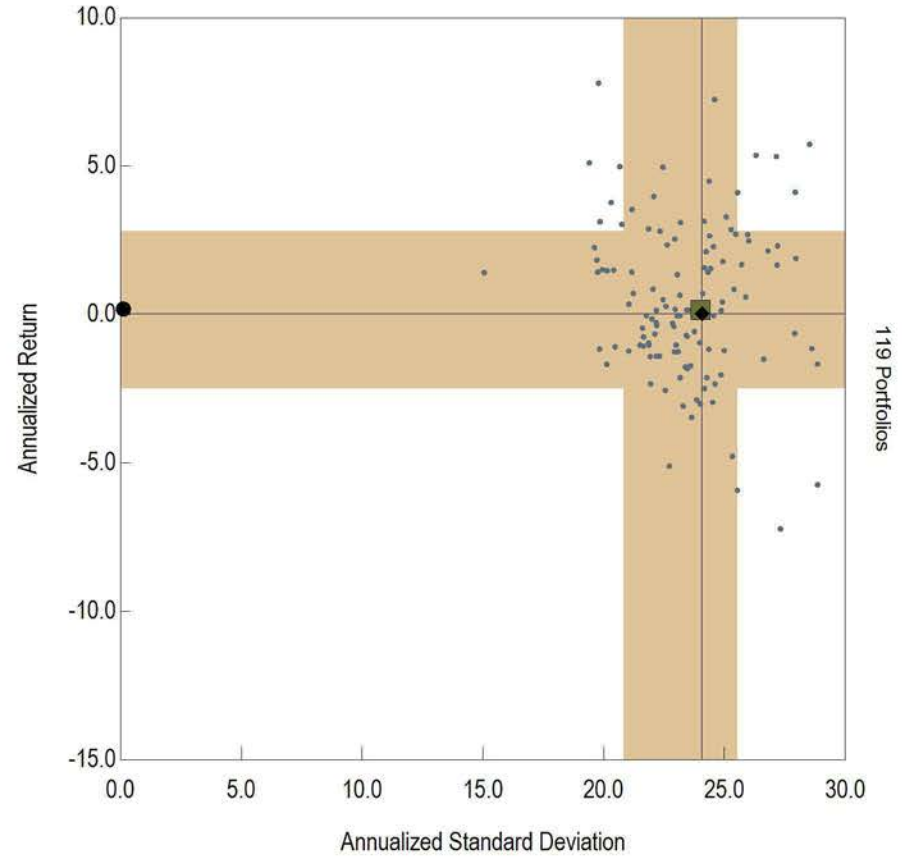
Universe: eA All EAFE Equity Net

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2013



- BlackRock ACWI ex-U.S. Index
- ◆ Performance Benchmark
- Risk Free
- 68% Confidence Interval
- eA All EAFE Equity Net

Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2013



- BlackRock ACWI ex-U.S. Index
- ◆ Performance Benchmark
- Risk Free
- 68% Confidence Interval
- eA All EAFE Equity Net

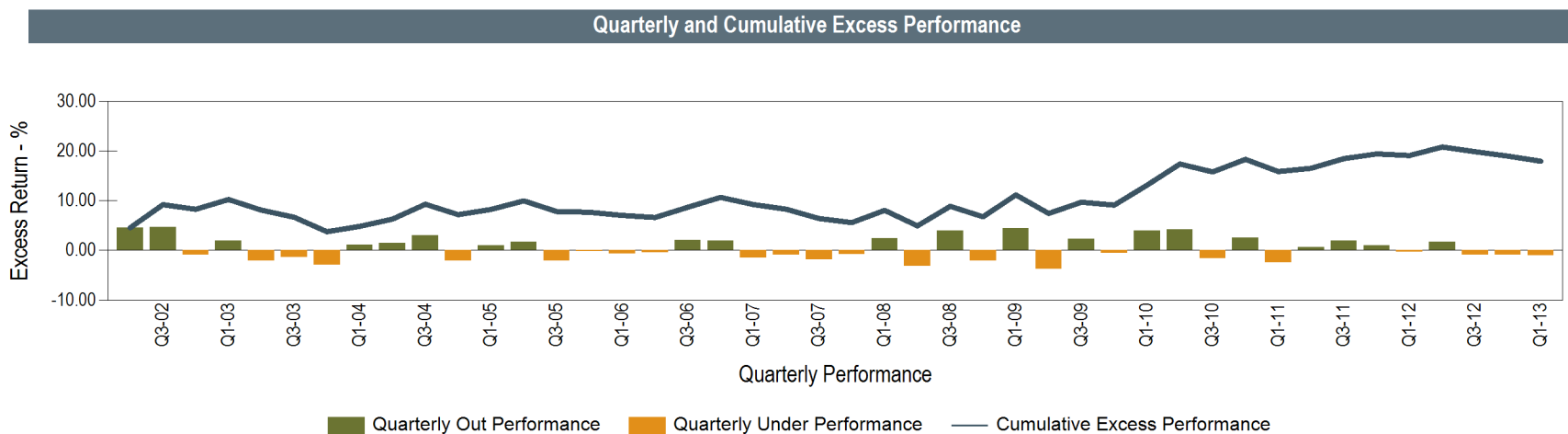
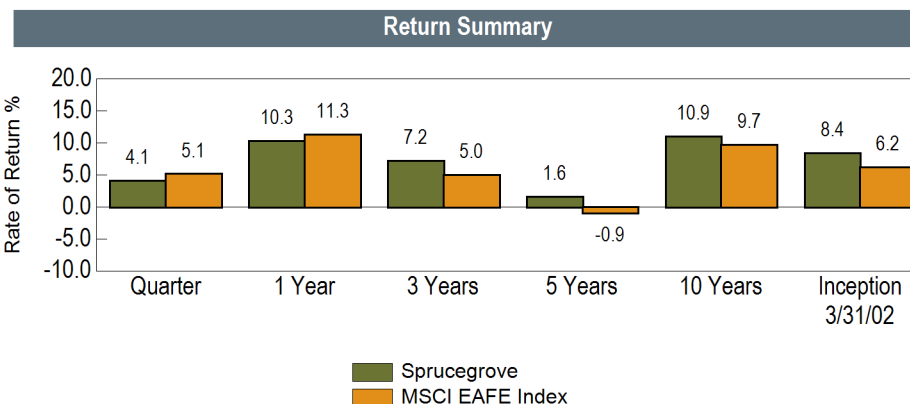
Manager Performance

Benchmark: MSCI EAFE Index

Sprucegrove is a value manager, following a bottom-up approach, and seeking to invest in quality companies selling at attractive valuations. As a value manager, Sprucegrove believes that the international markets are inefficient and by maintaining a long term perspective, they can capitalize on mispricings in the market. Investment objectives are: to maximize the long-term rate of return while preserving the investment capital of the fund by avoiding investment strategies that expose fund assets to excessive risk; to outperform the benchmark over a full market cycle; and to achieve a high ranking relative to similar funds over a market cycle.

High emphasis is given to balance sheet fundamentals, historical operating results, and company management. If a company is truly promising, the portfolio management team instructs the analyst to do a full research report to ensure the company qualifies for inclusion in Sprucegrove's investable universe. There are approximately 300 companies on Sprucegrove's working list.

Account Information	
Account Name	Sprucegrove
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	3/31/02
Account Type	Non-U.S. Stock - All
Benchmark	MSCI EAFE Index
Universe	eA All EAFE Equity Net

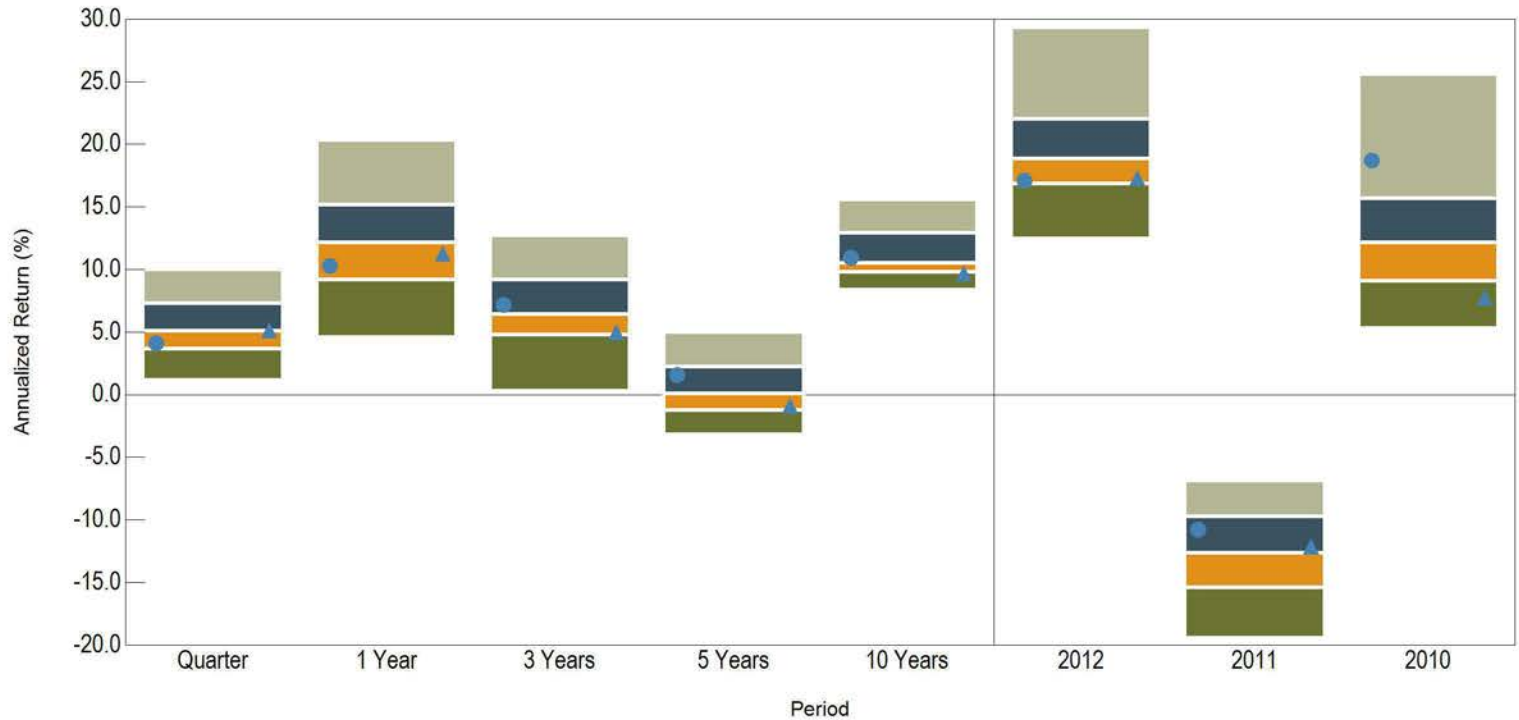


Universe Comparison

Benchmark: MSCI EAFE Index

Universe: eA All EAFE Equity Net

Ending March 31, 2013



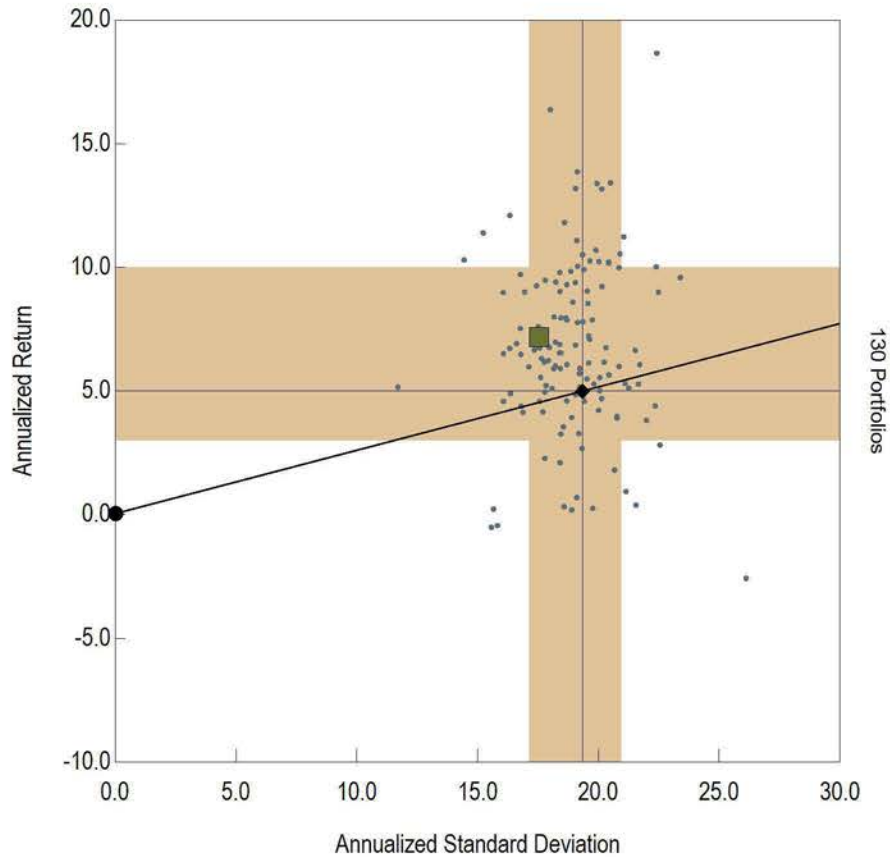
	Return (Rank)															
5th Percentile	10.0	20.4	12.7	5.0	15.6	29.3	-6.9	25.6								
25th Percentile	7.3	15.2	9.2	2.3	13.0	22.1	-9.7	15.7								
Median	5.1	12.2	6.5	0.2	10.6	18.9	-12.6	12.2								
75th Percentile	3.7	9.2	4.8	-1.2	9.9	16.9	-15.4	9.1								
95th Percentile	1.2	4.6	0.4	-3.1	8.4	12.5	-19.4	5.3								
# of Portfolios	143	141	130	119	78	144	129	143								
● Sprucegrove	4.1	(68)	10.3	(69)	7.2	(40)	1.6	(33)	10.9	(43)	17.1	(73)	-10.8	(31)	18.7	(15)
▲ MSCI EAFE Index	5.1	(52)	11.3	(58)	5.0	(72)	-0.9	(67)	9.7	(80)	17.3	(72)	-12.1	(45)	7.8	(83)

Risk Profile

Benchmark: MSCI EAFE Index

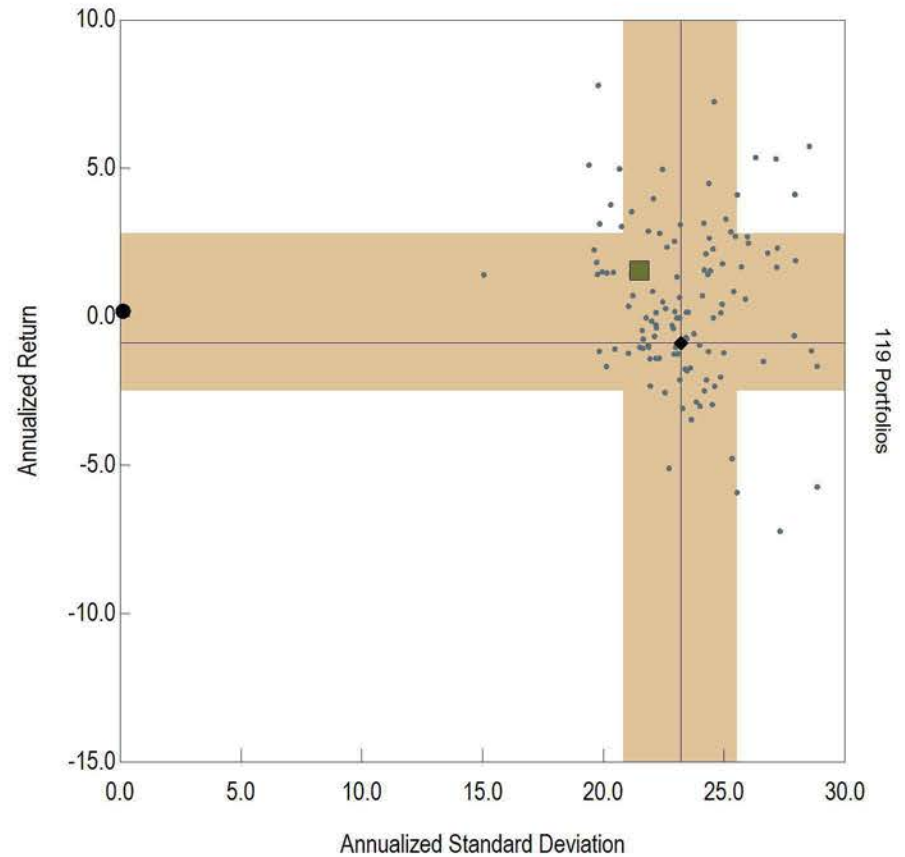
Universe: eA All EAFE Equity Net

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2013



- Sprucegrove
- ◆ MSCI EAFE Index
- Risk Free
- ▨ 68% Confidence Interval
- eA All EAFE Equity Net

Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2013



- Sprucegrove
- ◆ MSCI EAFE Index
- Risk Free
- ▨ 68% Confidence Interval
- eA All EAFE Equity Net

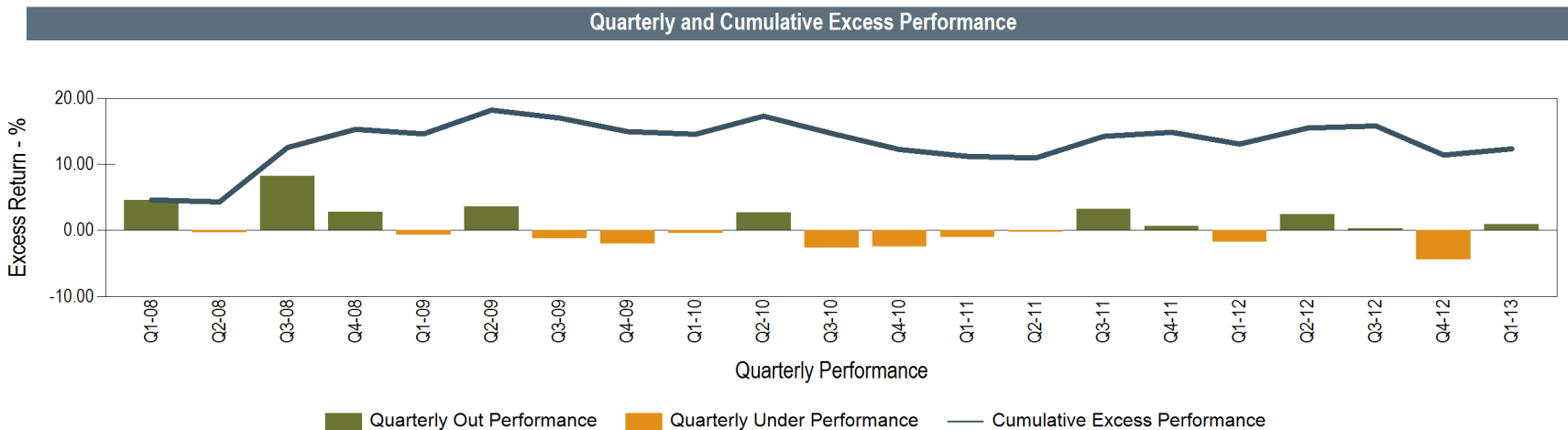
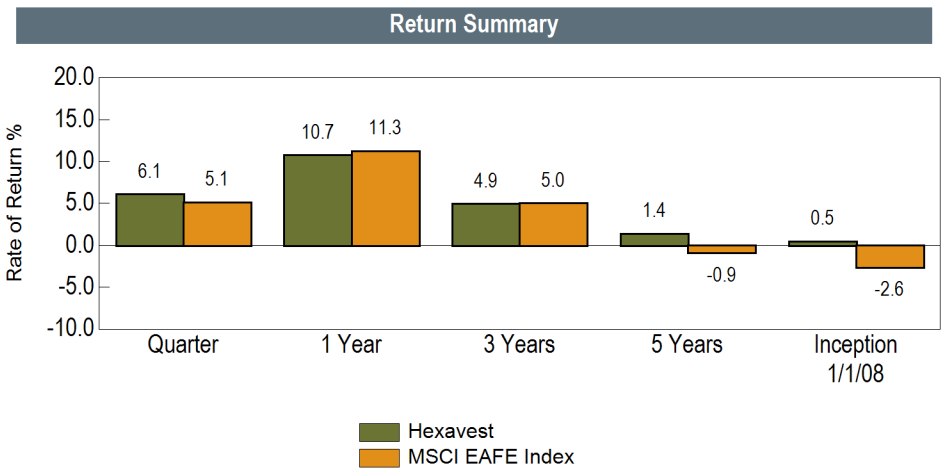
Manager Performance

Benchmark: MSCI EAFE Index

The manager's investment process was established in the early 1990s and at the time was almost entirely macro-focused. The model was enhanced in 1999 to include a bottom-up component, expected to contribute 20% to the overall decision making, so that portfolio managers can fine tune the active positions to further express their market views.

Hexavest attempts to identify inconsistencies at a macro level by analyzing the following three factor groups: economic environment (e.g., growth and interest rates), valuation of the individual markets, and sentiment (e.g., momentum and risk).

Account Information	
Account Name	Hexavest
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	1/01/08
Account Type	Non-U.S. Stock - All
Benchmark	MSCI EAFE Index
Universe	eA All EAFE Equity Net



Universe Comparison

Benchmark: MSCI EAFE Index

Universe: eA All EAFE Equity Net



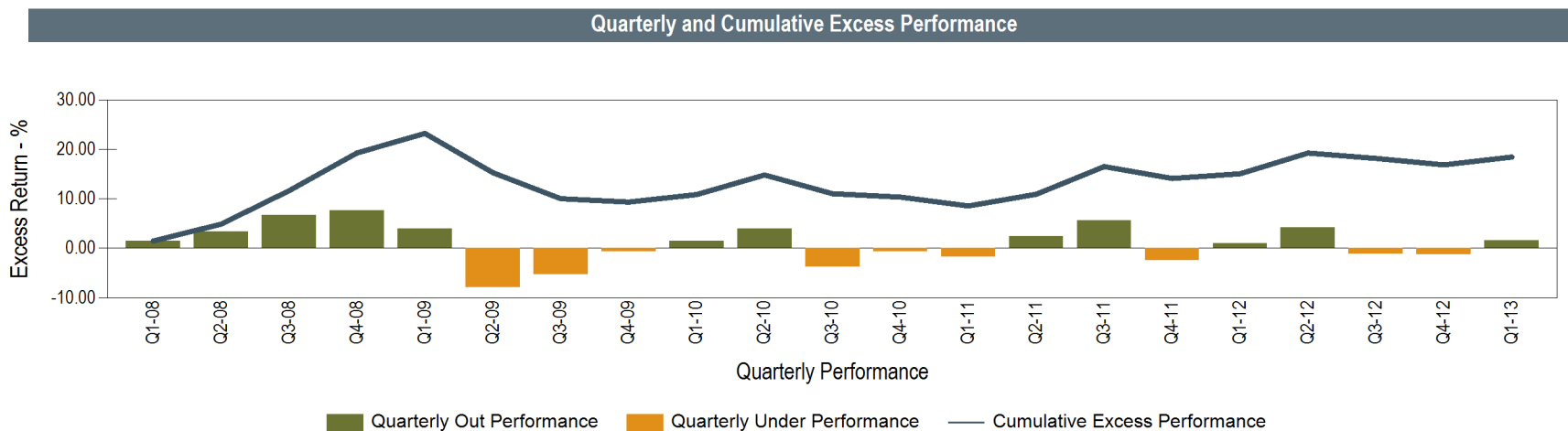
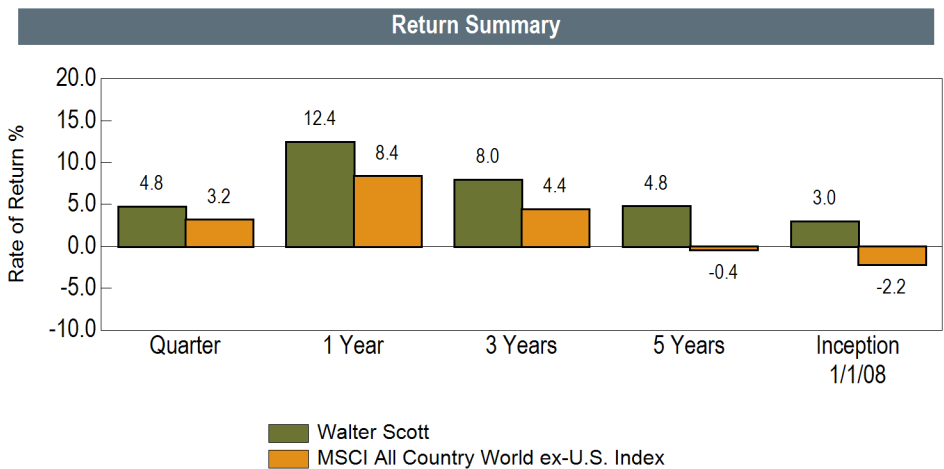
	Return (Rank)						
5th Percentile	10.0	20.4	12.7	5.0	29.3	-6.9	25.6
25th Percentile	7.3	15.2	9.2	2.3	22.1	-9.7	15.7
Median	5.1	12.2	6.5	0.2	18.9	-12.6	12.2
75th Percentile	3.7	9.2	4.8	-1.2	16.9	-15.4	9.1
95th Percentile	1.2	4.6	0.4	-3.1	12.5	-19.4	5.3
# of Portfolios	143	141	130	119	144	129	143
● Hexavest	6.1 (39)	10.7 (64)	4.9 (73)	1.4 (40)	13.9 (91)	-9.2 (22)	5.8 (95)
▲ MSCI EAFE Index	5.1 (52)	11.3 (58)	5.0 (72)	-0.9 (67)	17.3 (72)	-12.1 (45)	7.8 (83)

Manager Performance

Benchmark: MSCI All Country World ex-U.S. Index

Walter Scott & Partners employs a bottom-up fundamental growth investment style. Security selection focuses on companies with 20% or more internal growth which will be sustainable over time. The manager identifies major political and economic trends that may impact industry or sector growth. At the company level, the manager utilizes fundamental analysis such as returns on invested capital, soundness of management, strength of balance sheet, and management track record. By gaining an understanding as to how the financial figures of the past were generated, the analysts will be able to better understand how future earnings will be generated.

Account Information	
Account Name	Walter Scott
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	1/01/08
Account Type	Non-U.S. Stock - All
Benchmark	MSCI All Country World ex-U.S. Index
Universe	eA All EAFE Equity Net

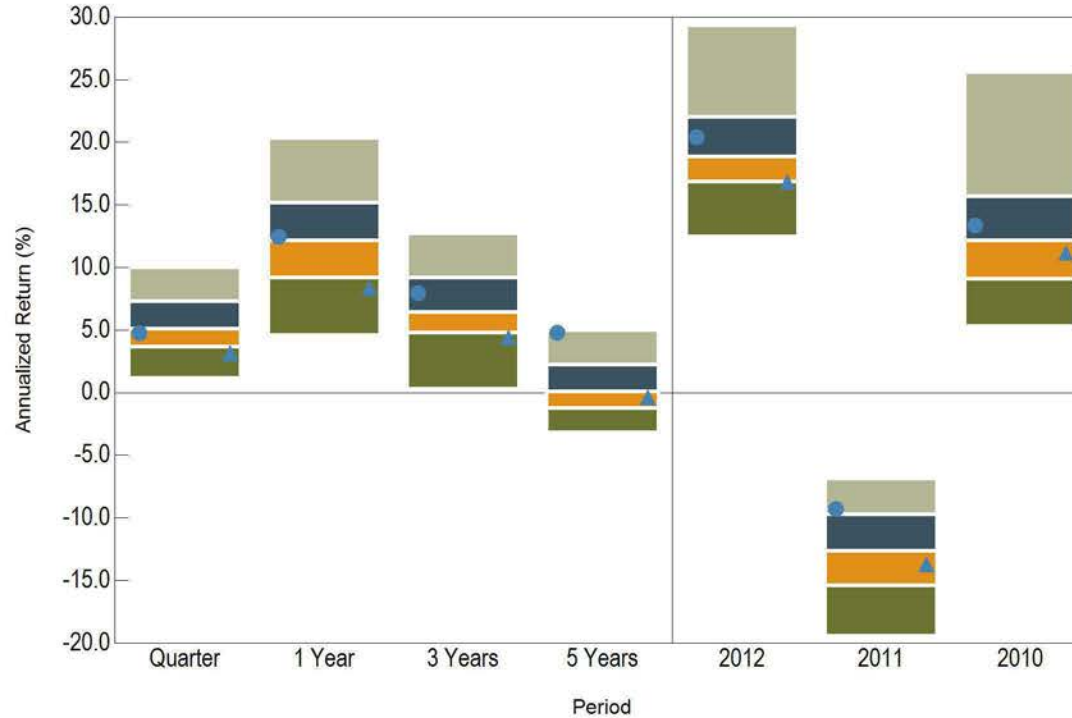


Universe Comparison

Benchmark: MSCI All Country World ex-U.S. Index

Universe: eA All EAFE Equity Net

Ending March 31, 2013



	Return (Rank)						
5th Percentile	10.0	20.4	12.7	5.0	29.3	-6.9	25.6
25th Percentile	7.3	15.2	9.2	2.3	22.1	-9.7	15.7
Median	5.1	12.2	6.5	0.2	18.9	-12.6	12.2
75th Percentile	3.7	9.2	4.8	-1.2	16.9	-15.4	9.1
95th Percentile	1.2	4.6	0.4	-3.1	12.5	-19.4	5.3
# of Portfolios	143	141	130	119	144	129	143
● Walter Scott	4.8 (58)	12.4 (48)	8.0 (34)	4.8 (7)	20.4 (41)	-9.3 (23)	13.3 (40)
▲ MSCI All Country World ex-U.S. Index	4.8 (82)	8.4 (81)	4.4 (80)	-0.4 (61)	16.8 (77)	-13.7 (60)	11.2 (54)

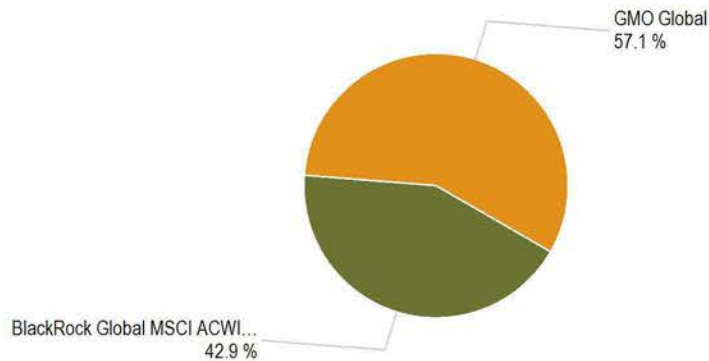


Total Global Equity

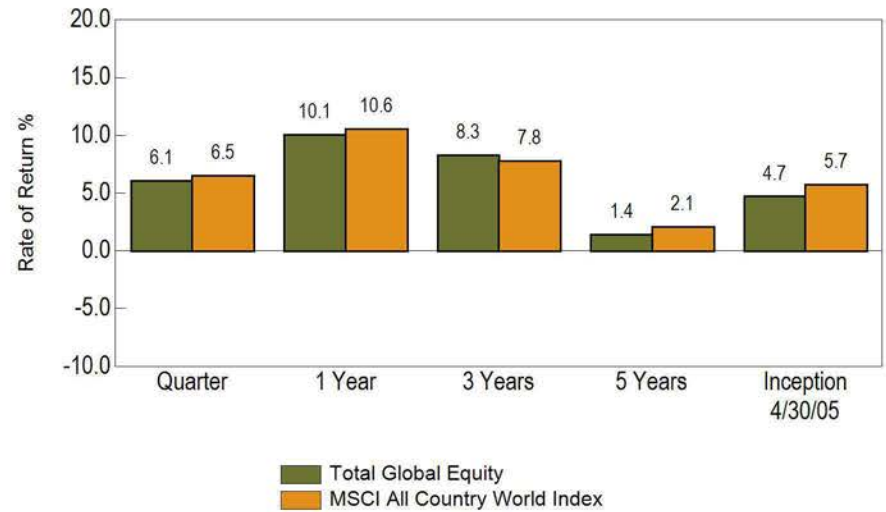
Overview

Benchmark: MSCI All Country World Index

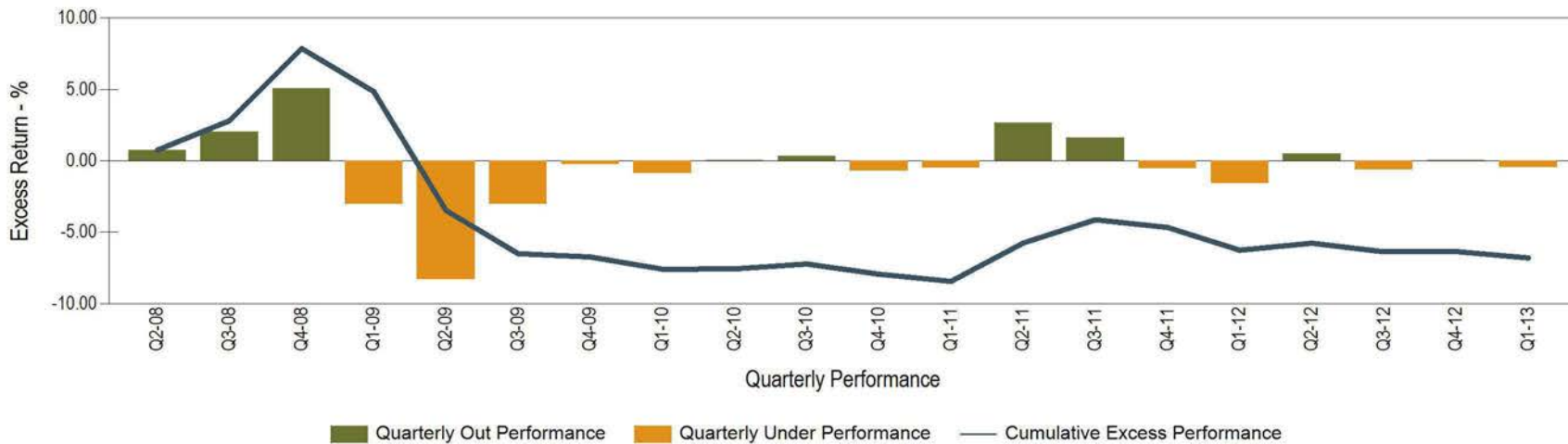
Current Allocation



Return Summary



Quarterly and Cumulative Excess Performance

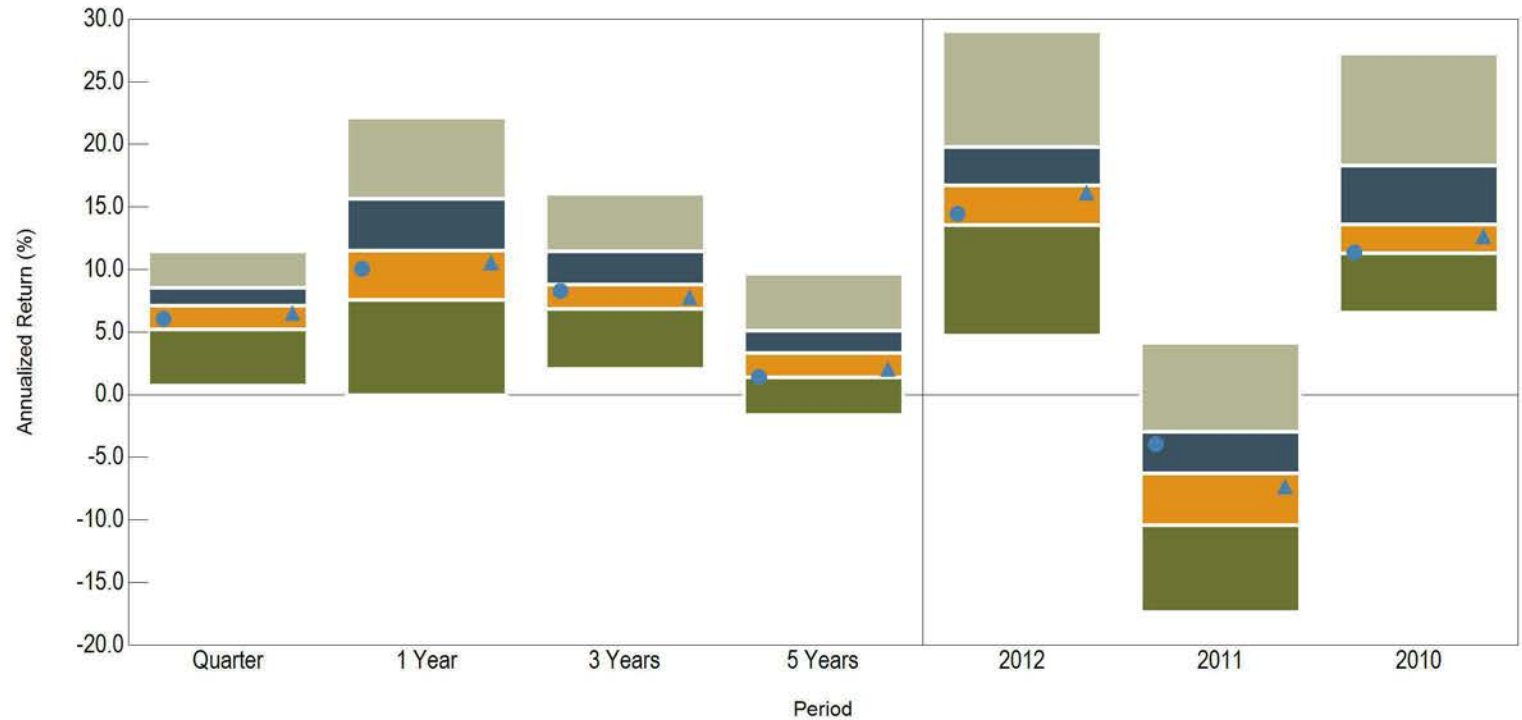


Universe Comparison

Benchmark: MSCI All Country World Index

Universe: eA All Global Equity Net

Ending March 31, 2013



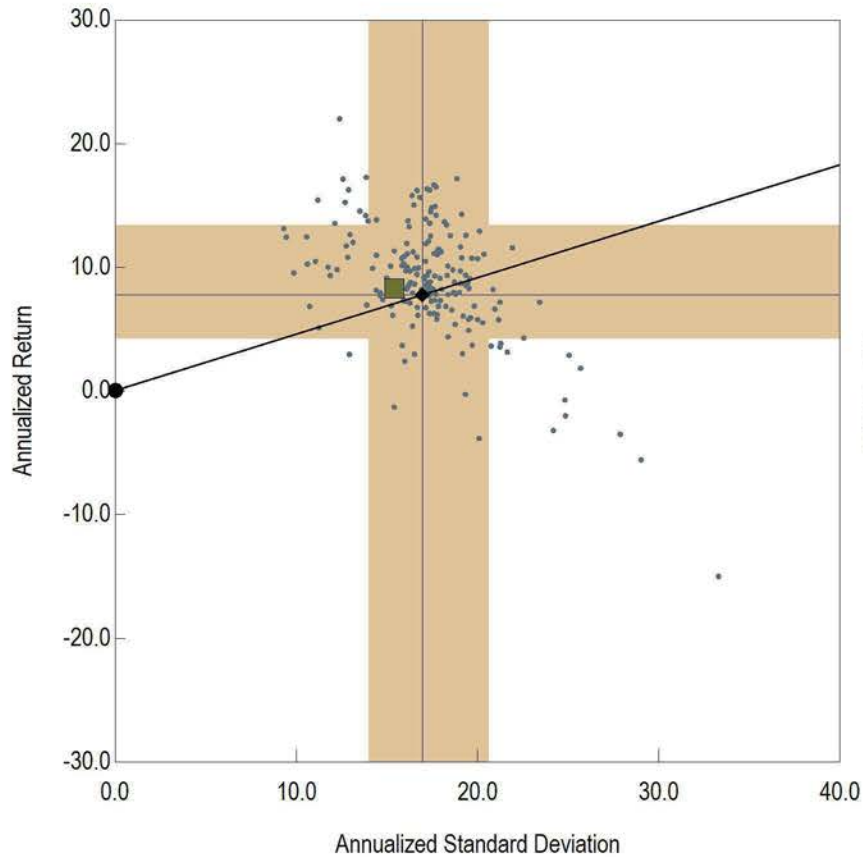
	Return (Rank)													
5th Percentile	11.4	22.1	16.0	9.6	29.0	4.1	27.2							
25th Percentile	8.6	15.7	11.5	5.2	19.8	-2.9	18.3							
Median	7.1	11.5	8.8	3.4	16.7	-6.3	13.6							
75th Percentile	5.2	7.6	6.9	1.4	13.6	-10.4	11.3							
95th Percentile	0.7	0.0	2.1	-1.6	4.8	-17.4	6.6							
# of Portfolios	226	218	190	160	230	186	140							
● Total Global Equity	6.1	(66)	10.1	(60)	8.3	(58)	1.4	(76)	14.4	(70)	-3.9	(35)	11.4	(75)
▲ MSCI All Country World Index	6.5	(60)	10.6	(57)	7.8	(67)	2.1	(71)	16.1	(56)	-7.3	(56)	12.7	(56)

Risk Profile

Benchmark: MSCI All Country World Index

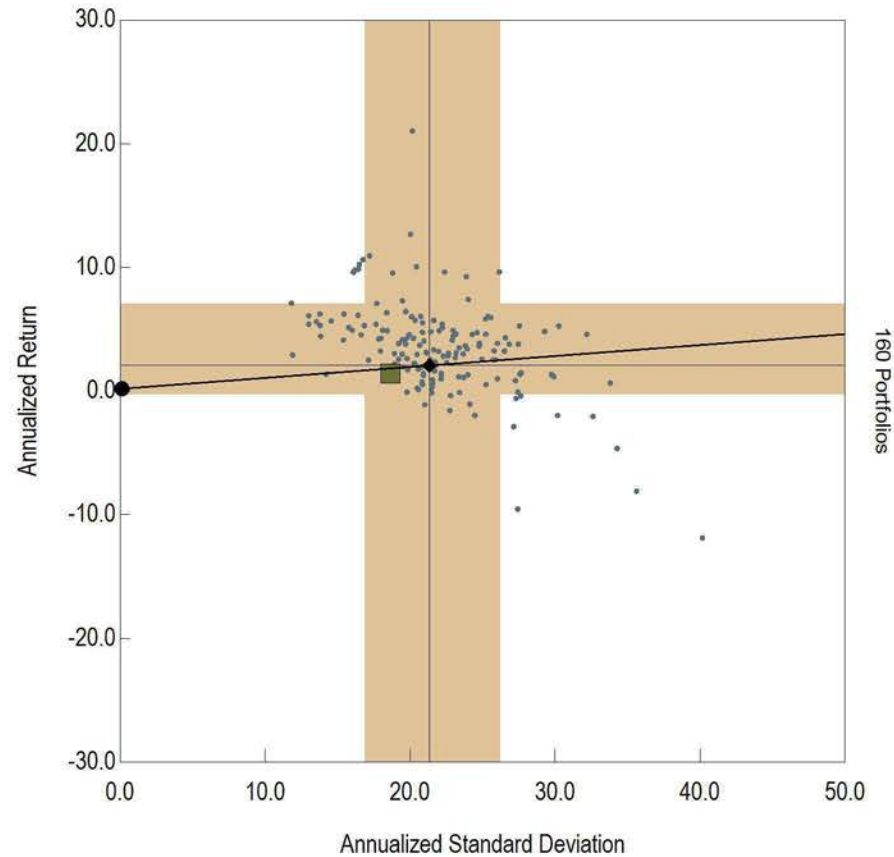
Universe: eA All Global Equity Net

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2013



- Total Global Equity
- ◆ MSCI All Country World Index
- Risk Free
- 68% Confidence Interval
- eA All Global Equity Net

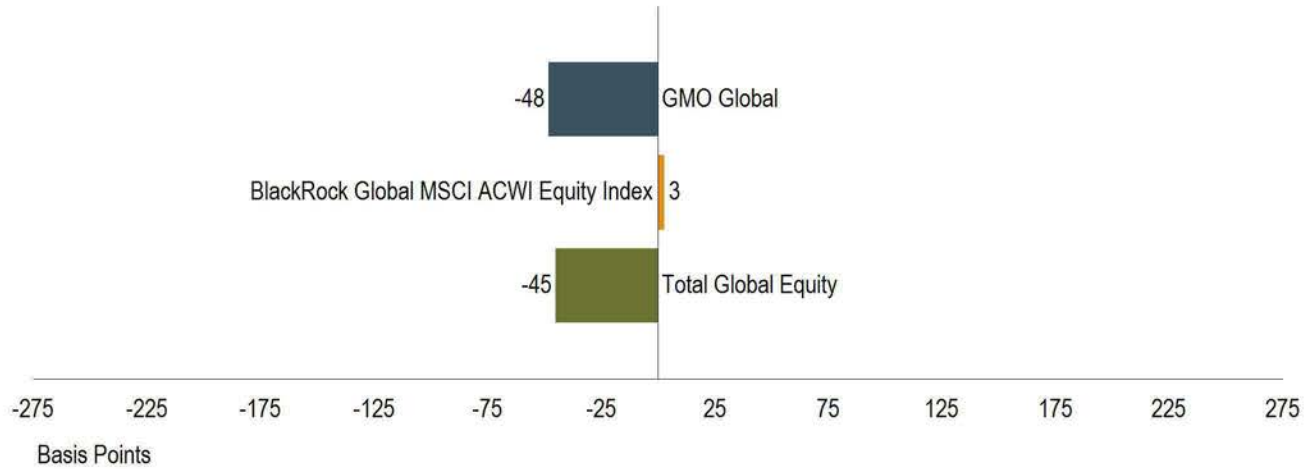
Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2013



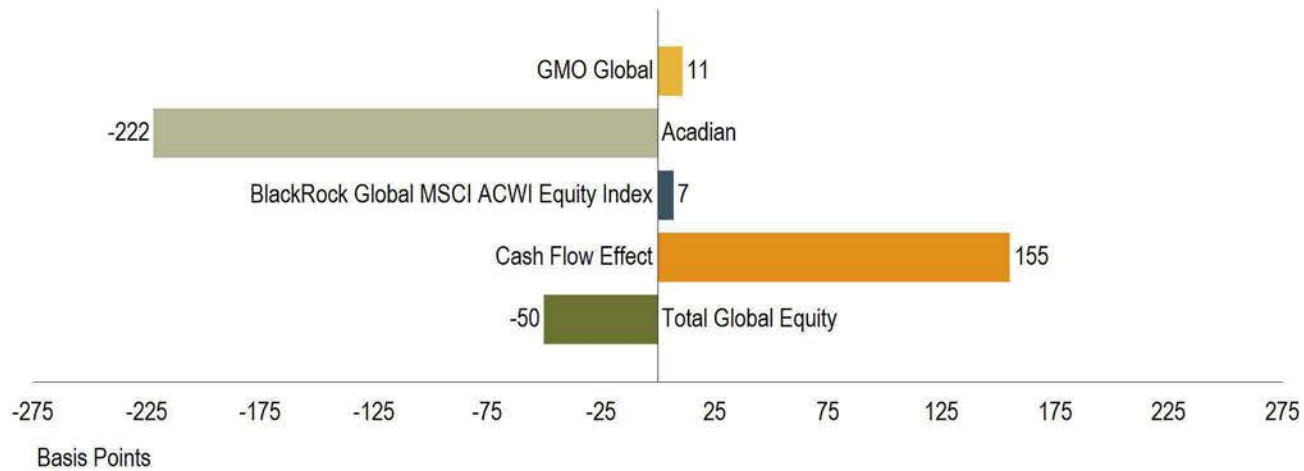
- Total Global Equity
- ◆ MSCI All Country World Index
- Risk Free
- 68% Confidence Interval
- eA All Global Equity Net

Attribution

**MANAGER ATTRIBUTION ANALYSIS
3 MONTHS ENDING 3/31/13**



**MANAGER ATTRIBUTION ANALYSIS
1 YEAR ENDING 3/31/13**



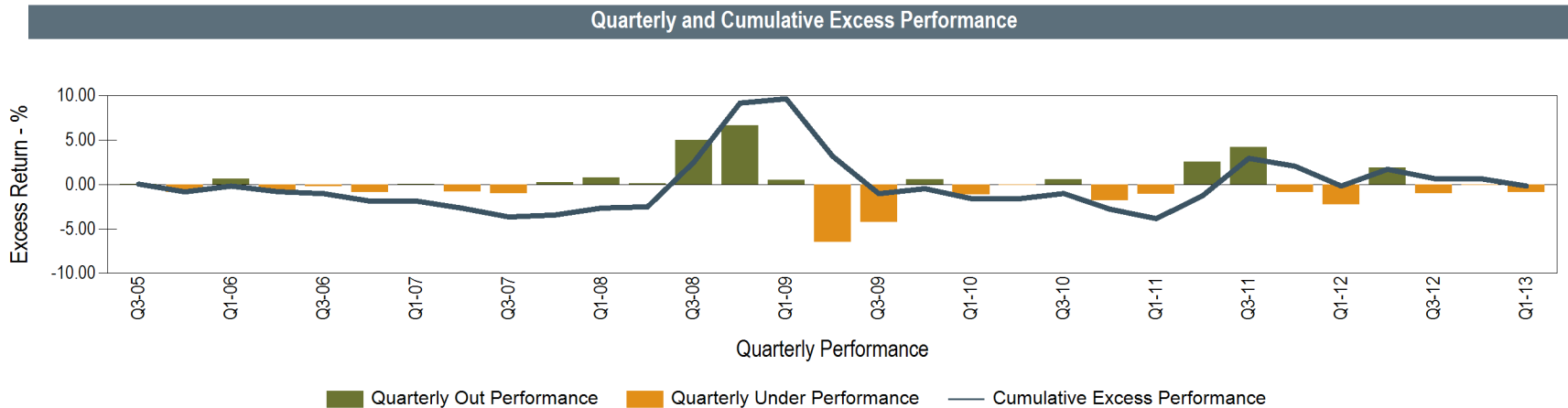
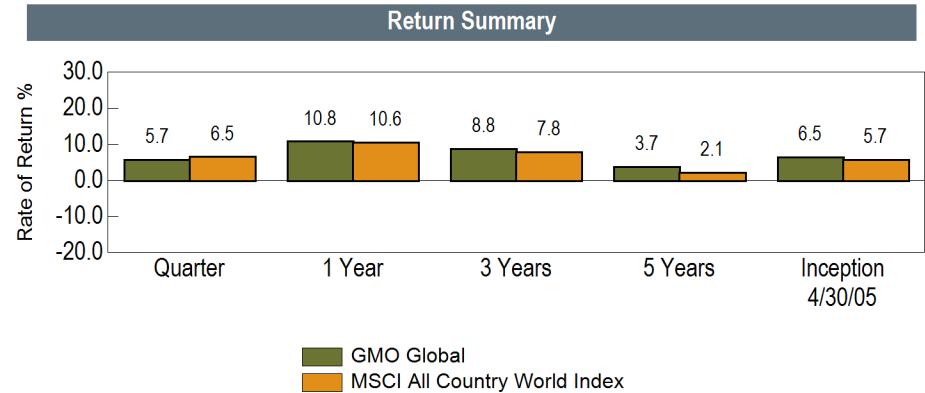
Manager Performance

Benchmark: MSCI All Country World Index

GMO uses a quantitative investment process to allocate between several of their mutual funds. They aim to add value both from opportunistic allocation between various segments of the market and from stock selection within the individual funds.

GMO does not employ a team of traditional fundamental security analysts. Instead, they attempt to exploit market inefficiencies by evaluating asset classes and individual securities largely through quantitative analysis. They prepare seven-year forecasts for different asset classes by conducting regression analysis on statistical and macroeconomic data. The forecasts are revised once every year, which leads to re-allocation among the different mutual funds. There is minimal rebalancing during the year. While the global equity allocation portfolio has no style bias, both value and momentum factors are taken into account when evaluating potential holdings (at the individual fund level). About 70% of the contribution to the portfolio is expected from value-related factors and 30% from momentum-related ones.

Account Information	
Account Name	GMO Global
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	4/30/05
Account Type	Global Equity
Benchmark	MSCI All Country World Index
Universe	eA All Global Equity Net

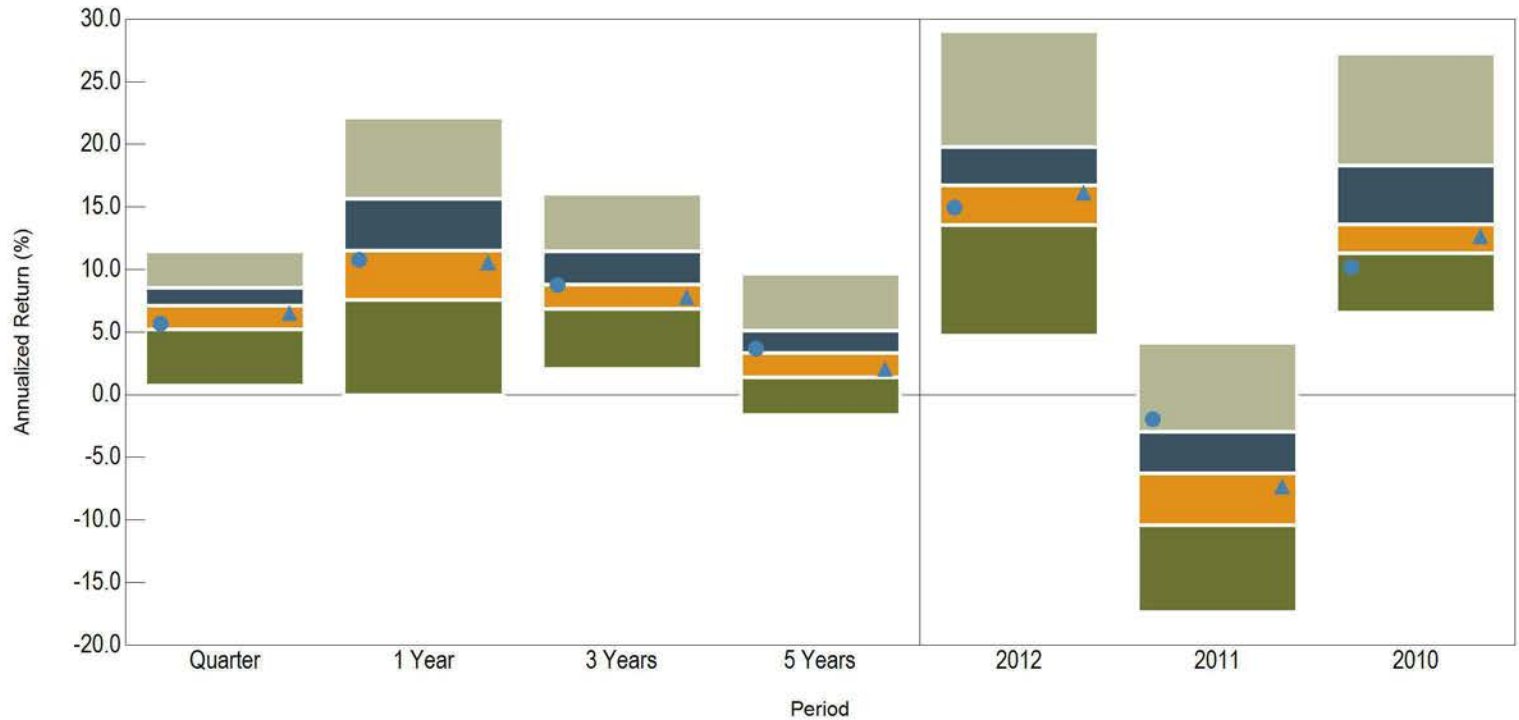


Universe Comparison

Benchmark: MSCI All Country World Index

Universe: eA All Global Equity Net

Ending March 31, 2013



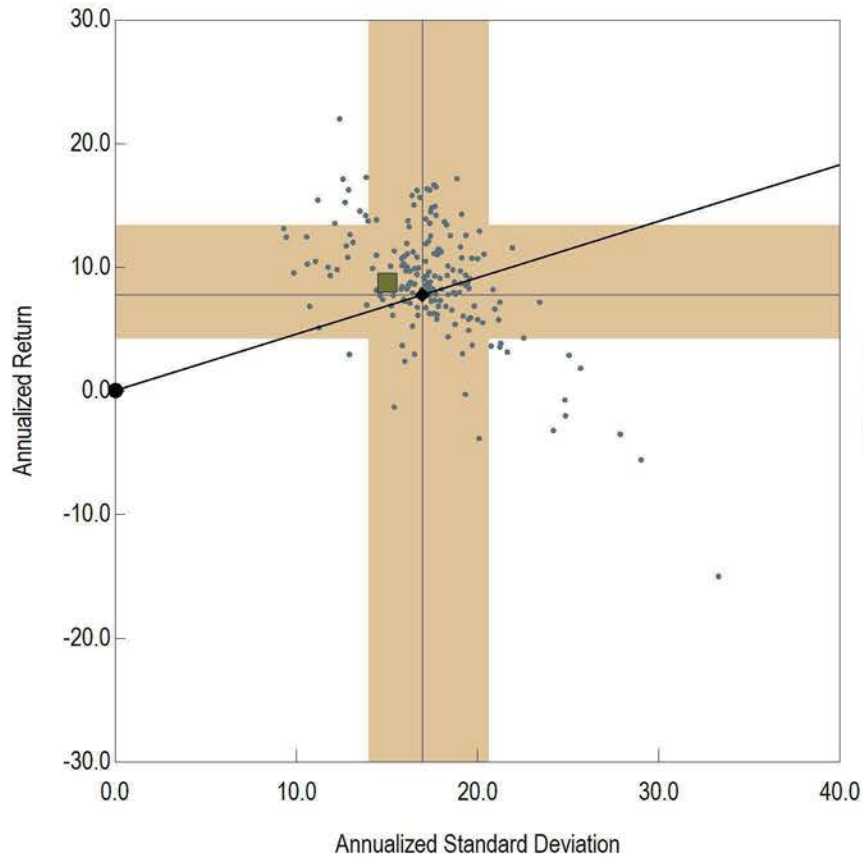
	Return (Rank)													
5th Percentile	11.4	22.1	16.0	9.6	29.0	4.1	27.2							
25th Percentile	8.6	15.7	11.5	5.2	19.8	-2.9	18.3							
Median	7.1	11.5	8.8	3.4	16.7	-6.3	13.6							
75th Percentile	5.2	7.6	6.9	1.4	13.6	-10.4	11.3							
95th Percentile	0.7	0.0	2.1	-1.6	4.8	-17.4	6.6							
# of Portfolios	226	218	190	160	230	186	140							
● GMO Global	5.7	(71)	10.8	(55)	8.8	(53)	3.7	(48)	15.0	(68)	-2.0	(20)	10.2	(88)
▲ MSCI All Country World Index	6.5	(60)	10.6	(57)	7.8	(67)	2.1	(71)	16.1	(56)	-7.3	(56)	12.7	(56)

Risk Profile

Benchmark: MSCI All Country World Index

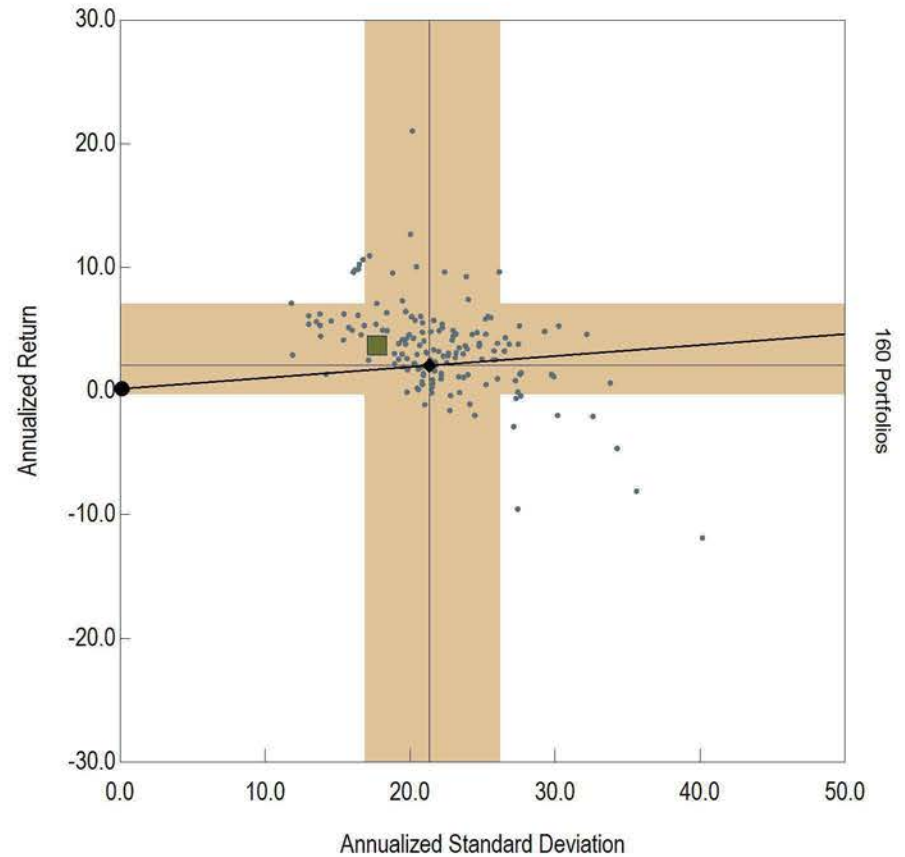
Universe: eA All Global Equity Net

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2013



- GMO Global
- ◆ MSCI All Country World Index
- Risk Free
- 68% Confidence Interval
- eA All Global Equity Net

Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2013

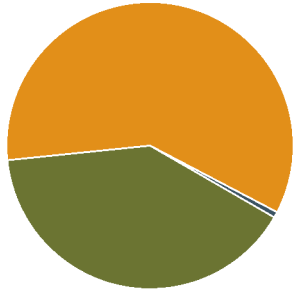


- GMO Global
- ◆ MSCI All Country World Index
- Risk Free
- 68% Confidence Interval
- eA All Global Equity Net

Manager Analysis

Benchmark: MSCI All Country World Index

Current Allocation



	Actual \$	Actual %
US Equity	\$73,359,468	40.0%
Non-US Equity	\$108,653,021	59.3%
US Fixed Inc.	\$1,198,205	0.7%
Non-US Fixed Inc.	\$0	0.0%
Alternative	\$0	0.0%
Real Estate	\$0	0.0%
Cash	\$0	0.0%
Other	\$0	0.0%
Total	\$183,210,694	

Characteristics

	Portfolio	MSCI ACWI Gross
Number of Holdings	1,598	2,431
Weighted Avg. Market Cap. (\$B)	90.82	72.32
Median Market Cap. (\$B)	4.69	7.73
Price To Earnings	14.65	17.88
Price To Book	2.98	2.74
Price To Sales	1.95	2.00
Return on Equity (%)	19.33	16.58
Yield (%)	3.11	2.57
Beta	0.87	1.00
R-Squared	0.97	1.00

Top Holdings

	Weight %
JOHNSON & JOHNSON	2.44%
GOOGLE 'A'	2.13%
COCA COLA	2.12%
PFIZER	1.98%
ORACLE	1.97%
MICROSOFT	1.96%
TOTAL	1.85%
CISCO SYSTEMS	1.77%
PHILIP MORRIS INTL.	1.66%
SANOFI	1.55%
Total	19.42%

Best Performers

	Portfolio Weight %	Index Weight %	Return %
THAI TAP WATER SUPPLY FB	0.02%		122.07%
THOMAS COOK GROUP	0.07%		118.75%
J TRUST	0.01%		109.08%
HIGASHI NIHON HOUSE	0.00%		93.28%
SEIKO HOLDINGS	0.00%		88.09%
DAIHATSU DIESEL	0.00%		78.81%
NAMURA SHIPBLDG.	0.00%		76.07%
MARVELOUS AQL	0.00%		72.75%
KONAKA	0.00%		71.76%
HEWLETT-PACKARD	1.42%	0.15%	68.35%

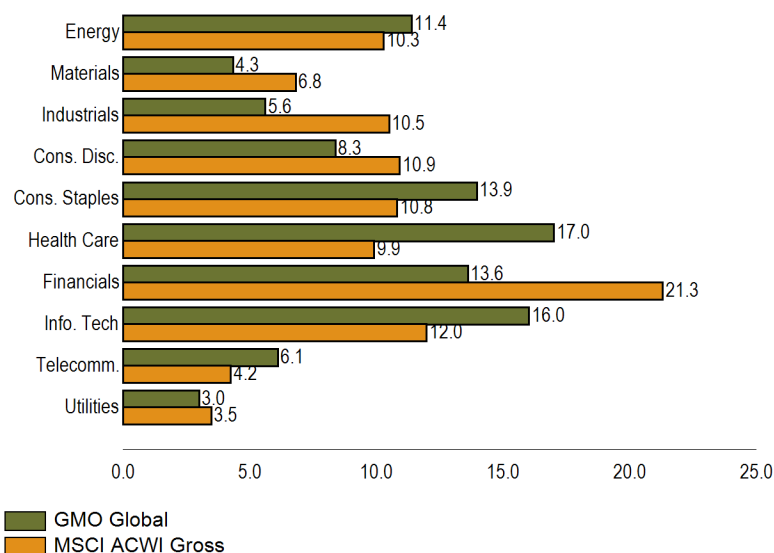
Worst Performers

	Portfolio Weight %	Index Weight %	Return %
HOUSING DEV.&.INFR.	0.00%		-58.23%
KAZAKHMYS	0.00%	0.00%	-52.88%
WELSPUN	0.00%		-52.30%
GEO 'B'	0.00%		-48.21%
TELEKOMUNIKACJA POLSKA	0.00%		-48.10%
POSTNL	0.00%		-47.93%
ELETROPAULO PN	0.01%	0.00%	-40.22%
NII HDG.	0.00%		-39.34%
MARFIN INV.GP.HDG.	0.00%		-38.93%
KINROSS GD.WTS.17/09/14	0.00%		-36.88%

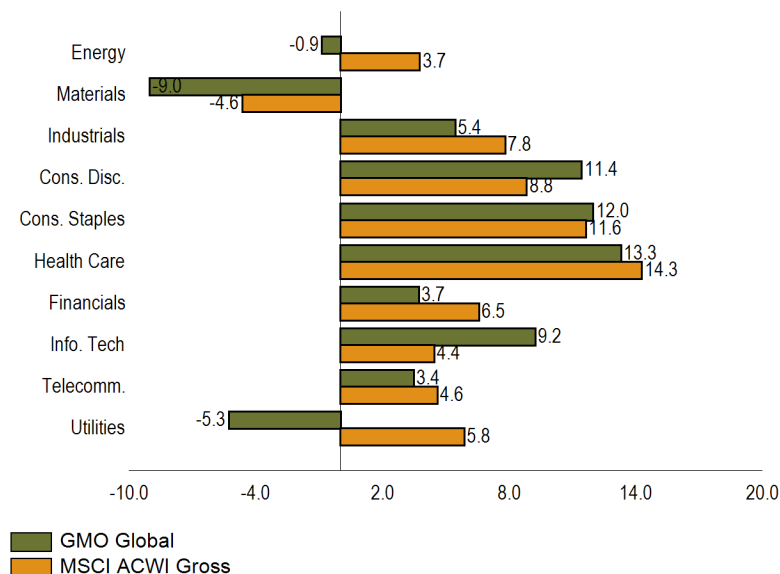
Sector Attribution

Benchmark: MSCI All Country World Index

Sector Allocation (%) vs MSCI ACWI Gross



Sector Returns (%) vs MSCI ACWI Gross



GMO Global Fund Performance Attribution vs. MSCI ACWI Gross

	Total Effects		Selection Effect		Allocation Effect		Interaction Effects
Energy	-0.60%		0.02%		-0.65%		0.03%
Materials	0.10%		0.08%		0.13%		-0.11%
Industrials	-0.22%		0.13%		-0.15%		-0.20%
Cons. Disc.	0.14%		0.22%		-0.10%		0.02%
Cons. Staples	0.20%		-0.07%		0.42%		-0.15%
Health Care	0.34%		-0.11%		0.53%		-0.09%
Financials	-0.33%		-0.12%		-0.26%		0.06%
Info. Tech	0.57%		0.41%		-0.04%		0.20%
Telecomm.	-0.11%		0.02%		-0.08%		-0.05%
Utilities	-0.40%		0.14%		-0.35%		-0.18%
Cash	0.00%		0.00%		0.00%		0.00%
Portfolio	-0.31%	=	0.72%	+	-0.56%	+	-0.47%

Country Allocation

Benchmark: MSCI All Country World Index

Versus MSCI ACWI Gross - Quarter Ending March 31, 2013

	Manager Allocation (USD)	Index Allocation (USD)	Manager Return (USD)	Index Return (USD)
Americas				
Brazil*	1.9%	1.7%	-4.3%	-0.8%
Canada	1.1%	4.2%	7.1%	1.0%
Chile*	0.1%	0.2%	1.2%	4.6%
Colombia*	0.0%	0.2%	--	-6.5%
Mexico*	0.5%	0.7%	-5.1%	6.1%
Peru*	0.1%	0.1%	-11.1%	-2.6%
United States	37.7%	45.6%	11.8%	10.7%
Total-Americas	41.3%	52.6%	10.4%	9.4%
Europe				
Austria	0.2%	0.1%	3.5%	-4.6%
Belgium	0.7%	0.4%	10.7%	8.9%
Czech Republic*	0.3%	0.0%	-13.9%	-14.1%
Denmark	0.4%	0.4%	4.1%	4.3%
Finland	0.3%	0.3%	-10.1%	3.0%
France	5.9%	3.5%	0.3%	0.6%
Germany	3.2%	3.3%	-0.4%	0.5%
Greece	0.1%	0.0%	2.9%	14.0%
Hungary*	0.0%	0.0%	-2.2%	-6.6%
Ireland	0.2%	0.1%	12.6%	12.9%
Italy	2.5%	0.8%	-12.5%	-9.8%
Luxembourg	0.0%	0.0%	2.2%	6.6%
Netherlands	0.7%	0.9%	-5.4%	2.6%
Norway	0.2%	0.3%	9.2%	0.4%
Poland*	0.5%	0.2%	-20.6%	-11.6%
Portugal	0.1%	0.1%	1.8%	-0.3%
Russia*	2.1%	0.8%	-5.4%	-3.2%
Spain	3.0%	1.1%	-5.4%	-5.3%
Sweden	0.4%	1.2%	13.9%	9.8%
Switzerland	2.0%	3.2%	15.9%	11.7%
United Kingdom	11.0%	8.4%	3.4%	2.4%
Total-Europe	34.0%	25.3%	0.3%	2.5%

Versus MSCI ACWI Gross - Quarter Ending March 31, 2013

	Manager Allocation (USD)	Index Allocation (USD)	Manager Return (USD)	Index Return (USD)
AsiaPacific				
Australia	2.2%	3.3%	13.3%	9.1%
China*	2.5%	2.4%	-6.4%	-4.5%
Hong Kong	0.5%	1.2%	0.7%	3.4%
India*	0.9%	0.9%	-1.4%	-2.5%
Indonesia*	0.8%	0.3%	13.9%	13.4%
Japan	11.4%	7.4%	12.6%	11.6%
Korea*	1.6%	2.0%	-2.5%	-4.1%
Malaysia*	0.1%	0.5%	-5.0%	-0.9%
New Zealand	0.2%	0.0%	6.9%	11.0%
Philippines*	0.4%	0.1%	22.5%	19.0%
Singapore	0.8%	0.7%	0.8%	3.0%
Sri Lanka*	0.0%	0.0%	12.5%	6.6%
Taiwan*	0.9%	1.4%	0.2%	-0.2%
Thailand*	0.7%	0.3%	17.4%	10.1%
Total-AsiaPacific	23.0%	20.5%	7.9%	5.4%
Other				
Egypt*	0.3%	0.0%	-9.3%	-12.7%
Israel	0.1%	0.2%	2.6%	7.2%
Kazakhstan	0.0%	0.0%	5.6%	6.6%
Morocco*	0.0%	0.0%	-1.7%	-3.0%
Nigeria	0.0%	0.0%	33.7%	6.6%
South Africa*	0.6%	1.0%	-10.0%	-8.9%
Turkey*	0.7%	0.3%	13.7%	8.3%
Total-Other	1.7%	1.5%	0.7%	-3.9%

* Asterisk denotes Emerging Markets countries

Manager Performance

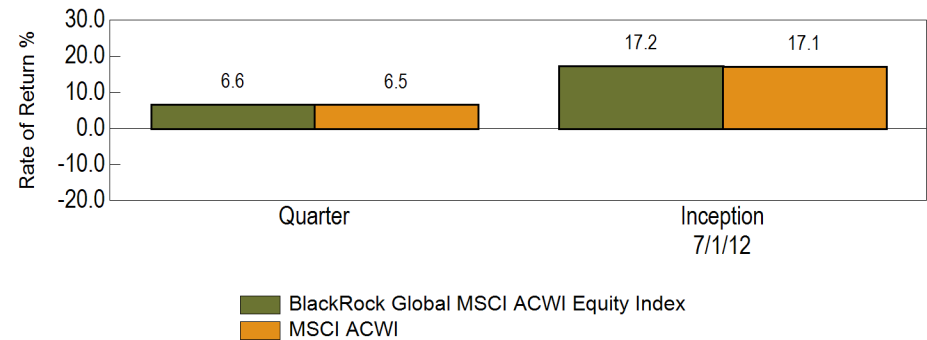
Benchmark: MSCI ACWI

The BlackRock ACWI IMI Index Fund is designed to replicate the total return of the MSCI All Country World IMI Index. As with all indexing strategies, the objective of the fund is to track the performance of its benchmark. BlackRock manages the fund with objective to deliver a high quality and cost-effective index-based portfolio available to institutional investors.

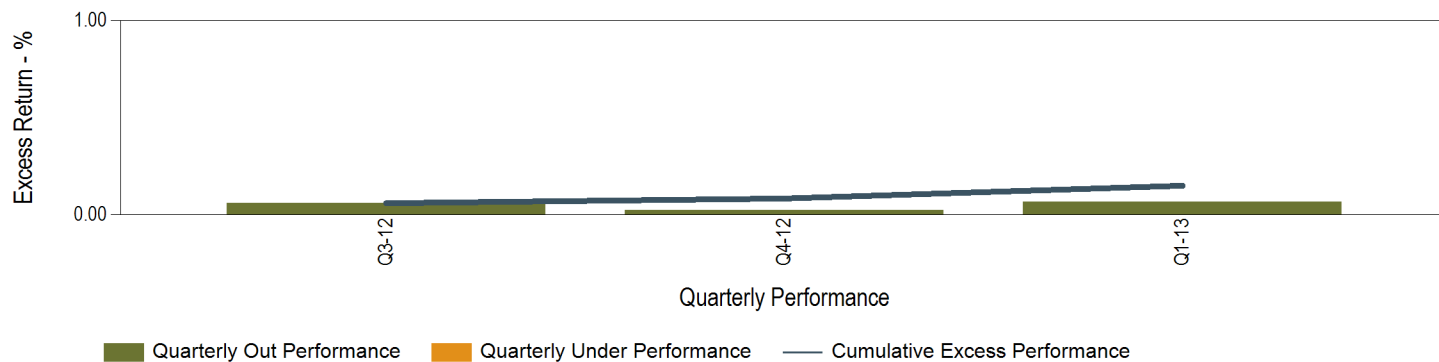
Account Information

Account Name	BlackRock Global MSCI ACWI Equity Index
Account Structure	Commingled Fund
Investment Style	Passive
Inception Date	7/01/12
Account Type	Global Equity
Benchmark	MSCI ACWI
Universe	eA All Global Equity Net

Return Summary



Quarterly and Cumulative Excess Performance

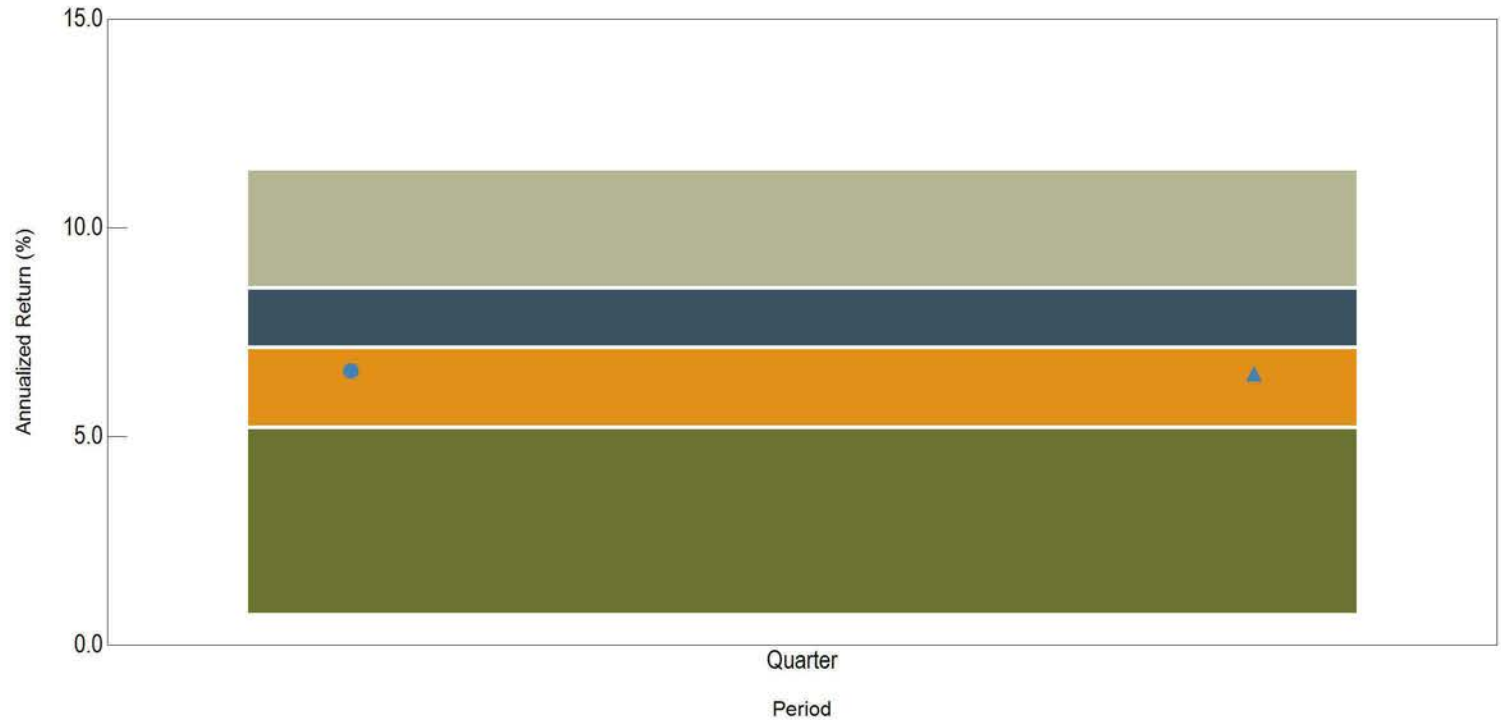


Universe Comparison

Benchmark: MSCI ACWI

Universe: eA All Global Equity Net

Ending March 31, 2013



	Return (Rank)	
5th Percentile	11.4	
25th Percentile	8.6	
Median	7.1	
75th Percentile	5.2	
95th Percentile	0.7	
# of Portfolios	226	
● BlackRock Global MSCI ACWI Equity Index	6.6	(60)
▲ MSCI ACWI	6.5	(60)

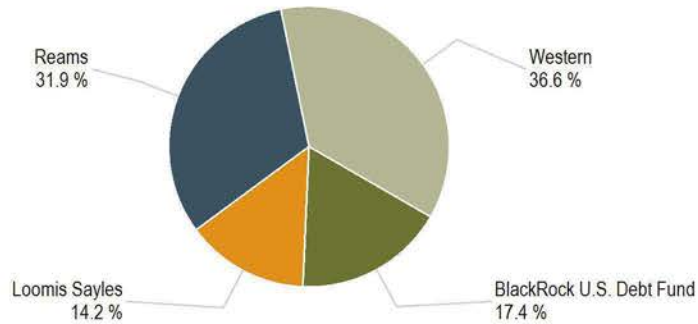


Total U.S. Fixed Income

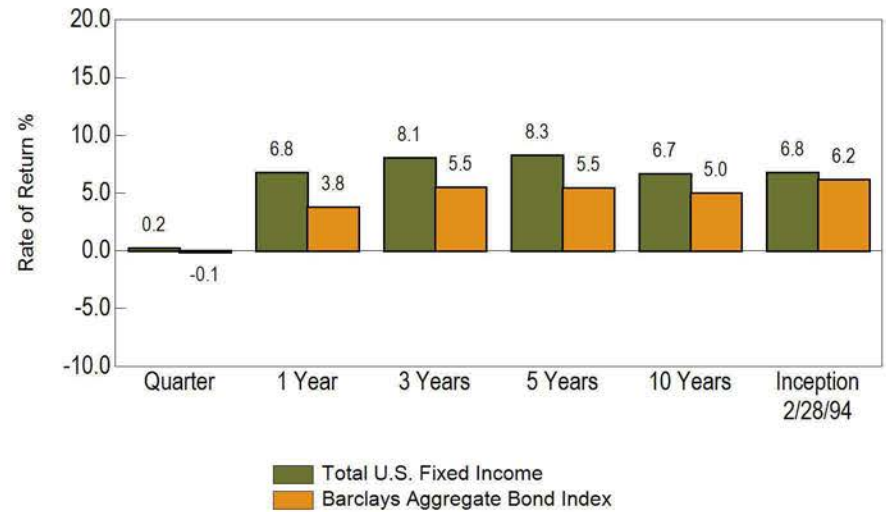
Overview

Benchmark: Barclays Aggregate Bond Index

Current Allocation



Return Summary



Quarterly and Cumulative Excess Performance

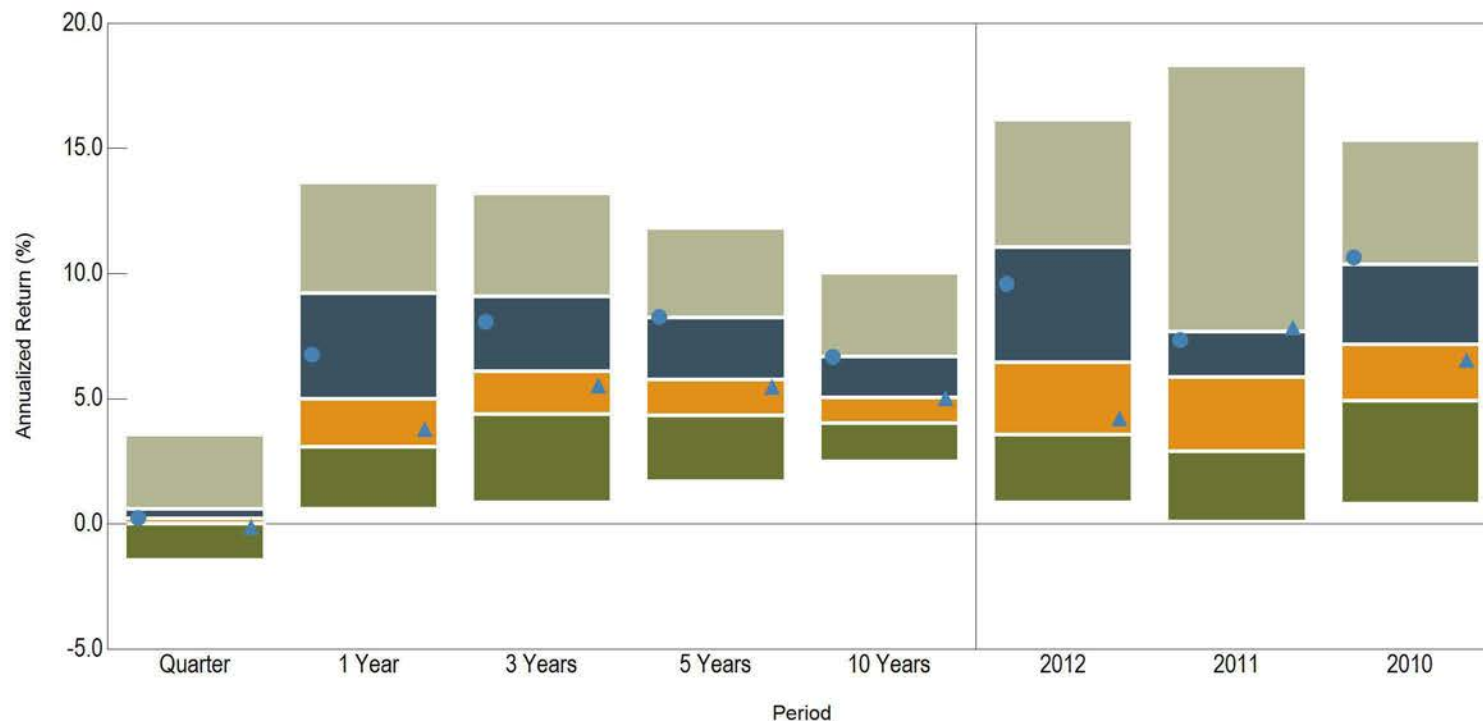


Universe Comparison

Benchmark: Barclays Aggregate Bond Index

Universe: eA All US Fixed Inc Net

Ending March 31, 2013



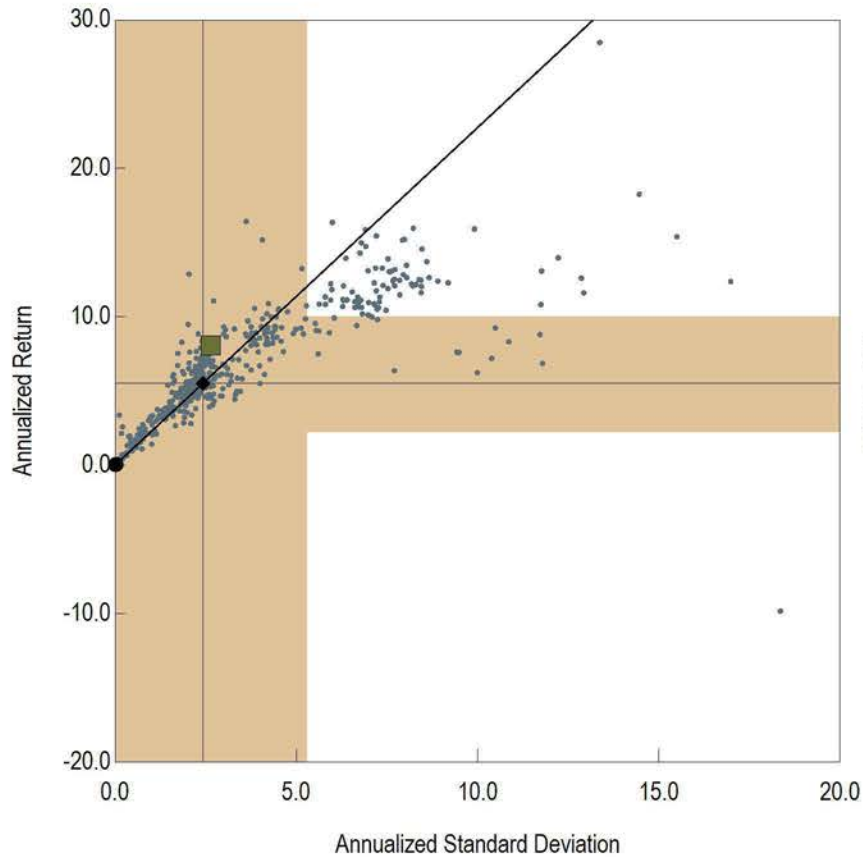
	Return (Rank)							
5th Percentile	3.5	13.6	13.2	11.8	10.0	16.1	18.3	15.3
25th Percentile	0.6	9.2	9.1	8.3	6.7	11.1	7.7	10.4
Median	0.2	5.0	6.1	5.8	5.1	6.5	5.9	7.2
75th Percentile	0.0	3.1	4.4	4.4	4.0	3.6	2.9	4.9
95th Percentile	-1.4	0.6	0.9	1.7	2.5	0.9	0.1	0.8
# of Portfolios	551	515	479	422	319	555	483	425
● Total U.S. Fixed Income	0.2 (50)	6.8 (37)	8.1 (33)	8.3 (25)	6.7 (26)	9.6 (32)	7.3 (30)	10.6 (25)
▲ Barclays Aggregate Bond Index	-0.1 (84)	3.8 (67)	5.5 (61)	5.5 (58)	5.0 (51)	4.2 (70)	7.8 (24)	6.5 (59)

Risk Profile

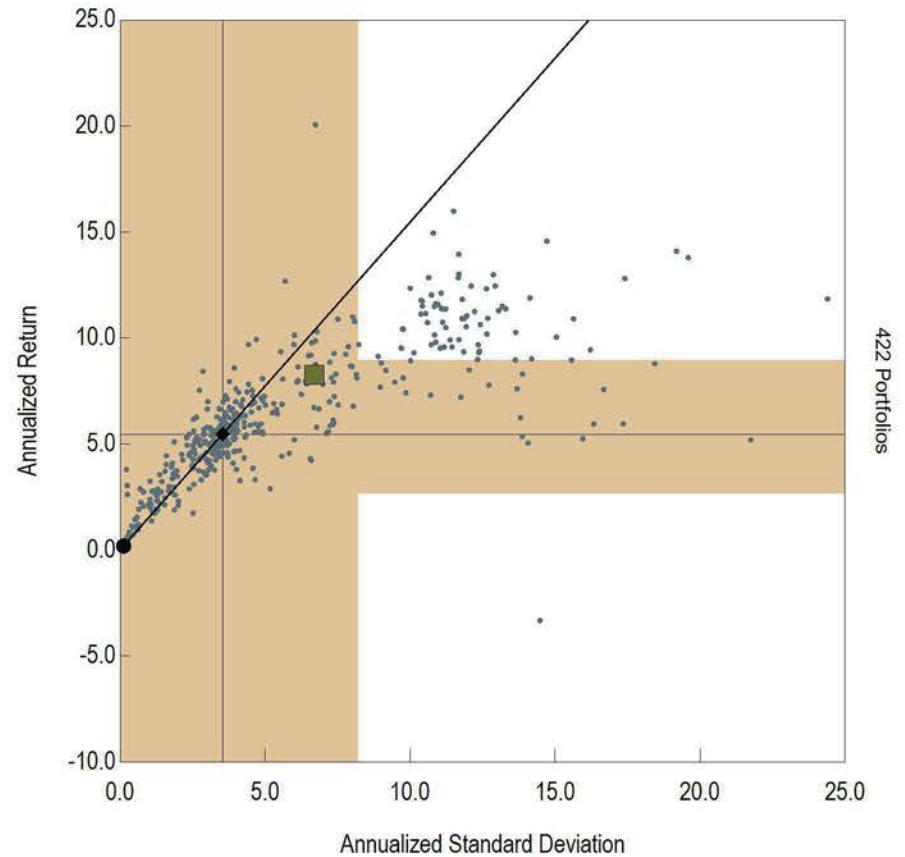
Benchmark: Barclays Aggregate Bond Index

Universe: eA All US Fixed Inc Net

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2013



Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2013

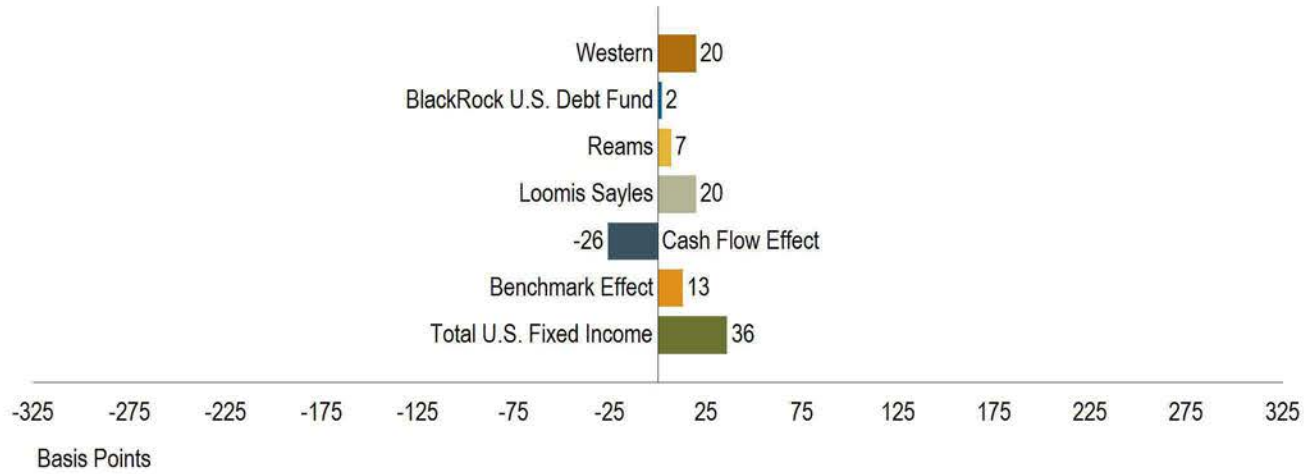


- Total U.S. Fixed Income
- ◆ Barclays Aggregate Bond Index
- Risk Free
- 68% Confidence Interval
- eA All US Fixed Inc Net

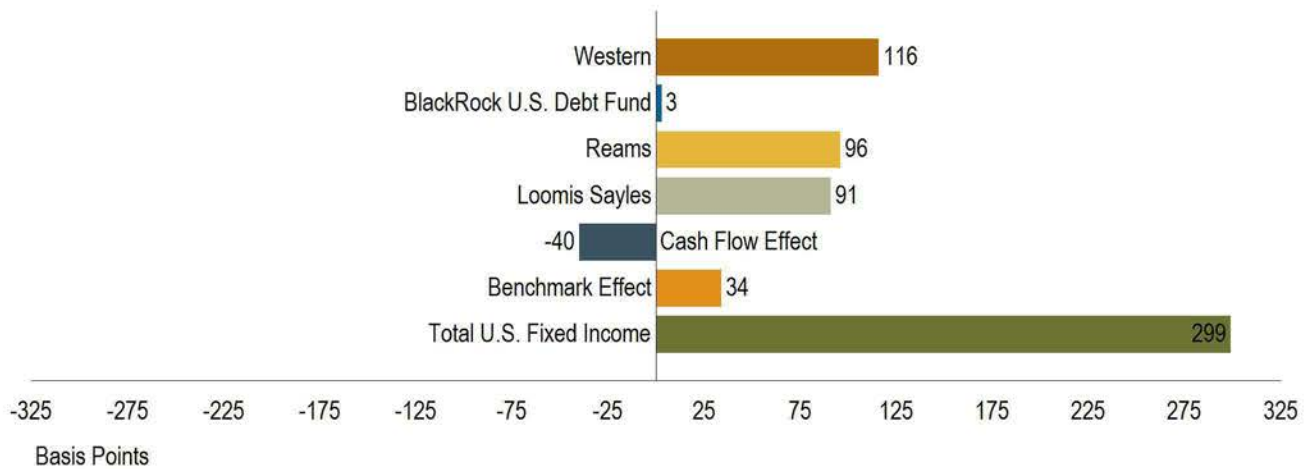
- Total U.S. Fixed Income
- ◆ Barclays Aggregate Bond Index
- Risk Free
- 68% Confidence Interval
- eA All US Fixed Inc Net

Attribution

**MANAGER ATTRIBUTION ANALYSIS
3 MONTHS ENDING 3/31/13**



**MANAGER ATTRIBUTION ANALYSIS
1 YEAR ENDING 3/31/13**

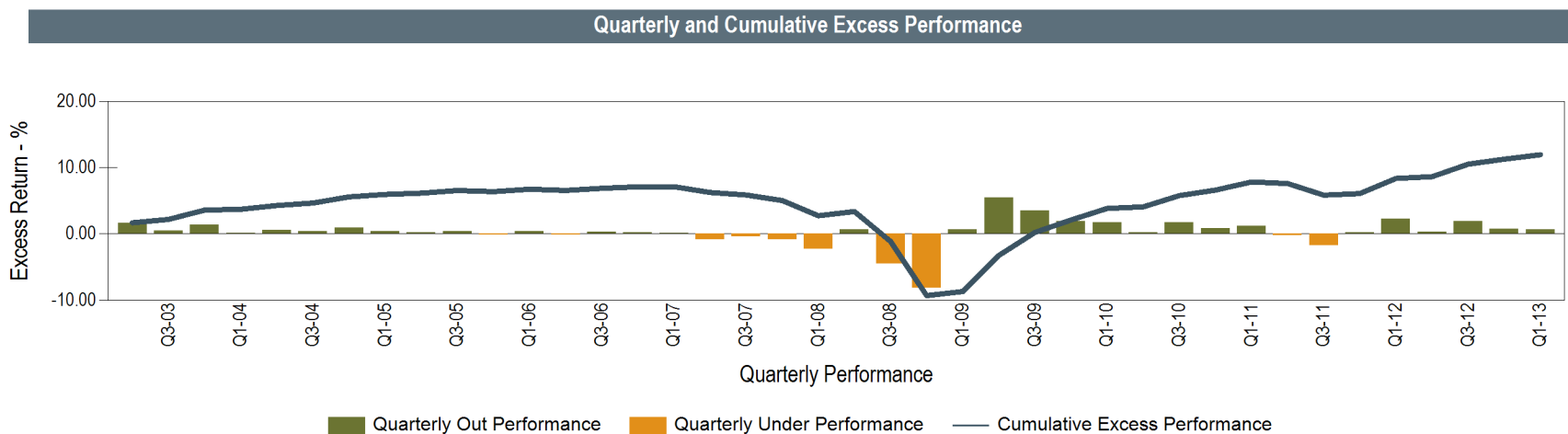
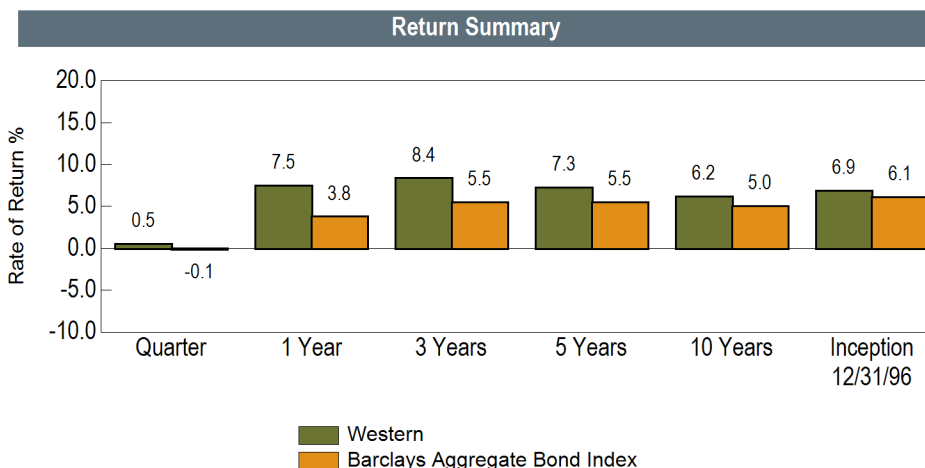


Manager Performance

Benchmark: Barclays Aggregate Bond Index

Western Asset Management seeks to add value in fixed income accounts by employing multiple investment strategies while controlling risk. Western is an active sector rotator and attempts to exploit market inefficiencies by making opportunistic trades. The firm emphasizes non-Treasury sectors such as corporate and mortgages. The firm's team approach to fixed income management revolves around an investment outlook developed by the Investment Strategy Group. This group interacts on a daily basis, evaluating developments in both the market and the economy. Additionally, the group meets formally twice a month to review its outlook and investment strategy.

Account Information	
Account Name	Western
Account Structure	Separate Account
Investment Style	Active
Inception Date	12/31/96
Account Type	U.S. Fixed Income
Benchmark	Barclays Aggregate Bond Index
Universe	eA All US Fixed Inc Net

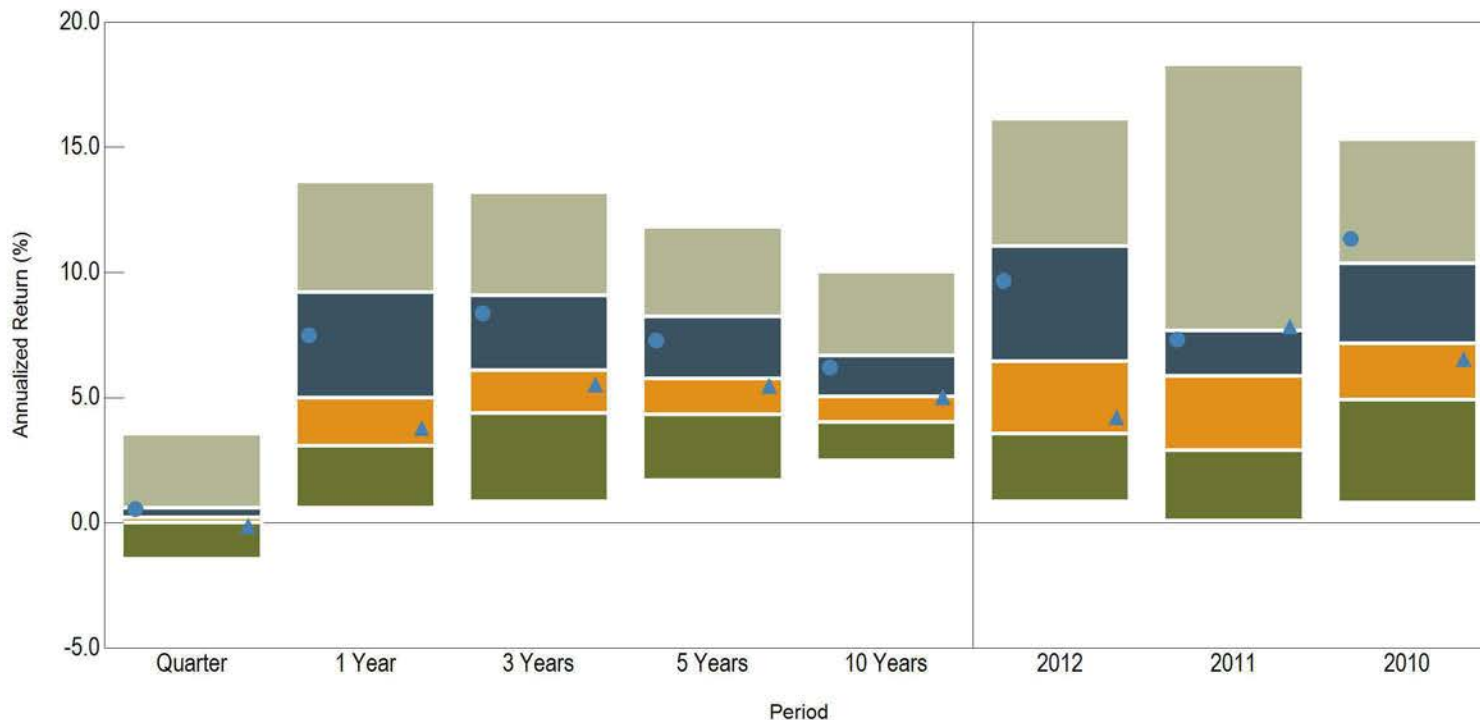


Universe Comparison

Benchmark: Barclays Aggregate Bond Index

Universe: eA All US Fixed Inc Net

Ending March 31, 2013



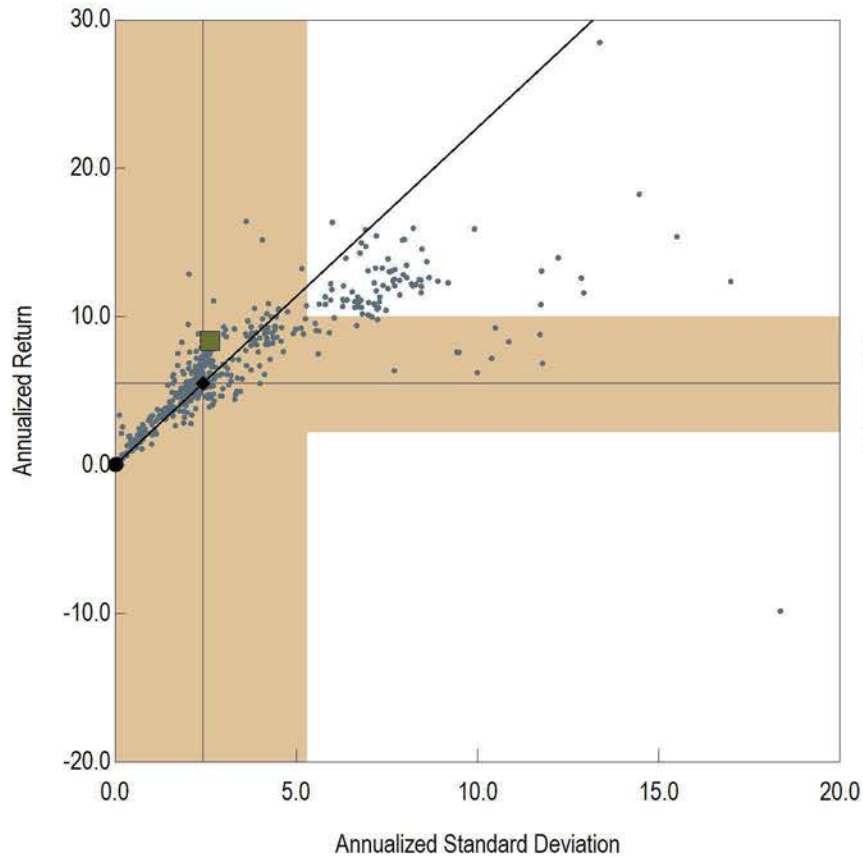
	Return (Rank)															
5th Percentile	3.5		13.6		13.2		11.8		10.0		16.1		18.3		15.3	
25th Percentile	0.6		9.2		9.1		8.3		6.7		11.1		7.7		10.4	
Median	0.2		5.0		6.1		5.8		5.1		6.5		5.9		7.2	
75th Percentile	0.0		3.1		4.4		4.4		4.0		3.6		2.9		4.9	
95th Percentile	-1.4		0.6		0.9		1.7		2.5		0.9		0.1		0.8	
# of Portfolios	551		515		479		422		319		555		483		425	
● Western	0.5	(28)	7.5	(34)	8.4	(31)	7.3	(32)	6.2	(32)	9.7	(31)	7.3	(31)	11.3	(20)
▲ Barclays Aggregate Bond Index	-0.1	(84)	3.8	(67)	5.5	(61)	5.5	(58)	5.0	(51)	4.2	(70)	7.8	(24)	6.5	(59)

Risk Profile

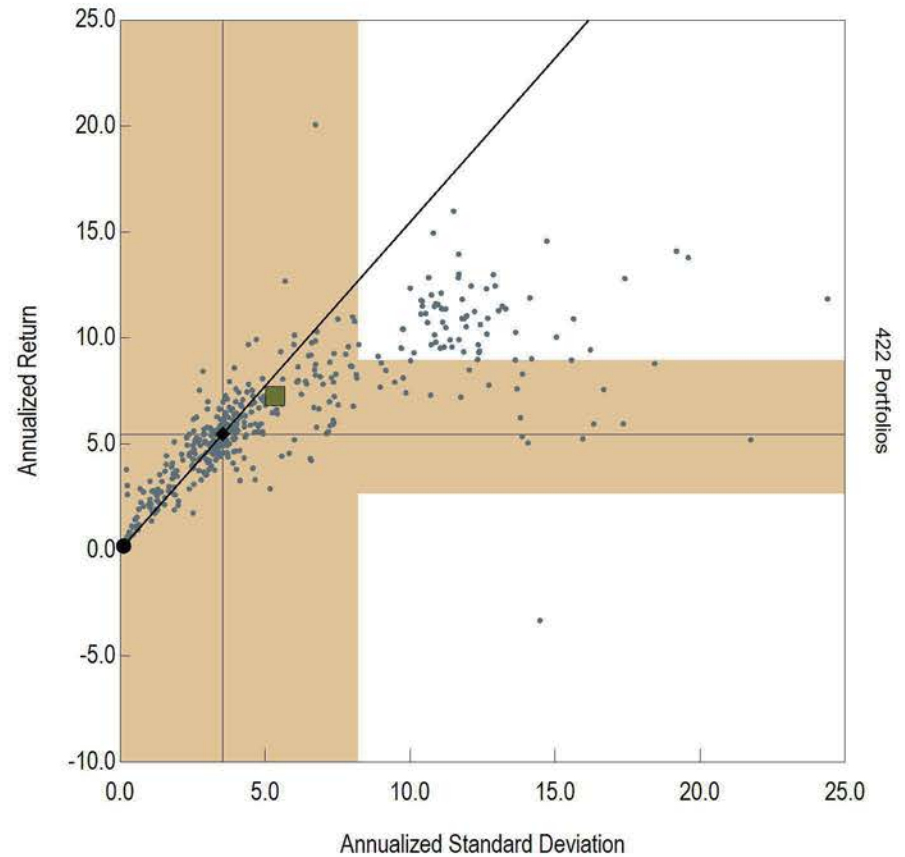
Benchmark: Barclays Aggregate Bond Index

Universe: eA All US Fixed Inc Net

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2013



Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2013



- Western
- ◆ Barclays Aggregate Bond Index
- Risk Free
- ▭ 68% Confidence Interval
- eA All US Fixed Inc Net

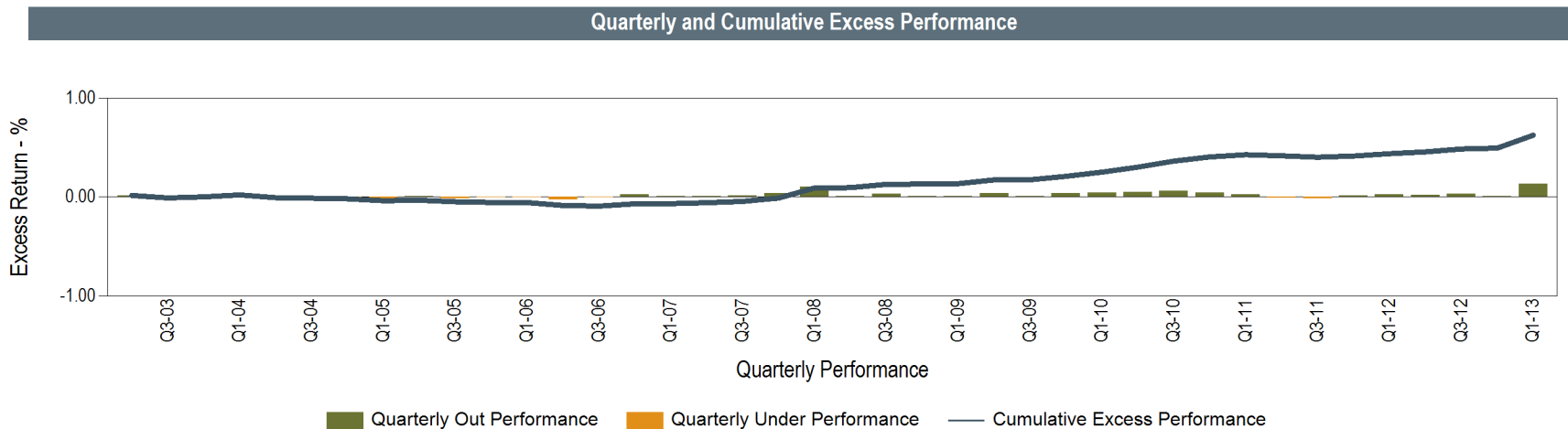
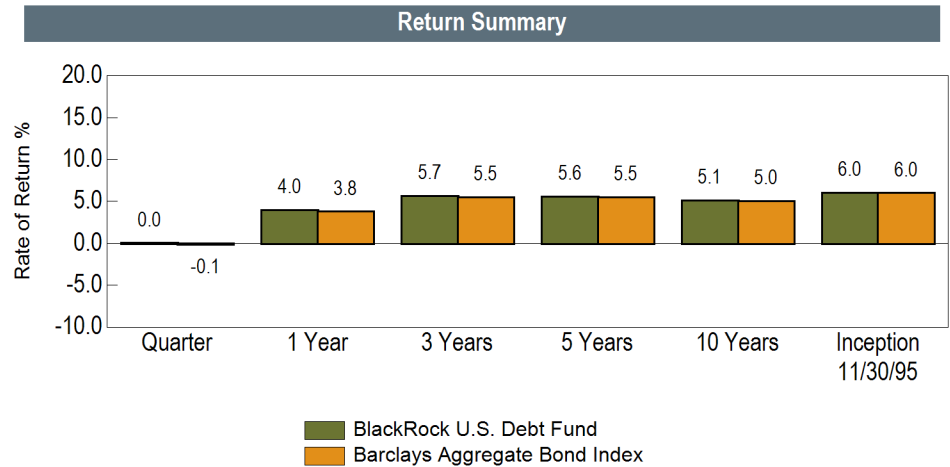
- Western
- ◆ Barclays Aggregate Bond Index
- Risk Free
- ▭ 68% Confidence Interval
- eA All US Fixed Inc Net

Manager Performance

Benchmark: Barclays Aggregate Bond Index

The BlackRock U.S. Debt Fund is an index fund which is designed to replicate the performance of the Barclays Capital Aggregate Bond Index. The U.S. Debt Fund is constructed by holding 7 different sub-funds that track specific sector/maturity combinations of the Barclays Capital Aggregate Bond Index.

Account Information	
Account Name	BlackRock U.S. Debt Fund
Account Structure	Commingled Fund
Investment Style	Passive
Inception Date	11/30/95
Account Type	U.S. Fixed Income
Benchmark	Barclays Aggregate Bond Index
Universe	eA All US Fixed Inc Net

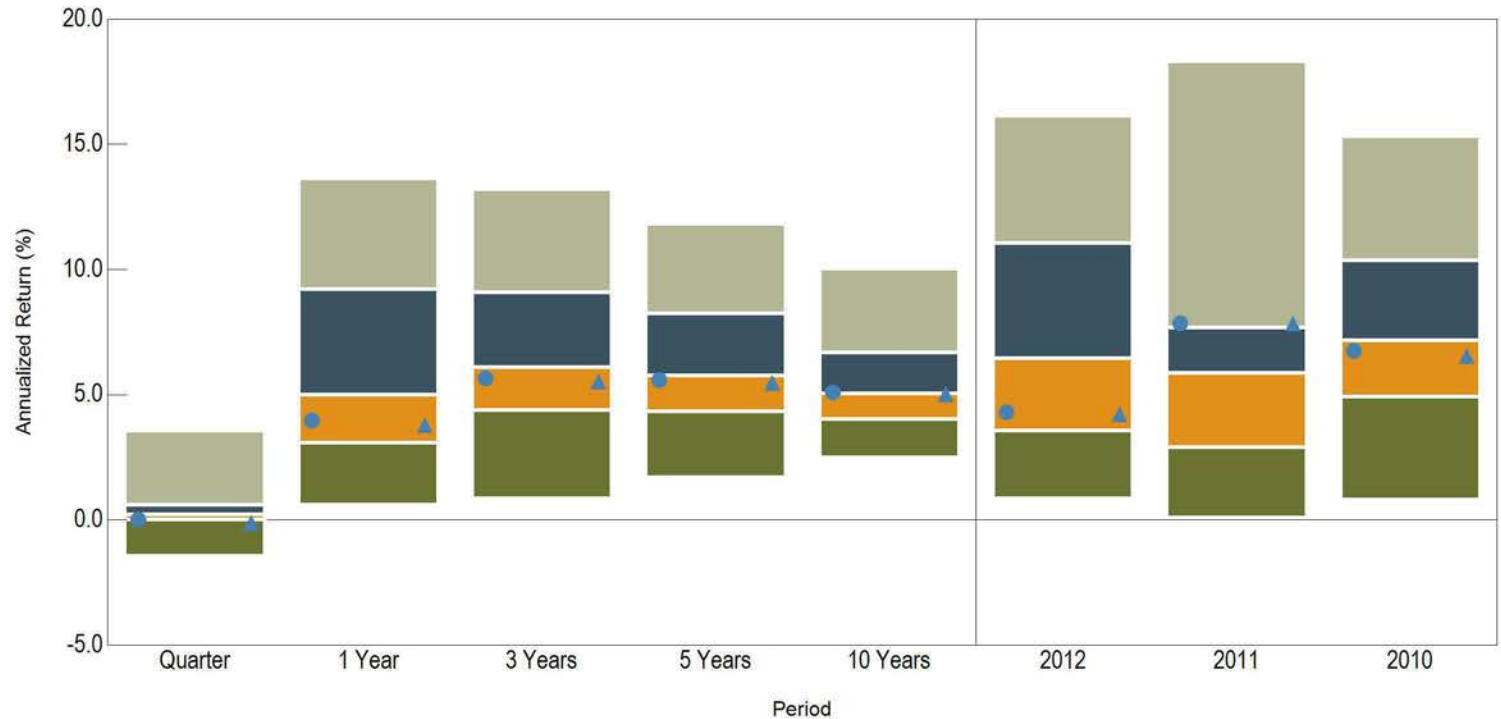


Universe Comparison

Benchmark: Barclays Aggregate Bond Index

Universe: eA All US Fixed Inc Net

Ending March 31, 2013



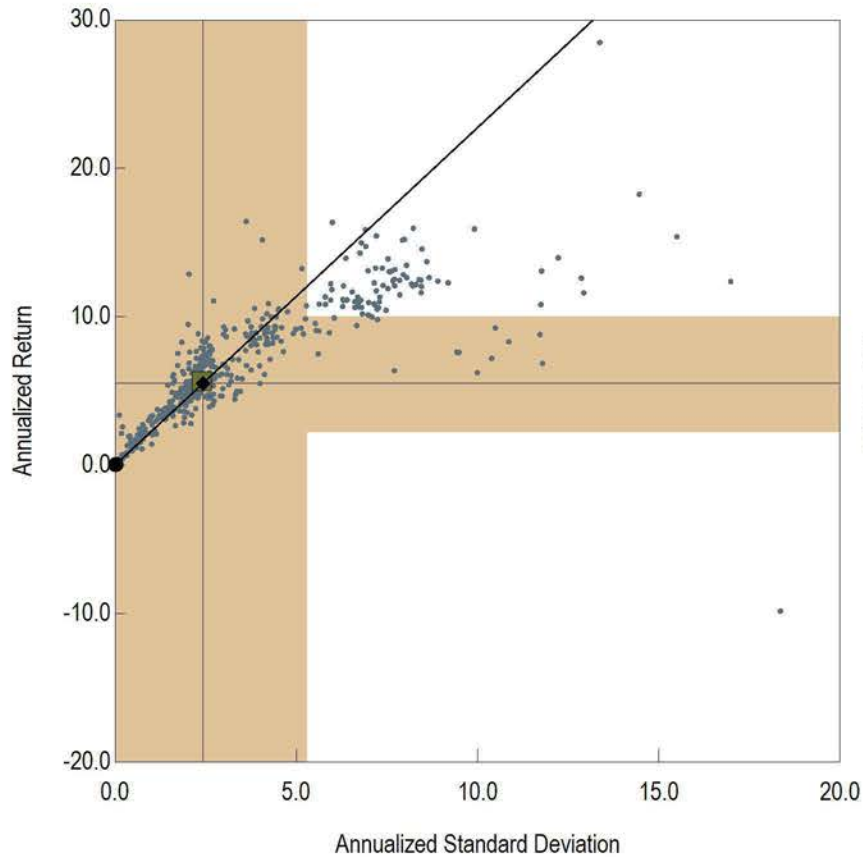
	Return (Rank)															
5th Percentile	3.5	13.6	13.2	11.8	10.0	16.1	18.3	15.3								
25th Percentile	0.6	9.2	9.1	8.3	6.7	11.1	7.7	10.4								
Median	0.2	5.0	6.1	5.8	5.1	6.5	5.9	7.2								
75th Percentile	0.0	3.1	4.4	4.4	4.0	3.6	2.9	4.9								
95th Percentile	-1.4	0.6	0.9	1.7	2.5	0.9	0.1	0.8								
# of Portfolios	551	515	479	422	319	555	483	425								
● BlackRock U.S. Debt Fund	0.0	(78)	4.0	(64)	5.7	(58)	5.6	(55)	5.1	(50)	4.3	(70)	7.9	(23)	6.7	(56)
▲ Barclays Aggregate Bond Index	-0.1	(84)	3.8	(67)	5.5	(61)	5.5	(58)	5.0	(51)	4.2	(70)	7.8	(24)	6.5	(59)

Risk Profile

Benchmark: Barclays Aggregate Bond Index

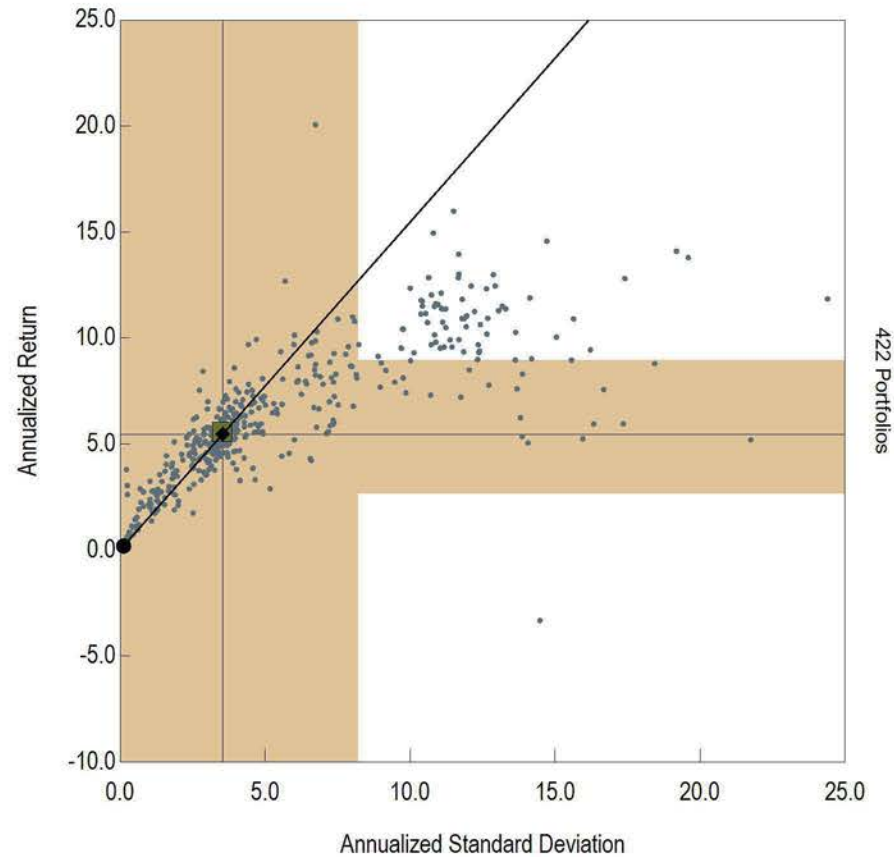
Universe: eA All US Fixed Inc Net

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2013



- BlackRock U.S. Debt Fund
- ◆ Barclays Aggregate Bond Index
- Risk Free
- 68% Confidence Interval
- eA All US Fixed Inc Net

Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2013



- BlackRock U.S. Debt Fund
- ◆ Barclays Aggregate Bond Index
- Risk Free
- 68% Confidence Interval
- eA All US Fixed Inc Net

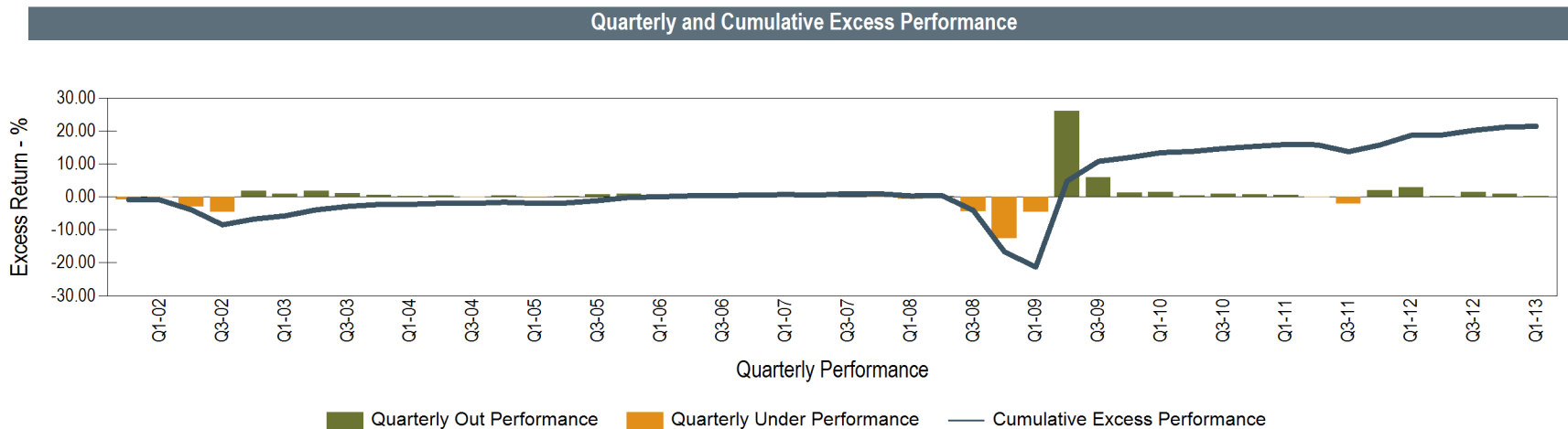
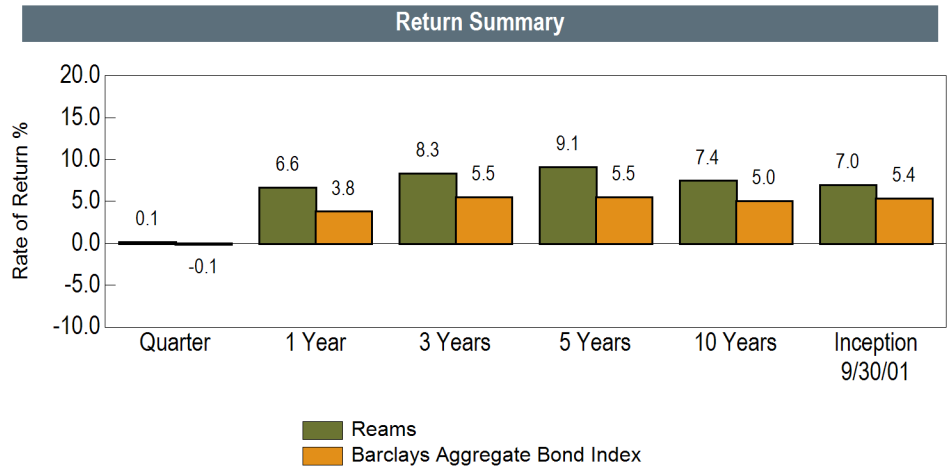
Manager Performance

Benchmark: Barclays Aggregate Bond Index

Reams' investment process revolves around the manager's ability to combine top-down macroeconomic portfolio positioning with bottom-up bond selection. The top-down interest rate positioning is somewhat contrarian in that the manager uses real interest rates to gauge when the market is expensive and when it is cheap, increasing duration when the market is cheap and decreasing duration when it is expensive.

The manager attempts to exploit its relatively small size and uncover issues not widely followed by Wall Street. The manager prefers to hold securities by underlying collateral. The firm tends to avoid residential mortgages in favor of commercial mortgages.

Account Information	
Account Name	Reams
Account Structure	Separate Account
Investment Style	Active
Inception Date	9/30/01
Account Type	U.S. Fixed Income
Benchmark	Barclays Aggregate Bond Index
Universe	eA All US Fixed Inc Net

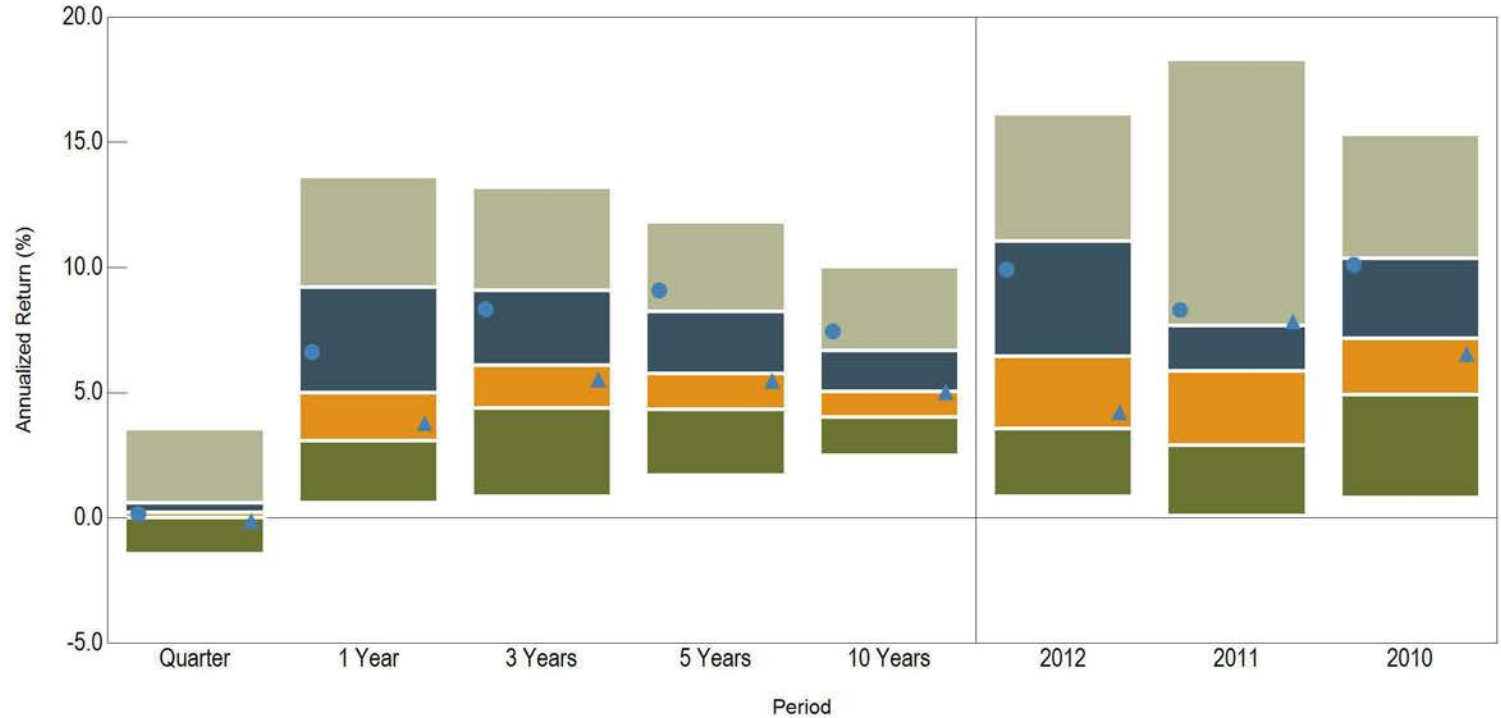


Universe Comparison

Benchmark: Barclays Aggregate Bond Index

Universe: eA All US Fixed Inc Net

Ending March 31, 2013



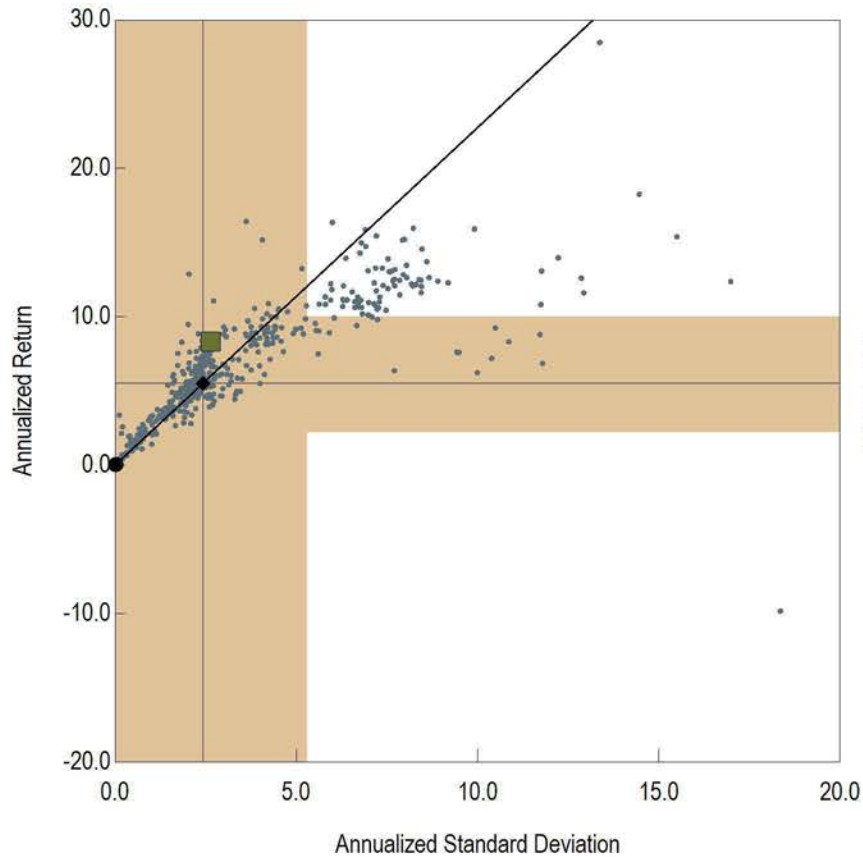
	Return (Rank)															
5th Percentile	3.5		13.6		13.2		11.8		10.0		16.1		18.3		15.3	
25th Percentile	0.6		9.2		9.1		8.3		6.7		11.1		7.7		10.4	
Median	0.2		5.0		6.1		5.8		5.1		6.5		5.9		7.2	
75th Percentile	0.0		3.1		4.4		4.4		4.0		3.6		2.9		4.9	
95th Percentile	-1.4		0.6		0.9		1.7		2.5		0.9		0.1		0.8	
# of Portfolios	551		515		479		422		319		555		483		425	
● Reams	0.1	(61)	6.6	(37)	8.3	(31)	9.1	(21)	7.4	(21)	9.9	(31)	8.3	(19)	10.1	(27)
▲ Barclays Aggregate Bond Index	-0.1	(84)	3.8	(67)	5.5	(61)	5.5	(58)	5.0	(51)	4.2	(70)	7.8	(24)	6.5	(59)

Risk Profile

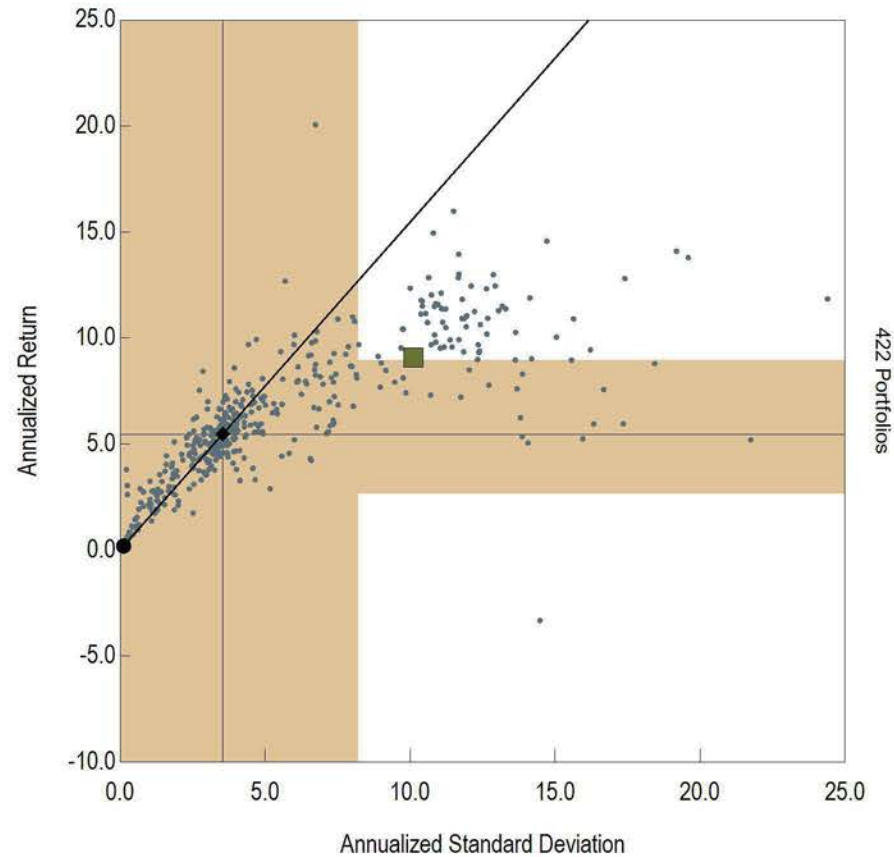
Benchmark: Barclays Aggregate Bond Index

Universe: eA All US Fixed Inc Net

Annualized Return vs. Annualized Standard Deviation 3 Years Ending March 31, 2013



Annualized Return vs. Annualized Standard Deviation 5 Years Ending March 31, 2013



- Reams
- ◆ Barclays Aggregate Bond Index
- Risk Free
- 68% Confidence Interval
- eA All US Fixed Inc Net

- Reams
- ◆ Barclays Aggregate Bond Index
- Risk Free
- 68% Confidence Interval
- eA All US Fixed Inc Net

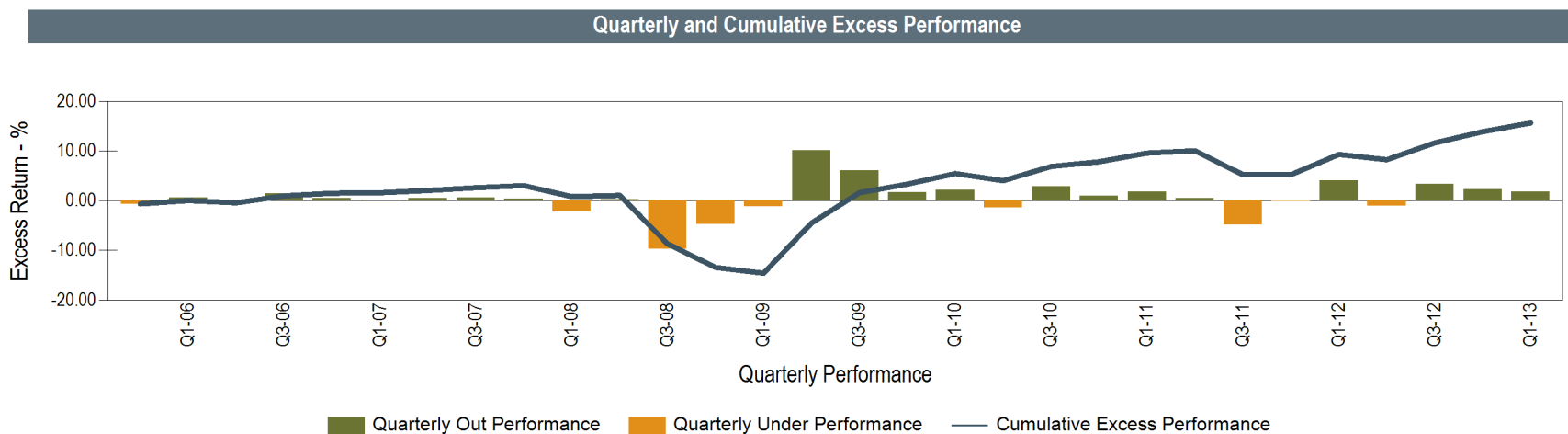
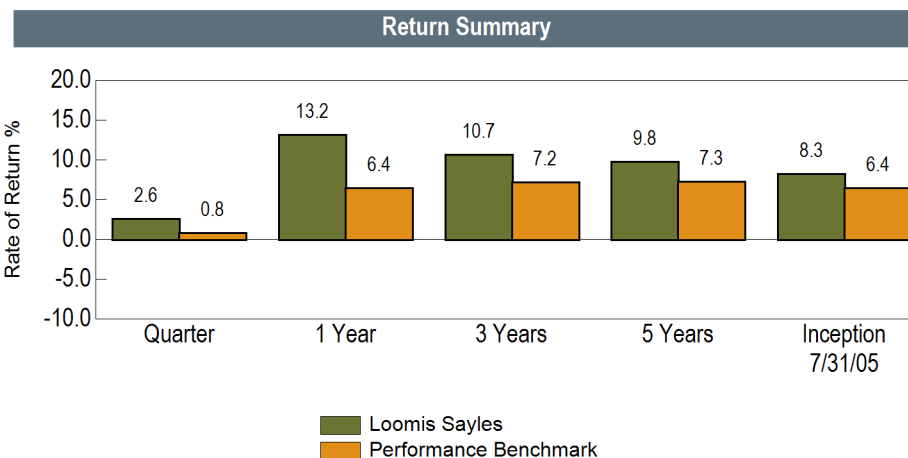
Manager Performance

Benchmark: Performance Benchmark

Loomis Sayles' fixed income philosophy is rooted in identifying undervalued securities through in-house credit research. Its philosophy emphasizes identifying issuers whose credit ratings appear likely to be upgraded or downgraded. The fixed income analysts use forward-looking analyses of cash flow, along with source and application of funds, to identify factors that may affect a debt issuer's future credit rating. Loomis Sayles believes that considerable value can be added by holding under-rated issues for which the firm has projected a credit upgrading.

Loomis typically allocates up to 40% of its assets to high yield securities and its portfolio's duration is significantly higher than that of the broad bond market. The manager also invests in convertible securities. The performance benchmark for the strategy is 60% Barclays Capital Aggregate Bond Index and 40% Barclays Capital High Yield Index.

Account Information	
Account Name	Loomis Sayles
Account Structure	Separate Account
Investment Style	Active
Inception Date	7/31/05
Account Type	Global Fixed Income
Benchmark	Performance Benchmark
Universe	eA All US Fixed Inc Net

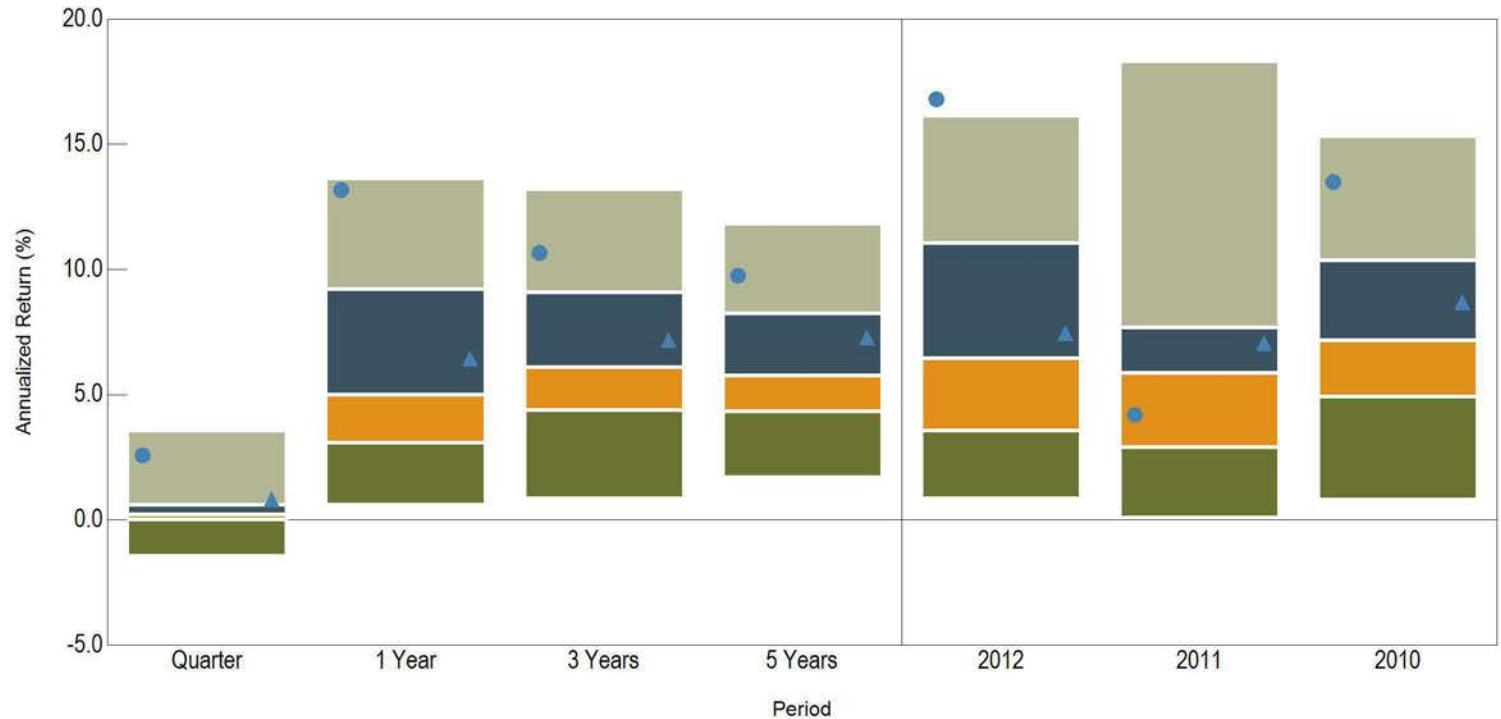


Universe Comparison

Benchmark: Performance Benchmark

Universe: eA All US Fixed Inc Net

Ending March 31, 2013



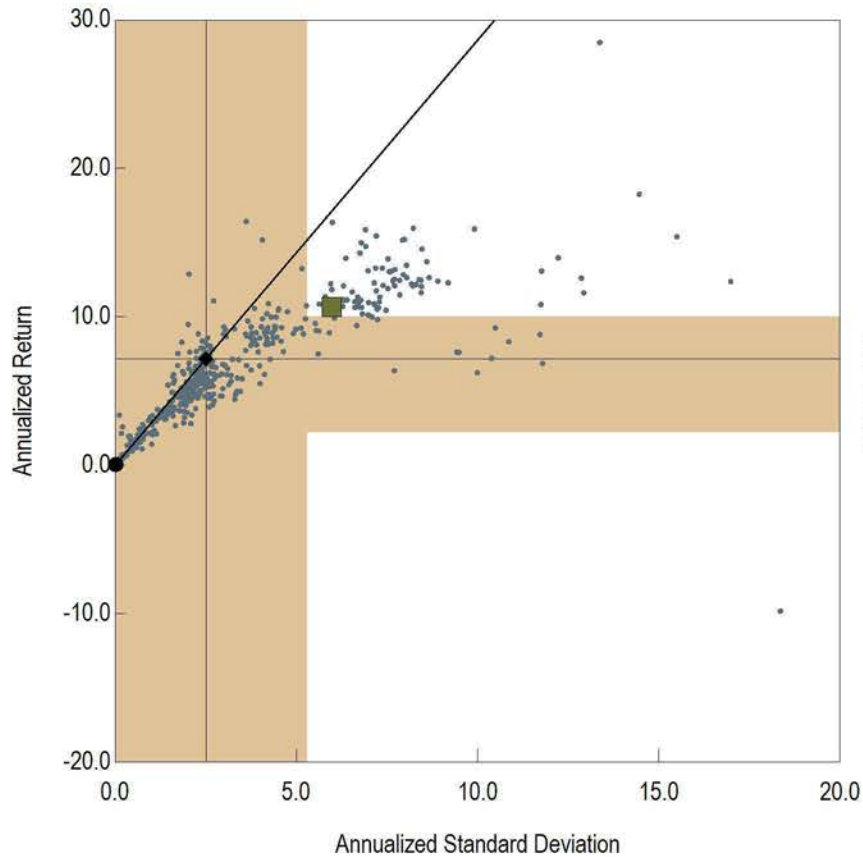
	Return (Rank)													
5th Percentile	3.5	13.6	13.2	11.8	16.1	18.3	15.3							
25th Percentile	0.6	9.2	9.1	8.3	11.1	7.7	10.4							
Median	0.2	5.0	6.1	5.8	6.5	5.9	7.2							
75th Percentile	0.0	3.1	4.4	4.4	3.6	2.9	4.9							
95th Percentile	-1.4	0.6	0.9	1.7	0.9	0.1	0.8							
# of Portfolios	551	515	479	422	555	483	425							
● Loomis Sayles	2.6	(13)	13.2	(7)	10.7	(18)	9.8	(16)	16.8	(4)	4.2	(67)	13.5	(12)
▲ Performance Benchmark	0.8	(21)	6.4	(38)	7.2	(38)	7.3	(32)	7.5	(42)	7.1	(35)	8.7	(34)

Risk Profile

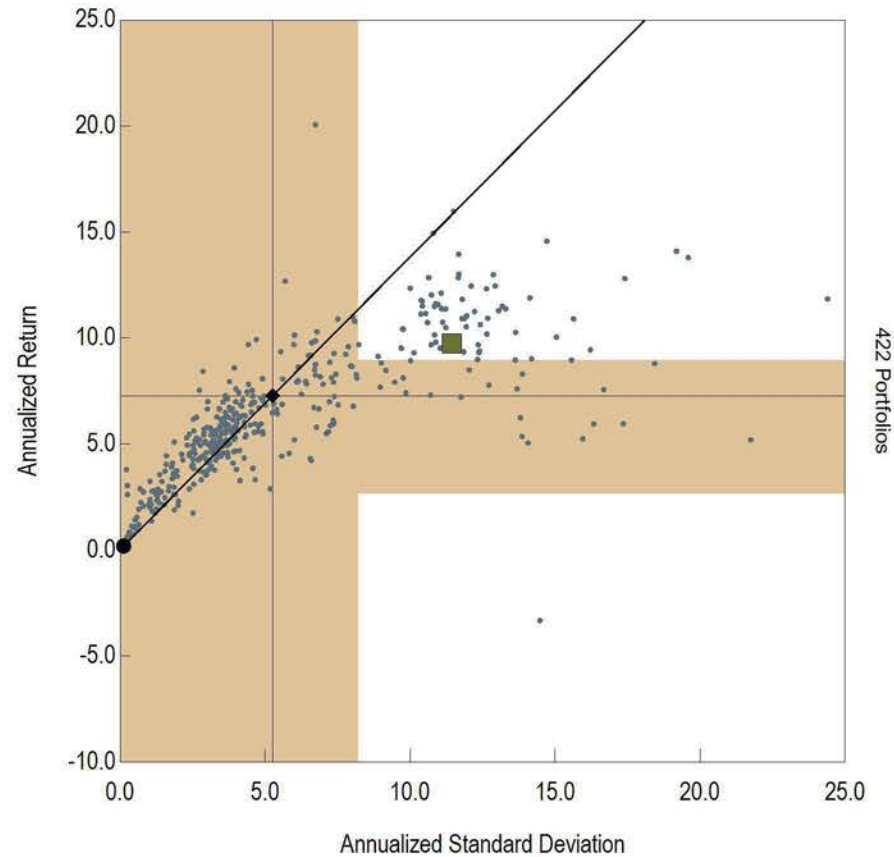
Benchmark: Performance Benchmark

Universe: eA All US Fixed Inc Net

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2013



Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2013



- Loomis Sayles
- ◆ Performance Benchmark
- Risk Free
- 68% Confidence Interval
- eA All US Fixed Inc Net

- Loomis Sayles
- ◆ Performance Benchmark
- Risk Free
- 68% Confidence Interval
- eA All US Fixed Inc Net

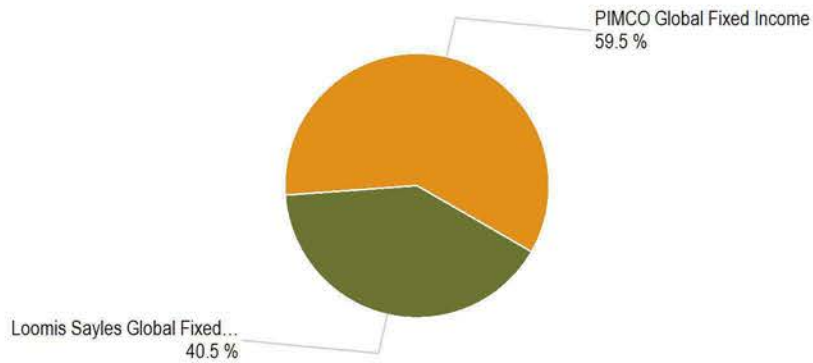


Total Global Fixed Income

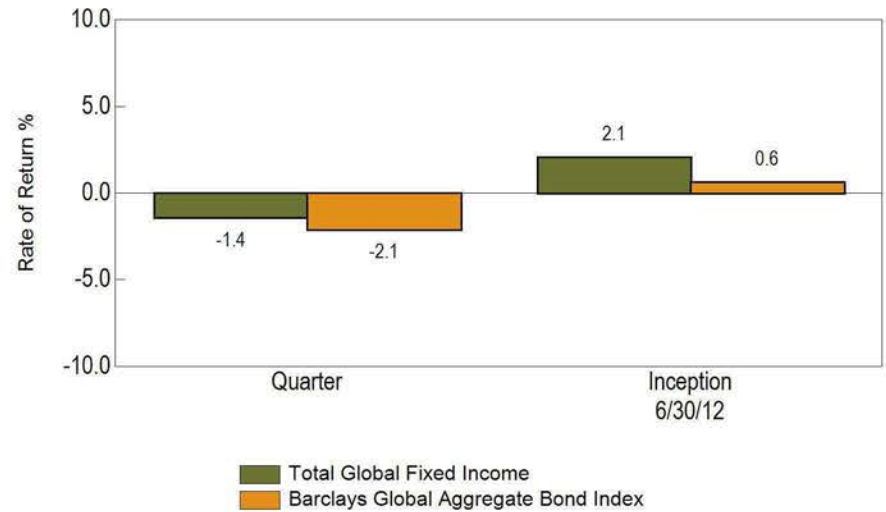
Overview

Benchmark: Barclays Global Aggregate Bond Index

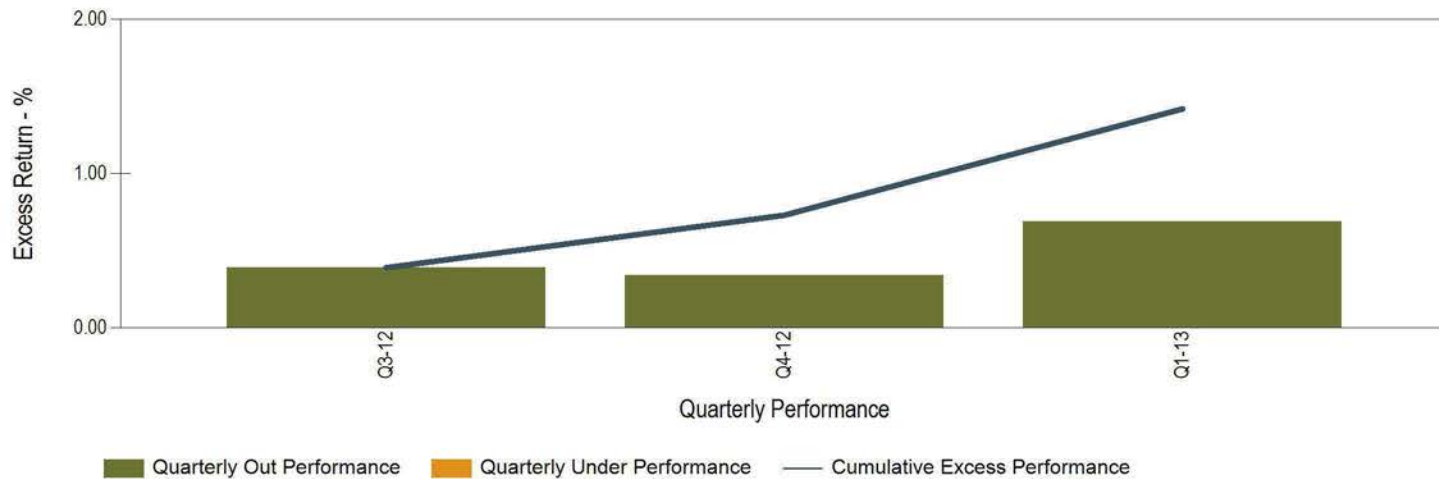
Current Allocation



Return Summary



Quarterly and Cumulative Excess Performance

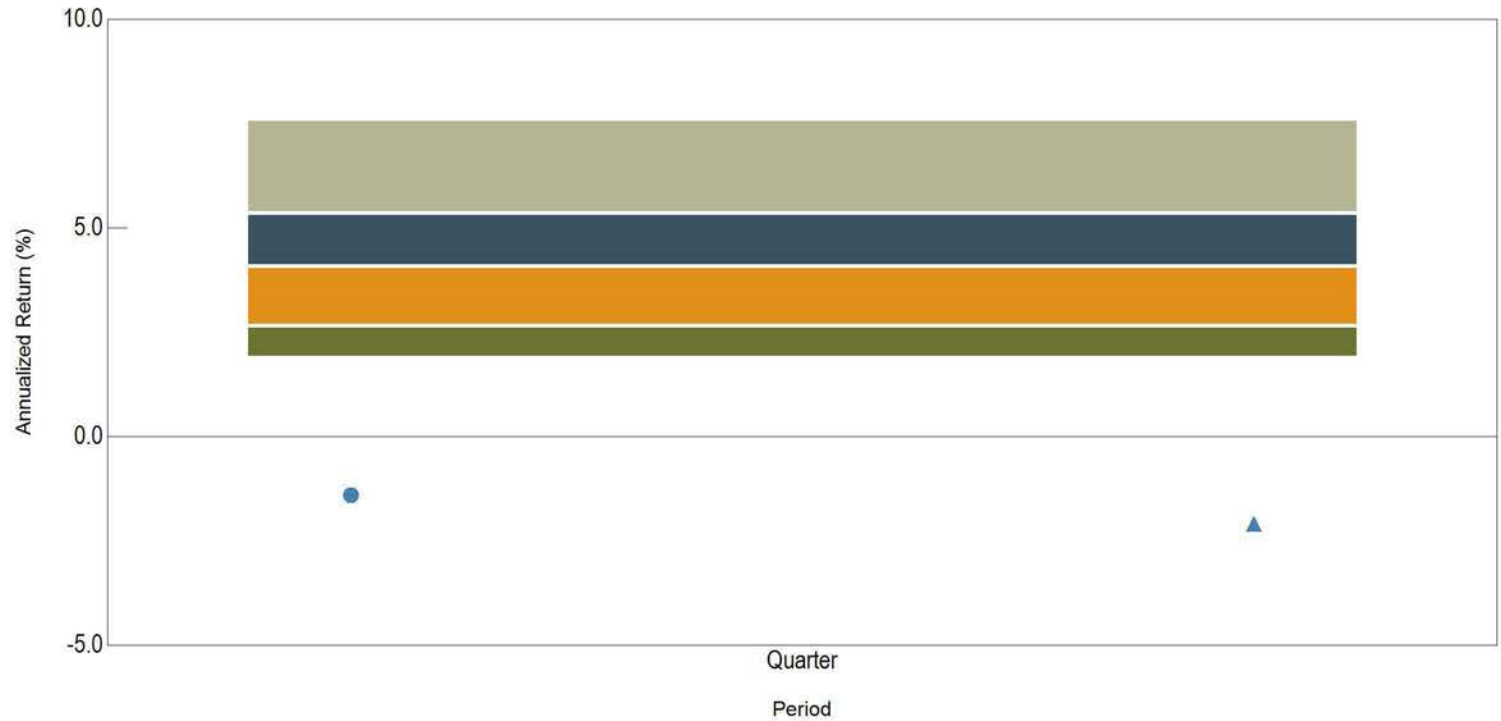


Universe Comparison

Benchmark: Barclays Global Aggregate Bond Index

Universe: Global xUS Fixed Income -Unhedged

Ending March 31, 2013



Return (Rank)

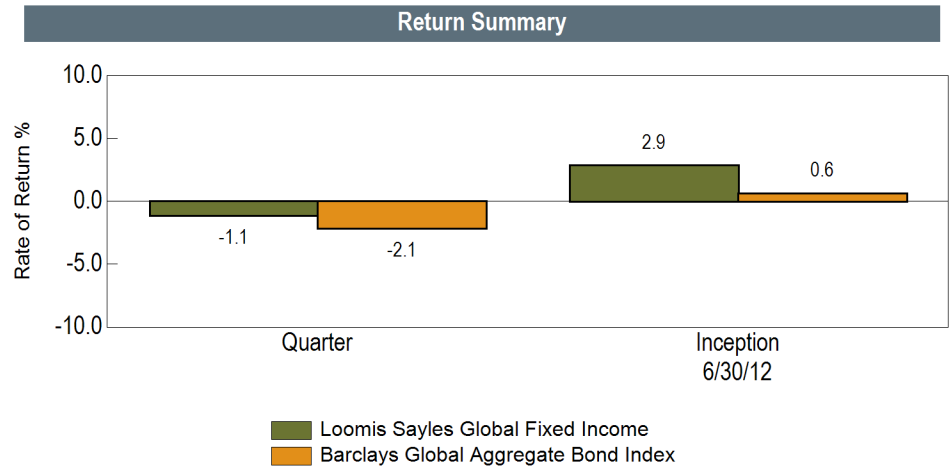
5th Percentile	7.6	
25th Percentile	5.4	
Median	4.1	
75th Percentile	2.7	
95th Percentile	1.9	
# of Portfolios	26	
● Total Global Fixed Income	-1.4	(99)
▲ Barclays Global Aggregate Bond Index	-2.1	(99)

Manager Performance

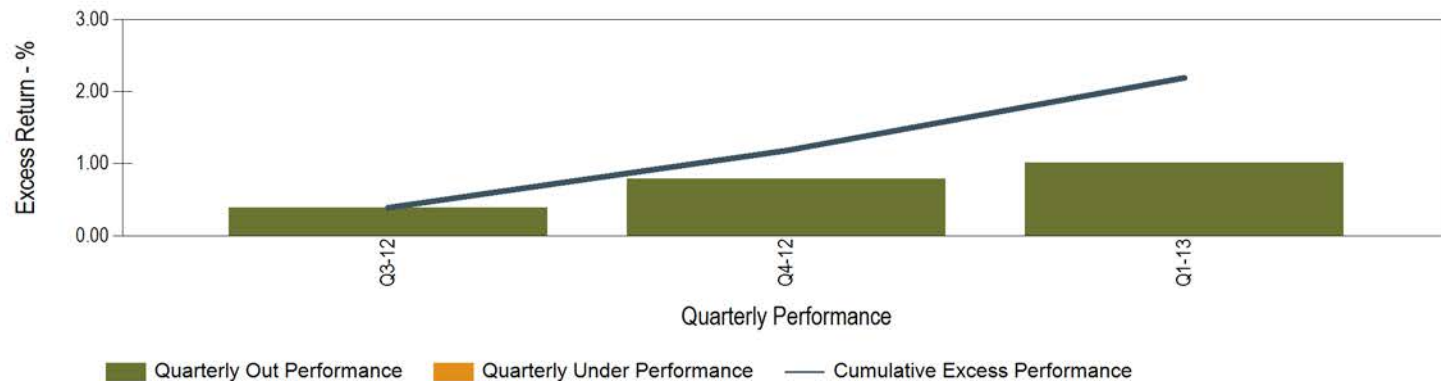
Benchmark: Barclays Global Aggregate Bond Index

Loomis Sayles' fixed income philosophy is rooted in identifying undervalued securities through in-house credit research. Its philosophy emphasizes identifying issuers whose credit ratings appear likely to be upgraded or downgraded. The fixed income analysts use forward-looking analyses of cash flow, along with source and application of funds, to identify factors that may affect a debt issuer's future credit rating. Loomis Sayles believes that considerable value can be added by holding under-rated issues for which the firm has projected a credit upgrading.

Account Information	
Account Name	Loomis Sayles Global Fixed Income
Account Structure	Separate Account
Investment Style	Passive
Inception Date	6/30/12
Account Type	Global Fixed Income
Benchmark	Barclays Global Aggregate Bond Index
Universe	Global Fixed Income - Unhedged



Quarterly and Cumulative Excess Performance

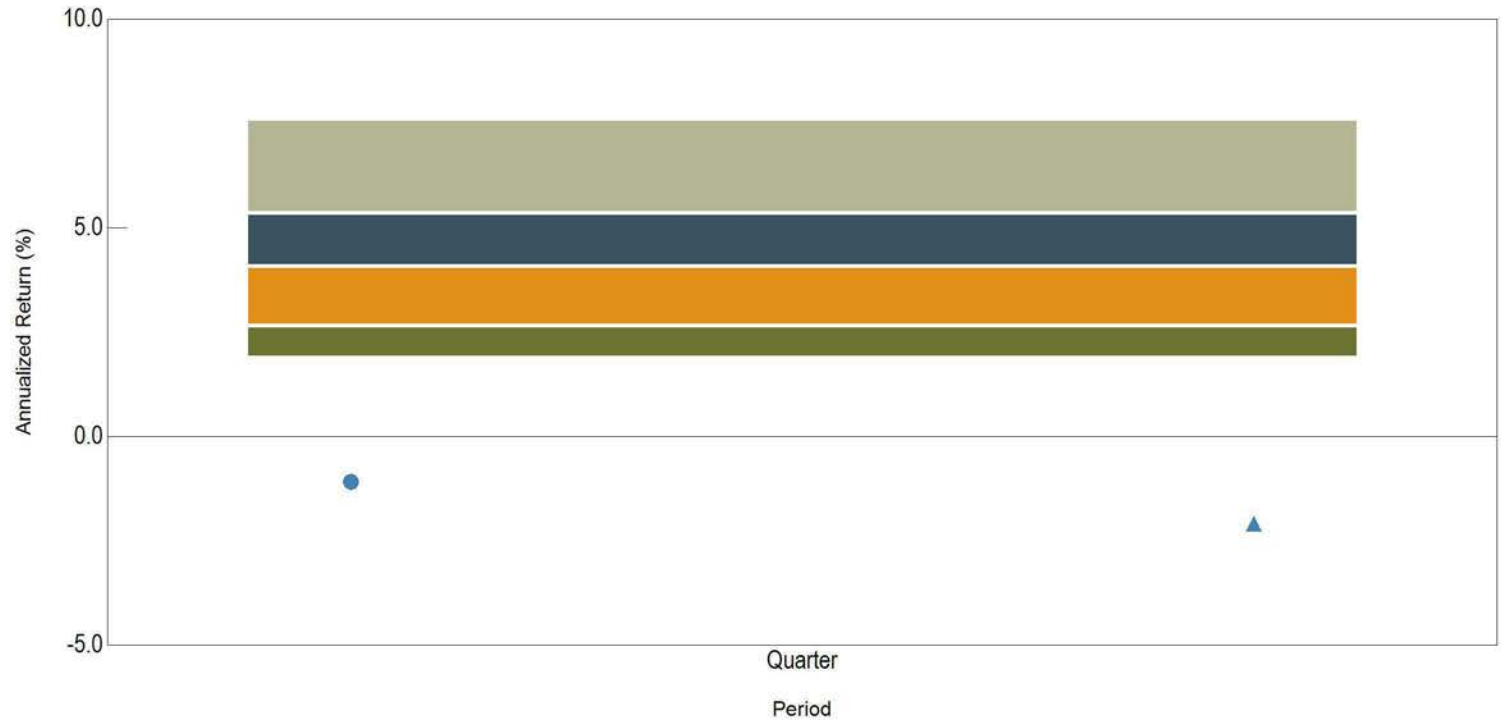


Universe Comparison

Benchmark: Barclays Global Aggregate Bond Index

Universe: Global Fixed Income - Unhedged

Ending March 31, 2013



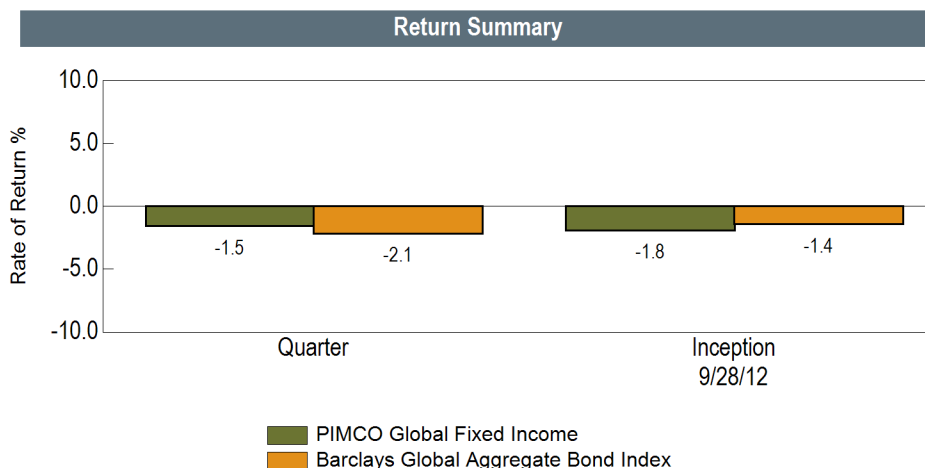
	Return (Rank)	
5th Percentile	7.6	
25th Percentile	5.4	
Median	4.1	
75th Percentile	2.7	
95th Percentile	1.9	
# of Portfolios	26	
● Loomis Sayles Global Fixed Income	-1.1	(99)
▲ Barclays Global Aggregate Bond Index	-2.1	(99)

Manager Performance

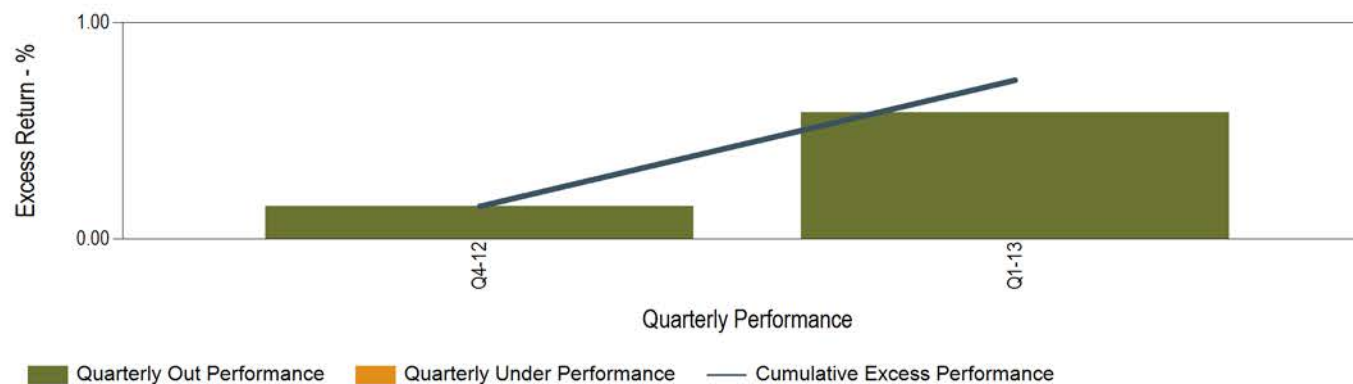
Benchmark: Barclays Global Aggregate Bond Index

PIMCO's Global strategy offers portfolios usually comprised of intermediate duration global fixed income securities, primarily from investment grade issuers in developed countries, denominated in major global currencies. PIMCO employs both strategic and tactical interest rate, currency, and sector exposures relative to the benchmark. Sector specialists are charged with determining relative value within their sectors and play a key role in security selection. An important resource for the sector specialists is PIMCO's team of global credit analysts who conduct independent security analysis. PIMCO also utilizes a library of proprietary analytical software to help quantify risks and relative value in different securities. Investment decisions are based on the anticipated performance of the securities given the firm's global interest rate and volatility forecasts, their credit worthiness, and liquidity. Current holdings are constantly re-evaluated for their relative attractiveness versus investments available in the marketplace.

Account Information	
Account Name	PIMCO Global Fixed Income
Account Structure	Mutual Fund
Investment Style	Passive
Inception Date	9/28/12
Account Type	Global Fixed Income
Benchmark	Barclays Global Aggregate Bond Index
Universe	Global Fixed Income - Unhedged



Quarterly and Cumulative Excess Performance

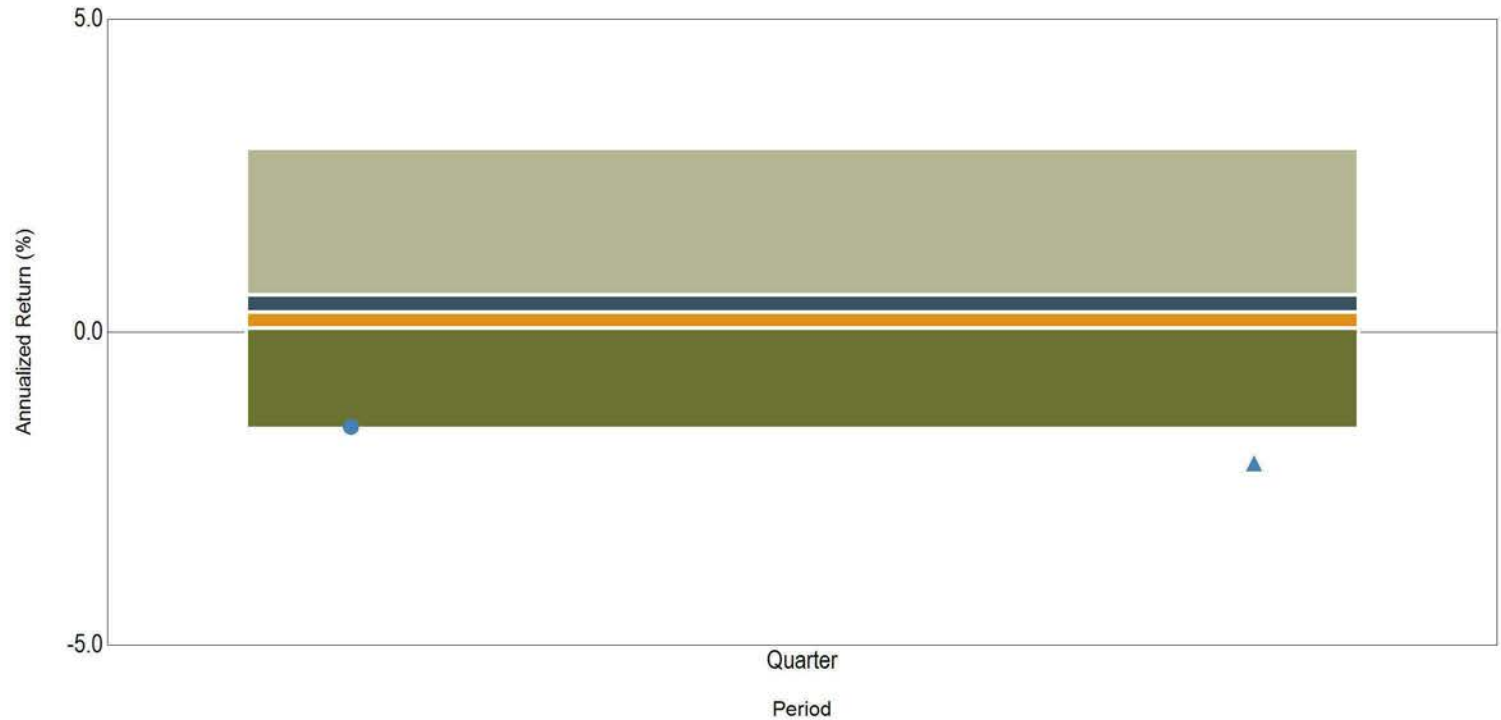


Universe Comparison

Benchmark: Barclays Global Aggregate Bond Index

Universe: Global Fixed Income - Unhedged

Ending March 31, 2013



	Return (Rank)	
5th Percentile	2.9	
25th Percentile	0.6	
Median	0.3	
75th Percentile	0.1	
95th Percentile	-1.5	
# of Portfolios	1,698	
● PIMCO Global Fixed Income	-1.5	(95)
▲ Barclays Global Aggregate Bond Index	-2.1	(98)

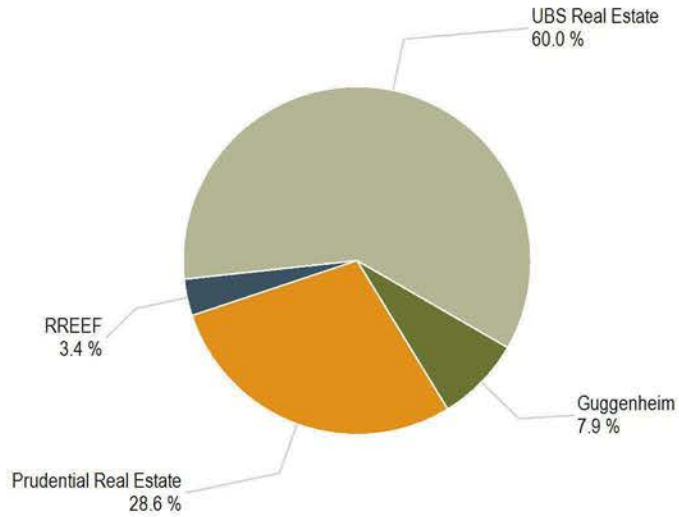


Total Real Estate

Overview

Benchmark: Policy Benchmark

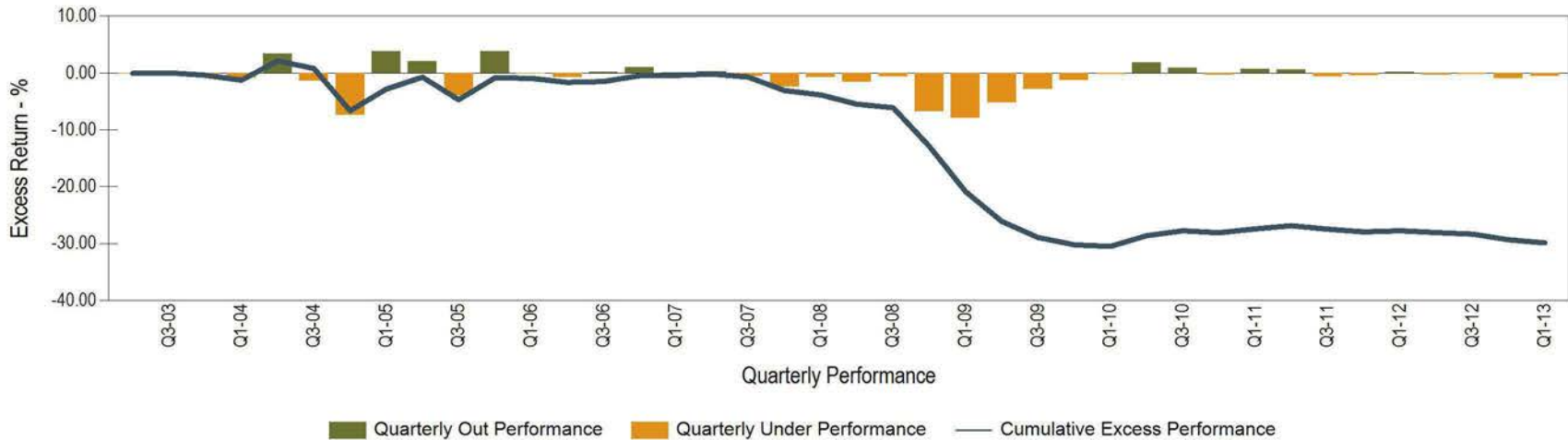
Current Allocation



Return Summary



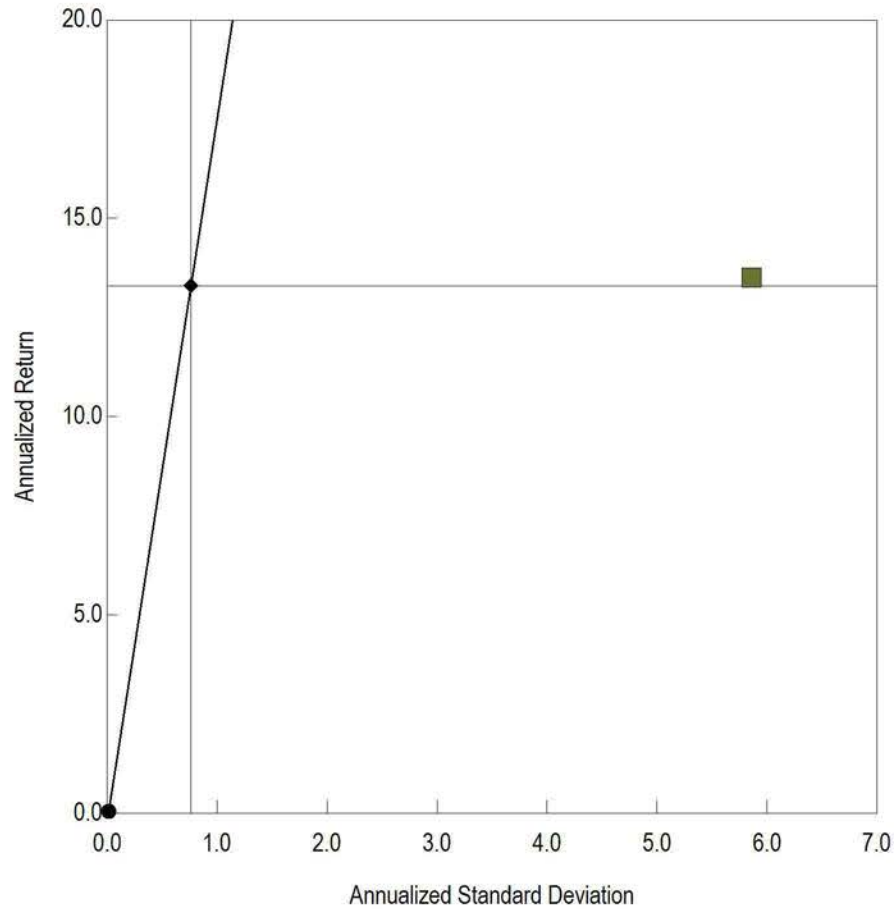
Quarterly and Cumulative Excess Performance



Risk Profile

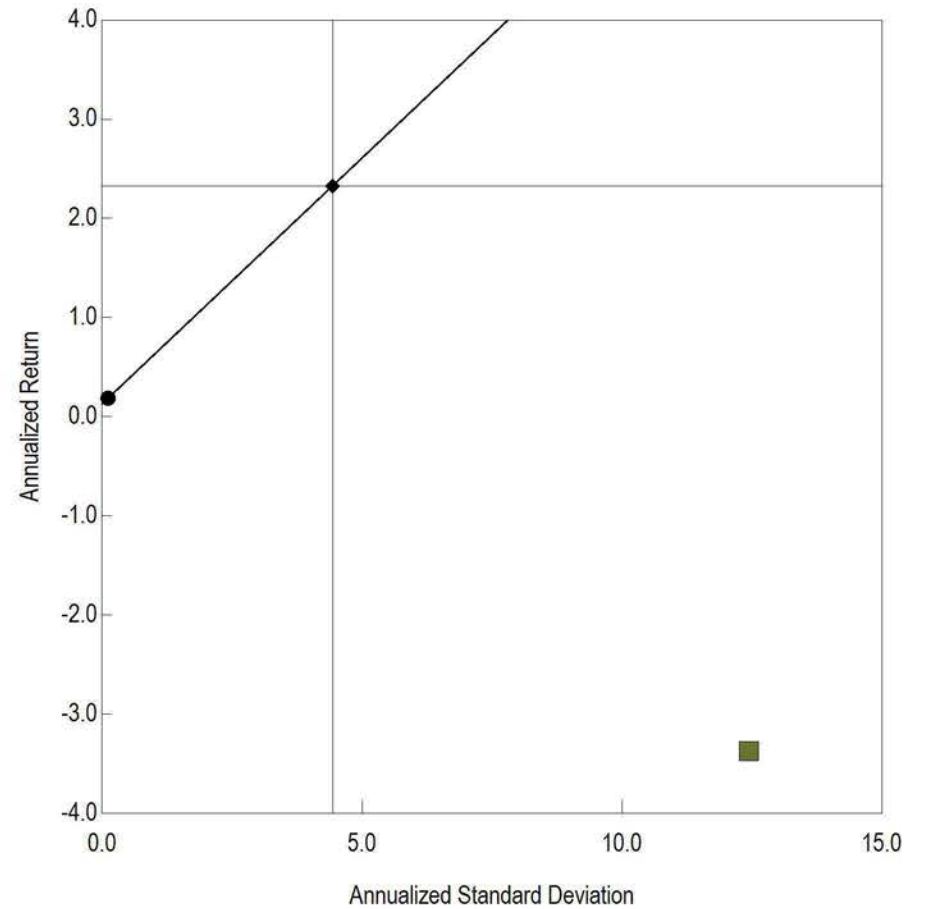
Benchmark: Policy Benchmark

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2013



- Total Real Estate
- ◆ Policy Benchmark
- Risk Free

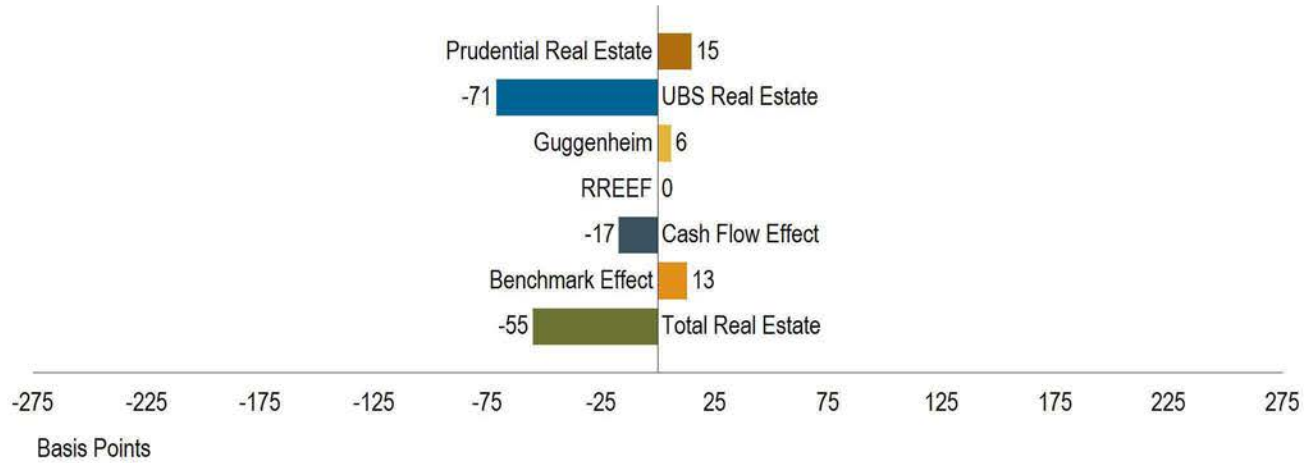
Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2013



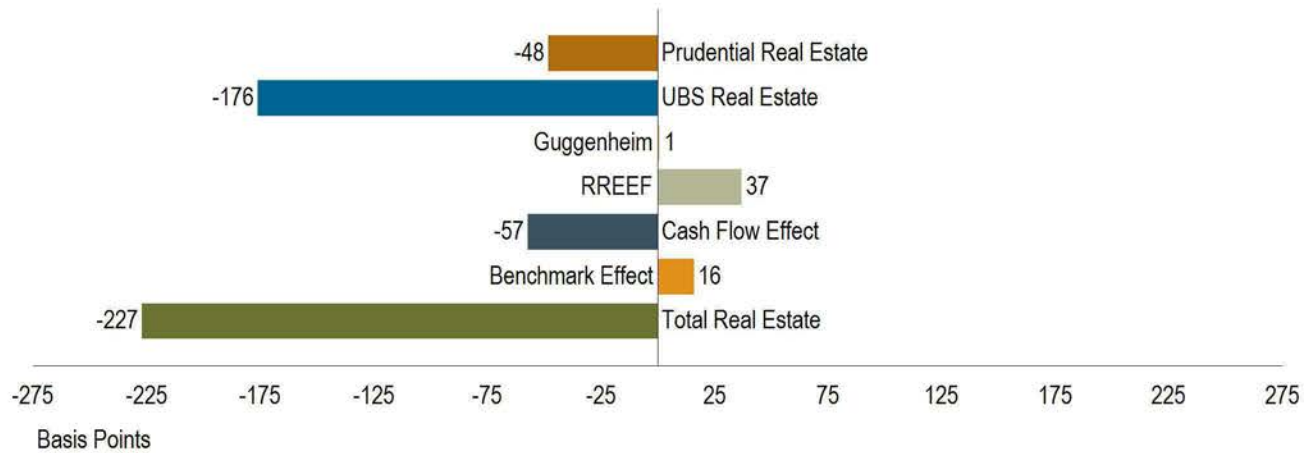
- Total Real Estate
- ◆ Policy Benchmark
- Risk Free

Attribution

**MANAGER ATTRIBUTION ANALYSIS
3 MONTHS ENDING 3/31/13**



**MANAGER ATTRIBUTION ANALYSIS
1 YEAR ENDING 3/31/13**

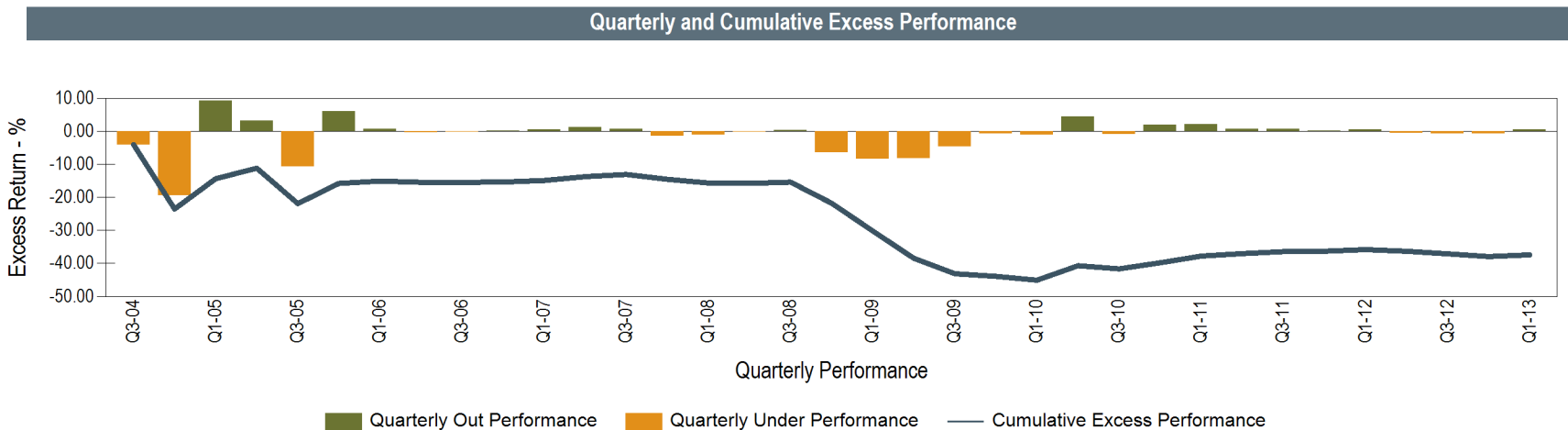
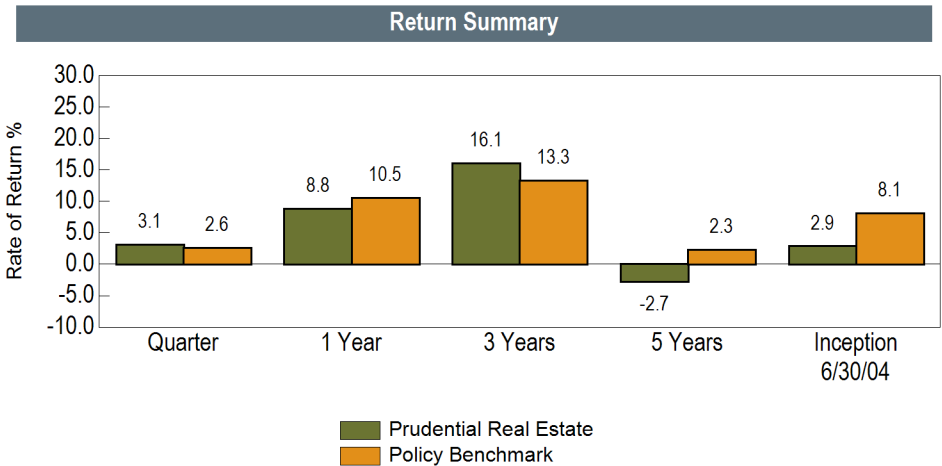


Manager Performance

Benchmark: Policy Benchmark

Prudential's PRISA is a core-only product with no value-added component. The manager utilizes low leverage (max 30%) and is diversified across both property types and regions. PRISA has a dedicated team of 15 regional research professionals who work on the portfolio. In constructing the PRISA portfolio, the lead portfolio manager annually develops a forward-looking three-year forecast. The forecast is based on macroeconomic predictions, along with input from the manager's proprietary software systems. The transaction team utilizes this forward-looking forecast in its search for potential properties.

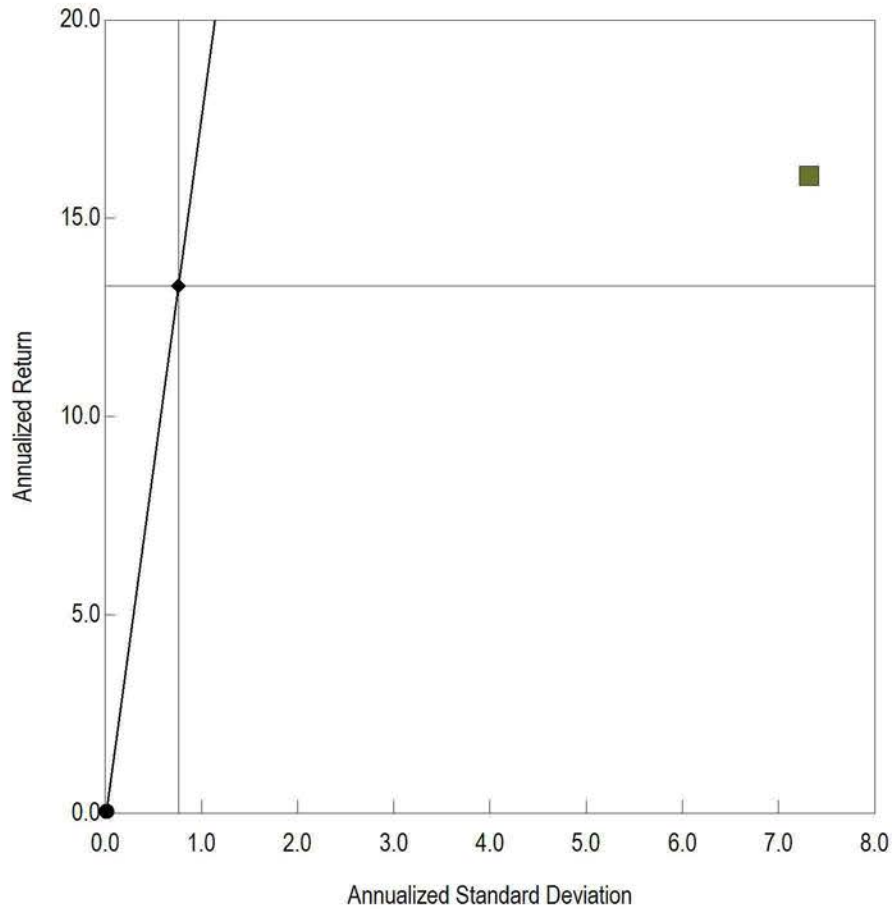
Account Information	
Account Name	Prudential Real Estate
Account Structure	Other
Investment Style	Active
Inception Date	6/30/04
Account Type	Real Estate
Benchmark	Policy Benchmark
Universe	eA US REIT Net



Risk Profile

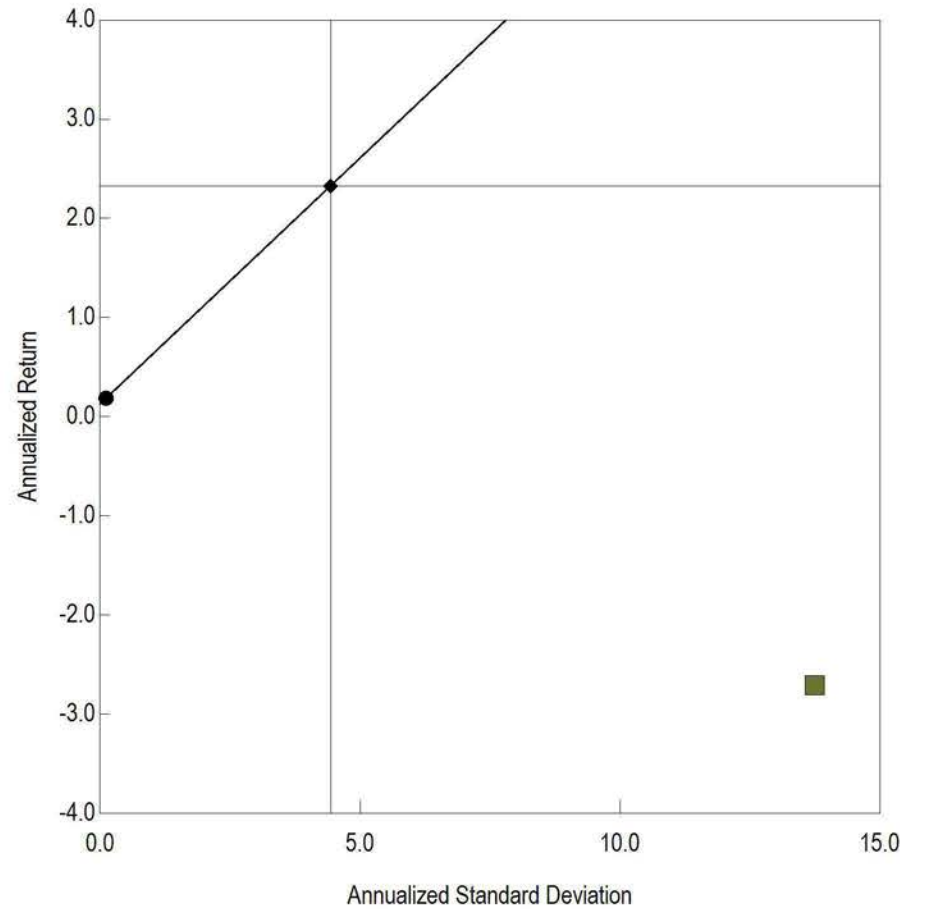
Benchmark: Policy Benchmark

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2013



- Prudential Real Estate
- ◆ Policy Benchmark
- Risk Free

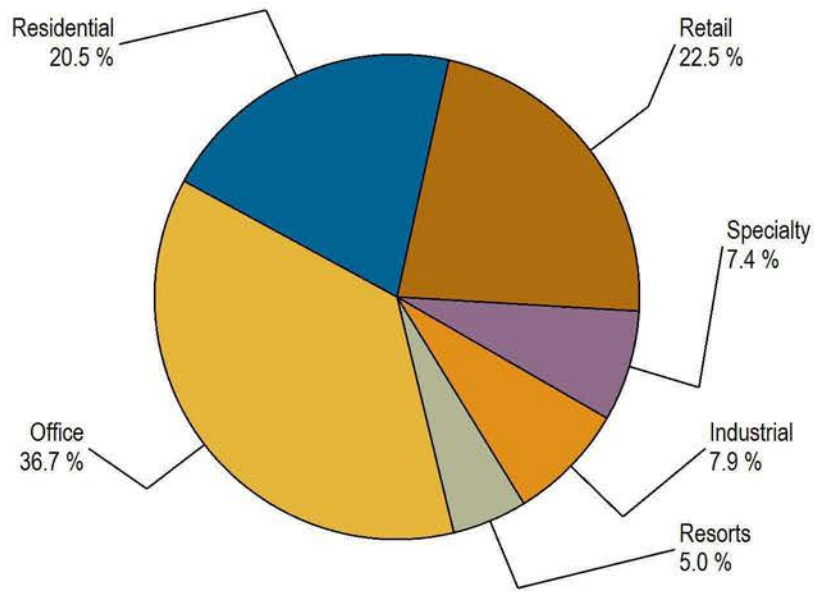
Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2013



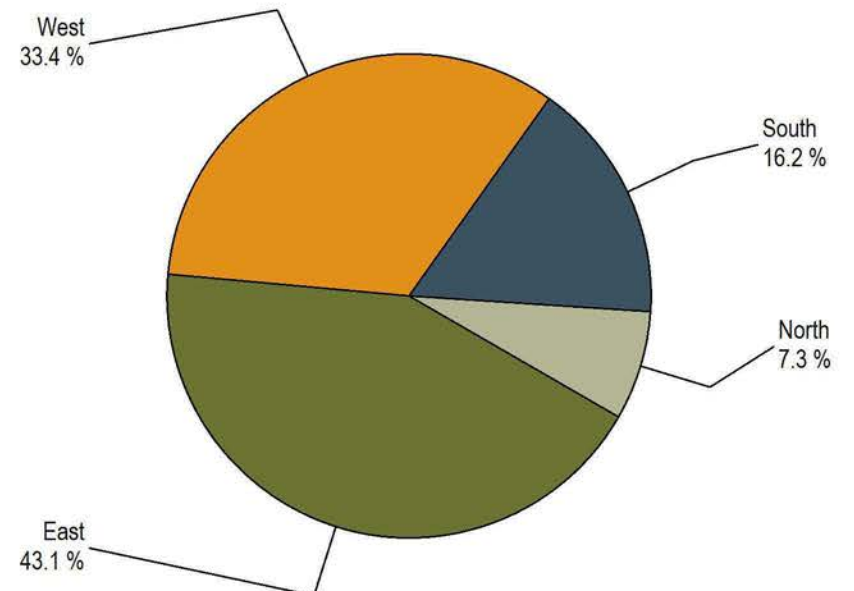
- Prudential Real Estate
- ◆ Policy Benchmark
- Risk Free

Manager Analysis

Property Type Allocation



Geographic Diversification

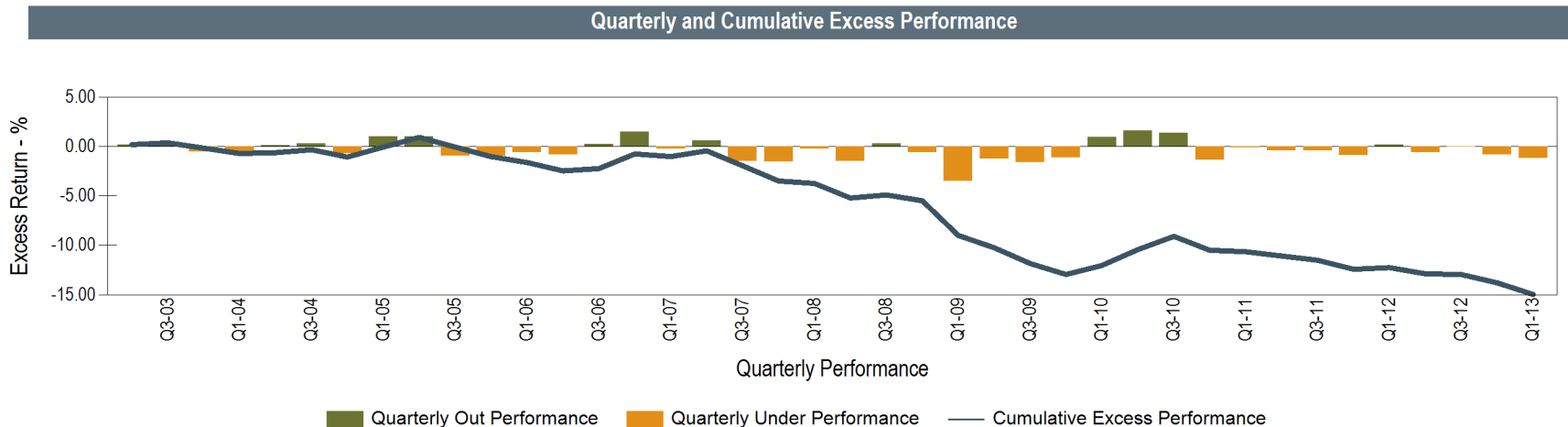
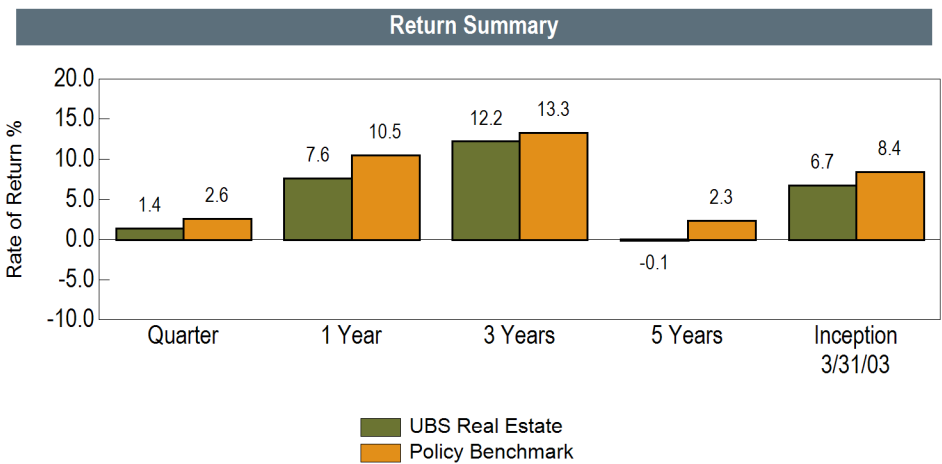


Manager Performance

Benchmark: Policy Benchmark

The UBS Trumbull Property (formerly RESA) team views the Fund's strategy as an enhanced index strategy. They measure the sector allocations of the high-quality institutional real estate universe and use those as a base for the Fund. The Fund will use extensive research to make small bets on sectors relative to the base allocations. The investment process for the portfolio is very analytic and research intensive. The investment team relies on multiple proprietary pricing and asset allocation models which analyze different property types in over 25 national markets. The UBS Realty Strategy Team, which is composed of the senior-most professionals from the different areas of UBS Realty, works on an ongoing basis with the research department to continually modify the proprietary modeling systems.

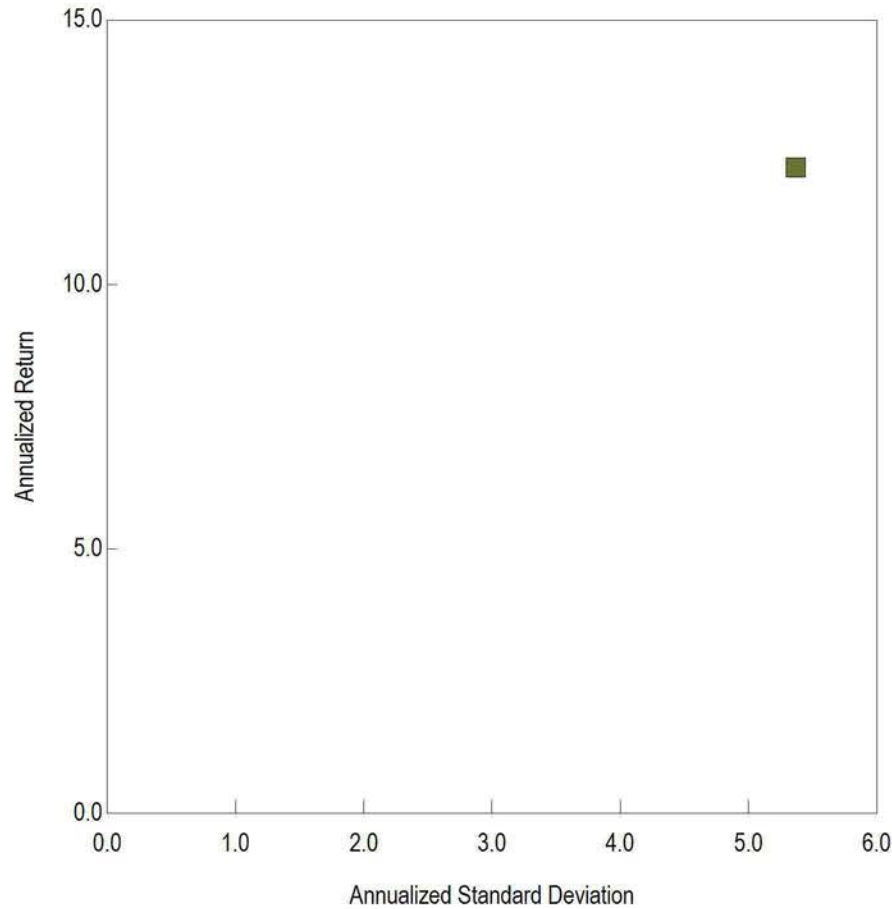
Account Information	
Account Name	UBS Real Estate
Account Structure	Other
Investment Style	Active
Inception Date	3/31/03
Account Type	Real Estate
Benchmark	Policy Benchmark
Universe	eA US REIT Net



Risk Profile

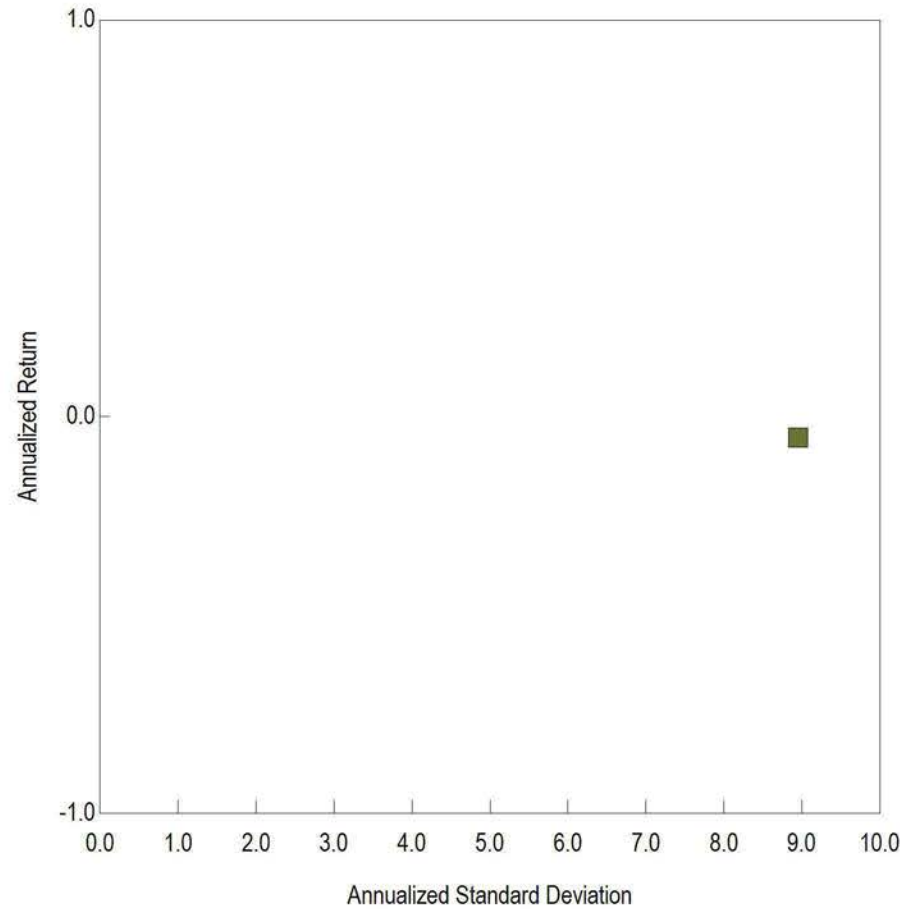
Benchmark: Policy Benchmark

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2013



- UBS Real Estate
- ◆ NCREIF Open End Fund Index
- Risk Free

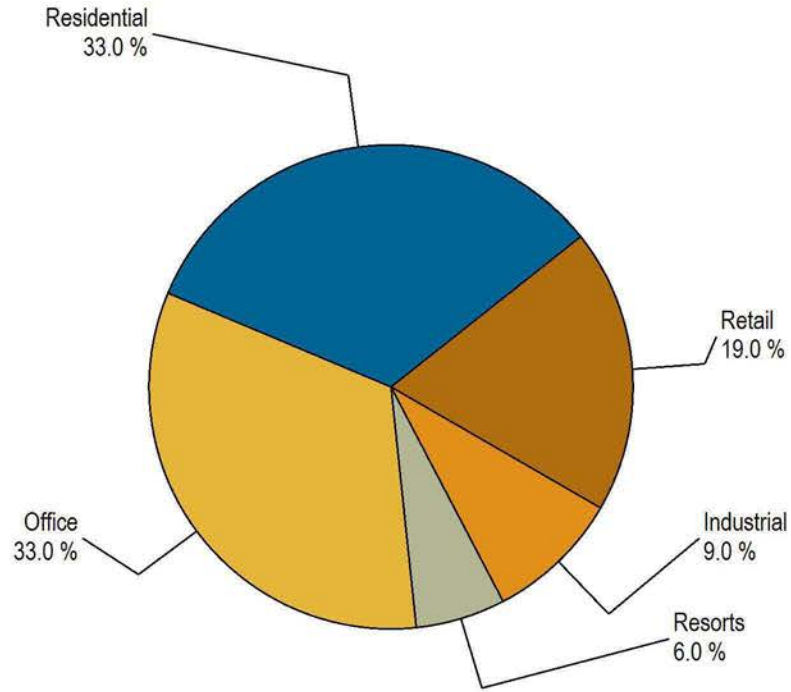
Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2013



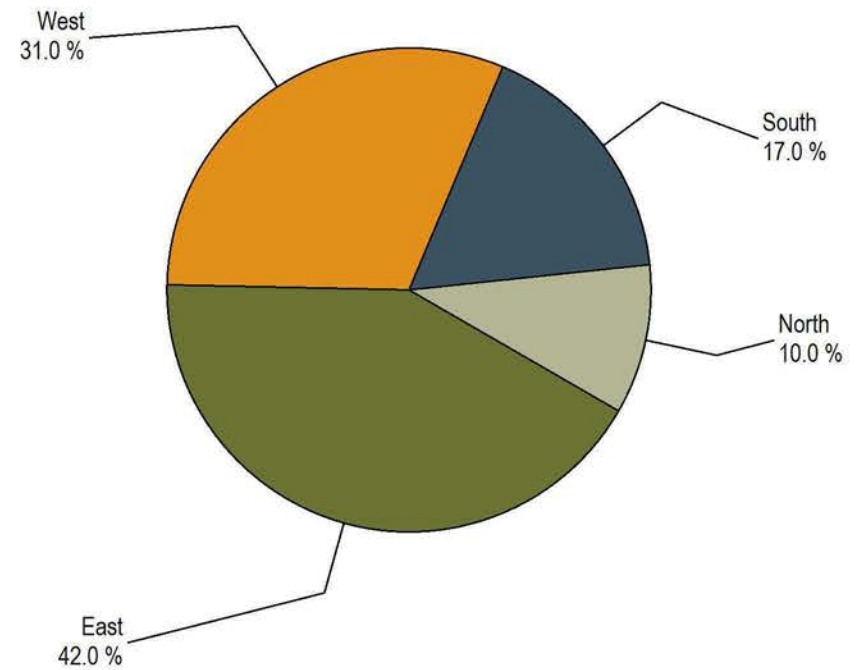
- UBS Real Estate
- ◆ NCREIF Open End Fund Index
- Risk Free

Manager Analysis

Property Type Allocation



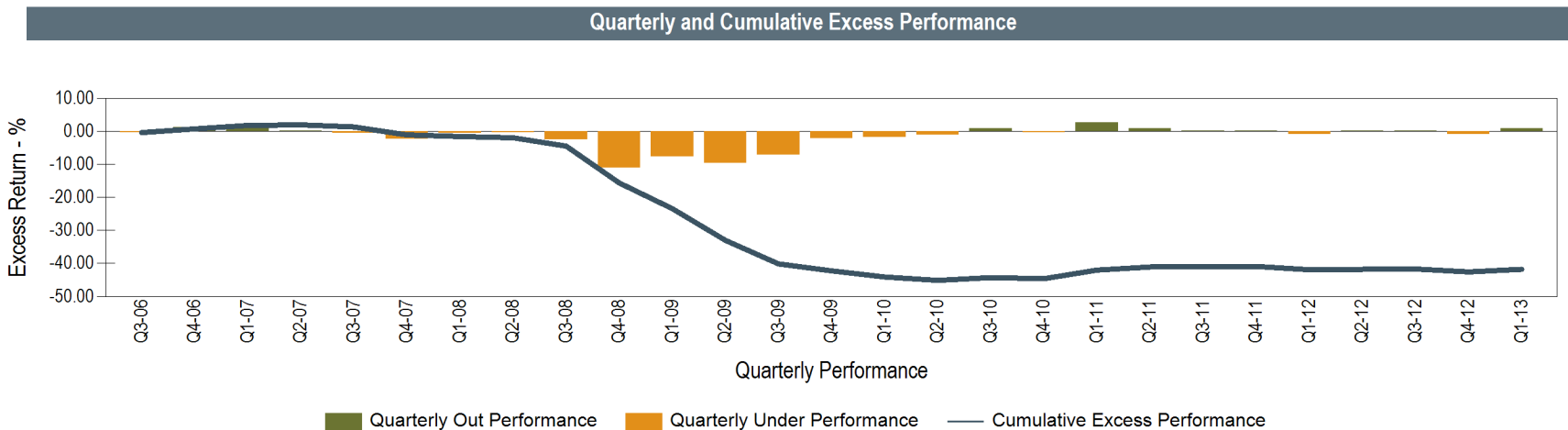
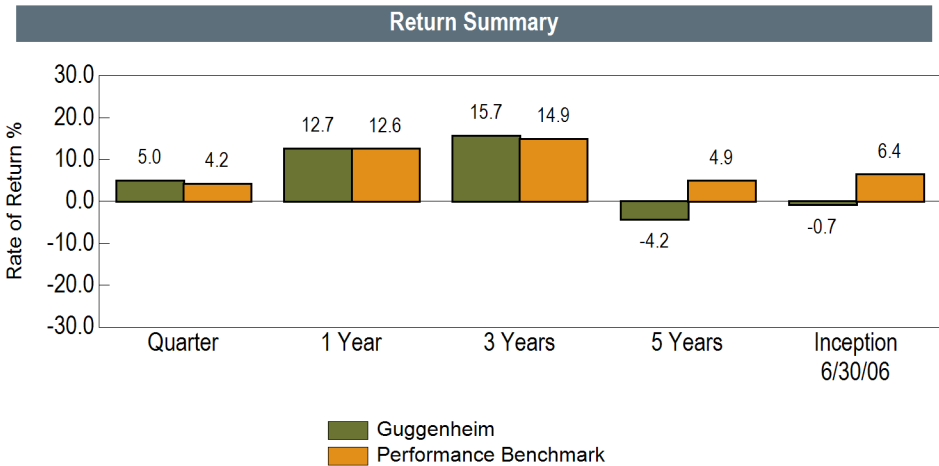
Geographic Diversification



Manager Performance

Benchmark: Performance Benchmark

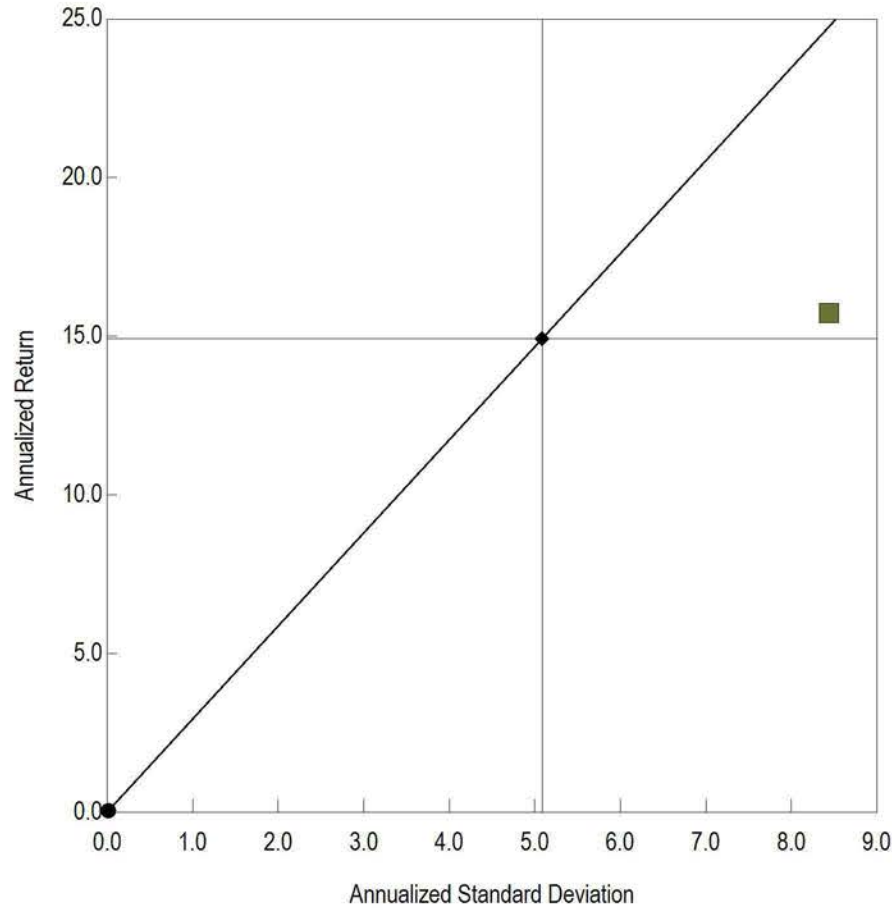
Account Information	
Account Name	Guggenheim
Account Structure	Other
Investment Style	Active
Inception Date	6/30/06
Account Type	Real Estate
Benchmark	Performance Benchmark
Universe	eA US REIT Net



Risk Profile

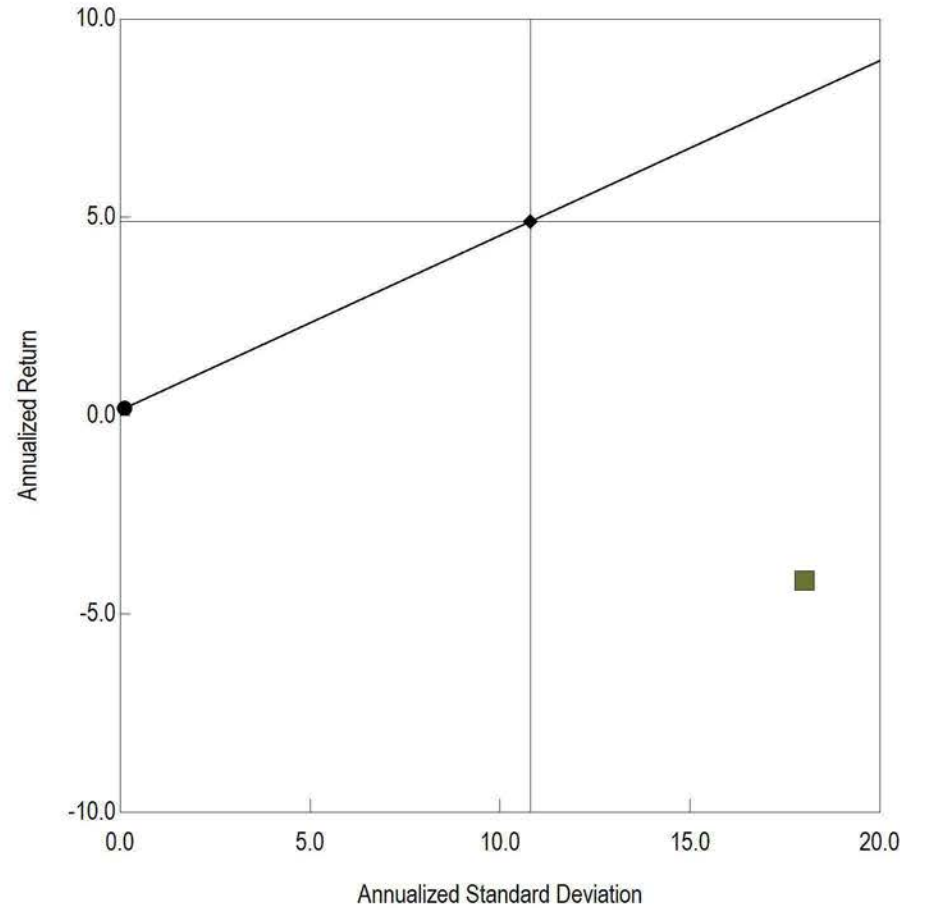
Benchmark: Performance Benchmark

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2013



- Guggenheim
- ◆ Performance Benchmark
- Risk Free

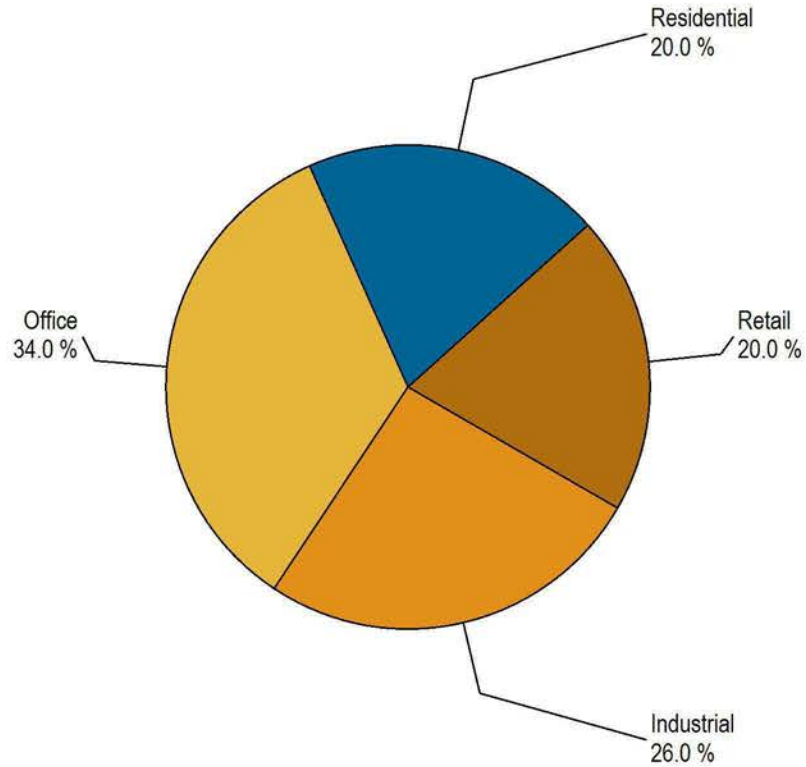
Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2013



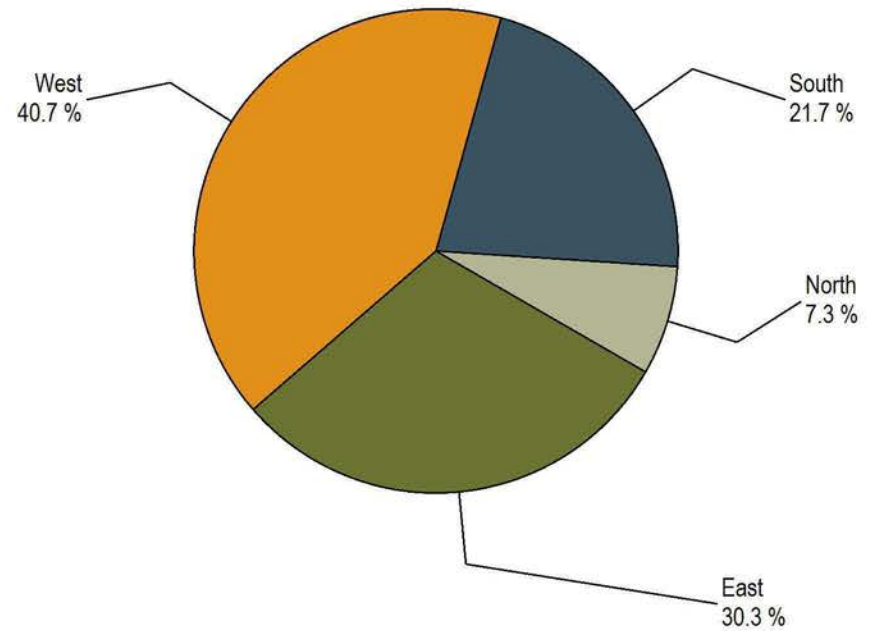
- Guggenheim
- ◆ Performance Benchmark
- Risk Free

Manager Analysis

Property Type Allocation



Geographic Diversification



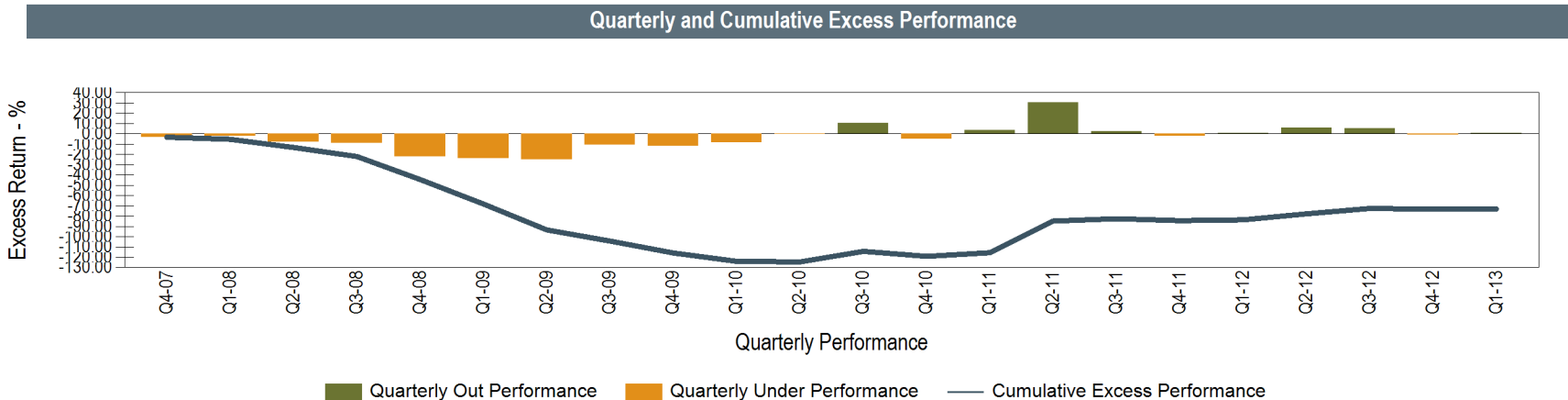
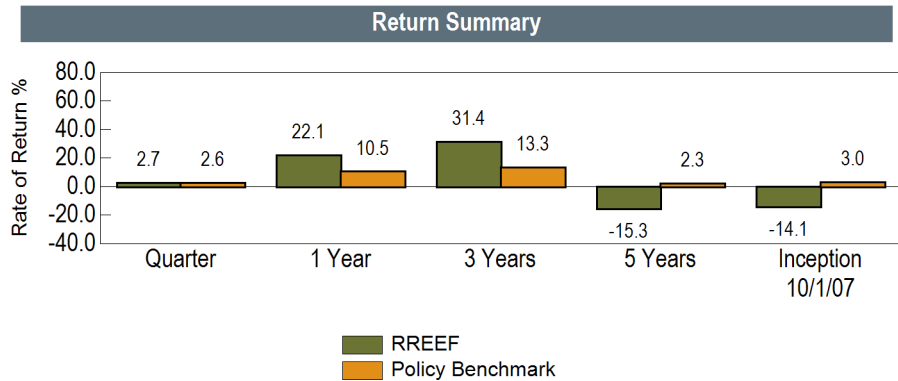
Manager Performance

Benchmark: Policy Benchmark

RREEF employs 600+ real estate investment professionals in 115 offices located in every major metropolitan market nationwide. RREEF America III (RA III) is a \$600 million open-end private REIT that pursues value-added investment opportunities in the U.S. The RREEF research process, dubbed the Market Profile Process, is led by Asieh Mansour, Ph. D and is roughly 65% bottom up asset-specific fundamental research and 25% top down market and demographic research. The remainder focuses on the investment performance of real estate in both public market and private market settings. This process is executed by the 17 members of the full-time research staff.

RA III has a target total fund size of \$1-2 billion, which RA III management expects to reach over a five year period. RREEF expects RA III to produce more than one-half of its total return from realized and unrealized gains resulting from the improvements it makes in the fund's assets. RA III investments will include income-producing properties, properties requiring re-positioning, and speculative development. The fund is scheduled to have a 15-year life and will commence an orderly liquidation of assets on January 22, 2016. RA III shareholders and the Board of Directors are considering a proposal to extend product life. As a REIT, oversight of RA III is maintained by an independent board that approves: the investment plan, dispositions, financing, and quarterly valuations.

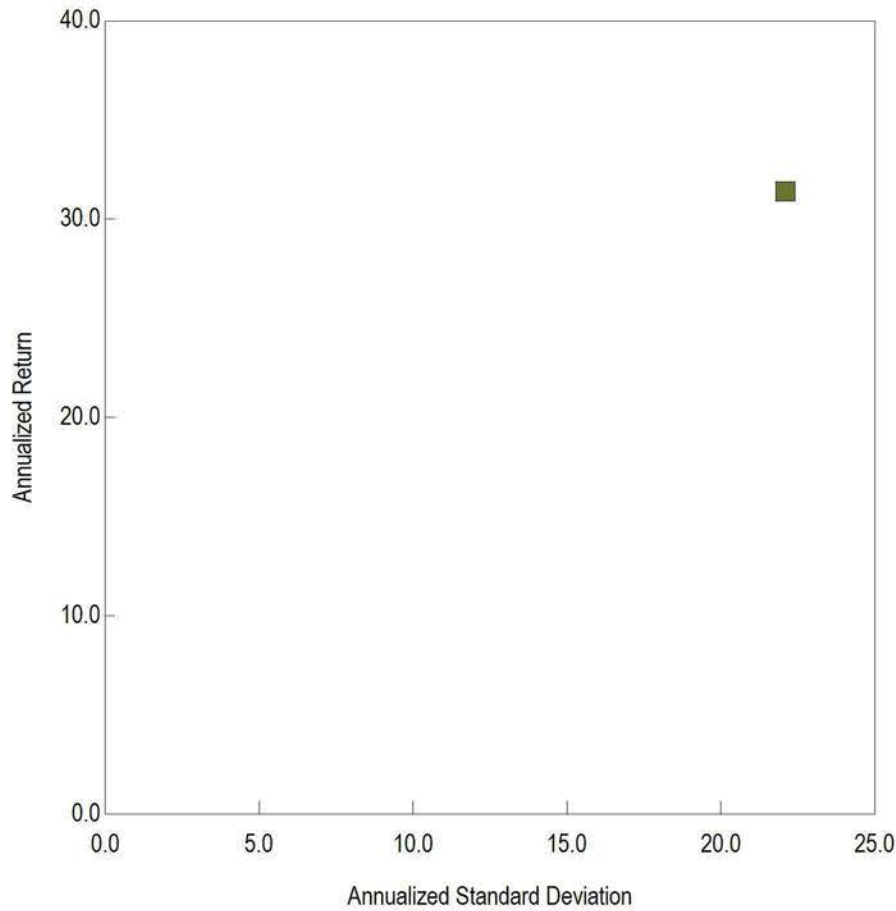
Account Information	
Account Name	RREEF
Account Structure	Other
Investment Style	Active
Inception Date	10/01/07
Account Type	Real Estate
Benchmark	Policy Benchmark
Universe	eA US REIT Net



Risk Profile

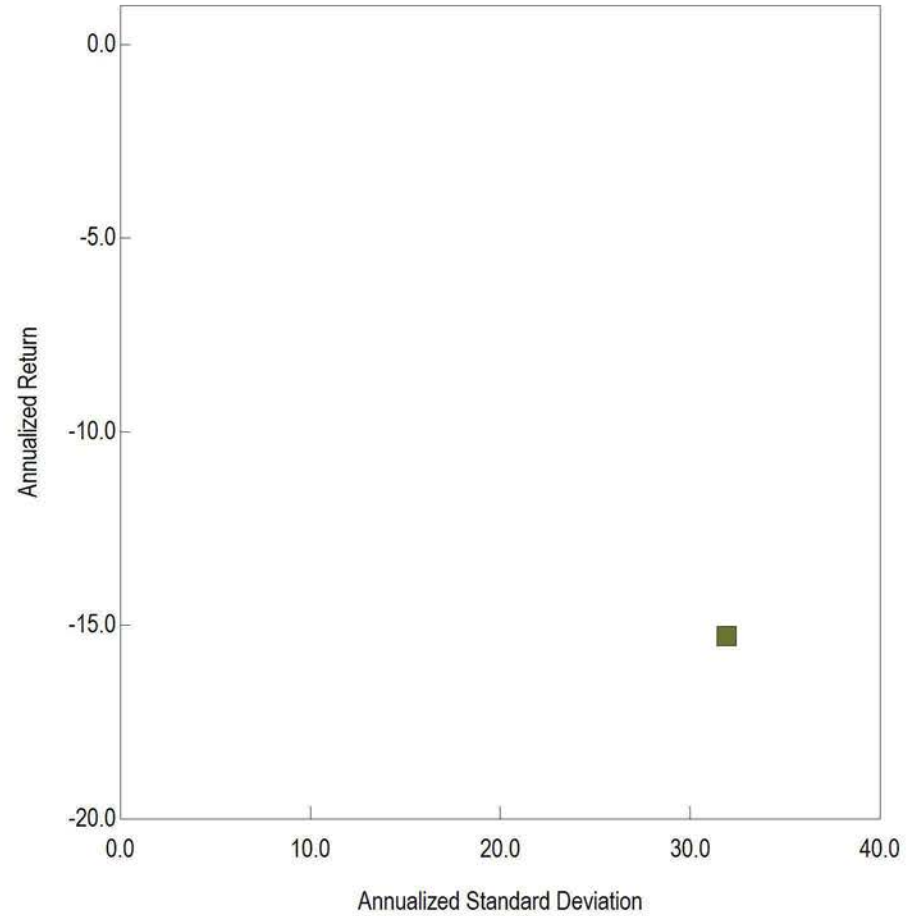
Benchmark: Policy Benchmark

Annualized Return vs. Annualized Standard Deviation
3 Years Ending March 31, 2013



- RREEF
- ◆ NCREIF Open End Fund Index
- Risk Free

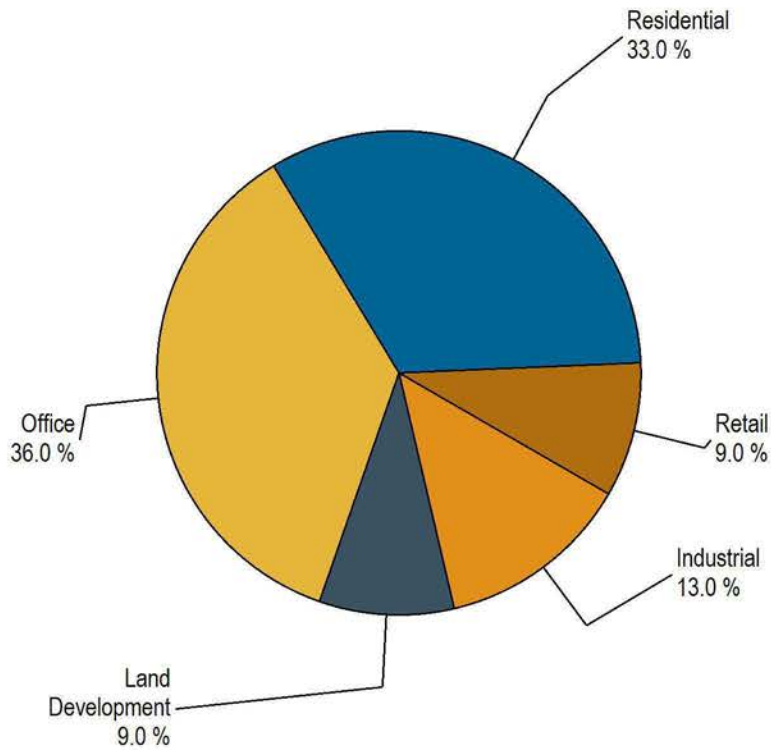
Annualized Return vs. Annualized Standard Deviation
5 Years Ending March 31, 2013



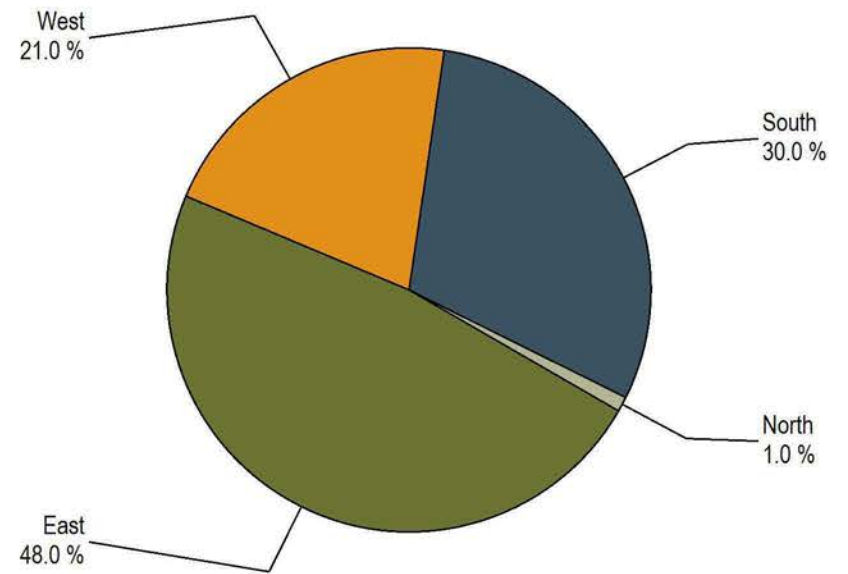
- RREEF
- ◆ NCREIF Open End Fund Index
- Risk Free

Manager Analysis

Property Type Allocation



Geographic Diversification





Total Private Equity

Overview

Adams Street Partnership

	As of 12/31/2012
Inception Date	May 2010
Capital Committed	\$85.0 million
Capital Called	\$27.70 million
Distributions	\$2.55 million
Carrying Values	\$30.41 million
Fee %	1.00%
Fee	\$850,000
Net IRR Since Inception*	20.2%

Pantheon Ventures

	As of 12/31/2012
Inception Date	January 2010
Capital Committed	\$15.0 million
Capital Called	\$6.45 million
Distributions	\$1.50 million
Carrying Values	\$6.91 million
Fee %	1.00%
Fee	\$150,000
Net IRR Since Inception*	26.3%

*Due to the relatively short investment period of the Pension's investments, the internal rate of return (IRR) might not be meaningful.



Appendix

Fee Schedule

Account	Fee Schedule	Market Value As of 3/31/2013	% of Portfolio	Estimated Annual Fee (\$)	Estimated Annual Fee (%)
Total U.S. Equity	No Fee	\$1,368,189,952	37.5%	--	--
BlackRock Extended Equity Index Fund	0.08% of First \$50.0 Mil, 0.06% of Next \$50.0 Mil, 0.04% Thereafter	\$35,392,385	1.0%	\$28,314	0.08%
Western U.S. Index Plus	0.15% of Assets	\$101,171,702	2.8%	\$151,758	0.15%
BlackRock Equity Market Fund	0.03% of First \$250.0 Mil, 0.02% Thereafter	\$1,231,625,865	33.8%	\$271,325	0.02%
Total Non-U.S. Equity	No Fee	\$674,924,225	18.5%	--	--
BlackRock ACWI ex-U.S. Index	0.12% of First \$100.0 Mil, 0.10% Thereafter	\$352,277,401	9.7%	\$372,277	0.11%
Sprucegrove	0.90% of First \$5.0 Mil, 0.65% of Next \$10.0 Mil, 0.55% of Next \$25.0 Mil, 0.50% of Next \$35.0 Mil, 0.25% of Next \$225.0 Mil, 0.20% Thereafter	\$164,697,921	4.5%	\$646,745	0.39%
Hexavest	0.60% of First \$10.0 Mil, 0.50% of Next \$30.0 Mil, 0.40% of Next \$40.0 Mil	\$70,797,824	1.9%	\$333,191	0.47%
Walter Scott	1.00% of First \$50.0 Mil, 0.85% of Next \$25.0 Mil, 0.60% Thereafter	\$87,151,079	2.4%	\$785,406	0.90%
Total Global Equity	No Fee	\$320,996,624	8.8%	--	--
GMO Global	0.65% of Assets	\$183,211,793	5.0%	\$1,190,877	0.65%
BlackRock Global MSCI ACWI Equity Index	No Fee	\$137,784,831	3.8%	--	--
Total Real Estate	No Fee	\$299,640,056	8.2%	--	--
Prudential Real Estate	0.81% of Assets	\$85,722,824	2.3%	\$694,355	0.81%
UBS Real Estate	0.96% of Assets	\$179,894,156	4.9%	\$1,726,984	0.96%
Guggenheim	0.60% of First \$20.0 Mil, 0.50% Thereafter	\$23,797,218	0.7%	\$138,986	0.58%
RREEF	0.30% of Assets	\$10,225,857	0.3%	\$30,678	0.30%

Fee Schedule

Account	Fee Schedule	Market Value As of 3/31/2013	% of Portfolio	Estimated Annual Fee (\$)	Estimated Annual Fee (%)
Total U.S. Fixed Income	No Fee	\$935,836,518	25.6%	--	--
Western	0.30% of First \$100.0 Mil, 0.15% Thereafter	\$281,361,951	7.7%	\$572,043	0.20%
BlackRock U.S. Debt Fund	0.06% of First \$100.0 Mil, 0.04% of Next \$400.0 Mil, 0.02% Thereafter	\$133,657,823	3.7%	\$73,463	0.05%
Reams	0.20% of First \$200.0 Mil, 0.15% Thereafter	\$245,461,981	6.7%	\$468,193	0.19%
Loomis Sayles	0.50% of First \$20.0 Mil, 0.40% of Next \$30.0 Mil, 0.30% Thereafter	\$109,220,131	3.0%	\$397,660	0.36%
Total Global Fixed Income	No Fee	\$166,134,632	4.6%	--	--
Loomis Sayles Global Fixed Income	0.30% of First \$100.0 Mil, 0.20% Thereafter	\$67,314,759	1.8%	\$201,944	0.30%
PIMCO Global Fixed Income	0.35% of First \$100.0 Mil, 0.30% Thereafter	\$98,819,873	2.7%	\$345,870	0.35%
Total Private Equity	No Fee	\$35,904,123	1.0%	--	--
Adams Street Partners	\$850,000 Annually	\$28,396,455	0.8%	\$850,000	2.99%
Pantheon Ventures	\$150,000 Annually	\$7,507,668	0.2%	\$150,000	2.00%
Clifton Group	0.15% of First \$25.0 Mil, 0.10% of Next \$75.0 Mil, 0.40% Thereafter	\$13,369,852	0.4%	\$20,055	0.15%
Investment Management Fee		\$3,648,861,350	100.0%	\$9,450,124	0.26%

Note: Western's fees for both U.S. and Fixed Income products are calculated together. The first \$100 million of the combined assets is billed at 30bps, all assets thereafter are billed at 15bps. Additionally, the Estimated Annual Fee does include the Private Equity asset class fees of \$1 million.

Market Returns

	First Quarter	Annualized Periods Ending 3/31/13				
		1-Year	3-Year	5-Year	10-Year	15-Year
Domestic Stock Indices:						
Dow Jones US Total Stock Index	11.1	14.5	13.1	6.5	9.4	4.8
S&P 500 Index	10.6	14.0	12.7	5.8	8.5	4.3
Russell 3000 Index	11.1	14.6	13.0	6.3	9.2	4.7
Russell 1000 Value Index	12.3	18.8	12.7	4.8	9.2	5.3
Russell 1000 Growth Index	9.5	10.1	13.1	7.3	8.6	3.2
Russell MidCap Value Index	14.2	21.5	15.0	8.5	12.6	8.3
Russell MidCap Growth Index	11.5	12.8	14.2	8.0	11.5	6.1
Russell 2000 Value Index	11.6	18.1	12.1	7.3	11.3	7.4
Russell 2000 Growth Index	13.2	14.5	14.7	9.0	11.6	4.1
Domestic Bond Indices:						
Barclays Capital Aggregate Index	-0.1	3.8	5.5	5.5	5.0	5.8
Barclays Capital Govt/Credit Index	-0.2	4.6	6.1	5.5	5.1	5.9
Barclays Capital Long Govt/Credit Index	-2.0	8.9	12.3	9.5	7.5	7.8
Barclays Capital 1-3 Year Govt/Credit Index	0.2	1.1	1.6	2.4	3.1	4.2
Barclays Capital U.S. MBS Index	0.0	2.0	4.2	5.2	5.0	5.7
Barclays Capital High Yield Index	2.9	13.1	11.2	11.6	10.1	7.1
Barclays Capital Universal Index	0.1	4.7	6.0	5.9	5.4	6.0
Real Estate Indices:						
NCREIF Property Index	2.6	10.5	13.3	2.3	8.5	9.1
NCREIF ODCE Index	2.4	9.7	14.0	-1.7	5.8	7.0
Dow Jones Real Estate Securities Index	7.1	13.0	16.8	5.9	12.2	9.3
FTSE NAREIT US Real Estate Index	8.1	17.1	17.7	7.1	12.6	9.5
Foreign/Global Stock Indices:						
MSCI All Country World Index	6.5	10.6	7.8	2.1	9.4	4.1
MSCI All Country World IMI	6.9	11.0	8.1	2.6	9.9	4.5
MSCI All Country World ex-U.S. Index	3.2	8.4	4.4	-0.4	10.9	4.7
MSCI All Country World ex-U.S. IMI	3.6	8.6	4.7	0.0	11.3	5.0
MSCI All Country World ex-U.S. Small Cap Index	6.5	10.5	7.0	2.5	14.3	7.4
MSCI EAFE Index	5.1	11.3	5.0	-0.9	9.7	3.8
MSCI EAFE IMI	5.5	11.5	5.4	-0.5	10.1	4.2
MSCI EAFE Index (in local currency)	9.7	16.7	4.3	0.7	7.5	2.1
MSCI Emerging Markets IMI	-1.0	2.8	3.4	1.5	17.2	7.4
Foreign Bond Indices:						
Citigroup World Gov't Bond Index	-3.8	-2.2	3.3	2.3	5.6	5.6
Citigroup Hedged World Gov't Bond Index	1.3	5.5	4.1	4.3	4.3	5.2
Cash Equivalents:						
Treasury Bills (30-Day)	0.0	0.0	0.0	0.2	1.3	2.1
Hewitt EnnisKnupp STIF Index	0.1	0.2	0.2	0.6	2.0	2.8
Inflation Index:						
Consumer Price Index	1.4	1.5	2.3	1.7	2.4	2.4

Benchmark and Universe Descriptions

Total Fund

Policy Portfolio- As of December 2012, the return is based on a combination of 36% Dow Jones U.S. Total Stock Market Index, 25% Barclays Aggregate Bond Index, 19% MSCI All Country World Ex-U.S. Index, 10% MSCI All Country World Index, 2% Barclays Global Aggregate Bond Index, and 8% NCREIF Real Estate Index. Prior to December 2012, the return is based on a combination of 37% DJ U.S. Total Stock Market Index, 27% Barclays Aggregate Bond Index, 18% MSCI All Country World Ex-U.S. Index, 10% MSCI All Country World Index and 8% NCREIF Real Estate Index. Prior to April 2010, the return was based on a combination of 40% DJ U.S. Total Stock Market Index, 27% Barclays Aggregate Bond Index, 18% MSCI All Country World Ex-U.S. Index, 7% MSCI All Country World Index and 8% NCREIF Real Estate Index. Prior to June 2008, the return was based on a combination of 47% DJ U.S. Total Stock Market Index, 27% Barclays Aggregate Bond Index, 14% MSCI All Country World Ex-U.S. Index, 4% MSCI All Country World Index and 8% NCREIF Real Estate Index. Prior to October 2007, the return was based on a combination of 47% DJ U.S. Total Stock Market Index, 29% Barclays Aggregate Bond Index, 14% MSCI All Country World Ex-U.S. Index, 4% MSCI All Country World Index and 6% NCREIF Real Estate Index. Prior to June 2005, the return was based on a combination of 49% Russell 3000 Index, 29% Barclays Aggregate Bond Index, 16% MSCI All Country World Ex-U.S. Index and 6% NCREIF Real Estate Index. Prior to April 2003, the return was based on a combination of 49% Russell 3000 Index, 32% Barclays Aggregate Bond Index, 16% MSCI All Country World Ex-U.S. Index and 3% NCREIF Real Estate Index. Prior to May 2002 the return was based on a combination of 49% Russell 3000 Index, 32% Barclays Aggregate Bond Index, 16% MSCI EAFE Index and 3% NCREIF Real Estate Index. Prior to April 2002 the return was based on a combination of 53% Russell 3000 Index, 32 Barclays Aggregate Bond Index, 12% MSCI Europe, Australasia and Far East (EAFE) Index and 3% NCREIF Real Estate Index. Prior to October 2001, the policy portfolio consisted of a combination of 53% Russell 3000, 22% Barclays Aggregate Bond Index, 12% MSCI Europe, Australasia and Far East (EAFE) Index, 3% NCREIF Real Estate Index, and 10% Solomon Brothers World Government Bond Index Hedged. Historically, the policy return is based on the historic policy allocations provided by the VCERA staff.

Public Fund Universe - An equal-weighted index that is designed to represent the average return earned by U.S. public pension funds. The index is calculated based on a universe of 112 funds compiled by BNY Mellon Performance & Risk Analytics, LLC as of 3/31/2013.

Total U.S. Equity

Benchmark. The Dow Jones U.S. Total Stock Market Index.

Universe. A universe of 1,310 domestic stock portfolios compiled by eVestment as of 3/31/2013.

BlackRock Extended Equity Index Fund

Benchmark. The Dow Jones U.S. Completion Total Stock Market Index.

Benchmark and Universe Descriptions

Western U.S. Index Plus

Benchmark. The S&P 500 Index.

Universe. A universe of 1,310 domestic stock portfolios compiled by eVestment as of 3/31/2013.

BlackRock Equity Market Fund

Benchmark. The Dow Jones U.S. Total Stock Market Index.

Universe. A universe of 1,310 domestic stock portfolios compiled by eVestment as of 3/31/2013.

Total Non-U.S. Equity

Benchmark. The Morgan Stanley Capital International All Country World ex-U.S. Free Index. Prior to May 2002, the Morgan Stanley Capital International EAFE-Free Stock Index.

Universe. A universe of 149 international stock portfolios compiled by eVestment as of 3/31/2013.

BlackRock ACWI ex U.S.

Benchmark. The MSCI All Country World ex-U.S. IMI Index

Universe. A universe of 149 international stock portfolios compiled by eVestment as of 3/31/2013.

Sprucegrove

Benchmark. The Morgan Stanley Capital International EAFE-Free Stock Index.

Universe. A universe of 149 international stock portfolios compiled by eVestment as of 3/31/2013.

Benchmark and Universe Descriptions

Hexavest

Benchmark. The Morgan Stanley Capital International EAFE-Free Stock Index.

Universe. A universe of 149 international stock portfolios compiled by eVestment as of 3/31/2013.

Walter Scott

Benchmark. The Morgan Stanley Capital International All Country World ex-U.S. Free Index.

Universe. A universe of 149 international stock portfolios compiled by eVestment as of 3/31/2013.

Total Global Equity

Benchmark. The Morgan Stanley Capital International All Country World Index.

Universe. A universe of 241 global stock portfolios compiled by eVestment as of 3/31/2013.

Grantham Mayo Van Otterloo (GMO)

Benchmark. The Morgan Stanley Capital International All Country World Index.

Universe. A universe of 241 global stock portfolios compiled by eVestment as of 3/31/2013.

BlackRock All Country World Index

Benchmark. The Morgan Stanley Capital International All Country World Index.

Universe. A universe of 241 global stock portfolios compiled by eVestment as of 3/31/2013.

Benchmark and Universe Descriptions

Total Fixed Income

Benchmark. The Barclays Aggregate Bond Index.

Universe. A universe of 591 fixed income stock portfolios compiled by eVestment as of 3/31/2013.

Western Asset Management

Benchmark. The Barclays Aggregate Bond Index.

Universe. A universe of 591 fixed income stock portfolios compiled by eVestment as of 3/31/2013.

BlackRock U.S. Debt Index Fund

Benchmark. The Barclays Aggregate Bond Index.

Universe. A universe of 591 fixed income stock portfolios compiled by eVestment as of 3/31/2013.

Reams

Benchmark. The Barclays Aggregate Bond Index.

Universe. A universe of 591 fixed income stock portfolios compiled by eVestment as of 3/31/2013.

Loomis Sayles

Benchmark. 60% of the Barclays Aggregate Bond Index, 30% of the Citigroup High Yield Market Index, and 5% of the J.P Morgan Non-U.S. Hedged Bond Index.

Universe. A universe of 591 fixed income stock portfolios compiled by eVestment as of 3/31/2013.

Benchmark and Universe Descriptions

Total Global Fixed Income

Benchmark. The Barclays Global Aggregate Bond Index.

Universe. A universe of 1,675 fixed income stock portfolios compiled by eVestment as of 3/31/2013.

Loomis Sayles Global Fixed Income

Benchmark. The Barclays Global Aggregate Bond Index.

Universe. A universe of 1,675 fixed income stock portfolios compiled by eVestment as of 3/31/2013.

PIMCo Global Fixed Income

Benchmark. The Barclays Global Aggregate Bond Index.

Universe. A universe of 1,675 fixed income stock portfolios compiled by eVestment as of 3/31/2013.

Total Real Estate

Benchmark. The National Council of Real Estate Investment Fiduciaries (NCREIF) Open-End Fund. Prior to January 2006, the NCREIF Property Index.

Prudential Real Estate

Benchmark. The National Council of Real Estate Investment Fiduciaries (NCREIF) Open-End Fund. Prior to January 2006, the NCREIF Property Index.

UBS RESA

Benchmark. The National Council of Real Estate Investment Fiduciaries (NCREIF) Open-End Fund.

Guggenheim

Benchmark. 70% of the National Council of Real Estate Investment Fiduciaries (NCREIF) Open-End Fund and 30% of the NAREIT Index.

Benchmark Descriptions

RREEF

Benchmark. The National Council of Real Estate Investment Fiduciaries (NCREIF) Open-End Fund.

Adams Street Partners

Benchmark. Dow Jones Total Stock Index + 3%

Pantheon Ventures

Benchmark. Dow Jones Total Stock Index + 3%

Total Private Equity

Benchmark. Dow Jones Total Stock Index + 3%

Russell 3000 Index- A capitalization-weighted stock index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This index is a broad measure of the performance of the aggregate domestic equity market.

S&P 500 Index- A capitalization-weighted index representing the 500 largest publicly traded U.S. stocks.

MSCI Europe, Australasia, Far East (EAFE) Foreign Index- A capitalization-weighted index of 20 stock markets in Europe, Australia, Asia and the Far East.

MSCI All Country World Index - An index of major world stock markets, including the U.S., representing countries according to their approximate share of world market capitalization. The weights are adjusted to reflect foreign currency fluctuations relative to the U.S. dollar.

Barclays Aggregate Bond Index- A market value-weighted index consisting of the Barclays Corporate, Government and Mortgage-Backed Indices. This index is the broadest available measure of the aggregate U.S. fixed income market.

NCREIF Open End Fund Index- A capitalization-weighted index of privately owned investment grade income-producing properties representing approximately \$89 billion in assets.

Description of Terms

Rank - A representation of the percentile position of the performance of a given portfolio, relative to a universe of similar funds. For example, a rank of 25 for a given manager indicates outperformance by that manager of 75% of other funds in that same universe.

Universe - A distribution of the returns achieved by a group of funds with similar investment objectives.

U.S. Stock Universe - The rankings are based on a universe that is designed to represent the average equity return earned by U.S. institutional investors (public funds, corporate funds, and endowment/foundations). The universe is calculated based on data provided by eVestment Alliance and includes 1,310 funds.

Non-U.S. Equity Universe - The rankings are based on a universe that is designed to represent the average international equity return earned by U.S. institutional investors (public funds, corporate funds, and endowment/foundations). The universe is calculated based on data provided by eVestment Alliance and includes 149 funds.

Global Equity Universe - The rankings are based on a universe that is designed to represent the average global equity return earned by U.S. institutional investors (public funds, corporate funds, and endowment/foundations). The universe is calculated based on data provided by eVestment Alliance and includes 241 funds.

Fixed Income Universe - The rankings are based on a universe that is designed to represent the average fixed income return earned by U.S. institutional investors (public funds, corporate funds, and endowment/foundations). The universe is calculated based on data provided by eVestment Alliance and includes 591 funds.

Global Fixed Income Universe - The rankings are based on a universe that is designed to represent the average fixed income return earned by U.S. institutional investors (public funds, corporate funds, and endowment/foundations). The universe is calculated based on data provided by eVestment Alliance and includes 1,675 funds.

Ratio of Cumulative Wealth Graph - An illustration of a portfolio's cumulative, unannualized performance relative to that of its benchmark. An upward sloping line indicates superior fund performance. Conversely, a downward sloping line indicates underperformance by the fund. A flat line is indicative of benchmark-like performance.

Risk-Return Graph - The horizontal axis, annualized standard deviation, is a statistical measure of risk, or the volatility of returns. The vertical axis is the annualized rate of return. As most investors generally prefer less risk to more risk and always prefer greater returns, the upper left corner of the graph is the most attractive place to be. The line on this exhibit represents the risk and return tradeoffs associated with market portfolios or index funds.

Style Map - This illustration represents the manager's style compared to that of the broadest stock index (the DJ U.S. Total Stock Market Index). Any manager falling above the axis is referred to as large-cap and any manager falling below the axis is considered to be medium- to small-cap.



Ventura County Employees' Retirement Association

Monthly Manager Performance Report
April 2013

MONTHLY INVESTMENT UPDATE

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

April 2013

Market Highlights

- April was another month of strong equity performance, with the S&P 500 Index notching an all-time high toward month-end and with both the Dow Jones Industrials Average and the Nasdaq showing strong gains as well. The S&P 500 and Dow were up 1.9 percent. Although markets dipped twice during the month as a result of disappointing economic news, stronger-than-expected earnings reports drove the markets back up as the month closed.
- Within the U.S. equity market, small cap stocks underperformed their large cap counterparts, while growth stocks outpaced value stocks across the large, mid, and small cap asset classes.
- International markets, as measured by the MSCI EAFE Index increased 5.2 percent, and the MSCI Emerging Markets Index posted a slight increase of 0.8 percent. Developed international markets were spurred higher in April as a result of good news from a variety of sources.
- The Barclays Capital Aggregate Bond Index returned 1.0 percent for the month. Longer-duration bonds performed quite well, as the 10-year U.S. Treasury yield fell, from 1.8 percent to 1.6 percent. Weaker-than-anticipated economic releases, combined with continued low inflation, reassured investors that the Federal Reserve is unlikely to discontinue its easing program in the near future.

Preliminary Manager Highlights

- The Total Fund's preliminary April return of 1.9 percent matched the Policy Portfolio return of 1.9 percent. The Fund's global fixed income and global equity asset classes aided results versus their respective benchmarks, while domestic fixed income matched its benchmark performance. Domestic and international equity underperformed their benchmarks by 30 and 10 basis points, respectively.
- During the month, the Fund's U.S. equity portfolio returned 1.4 percent, underperforming its benchmark's return of 1.7 percent. BlackRock Extended Equity, BlackRock Equity Market Fund, and Western Index Plus matched their respective benchmarks.
- The international equity component returned 3.6 percent, underperforming the 3.7 percent return of its benchmark. Sprucegrove's underperformance was attributable to stock selection in Financials and Industrials. Hexavest was the best performing manager but still underperformed its index. Walter Scott returned 4.1 percent versus 3.7 percent for the benchmark. Much of this outperformance was attributable to the overweight position in the Consumer Cyclical sector. BlackRock's international equity index fund tracked its benchmark.
- The collective return of the Fund's global equity component was 3.3 percent, beating the benchmark return of 2.9 percent. GMO's return of 3.5 percent outperformed the benchmark by 60 basis points. The BlackRock MSCI ACWI Equity account continued to perform as expected, tightly tracking its benchmark and returning 1.9 percent.
- In April, the Fund's U.S. fixed income component returned 1.0 percent, matching the Barclays Aggregate Bond Index return of 1.0 percent. Loomis continues to lead performance, returning 2.2 percent, followed by Western (1.4 percent) for the month of April. Reams underperformed during the month as macro performance factors subtracted 70 basis points due to short duration positioning as rates declined. BlackRock's fixed income index fund tracked its benchmark.
- The Loomis Sayles Global Fixed Income account outperformed the benchmark by 20 basis points. The PIMCO Global Fixed Income account also outperformed its benchmark and returned 1.5 percent.
- The Tortoise MLP account was funded during the month of April.

Key: ● Positive ● Mixed/Cautious ● Alert ● Informational

Performance Summary

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION Period Ending 4/30/2013

	April	Year-to-Date	Fiscal Year-to-Date	1 Year Ending 4/30/2013	3 Years Ending 4/30/2013	5 Years Ending 4/30/2013	10 Years Ending 4/30/2013	Since Inception	Inception Date
BlackRock Extended Equity	0.6	13.8	23.4	18.6	13.4	7.9	11.7	11.8	10/31/02
Dow Jones U.S. Completion Total Stock Market Index	0.6	13.8	23.1	18.1	13.0	7.9	11.7	11.8	
Western U.S. Index Plus	2.1	13.3	22.3	19.9	14.9	4.0	--	-0.6	5/31/07
S&P 500 Index	1.9	12.7	19.4	16.9	12.8	5.2	--	2.9	
BlackRock Equity Market Fund	1.7	12.9	20.1	17.2	12.9	5.8	--	4.4	5/31/08
Dow Jones U.S. Total Stock Market Index	1.7	12.9	20.1	17.1	12.9	5.8	--	4.4	
Total U.S. Equity	1.4	12.6	20.1	17.2	13.0	5.3	8.1	8.3	12/31/93
Performance Benchmark**	1.7	12.9	20.1	17.1	12.9	5.8	8.6	8.8	
BlackRock All Country World ex-U.S.	3.7	7.4	22.1	14.4	6.3	-0.3	--	1.1	3/31/07
MSCI All Country World ex-U.S. IM Index	3.6	7.3	22.0	14.2	6.1	-0.4	--	1.0	
Sprucegrove	3.0	7.2	20.0	13.5	7.7	1.5	10.4	8.6	3/31/02
MSCI EAFE Index	5.2	10.6	26.0	19.4	7.4	-0.9	9.2	6.6	
MSCI All Country World ex-U.S. Index	3.7	7.0	21.6	14.1	6.0	-0.8	10.3	7.7	
Hexavest	4.4	10.8	21.3	17.5	7.1	1.9	--	1.3	12/31/10
MSCI EAFE Index	5.2	10.6	26.0	19.4	7.4	-0.9	--	-1.6	
Walter Scott	4.1	9.1	21.2	17.3	9.5	4.4	--	3.7	12/31/10
MSCI All Country World ex-U.S. Index	3.7	7.0	21.6	14.1	6.0	-0.8	--	-1.5	
Total International	3.6	8.0	21.6	15.1	6.9	-0.1	9.9	6.9	3/31/94
MSCI All Country World ex-U.S. Index	3.7	7.0	21.6	14.1	6.0	-0.8	10.3	5.5	
GMO Global Fund	3.5	9.4	19.1	16.5	10.3	3.6	--	6.9	4/30/05
MSCI All Country World Index	2.9	9.5	20.4	15.0	8.7	1.5	--	6.0	
BlackRock MSCI ACWI Equity Index	2.9	9.7	20.6	--	--	--	--	20.6	6/30/12
MSCI All Country World Index	2.9	9.5	20.4	--	--	--	--	20.4	
Total Global Equity	3.3	9.5	19.7	15.3	9.8	1.0	--	5.1	4/30/05
MSCI All Country World Index	2.9	9.5	20.4	15.0	8.7	1.5	--	6.0	

Performance Summary (continued)

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (Continued)
Period Ending 4/30/2013

	April	Year-to-Date	Fiscal Year-to-Date	1 Year Ending 4/30/2013	3 Years Ending 4/30/2013	5 Years Ending 4/30/2013	10 Years Ending 4/30/2013	Since Inception	Inception Date
Loomis Sayles Global Fixed Income	1.6	0.5	4.5	--	--	--	--	4.5	6/30/12
Barclays Capital Global Aggregate Bond Index	1.4	-0.7	2.0	--	--	--	--	2.0	
PIMCO Global Fixed Income	1.5	0.0	--	--	--	--	--	-0.4	9/30/12
Barclays Capital Global Aggregate Bond Index	1.4	-0.7	--	--	--	--	--	0.0	
Total Global Fixed Income	1.5	0.1	3.6	--	--	--	--	3.6	6/30/12
Barclays Capital Global Aggregate Bond Index	1.4	-0.7	2.0	--	--	--	--	2.0	
Western	1.4	2.0	6.5	7.8	8.1	7.4	6.2	6.9	12/31/96
Barclays Capital Aggregate Bond Index	1.0	0.9	2.7	3.7	5.5	5.7	5.0	6.1	
BlackRock U.S. Debt Fund	1.0	1.0	2.9	3.9	5.6	5.8	5.1	6.1	11/30/95
Barclays Capital Aggregate Bond Index	1.0	0.9	2.7	3.7	5.5	5.7	5.0	6.0	
Reams	-0.3	-0.1	4.0	5.1	7.7	8.8	7.2	6.9	9/30/01
Barclays Capital Aggregate Bond Index	1.0	0.9	2.7	3.7	5.5	5.7	5.0	5.4	
Loomis Sayles	2.2	4.8	14.6	14.7	10.7	9.8	--	8.5	7/31/05
Performance Benchmark***	1.3	2.1	5.7	6.7	7.1	7.3	--	6.5	
Total U.S. Fixed Income	1.0	1.3	5.7	6.7	7.8	8.3	6.6	6.8	2/28/94
Barclays Capital Aggregate Bond Index	1.0	0.9	2.7	3.7	5.5	5.7	5.0	6.2	
Prudential Real Estate	--	3.1	6.5	8.8	16.1	-2.7	--	2.9	6/30/94
NCREIF Open-End Fund Property Index	--	2.6	7.6	10.5	13.3	2.3	--	8.1	
UBS Real Estate	--	1.4	5.5	7.6	12.2	-0.1	6.7	6.7	3/31/03
NCREIF Open-End Fund Property Index	--	2.6	7.6	10.5	13.3	2.3	8.4	8.4	
Guggenheim	--	5.0	9.1	12.7	15.7	-4.2	--	-0.7	6/30/06
Performance Benchmark****	--	4.2	9.1	12.6	14.9	4.9	--	6.4	
RREEF	--	2.7	12.5	22.1	31.4	-15.3	--	-14.1	10/31/07
NCREIF Open-End Fund Property Index	--	2.6	7.6	10.5	13.3	2.3	--	3.0	
Total Real Estate*****	--	2.0	5.7	8.2	13.5	-3.4	4.9	7.5	3/31/94
NCREIF Open-End Fund Property Index*****	--	2.6	7.6	10.5	13.3	2.3	8.4	9.2	
Tortoise Energy Infrastructure	--	--	--	--	--	--	--	--	4/30/13
Tortoise MLP Index	--	--	--	--	--	--	--	--	
Total Fund	1.9	7.6	15.1	13.1	10.3	4.6	7.8	8.1	3/31/94
Policy Portfolio*****	1.9	7.3	14.5	12.2	9.6	4.5	7.9	8.1	
Total Fund (ex-Private Equity)	1.9	5.5	12.5	9.8	--	--	--	--	
Total Fund (ex-Clifton)	1.9	7.6	14.7	12.8	10.1	4.4	7.8	8.1	

*Returns are preliminary and 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 Citigroup High Yield Market Index, and 5% of the J.P. Morgan Non-U.S. Hedged Bond Index.

****A mix 70% of the National Council of Real Estate Investment Fiduciaries (NCREIF) Open-End Fund and 30% of the NAREIT Index.

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

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

*****Policy Portfolio benchmark is currently 36% Dow Jones US Total Stock Market, 25% Barclays Aggregate Bond Index, 19% MSCI ACWI ex-US,

10% MSCI ACWI, 2% Barclays Global Aggregate Bond Index, and 8% NCREIF Real Estate Index

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

Asset Allocations

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Period Ending 4/30/2013

(\$ 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	\$35,621						\$35,621	1.0%		
Western Index Plus	\$103,283						\$103,283	2.8%		
BlackRock Equity Market Fund	\$1,139,051						\$1,139,051	30.6%		
Tortoise Energy Infrastructure	\$109,000						\$109,000	2.9%		
Total U.S. Equity	\$1,386,954						\$1,386,954	37.3%	36.0%	36.0%
BlackRock ACWI ex-U.S. Index		\$365,199					\$365,199	9.8%		
Sprucegrove		\$169,641					\$169,641	4.6%		
Hexavest		\$73,950					\$73,950	2.0%		
Waller Scott		\$90,810					\$90,810	2.4%		
Total Non-U.S. Equity		\$699,600					\$699,600	18.8%	18.0%	19.0%
GMO Global Equity	\$87,070	\$102,625					\$189,695	5.1%		
BlackRock MSCI ACWI Equity Index	\$65,655	\$76,148					\$141,803	3.8%		
Total Global Equity	\$152,725	\$178,773					\$331,498	8.9%	10.0%	10.0%
Western			\$285,417				\$285,417	7.7%		
BlackRock U.S. Debt Fund			\$135,016				\$135,016	3.6%		
Reams			\$244,776				\$244,776	6.6%		
Loomis Sayles Global**			\$68,412				\$68,412	1.8%		
Loomis Sayles			\$111,656				\$111,656	3.0%		
PIMCO Global			\$100,305				\$100,305	2.7%		
Total Fixed Income			\$945,582				\$945,582	25.4%	27.0%	25.0%
Prudential Real Estate				\$85,723			\$85,723	2.3%		
UBS Real Estate				\$179,894			\$179,894	4.8%		
Guggenheim				\$23,797			\$23,797	0.6%		
RREEF				\$10,226			\$10,226	0.3%		
Total Real Estate				\$299,640			\$299,640	8.0%	8.0%	10.0%
Adams Street Partners					\$29,687		\$29,687	0.8%		
Pantheon Ventures					\$8,154		\$8,154	0.2%		
Total Private Equity					\$37,840		\$37,840	1.0%	1.0%	0.0%
Clifton Group						\$21,267	\$21,267	0.6%		
Total Cash						\$21,267	\$21,267	0.6%	0.0%	0.0%
Total Assets	\$1,539,679	\$878,373	\$945,582	\$299,640	\$37,840	\$21,267	\$3,722,382	100.0%	100.0%	100.0%
Percent of Total	41.4%	23.6%	25.4%	8.0%	1.0%	0.6%	100.0%			

* Asset allocation reflects net exposure

* Private Equity reflects Market Values as of 12/31/2012 plus Capital Calls from 1/1/2013-4/30/2013

**Market Value data is preliminary

Manager Watchlist and Updates

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

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

Ventura County MTV Monitor

Date 4/30/2013

Total Assets \$3,722,382,006

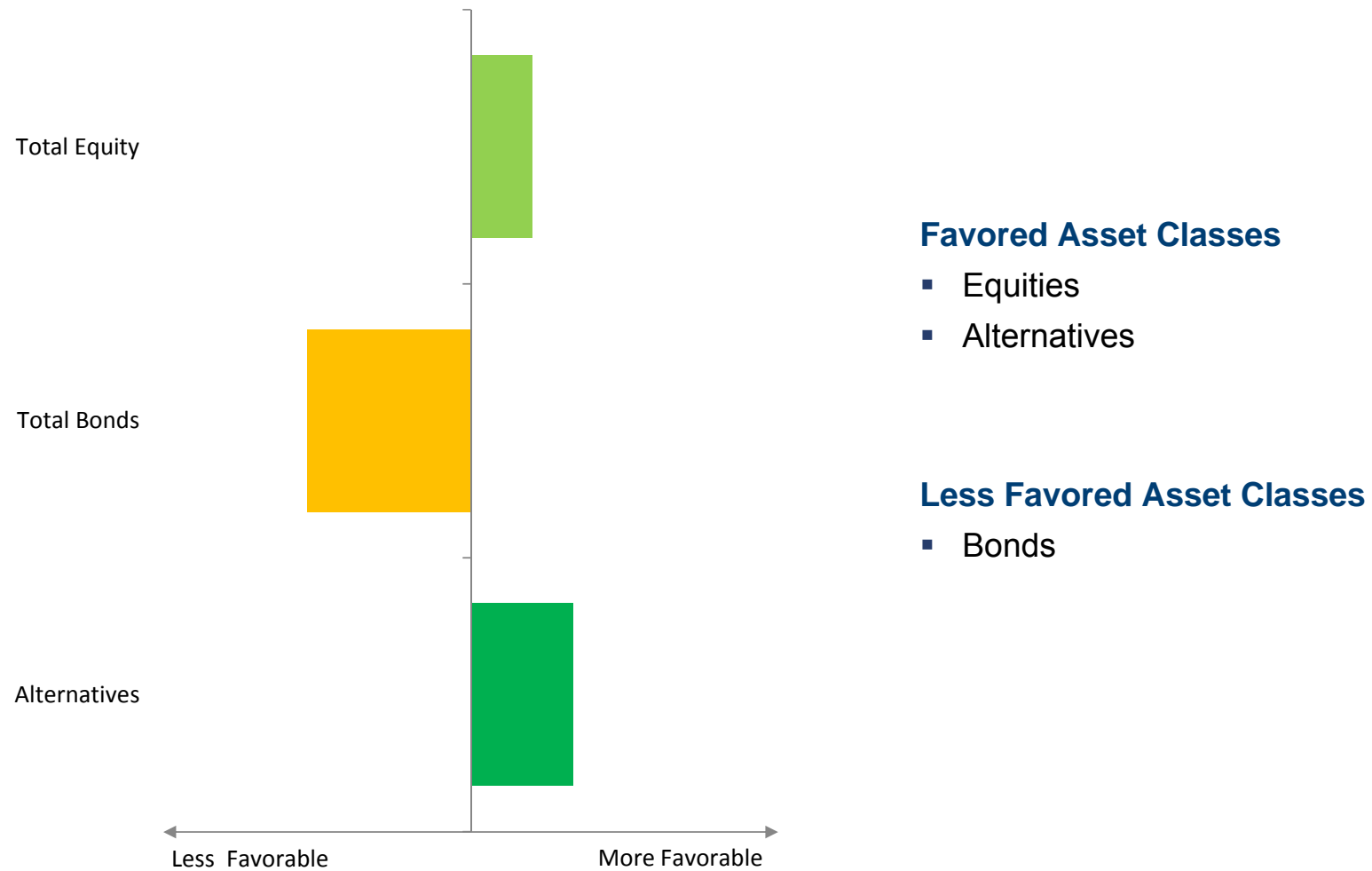
Policy Summary

Asset Summary

Rebalancing Summary

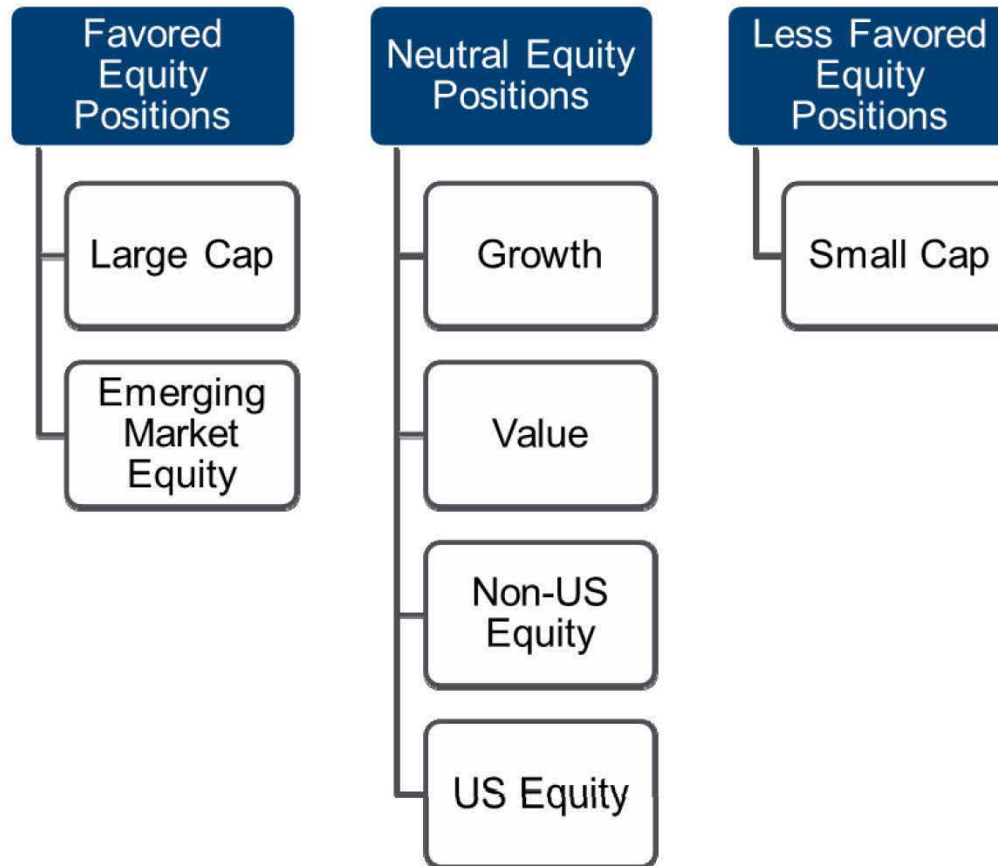
		Min Range	Target	Max Range	Current Weight	Current \$ Allocation	MTV Target	MTV \$ Allocation	Outside Target Range?	Calculated Adjustments	Proposed Adjustments	Closing Balance	Proposed Allocation	Outside Target Range?
Tier 1 - Major Asset Classes														
	Equities	58.0%	65.0%	70.0%	62.0%	2,309,051,957	66.0%	2,459,635,821	No	150,583,864		2,309,051,957	62.0%	No
	Bonds	20.0%	27.0%	37.0%	25.4%	945,582,226	23.8%	886,959,584	No	(58,622,642)		945,582,226	25.4%	No
Tier 2 - Minor Asset Classes														
	US Equity	30.0%	36.0%	40.0%	34.3%	1,277,954,464	36.0%	1,340,057,522	No	62,103,058		1,277,954,464	34.3%	No
	Non-US Equity	15.0%	19.0%	21.0%	18.8%	699,599,631	19.0%	707,252,581	No	7,652,950		699,599,631	18.8%	No
	Global Equity	7.0%	10.0%	13.0%	8.9%	331,497,862	11.0%	409,462,021	No	77,964,159		331,497,862	8.9%	No
	US Bonds	18.0%	22.0%	26.0%	20.9%	776,865,265	19.8%	737,031,637	No	(39,833,628)		776,865,265	20.9%	No
	Global Bonds	2.0%	5.0%	8.0%	4.5%	168,716,961	4.0%	148,895,280	No	(19,821,681)		168,716,961	4.5%	No
	Real Estate	5.0%	8.0%	10.0%	8.0%	299,640,056	9.3%	346,181,527	No	46,541,470		299,640,056	8.0%	No
	Private Equity	0.0%	0.0%	5.0%	1.0%	37,840,373	1.0%	37,840,373	No	-		37,840,373	1.0%	No
	Clifton	0.0%	0.0%	0.0%	3.5%	130,267,393	0.0%	-	Above	(130,267,393)		130,267,393	3.5%	Above
	Total				100.0%	3,722,382,006	100.1%	3,726,720,941		4,338,935	-	3,722,382,006	100.0%	
Tier 3 - Managers														
<i>US Equity</i>	BlackRock Extended Equity Index Fund	0.5%	1.0%	2.0%	1.0%	35,620,938	1.0%	37,223,820	No	1,602,882		35,620,938	1.0%	No
	Western U.S. Index Plus	2.0%	3.0%	4.0%	2.8%	103,282,658	3.0%	111,671,460	No	8,388,802		103,282,658	2.8%	No
	BlackRock Equity Market Fund	28.0%	32.0%	36.0%	30.6%	1,139,050,868	32.0%	1,191,162,242	No	52,111,374		1,139,050,868	30.6%	No
<i>ACWI ex US</i>	BlackRock ACWI ex-U.S. Index	8.0%	10.0%	12.0%	9.8%	365,198,985	10.0%	372,238,201	No	7,039,216		365,198,985	9.8%	No
	Sprucegrove	3.0%	4.0%	6.0%	4.6%	169,640,606	4.0%	148,895,280	No	(20,745,326)		169,640,606	4.6%	No
	Hexavest	1.0%	2.0%	3.0%	2.0%	73,950,035	2.0%	74,447,640	No	497,605		73,950,035	2.0%	No
	Walter Scott	1.5%	3.0%	4.0%	2.4%	90,810,006	3.0%	111,671,460	No	20,861,454		90,810,006	2.4%	No
<i>ACWI</i>	GMO Global	3.0%	5.0%	7.0%	5.1%	189,695,316	5.0%	186,119,100	No	(3,576,215)		189,695,316	5.1%	No
	BlackRock MSCI ACWI Equity Index	3.0%	5.0%	7.0%	3.8%	141,802,546	5.0%	186,119,100	No	44,316,554		141,802,546	3.8%	No
<i>US Bonds</i>	Western	6.0%	8.0%	10.0%	7.7%	285,417,073	8.0%	297,790,560	No	12,373,488		285,417,073	7.7%	No
	BlackRock U.S. Debt Fund	3.0%	4.0%	6.0%	3.6%	135,015,834	4.0%	148,895,280	No	13,879,446		135,015,834	3.6%	No
	Reams	6.0%	7.0%	9.0%	6.6%	244,776,217	7.0%	260,566,740	No	15,790,523		244,776,217	6.6%	No
	Loomis Sayles	2.0%	3.0%	4.0%	3.0%	111,656,141	3.0%	111,671,460	No	15,319		111,656,141	3.0%	No
<i>Global Bonds</i>	PIMCO Global	2.0%	3.0%	4.0%	2.7%	100,304,971	3.0%	111,671,460	No	11,366,489		100,304,971	2.7%	No
	Loomis Sayles Global	1.0%	2.0%	4.0%	1.8%	68,411,990	2.0%	74,447,640	No	6,035,651		68,411,990	1.8%	No
<i>Real Estate</i>	Prudential Real Estate	2.0%	3.0%	4.0%	2.3%	85,722,824	3.0%	111,671,460	No	25,948,636		85,722,824	2.3%	No
	UBS Real Estate	3.0%	3.8%	5.0%	4.8%	179,894,156	3.8%	139,589,325	No	(40,304,831)		179,894,156	4.8%	No
	Guggenheim	0.5%	1.0%	2.0%	0.6%	23,797,218	1.0%	37,223,820	No	13,426,602		23,797,218	0.6%	No
	RREEF	0.1%	0.3%	1.0%	0.3%	10,225,857	0.3%	9,305,955	No	(919,902)		10,225,857	0.3%	No
<i>Private Equity</i>	Adams Street Partners	0.0%	0.0%	4.0%	0.8%	29,686,705	0.0%	-	No	(29,686,705)		29,686,705	0.8%	No
	Pantheon Ventures	0.0%	0.0%	4.0%	0.2%	8,153,668	0.0%	-	No	(8,153,668)		8,153,668	0.2%	No
<i>Other/Alts</i>	Tortoise Energy Infrastructure MLP	0.0%	3.0%	5.0%	2.9%	109,000,000	3.0%	111,671,460	No	2,671,460		109,000,000	2.9%	No
	Clifton	0.0%	0.0%	0.0%	0.6%	21,267,393	0.0%	-	Above	(21,267,393)		21,267,393	0.6%	Above
	Total				100.0%	3,722,382,006	103.0%	3,834,053,466		111,671,460	-	3,722,382,006	100.0%	

Relative Major Asset Class Views



Note: Magnitude of bars are based on aggregate exposures of the model portfolio.

Relative Equity Medium Term Views



Relative Equity Medium Term Views

U.S. Equity

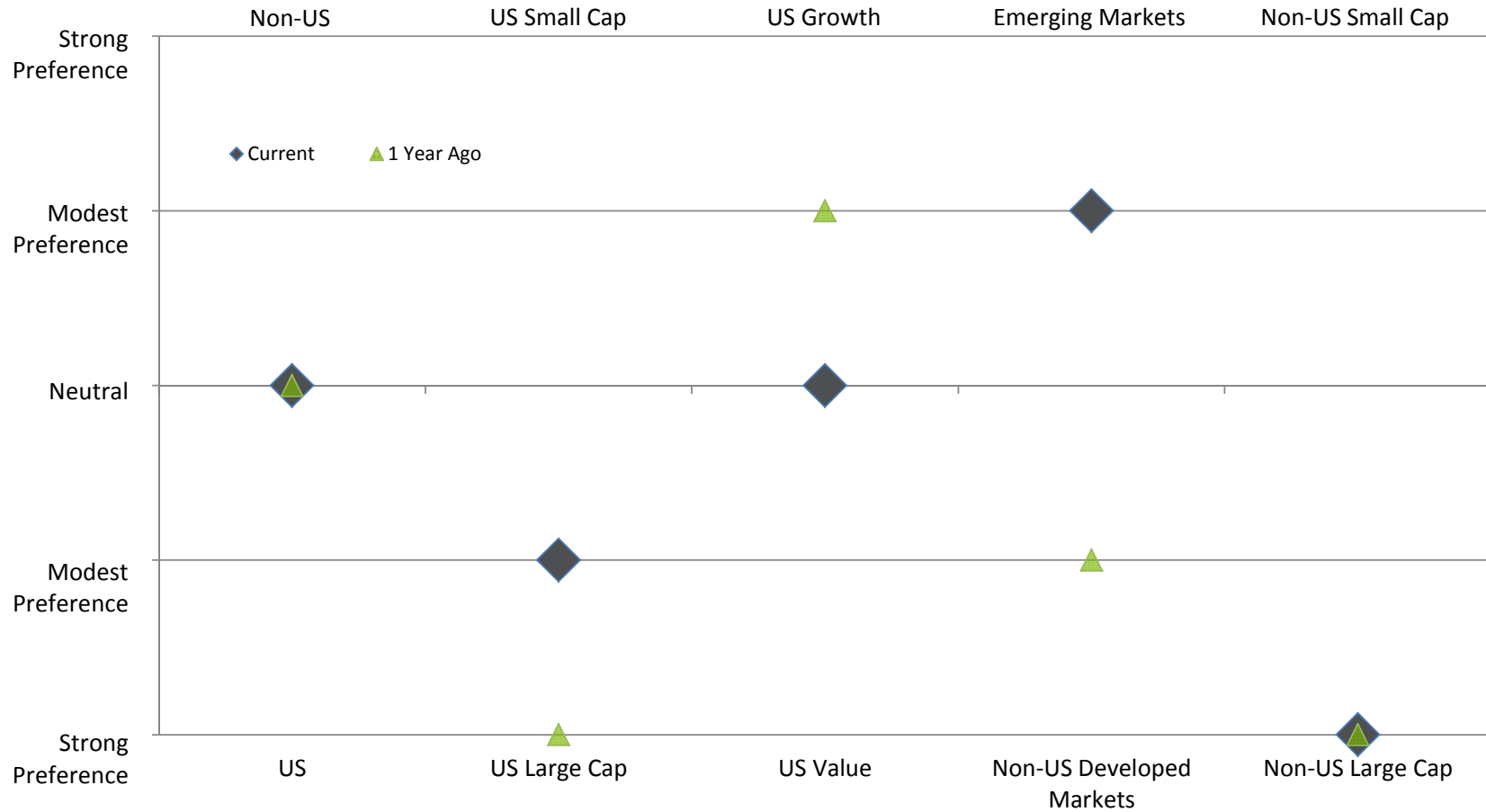
	Strong Preference	Modest Preference	Neutral	Modest Preference	Strong Preference	
U.S. Equity	April 2013, 1 month ago, 1 year ago					Non-U.S. Developed
Large Cap	1 year ago	April 2013, 1 month ago				Small Cap
Value			April 2013, 1 month ago,	1 year ago		Growth

Non-U.S. Equity

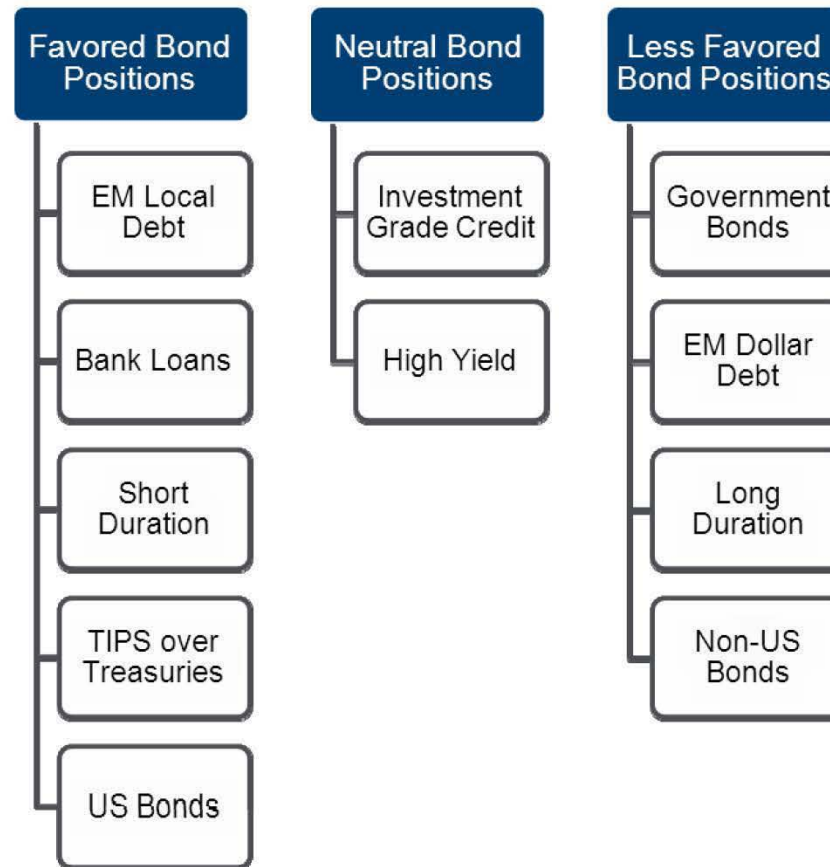
	Strong Preference	Modest Preference	Neutral	Modest Preference	Strong Preference	
Developed		1 year ago	1 month ago	April 2013		Emerging
Large Cap	April 2013, 1 month ago, 1 year ago					Small Cap

Note: Historical perspective given by stating our view one month and one year ago, as well as the current month.

Relative Equity Medium Term Views



Relative Fixed Income Medium Term Views

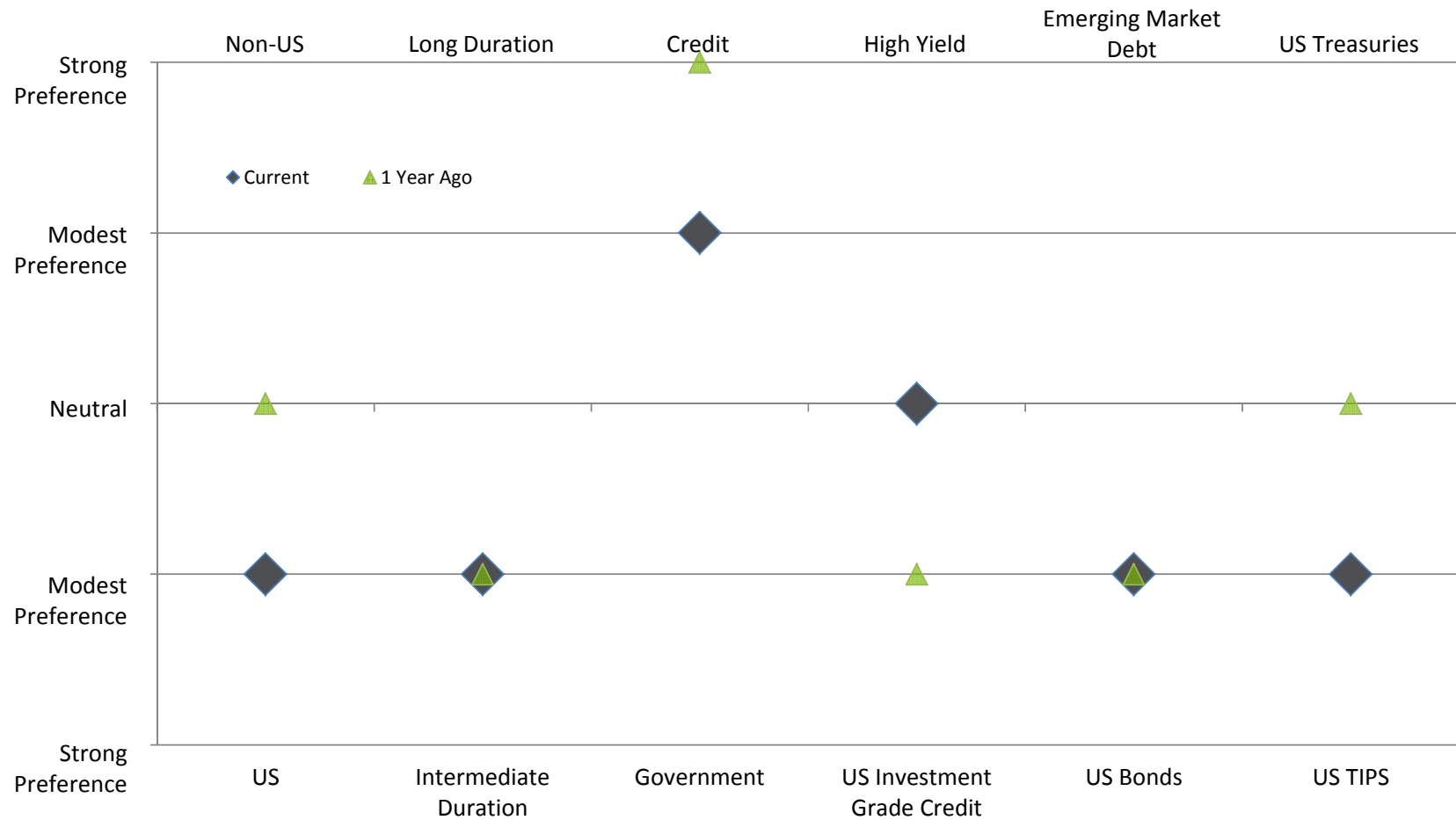


Relative Fixed Income Medium Term Views

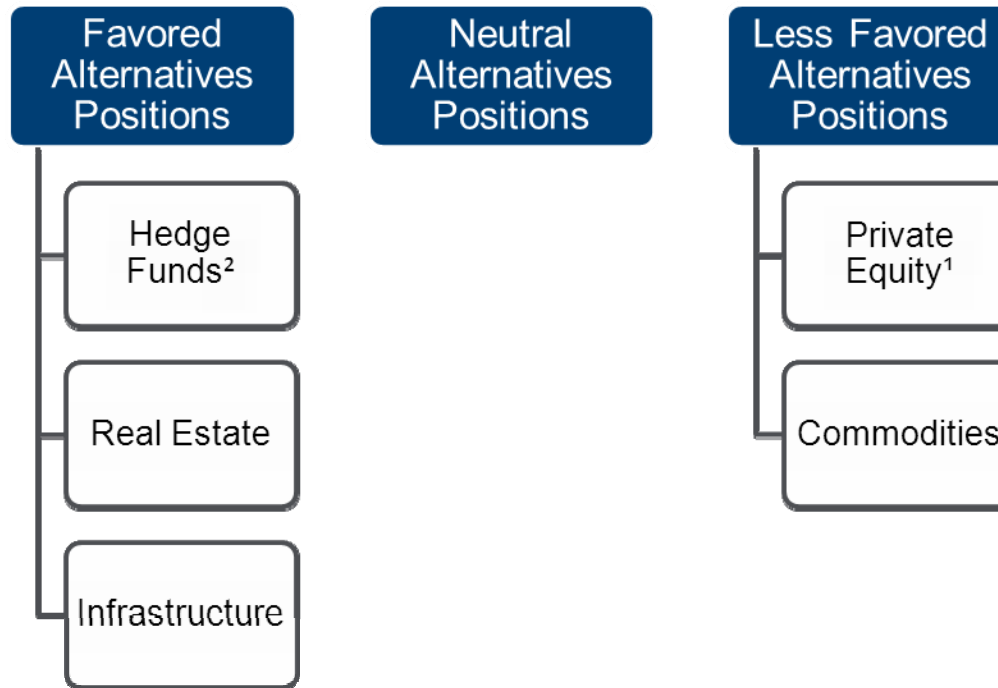
	Strong Preference	Modest Preference	Neutral	Modest Preference	Strong Preference	
U.S.		April 2013, 1 month ago	1 year ago			Non-U.S.
Intermediate duration		April 2013, 1 month ago, 1 year ago				Long duration
Government				April 2013, 1 month ago	1 year ago	Credit
U.S. Investment Grade		1 month ago, 1 year ago	April 2013			High Yield
U.S. Bonds		April 2013, 1 month ago, 1 year ago				Emerging Market Debt
U.S. TIPS		April 2013	1 month ago, 1 year ago			U.S. Treasuries

Note: Historical perspective given by stating our view one month and one year ago, as well as the current month.

Relative Fixed Income Medium Term Views



Relative Alternative Asset Class Views



¹Attractive opportunities in certain sectors where value is created through venues other than leverage and the IPO market.

²Global Macro strategy is favored.

Relative Currency Medium Term Views



Note: Historical perspective given by stating our view one month and one year ago, as well as the current month.

Equity Market Views

Asset Class	Medium Term View	Rationale
Equity Market	Gains now more difficult to sustain	As we have been expecting, normalized valuations and the lack of any more positive economic surprises are capping market gains. Equities still reasonably supported versus bonds, and liquidity drivers are still holding firm, but gains are now much more difficult to come by. Softer economic phase post sequestration is also a drag.
U.S. Large vs. Small Cap	Prefer U.S. Large Cap	Small cap's strong recent run has slowed as more mixed broad equity market conditions has taken some of the steam out of the rally. We expect economic softness in the US to take some small cap support away. Additionally, valuation support for small cap is weak, with price to book ratios some 20% higher versus large cap against history. With the broader equity market starting to level off, the relatives should mean some reversion to large cap.
Non-U.S. Large vs. Small Cap	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.
U.S. Equities vs. EAFE	Use U.S. outperformance to raise EAFE allocations	The US has been underperforming for the best part of a year, but the underperformance has still not been sufficient to cause a change of view on the relative attractions of non-US markets. Particularly on a currency hedged view, it is still right to favor non-US markets. Some US valuation premium should remain, albeit not of the 20% variety on earnings and book values as seen today.
U.S. Growth vs. Value Stocks	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. We took a neutral growth/value view from last autumn, based on the idea that technology and financials were more evenly placed. However, we are cautious on financials after recent performance, and do not think this environment will continue to favor value.
Developed vs. Emerging Markets	Raising to overweight stance versus developed 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. The significant valuation de-rating already seen is giving support for these markets to make a comeback.

Bond Market Views

Asset Class	Medium Term View	Rationale
Global Government Bonds	Negative view	Yields have fallen back somewhat, reflecting doubts about the strength of economic recovery. However, yield levels are so low that the market is still short of support beyond that offered by central banks. The road to normal yields is a long and winding one. Such low yields carry significant risk, so duration must be carefully managed.
Global Corporate Bonds	Prefer to government bonds	Spread valuations on corporate bonds have been range trading for some time. This keeps our preference for credit versus government bonds unchanged, but valuations are now closer to neutral. Spreads are signaling a relatively good economic environment but the underlying government bond yield is signaling worse. This inconsistency carries risks.
Intermediate vs. Long Duration	Extend duration only to match liabilities	No change to view reflecting little change in markets recently. Intermediate credit spreads now unattractive. Accessing long credit with an underweight to duration would be a reasonable approach, if possible within the portfolio context.
U.S. vs. Non-U.S. Aggregate Bonds	Prefer the US	European yields are the greater risk, given relative credit risk in corporate bonds. Prefer US corporate bonds to government bonds.
U.S. High Yield vs. U.S. Investment Grade Corporate Bonds	Neutral	Our reworked high yield return projections do not show high yield trailing investment grade and interest rate risk in investment grade is greater. However, with spreads down to not much above 500bp, high yield is at risk of generating disappointingly low returns.
U.S. Bonds vs. Emerging Market Debt	Prefer U.S. bonds and local currency to dollar-denominated debt	The sell-off has abated on account of a view that some Japanese buying will occur after aggressive monetary easing there. 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.
Treasury Inflation Protected Securities	Prefer TIPS	Break-even inflation rates are moving lower to now slightly favor TIPS. The rise in real yields is particularly welcome even though only the longest duration TIPS are yielding significantly above 0. Our view of longer-term upward bias to inflation risks from the current policy environment suggests that inflation protection is important.

Other Market Views / Investment Strategy

Asset Class	Medium Term View	Rationale
U.S. Commercial Real Estate	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.
Hedge Funds	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.
Private Equity	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.
Commodities	Unattractive	Commodities have lagged other risky assets, reflecting worries over global demand, and recent China news. Short-term rebound looks possible but our expectation of returns from this asset class are low.
Global Infrastructure	More attractive opportunities appearing	Pressures on the public sector and corporate deleveraging are bringing more and better valued opportunities to the marketplace.
U.S. Dollar	Gradual dollar strength against most developed market currencies	The dollar's advances against major currencies is slow, reflecting lots of conflicting cross-currents. Recent slowdown in the US economy and low US bond yields is not dollar friendly, but we are still positive on the US dollar against major developed currencies on a medium-term view.



Highlights and Research

Ventura County Employees' Retirement Association

May 2013

Hewitt ennisknupp

An Aon Company

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Ventura County Employees' Retirement Association

Private Equity Investment Management Fee Discussion

May 2013

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Summary

- In March, 2013, the Board chose to invest \$75 million in primary private equity Fund of Funds with their existing manager, Adams Street Partners (ASP).
- The Board voted to also invest \$75 million in a secondary Fund of Funds with HarbourVest.
- Since the March meeting, HarbourVest informed us they may only be able to commit \$60 million of the \$75 million mandate.
- Since the March meeting, Adams Street Partners implemented a company-wide policy to expand the fee credit for all clients with previous year commitments. The result is VCERA would receive a credit of \$50 million instead of \$21.3 million. This would allow VCERA to bypass the top two tiers of the fee schedule.
- The Board also asked HEK to provide a more detailed comparison of Adams Street and Portfolio Advisors.

- On the following pages are comparisons that show:
 - Portfolio Advisors and Adams Street Partners total cost of fees
 - ASP fee differences between the \$21.3 million and \$50 million credits
 - ASP fee with and without direct fund allocation
 - Portfolio Advisors Series I and Series II fund fees

Fee Comparison

Total Cost Calculations

	ASP-Scenario 1 (\$21.3MM)	ASP-Scenario 1 (\$50.0MM)	ASP-Scenario 2 (\$21.3MM)	ASP-Scenario 2 (\$50.0MM)	PA-Series I	PA-Series II
Total FoF Mgmt Fee \$	\$ 7,465,781	\$ 6,500,625	\$ 6,489,844	\$ 5,325,000	\$ 4,856,784	\$ 2,914,070
Total FoF Carry Est \$	\$ 3,322,817	\$ 3,345,498	\$ 1,609,989	\$ 1,637,363	\$ -	\$ 3,750,000
Total FoF Cost \$	\$ 10,788,598	\$ 9,846,123	\$ 8,099,833	\$ 6,962,363	\$ 4,856,784	\$ 6,664,070
Total Underlying Investments Cost \$	\$ 24,975,000	\$ 24,975,000	\$ 27,750,000	\$ 27,750,000	\$ 27,750,000	\$ 27,750,000
Total Cost \$	\$ 35,763,598	\$ 34,821,123	\$ 35,849,833	\$ 34,712,363	\$ 32,606,784	\$ 34,414,070
Net Value Multiple for LP	1.90x	1.91x	1.89x	1.91x	1.94x	1.91x

Adams Street Partners

Scenario 1

- Assumes \$75 million commitment to ASP 2013 Global Fund.
 - Allocates 90% to ASP 2013 US, ASP 2013 Developed Markets, and ASP 2013 Emerging Markets Funds.
 - Allocates 10% to AS 2013 Direct Fund.
- Assumes a credit for prior subscriptions, which serves to adjust the starting point of the fund of funds management fee calculation.

Adams Street Partners – Scenario 1

Management Fee Calculation - Original \$21.3 million Credit Applied

ASP 2013 US, DM, EM Fee Calculation

2013 Credit for Prior Subscriptions	\$	21,250,000	
1st \$25mm @ 1.00%	\$	3,750,000	\$ 37,500
Next \$25mm @ 0.90%	\$	25,000,000	\$ 225,000
Next \$50mm @ 0.75%	\$	38,750,000	\$ 290,625
Next \$50mm @ 0.50%	\$	-	\$ -
Over \$150mm @ 0.40%	\$	-	\$ -
ASP Annual FoF Mgmt Fee %*			0.82%

* Charged 50% of annual fee in Year 1 and 75% of annual fee in Year 2. Fees tail down to 90% of annual fee in Year 8, 80% in Year 9, etc.

ASP 2013 Direct Fund Fee Calculation

2.00% on Commitment (Yr 1-6)	\$	7,500,000	\$ 900,000
1.80% on Commitment (Yr 7)	\$	7,500,000	\$ 135,000
1.60% on Commitment (Yr 8)	\$	7,500,000	\$ 120,000
1.40% on Commitment (Yr 9)	\$	7,500,000	\$ 105,000
1.20% on Commitment (Yr 10)	\$	7,500,000	\$ 90,000
1.00% on Commitment (Yr 11)	\$	7,500,000	\$ 75,000
0.80% on Commitment (Yr 12)	\$	7,500,000	\$ 60,000
0.60% on Commitment (Yr 13)	\$	7,500,000	\$ 45,000
0.40% on Commitment (Yr 14)	\$	7,500,000	\$ 30,000
0.20% on Commitment (Yr 15)	\$	7,500,000	\$ 15,000
ASP Annual Direct Mgmt Fee %			1.40%

Carried Interest Calculation

20% Carried Interest on Direct Investments and 10% Carried Interest on Secondary and Co-Investments

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Adams Street Partners – Scenario 1

Total Cost Calculation

0.52% Avg. Annual ASP Partnership Mgmt Fee %
\$ 392,719 Avg. Annual ASP Partnership Mgmt Fee \$
\$ 5,890,781 ASP Partnership Mgmt Fee \$
\$ 1,447,817 ASP Partnership Carry Est \$

1.40% Avg. Annual ASP Direct Mgmt Fee %
\$ 105,000 Avg. Annual ASP Direct Mgmt Fee \$
\$ 1,575,000 ASP Direct Mgmt Fee \$
\$ 1,875,000 ASP Direct Carry Est \$

0.66% Avg. Annual ASP Mgmt Fee %
\$ 497,719 Avg. Annual ASP Mgmt Fee \$
\$ 7,465,781 Total ASP Mgmt Fee \$
\$ 3,322,817 Total ASP Carry Est \$

\$10,788,598 Total ASP Cost \$

\$24,975,000 Total Underlying Investments Cost \$

\$35,763,598 Total Cost \$

1.90x Net Value Multiple for LP

Adams Street Partners – Scenario 1

Management Fee Calculation - Alternate \$50.0 million Credit Applied

ASP 2013 US, DM, EM Fee Calculation

2013 Credit for Prior Subscriptions	\$	50,000,000		
1st \$25mm @ 1.00%	\$	-	\$	-
Next \$25mm @ 0.90%	\$	-	\$	-
Next \$50mm @ 0.75%	\$	50,000,000	\$	375,000
Next \$50mm @ 0.50%	\$	17,500,000	\$	87,500
Over \$150mm @ 0.40%	\$	-	\$	-
ASP Annual FoF Mgmt Fee %				0.69%

* Charged 50% of annual fee in Year 1 and 75% of annual fee in Year 2. Fees tail down to 90% of annual fee in Year 8, 80% in Year 9, etc.

ASP 2013 Direct Fund Fee Calculation

2.00% on Commitment (Yr 1-6)	\$	7,500,000	\$	900,000
1.80% on Commitment (Yr 7)	\$	7,500,000	\$	135,000
1.60% on Commitment (Yr 8)	\$	7,500,000	\$	120,000
1.40% on Commitment (Yr 9)	\$	7,500,000	\$	105,000
1.20% on Commitment (Yr 10)	\$	7,500,000	\$	90,000
1.00% on Commitment (Yr 11)	\$	7,500,000	\$	75,000
0.80% on Commitment (Yr 12)	\$	7,500,000	\$	60,000
0.60% on Commitment (Yr 13)	\$	7,500,000	\$	45,000
0.40% on Commitment (Yr 14)	\$	7,500,000	\$	30,000
0.20% on Commitment (Yr 15)	\$	7,500,000	\$	15,000
ASP Annual Direct Mgmt Fee %				1.40%

Carried Interest Calculation

20% Carried Interest on Direct Investments and 10% Carried Interest on Secondary and Co-Investments

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Adams Street Partners – Scenario 1

Total Cost Calculation

0.44% Avg. Annual ASP Partnership Mgmt Fee %
\$ 328,375 Avg. Annual ASP Partnership Mgmt Fee \$
\$ 4,925,625 ASP Partnership Mgmt Fee \$
\$ 1,470,498 ASP Partnership Carry Est \$

1.40% Avg. Annual ASP Direct Mgmt Fee %
\$ 105,000 Avg. Annual ASP Direct Mgmt Fee \$
\$ 1,575,000 ASP Direct Mgmt Fee \$
\$ 1,875,000 ASP Direct Carry Est \$

0.58% Avg. Annual ASP Mgmt Fee %
\$ 433,375 Avg. Annual ASP Mgmt Fee \$
\$ 6,500,625 Total ASP Mgmt Fee \$
\$ 3,345,498 Total ASP Carry Est \$

\$ 9,846,123 Total ASP Cost \$

\$24,975,000 Total Underlying Investments Cost \$

\$34,821,123 Total Cost \$

1.91x Net Value Multiple for LP

Adams Street Partners

Scenario 2

- Assumes \$75 million commitment to ASP 2013 US, ASP 2013 Developed Markets, and ASP 2013 Emerging Markets Funds.
 - No allocation to AS 2013 Direct Fund.
- Assumes a credit for prior subscriptions, which serves to adjust the starting point of the fund of funds management fee calculation.

Adams Street Partners – Scenario 2

Management Fee Calculation - Original \$21.3 million Credit Applied

ASP 2013 US, DM, EM Fee Calculation

2013 Credit for Prior Subscriptions	\$	21,250,000	
1st \$25mm @ 1.00%	\$	3,750,000	\$ 37,500
Next \$25mm @ 0.90%	\$	25,000,000	\$ 225,000
Next \$50mm @ 0.75%	\$	46,250,000	\$ 346,875
Next \$50mm @ 0.50%	\$	-	\$ -
Over \$150mm @ 0.40%	\$	-	\$ -

ASP Annual FoF Mgmt Fee % **0.81%**

** Charged 50% of annual fee in Year 1 and 75% of annual fee in Year 2. Fees tail down to 90% of annual fee in Year 8, 80% in Year 9, etc.*

Carried Interest Calculation

20% Carried Interest on Direct Investments and 10% Carried Interest on Secondary and Co-Investments

Adams Street Partners – Scenario 2

Total Cost Calculation

0.58% Avg. Annual ASP Partnership Mgmt Fee %
\$ 432,656 Avg. Annual ASP Partnership Mgmt Fee \$
\$ 6,489,844 ASP Partnership Mgmt Fee \$
\$ 1,609,989 ASP Partnership Carry Est \$

0.00% Avg. Annual ASP Direct Mgmt Fee %
\$ - Avg. Annual ASP Direct Mgmt Fee \$
\$ - ASP Direct Mgmt Fee \$
\$ - ASP Direct Carry Est \$

0.58% Avg. Annual ASP Mgmt Fee %
\$ 432,656 Avg. Annual ASP Mgmt Fee \$
\$ 6,489,844 Total ASP Mgmt Fee \$
\$ 1,609,989 Total ASP Carry Est \$

\$ 8,099,833 Total ASP Cost \$

\$27,750,000 Total Underlying Investments Cost \$

\$35,849,833 Total Cost \$

1.89x Net Value Multiple for LP

Adams Street Partners – Scenario 2

Management Fee Calculation - Alternate \$50.0 million Credit Applied

ASP 2013 US, DM, EM Fee Calculation

2013 Credit for Prior Subscriptions	\$	50,000,000		
1st \$25mm @ 1.00%	\$	-	\$	-
Next \$25mm @ 0.90%	\$	-	\$	-
Next \$50mm @ 0.75%	\$	50,000,000	\$	375,000
Next \$50mm @ 0.50%	\$	25,000,000	\$	125,000
Over \$150mm @ 0.40%	\$	-	\$	-

ASP Annual FoF Mgmt Fee % **0.67%**

** Charged 50% of annual fee in Year 1 and 75% of annual fee in Year 2. Fees tail down to 90% of annual fee in Year 8, 80% in Year 9, etc.*

Carried Interest Calculation

20% Carried Interest on Direct Investments and 10% Carried Interest on Secondary and Co-Investments

Adams Street Partners – Scenario 2

Total Cost Calculation

0.47% Avg. Annual ASP Partnership Mgmt Fee %
\$ 355,000 Avg. Annual ASP Partnership Mgmt Fee \$
\$ 5,325,000 ASP Partnership Mgmt Fee \$
\$ 1,637,363 ASP Partnership Carry Est \$

0.00% Avg. Annual ASP Direct Mgmt Fee %
\$ - Avg. Annual ASP Direct Mgmt Fee \$
\$ - ASP Direct Mgmt Fee \$
\$ - ASP Direct Carry Est \$

0.47% Avg. Annual ASP Mgmt Fee %
\$ 355,000 Avg. Annual ASP Mgmt Fee \$
\$ 5,325,000 Total ASP Mgmt Fee \$
\$ 1,637,363 Total ASP Carry Est \$

\$ 6,962,363 Total ASP Cost \$

\$27,750,000 Total Underlying Investments Cost \$

\$34,712,363 Total Cost \$

1.91x Net Value Multiple for LP

Portfolio Advisors

Series I

- Assumes \$75 million commitment to PAPEF VIII.
 - Allocates across three core sectors including Diversified Buyout, Diversified Venture Capital, and Diversified Special Situations.
- Assumes straight management fee with no performance allocation charge (or carried interest).
- Each of the core sectors will have exposure of approximately 20% to secondary investments with no additional fee.

Portfolio Advisors – Series I

Management Fee Calculation

PAPEF VIII Management Fee Calculation

0.625% on Commitment (Yr 1-4)	\$ 75,000,000	\$ 1,875,000
0.500% on Commitment (Yr 5-9)	\$ 75,000,000	\$ 1,875,000
0.500% on < of Commitment or NAV (Yr 10) ¹	\$ 60,000,000	\$ 300,000
0.500% on < of Commitment or NAV (Yr 11) ¹	\$ 48,000,000	\$ 240,000
0.500% on < of Commitment or NAV (Yr 12) ¹	\$ 38,400,000	\$ 192,000
0.500% on < of Commitment or NAV (Yr 13) ¹	\$ 30,720,000	\$ 153,600
0.500% on < of Commitment or NAV (Yr 14) ¹	\$ 24,576,000	\$ 122,880
0.500% on < of Commitment or NAV (Yr 15) ¹	\$ 19,660,800	\$ 98,304
<i>PA Annual FoF Mgmt Fee %</i>		<i>0.432%</i>

¹ Assumes NAV steps down by 20% of commitment each year and that NAV is lower than commitment

Carried Interest Calculation

No Carried Interest

Portfolio Advisors – Series I

Total Cost Calculation

	0.43% Avg. Annual PA Mgmt Fee %
\$ 323,786	Avg. Annual PA Mgmt Fee \$
\$ 4,856,784	Total PA Mgmt Fee \$
\$ -	Total PA Carry Est \$
\$ 4,856,784	Total PA Cost \$
\$ 27,750,000	Total Underlying Investments Cost \$
\$ 32,606,784	Total Cost \$
	1.94x Net Value Multiple for LP

Portfolio Advisors

Series II

- Assumes \$75 million commitment to PAPEF VIII.
 - Allocates across three core sectors including Diversified Buyout, Diversified Venture Capital, and Diversified Special Situations.
- Assumes approximately 40% lower fixed management fee compared to Series I.
- Assumes a 5% performance allocation charge (or carried interest) on all investments.
- Each of the core sectors will have exposure of approximately 20% to secondary investments with no additional fee.

Portfolio Advisors – Series II

Management Fee Calculation

PAPEF VIII Management Fee Calculation

0.375% on Commitment (Yr 1-4)	\$ 75,000,000	\$ 1,125,000
0.300% on Commitment (Yr 5-9)	\$ 75,000,000	\$ 1,125,000
0.300% on < of Commitment or NAV (Yr 10) ¹	\$ 60,000,000	\$ 180,000
0.300% on < of Commitment or NAV (Yr 11) ¹	\$ 48,000,000	\$ 144,000
0.300% on < of Commitment or NAV (Yr 12) ¹	\$ 38,400,000	\$ 115,200
0.300% on < of Commitment or NAV (Yr 13) ¹	\$ 30,720,000	\$ 92,160
0.300% on < of Commitment or NAV (Yr 14) ¹	\$ 24,576,000	\$ 73,728
0.300% on < of Commitment or NAV (Yr 15) ¹	\$ 19,660,800	\$ 58,982
<i>PA Annual FoF Mgmt Fee %</i>		<i>0.259%</i>

¹ Assumes NAV steps down by 20% of commitment each year and that NAV is lower than commitment

Carried Interest Calculation

5% Carried Interest after 100% of Commitment returned plus 8% per annum Preferred Return

Portfolio Advisors – Series II

Total Cost Calculation

	0.26% Avg. Annual PA Mgmt Fee %
\$ 194,271	Avg. Annual PA Mgmt Fee \$
\$ 2,914,070	Total PA Mgmt Fee \$
\$ 3,750,000	Total PA Carry Est \$
\$ 6,664,070	Total PA Cost \$
\$ 27,750,000	Total Underlying Investments Cost \$
\$ 34,414,070	Total Cost \$
	1.91x Net Value Multiple for LP

Base Case Underlying Investments

Underlying Investments Management Fee & Carried Interest Assumptions

Commitment to FoF	\$ 75,000,000	
Total Called for Underlying Investments	\$ 67,800,000	90.4%
Total Called for Underlying Fees/Expenses	\$ 7,200,000	9.6%
Management Fee	\$ 10,350,000	13.8%
Rebate Against Management Fee	\$ (3,150,000)	-4.2%
Total Distributions from Underlying Investments	\$ 177,750,000	237.0%
Less Carry to Underlying GPs	\$ 20,550,000	27.4%
Net Distributions from Underlying Investments	\$ 150,000,000	200.0%
Gross Value Multiple to FoF	2.00x	

Carried Interest Calculation

20% Carried Interest after 100% of Commitment returned plus 8% Preferred Return on deal by deal basis

Flash Report

Global Investment Management



Deutsche Asset & Wealth Management

April 26, 2013

RREEF America REIT III

Departure of Board of Directors Member, DeWitt Bowman

No immediate action

Background/Key Considerations

- On April 25, 2013 Deutsche Asset & Wealth Management announced the retirement of Board of Directors member and Lead Independent Director, DeWitt Bowman
- The Board of Directors has ultimate authority and responsibility for the fund's operations. These responsibilities include approval of property dispositions, selection of appraisal firms, determination of a property's market value as well as providing overall leadership for the Fund.

Conclusion

Because the Fund is winding down, the board has decided not to replace the vacated Director position thereby reducing the number of board numbers from seven to six. Steve Rogers will be nominated to serve as the non-executive Chairman of the Board of Directors. Mr. Rogers will assume this position on July 24, 2013 at the Annual Meeting of Stockholders, this date will also serve as the effective date for Mr. Bowman's retirement. Mr. Bowman will work with Mr. Rogers over the next several months to ensure a seamless transition of leadership. We do not expect Mr. Bowman's retirement to have a significant impact on the Fund or the investment process.

We will continue to monitor the situation and report on significant events as they arise. Please feel free to contact any member of the Global Real Estate team with questions.

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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Rethinking Fixed Income

Challenging Conventional Wisdom

May 2013

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Rethinking Fixed Income: Challenging Conventional Wisdom

With US Treasury interest rates at, or near, historical lows, public pension plan, endowment and foundation investors are questioning how to position the fixed income portfolio within the context of the larger, diversified portfolio. The decline in interest rates over the last three decades has rewarded investors who were exposed to high interest rate beta, or duration. The implication from this experience may be that there is a systematic term risk premium for investing in long duration bonds. This white paper will explore the assumption of a term risk premium, examine the ability of different maturity bonds to provide equity diversification, and conclude:

1. The return premium from long duration bonds is less than what investors should expect given the volatility of this sector;
2. Long duration bonds do not provide optimal diversification benefits for equity exposure; and
3. The fixed income structure can be improved relative to common practice today.

Existence of Term Premium: Fact or Fallacy?

The treasury yield curve tends to exhibit an upward slope. That is, yields on the long end of the curve tend to be higher than yields on the short end of the curve. The implication is returns for long bonds are therefore expected to be higher than returns for shorter bonds. The expectations theory of the term structure would argue the current yield curve reflects market expectations of future yield curves, and that if the future follows expectations, the return across all maturities will be equal. Is there a risk premium, however, embedded in future expectations? If so, can this risk premium be captured?

The counsel for the defense of the term risk premium would state in the opening arguments: "The facts are clear, long duration bonds exhibit a return premium versus shorter duration bonds, all you have to do is look at the data." As the prosecutor of the term risk premium, our response is: "If the question was what actual returns were achieved they would be correct, but the real question is whether there is an **expected** return advantage of long bonds versus shorter bonds. We need to make portfolio decisions based upon future expectations, not on where we have been."

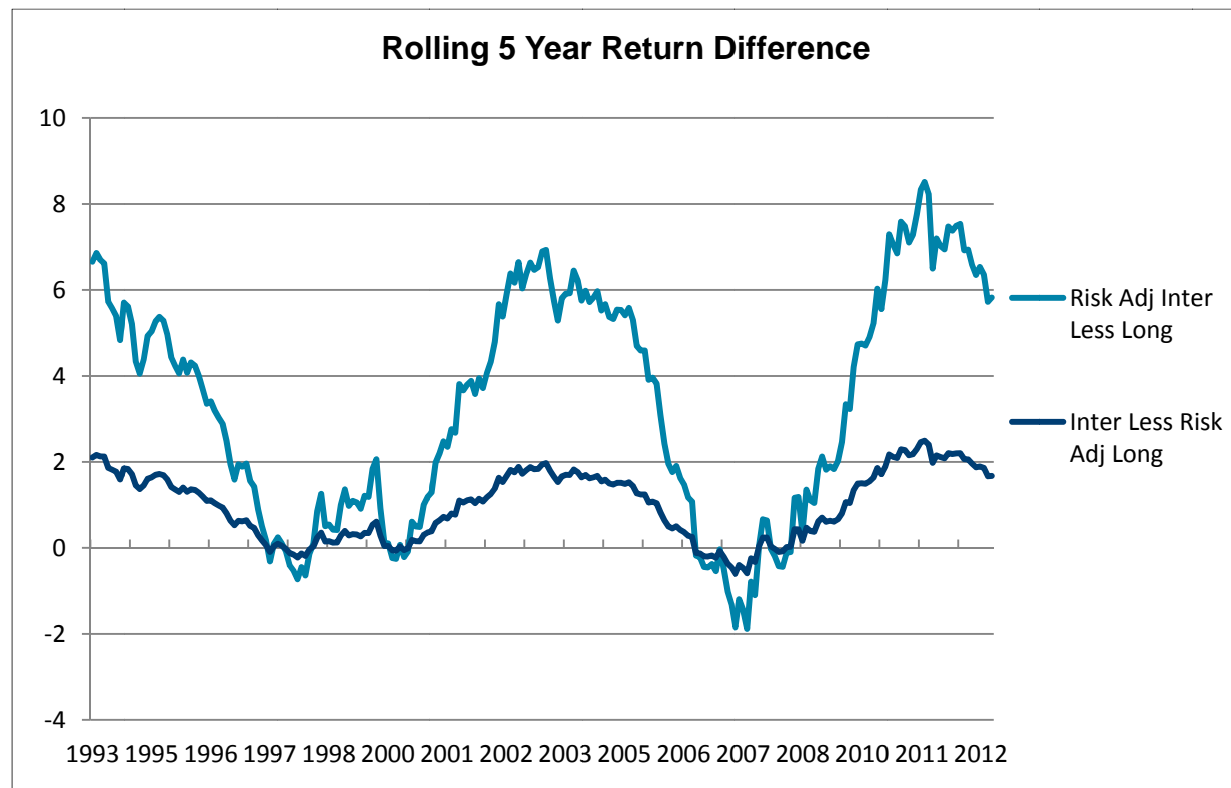
Since the historical record is impacted by the realized change in yields, we need to adjust the realized returns from bonds to account for the duration differences. By doing this, the returns are not biased by the actual change in yields and we will be able to make better inferences regarding the existence of the term premium.

Using monthly return and duration data from Barclays Capital, we disaggregated the Treasury Index into an intermediate and long sector. Furthermore, we assumed an investor could lend and borrow at the short-term Treasury bill rate. We then created two scenarios to analyze. One, where leverage was utilized to equate duration of the intermediate sector portfolio with that of the long sector, and two, where the long sector was deleveraged to create a portfolio with a duration equal to that of the intermediate

portfolio.¹² If a term premium exists within the long sector of the treasury market, we would expect the duration adjusted performance of the long sector portfolio to outperform the duration adjusted performance of the intermediate sector portfolio. The facts do not support the existence of a term risk premium in the long end of the yield curve. If anything, there is a term risk premium for intermediate securities versus long securities, not the other way around.

Risk Adjusted Performance (1/31/89-12/31/12)

	Risk-Adjusted Intermediate Less Long	Intermediate Less Risk-Adjusted Long
Average Annual Excess Return	330 basis points	100 basis points
Standard Deviation of Excess Return	530 basis points	160 basis points



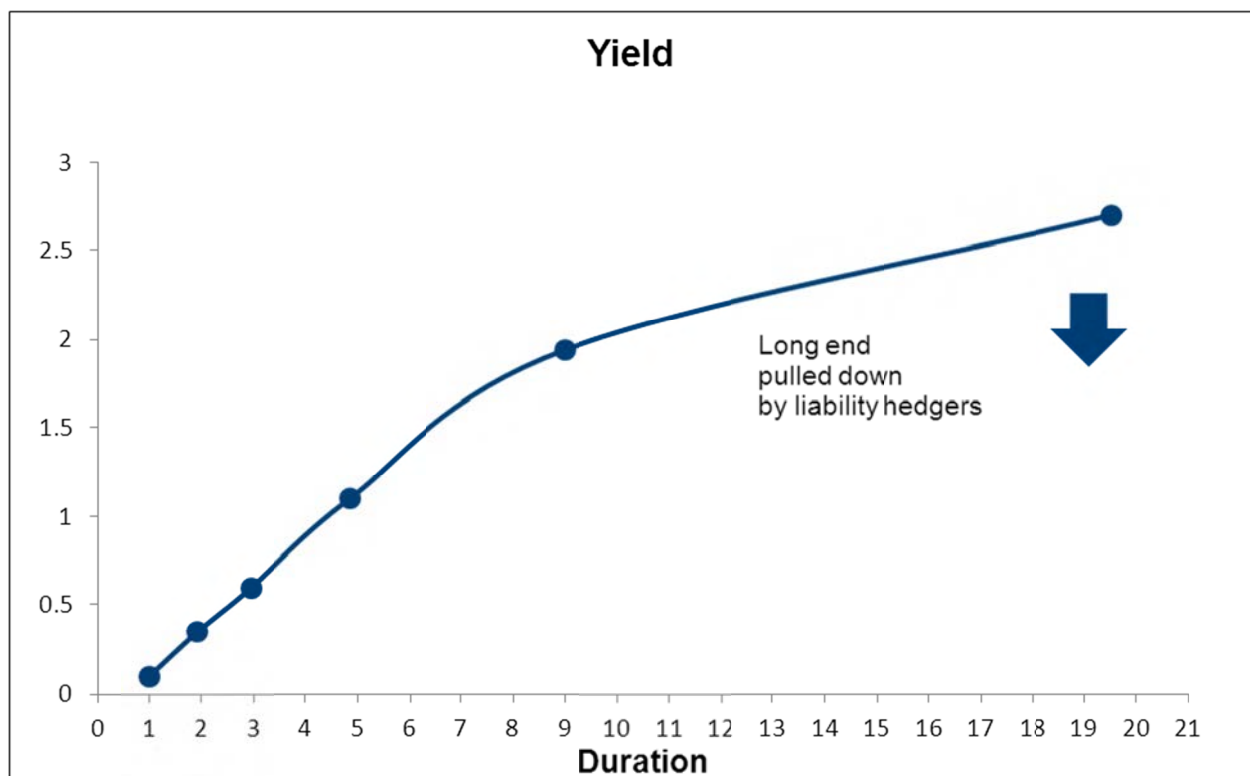
¹ The analysis was also conducted by analyzing the effect of varying interest rate volatilities across the maturity spectrum. Under all reasonable volatility relationships, the conclusions of this paper hold.

² This analysis is consistent with an analysis of the Sharpe Ratio of both sectors.

The results above show the historical superiority of the intermediate sector over the long sector. It is important, however, to take note of some additional observations. First, the volatility of the excess return of the duration adjusted intermediate portfolio, i.e., the levered portfolio, over the long portfolio is significantly higher than the volatility of the excess return of the intermediate portfolio over the duration adjusted long portfolio, i.e., the deleveraged portfolio. More importantly, there is one period where the intermediate sector underperforms the long sector on a duration adjusted basis. Specifically, the period from September 2003 to November 2006 is a period where the long sector outperformed the intermediate sector. During this period, the yield curve flattened significantly from a slope, as measured by the difference between the 20-year constant maturity yield and the 1-year constant maturity yield, flattened from a positive 408 basis points to negative 23 basis points. As with any risk premium, one does not always profit from it at times, but unless the yield curve flattens significantly within a relatively short period of time, the intermediate sector is expected to outperform the long sector on a duration adjusted basis.

Reasoning Behind the Absence of a Term Premium

Economists despise a free lunch. The results of the previous section suggest a free lunch does exist within the fixed income market. Research has shown similar results within a variety of asset classes (see Frazzini and Pedersen, 2012). Efficient market theory and the Capital Asset Pricing Model suggest that in equilibrium, all investors hold a combination of the risk-free asset and the “market” portfolio. Implicit in this analysis is the assumption investors can buy and sell all assets at the market price. However, we invest in a world of regulations, guidelines and constraints. Investors cannot buy and sell all assets. Furthermore, a set of assets may be more “valuable” to one group of investors than another. The market will clear at a price, but that price may not preclude the ability to create portfolios with a Sharpe Ratio greater than that of the Markowitz market portfolio.



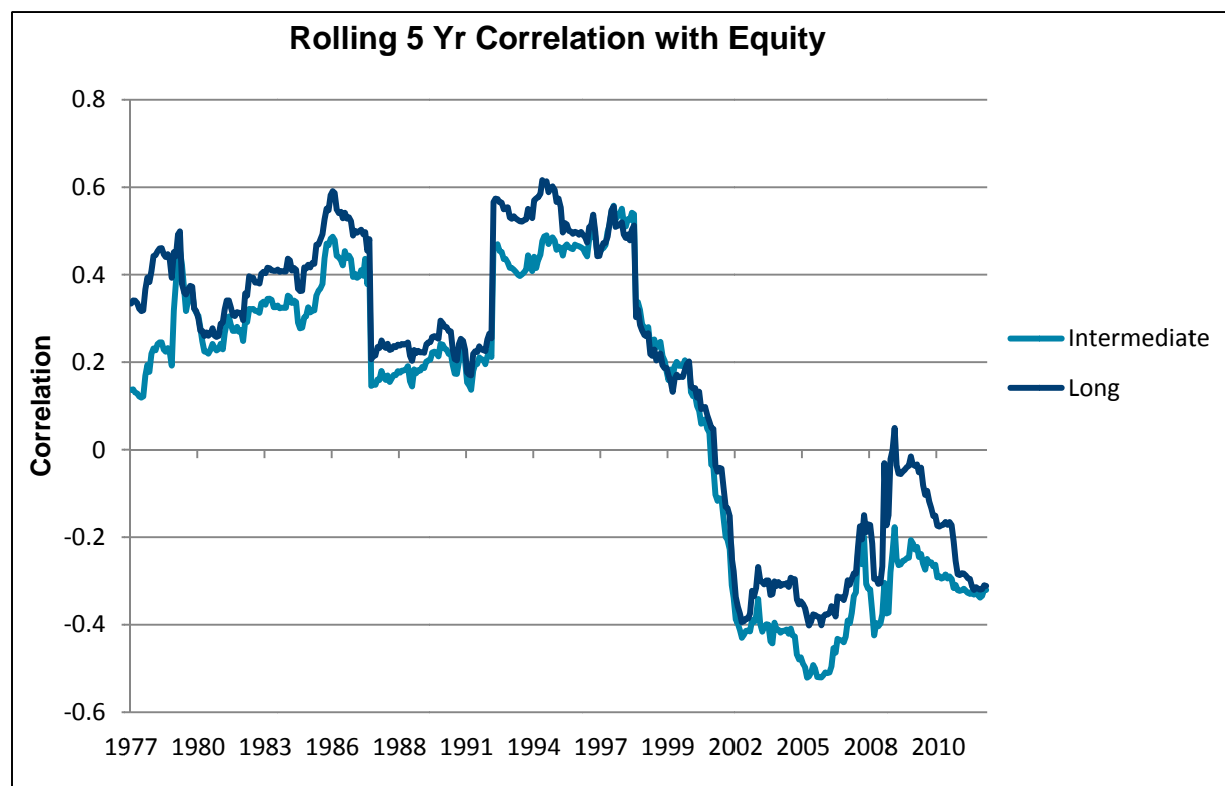
A few examples will illustrate this point. Investors may have guideline restrictions on the credit quality of securities purchased. Securities may require liquidation in the event of credit downgrades. Insurance companies and banks face capital requirements based upon interest rate stress tests driving them to hold certain debt maturities. An eighteen-year, inflation-linked zero coupon bond may be a risky investment if one is saving to purchase a car next month, but is a reasonable risk-free investment as a college savings vehicle for a newborn child.

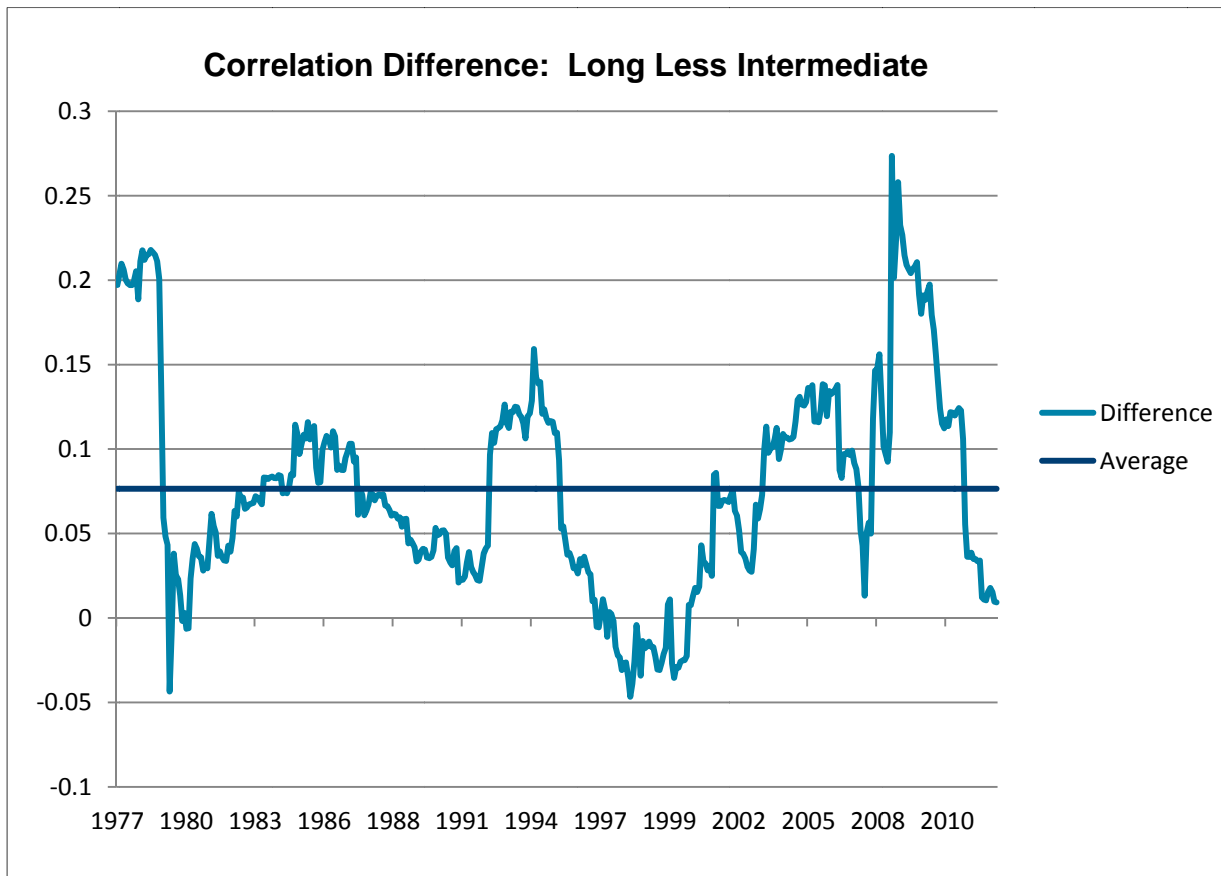
The market may represent the average of all investors' behavior, but that doesn't mean any individual investor's optimal portfolio is the average given their particular regulatory or other constraints.

Retort:

But aren't long bonds better diversifiers of my equity portfolio?

In order for long bonds to be a better diversifier of the equity portfolio; that is, reduce the risk of the portfolio, one or more of the following must be true. Either the volatility of the long bonds is less than the volatility of the intermediate bonds, or the correlation characteristics of long bonds must be more favorable. We know the volatility of long bonds is higher than intermediate bonds, so can correlation provide the risk reduction? A review of historical correlations reveals that the correlation to equity is actually lower for intermediate duration treasury bonds than long duration treasury bonds as shown in the following exhibit.





The correlation of both intermediate and long bonds varies quite considerably over time. In the mid-80's and early 90's, the correlations approached 0.6, implying a muted risk reduction effect due to correlations. Post 2000, the correlations have typically been negative, due in large part to the Federal Reserve's efforts to stave off the deflationary effects of a declining stock market. One observation which may be surprising to some is that intermediate bonds have over almost all periods a lower correlation to the equity market than long bonds. This can be explained by various factors, but the most significant is the fact the Federal Reserve has direct impact on short-term rates through the discount rate and the Federal Reserve Funds rate. And, changes in the short-term rate have larger impact upon the intermediate sector of the market than the long sector.

Rather than depend solely on the historical relationships of correlation, we want to also explore the sensitivity of correlations, both absolute and relative, to determine the likelihood that long bonds can provide improved portfolio risk management. For a given level of correlation between intermediate bonds and equities, we determined what correlation would be required between long bonds and equities to achieve the same total portfolio volatility. Given the historical relationship between the intermediate and long correlations, we also calculated the probability of this breakeven correlation to occur. The following

table summarizes the sensitivity analysis. Only if the portfolio has significant equity exposure (90% or more), and correlations are negative, does the long sector have a chance of providing better diversification³.

	60/40 Portfolio		90/10 Portfolio	
Assumed Intermediate Correlation	Long Bond Breakeven Correlation	Likelihood	Long Bond Breakeven Correlation	Likelihood
0.3	-0.06	< 0.001%	0.09	< 0.001%
0	-0.18	< 0.001%	-0.03	3.6%
-0.3	-0.31	6.7%	-0.16	84%

Investors are also concerned about the performance of the fixed income portfolio when the equity market is experiencing negative returns. We analyzed monthly returns for the broad equity market, intermediate and long term government bonds since 1926. The data does not support the premise that long bonds are preferred over intermediate bonds as a tail risk hedge during periods of equity market declines.

Frequency of Intermediate Bond Outperformance During Equity Market Declines

	Since 1926		Since 1970		Since 1980	
Months of Negative Equity Returns	Number of Times Intermediate Outperforms		Number of Times Intermediate Outperforms		Number of Times Intermediate Outperforms	
	Long	Percent	Long	Percent	Long	Percent
Worst 25	16/25	64%	15/25	60%	12/25	48%
Worst 50	30/50	60%	28/50	56%	26/50	52%
Worst 100	55/100	55%	60/100	60%	58/100	58%

³ The analysis assumes volatility of 18%, 12% and 5% for equity, long sector, and intermediate sector, respectively.

Recognition of Initial Conditions

Investors are return takers. They get the returns the markets give them; returns cannot be manufactured. Yet investors still have some control over their destiny because they do have influence over the relative risk of the investment portfolio. At the time of this writing, 2-year Treasury securities yielded 0.26% with 30-year Treasury securities yielding 2.81%. Certainly, in an environment where return is scarce, and the Federal Reserve has stated yields will stay low for a protracted period, it would not be inconceivable for an investor to prefer the additional 2.55% yield of the 30-year versus the 2-year. Yet, if 30-year yields increase a mere 14 basis points versus the 2-year, the returns of the two securities will be equal over a one year investment horizon. The standard deviation of this yield spread for the past five years has been 72 basis points. A breakeven spread of 14 basis points is noise. Whether the investor accepts it or not, the return from Treasury securities over the next several years will be low. In a low return environment, risk management takes on increased importance. Moreover, at the historic low level of yields, the return profile for fixed income has become skewed in an unfavorable manner.

Portfolio Implications

As of February 28, 2013, the Barclay's Treasury Index had a yield of 0.89% with a duration of 5.35 years. The Intermediate Index had a yield of 0.61% with a duration of 3.74 years. Investing in the intermediate sector reduces risk, as measured by duration, by 30% with a yield sacrifice of only 27 basis points. Over a one year investment horizon, this yield sacrifice is more than made up for with improved total return with an increase in market yields of only 17 basis points.⁴ Given the volatility of interest rates, isn't this trade-off worthwhile?

An asset-only investor should recognize the inefficiency of the long sector of the bond market as a means to reduce the volatility of a return-seeking portfolio. Furthermore, recognition of the improved diversification and volatility benefits of the intermediate sector should lead an asset-only investor to focus on the intermediate sector of the bond market. The resulting duration will be shorter than what is commonly utilized today, yet the total portfolio return and risk characteristics will be improved. The long end of the market can be utilized for tactical positioning; for example, anticipating a flattening yield curve. Additional market sensitivity, if desired, should be obtained through the intermediate portion of the yield curve.

⁴ This relationship holds for the Aggregate Index as well: shorten duration by 1.35 years with a yield sacrifice of 30 basis points.

References

Asness, Clifford S., Andrea Frazzini, and Lasse H. Pedersen. 2012. "Leverage Aversion and Risk Parity." *Financial Analysts Journal*, vol.68, no.1 (January/February):47-59.

Frazzini, Andrea, and Lasse H. Pedersen. 2013. "Betting Against Beta." NBER Working Paper 16601 (February).

Ilmanen, Antti. 1995. "Does Duration Extension Enhance Long-Term Expected Returns?" *Understanding the Yield Curve*, United States Fixed-Income Research Portfolio Strategies, Salomon Brothers.

Contact Information

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About Hewitt EnnisKnupp

Hewitt EnnisKnupp, Inc., an Aon plc company (NYSE: AON), provides investment consulting services to over 450 clients in North America with total client assets of approximately \$2 trillion. More than 290 investment consulting professionals in the U.S. advise institutional investors such as corporations, public organizations, union associations, health systems, endowments, and foundations with investments ranging from \$3 million to \$700 billion. For more information, please visit www.hewitthenisknupp.com.

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Memo

To: Staff and Board
Ventura County Employees' Retirement Association

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

Date: May 20, 2013

Re: HEK Client Webcast & Blog

Background

HEK hosts ongoing monthly calls for our clients. The next monthly client call will be on May 15 at 8:00 to 9:00 A.M. Pacific Time. The agenda items this month include a market outlook with a focus on bond yields, rethinking fixed income, and hiring underperforming equity managers.

Click http://www.aon.com/human-capital-consulting/thought-leadership/eventsconferences/HEK_Investment_Strategy_Webcast.jsp to register and to download previously recorded webcasts.

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

Future webcast dates:

June 19, 2013

July 17, 2013

August 21, 2013

10:00—11:00 AM Central Time

We look forward to discussing this with the Board at the May 20 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>

May 20, 2013

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

SUBJECT: HARBOURVEST ALLOCATION UPDATE

Dear Board Members:

On March 18, 2013, the Board awarded \$75,000,000 to the HarbourVest Dover VIII Fund, and on April 1, 2103, authorized the Administrator to obtain the legal services of Reed Smith LLP (Reed Smith) in the conduct of a legal review of the investment documents. On May 6, 2013, staff notified the Board of the initial limit on contributions to \$60,000,000 and obtained direction to provide a public legal memo summarizing the key provisions of the Dover VIII legal documents and side letter.

Attached is the Reed Smith public summary memo drafted by Benton Burroughs, Jr. of Reed Smith. Mr. Burroughs will be available by telephone to elaborate on the contents of his memo, highlight key points and findings, and answer your questions.

After a thorough discussion, staff asks the Board to authorize the Chair to execute the required documents for the \$60,000,000 allocation.

There will be a June close, where there is a possibility that HarbourVest could accept the additional \$15,000,000. Given that the Board desires to allocate a full \$75,000,000, and the potential need to be nimble, staff asks the Board to authorize the Retirement Administrator to execute substantially identical legal documents for the additional \$15,000,000 allocation and to report on the status of this allocation at the June Disability or Business meeting.

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

Sincerely,



Donald C. Kendig, CPA
Retirement Administrator

Attachment

From: Benton Burroughs, Jr. *BB*
Direct Phone: +1 703 641 4277
Email: bburroughs@reedsmith.com

Reed Smith LLP
3110 Fairview Park Drive
Suite 1400
Falls Church, VA 22042-4503
+1 703 641 4200
Fax +1 703 641 4340
reedsmith.com

Via Electronic Mail

To: Donald Kendig, Retirement Administrator
Ventura County Employees' Retirement Association ("VCERA")

Copy: Lori Nemiroff, Counsel to VCERA
Harvey L. Leiderman, Esquire, Reed Smith

Date: May 14, 2013

Subject: **Summary of the Side Letter for Proposal Investment into DOVER VIII Associates, L.P. ("DOVER") by VCERA**

Dear Mr. Kendig:

At your request, we prepared this summary of the material points in the Side Letter we were able to achieve on behalf of VCERA as information to be submitted to the Board at its May 20, 2013, meeting.

We should note initially that this represents a negotiation between lawyers for Dover and ourselves to get to a reasonable and acceptable Side Letter. We believe we have accomplished that objective and recommend its approval.

1. Confidentiality. The first provision we obtained was an acceptable Confidentiality provision which allows VCERA to disclose what is legally required under the Public Record Act and Brown Act Open Meetings Law without having to go back to Dover for additional approvals.
2. Transfer of Partnership Interest by VCERA. We have the right to transfer our interest to third parties who meet the criteria established in the Partnership without a separate approval from the General Partner ("GP").
3. Partnership Interest Transfer of VCERA by GP. Prior to permitting the GP to transfer our Partnership Interest in the event of our default, the GP must contact us to attempt to reach a satisfactory resolution of such defaults.
4. Management Fees Reports. The GP will provide detailed accounting on management fees semi-annually and estimates for the previous quarter are sent within 90 days thereafter. All fees

collected by the GP, directors and officers collected on this fund and the affiliate funds pertaining to this fund will be treated as management fee offsets.

5. Allocation of Indemnification Expenses. The GP agrees to use commercially reasonable efforts to cause the Portfolio investment or insurance to pay for any indemnification expenses.

6. No Federal Return Filed. The Limited Partnership Agreement required under certain circumstances for VCERA to prepare and file a federal income tax return to protect their carried interest safe harbor election. VCERA is not required to file a federal income tax return. We were successful in having a provision that does not require us to file a federal income tax return for this reason.

7. Notice of Reportable Transaction. We will receive a notice of any possible reportable transactions under the Internal Revenue Code of 1986, as amended. This can be important as it can affect VCERA's tax exemption.

8. Power of Attorney. We carved back the ability for the GP to use the Power of Attorney provisions to agree to items without our notice or consent.

9. No Lawsuits, Investigation. We received a representation and warranty that there are no pending lawsuits, investigations, etc., of the GP or its affiliates for fraud, misrepresentation, willful misconduct, fiduciary duty and financial crimes; securities law and a requirement to notify us of any future suits or investigations and any claims of damages of over \$250,000.

10. Compliance with Laws. We have a representation from the GP to comply with all applicable federal and state laws that are material to the business.

11. Accuracy of Offering Documents. We have received an equivalent securities Section 10(b)-5 of the Securities Exchange Act of 1934 representation on the offering document by the GP that was submitted to us.

12. Limitation on Certain Indemnification Obligations of VCERA. Due to our legal status, there is no direct indemnification by VCERA to the Partnership; we would only be liable to pay for any breach of our representations and covenants.

13. Placement Agent Fees. Confirmation that all placement agent fees will be paid out of management fees and there were no placement agent fees paid out of our investment in the Partnership. The GP has complied and will continue to comply with our placement agent policy.

14. Jurisdiction and Venue. The GP confirmed that any dispute resolution actions will be commenced in either the federal or state courts located in Ventura County.

15. Partnership Meeting Expenses. Clarified that the cost of meals or refreshments for VCERA representatives to attend periodic partnership meetings are included in the services that the

Donald Kendig, Retirement Administrator
Ventura County Employees' Retirement Association ("VCERA")
May 14, 2013
Page 3

management fees and are not reportable by the individual attending on behalf of VCERA for disclosure purposes. This provision is consistent with what other 37 Act plans and other similar California plans are using as a basis for not reporting these as gifts.

16. No Partnership Employees are VCERA Employees. This conforms to our legal requirements under the California Government Code provisions §§31450 *et seq.*, and is represented by the GP.

17. Soft Dollar Arrangements. This is representation by the GP that no soft dollars are being used or if so in the future, they will use the "safe harbor" under Section 28(e) of the US Securities Exchange Act of 1934 which complies with California Soft Dollar legal requirement.

18. Conflicts of Interest. GP has given a representation that no individual that is in any way connected with VCERA, public official of Ventura County or the Board of Administration owns any interest in the GP or the Investment Manager. This representation is for our compliance under California law. There is a duty in the Side Letter for the GP to report any changes in this representation.

19. No Indemnification for Criminal Activity. The GP confirms that no indemnification payments are to be paid to any GP Indemnitee for anyone convicted of a felony or act of moral turpitude.

20. Change in Accountants. The GP is required to notify VCERA if there is a change of accountants for the Fund.

Let me know if you have any questions.

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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May 20, 2013

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

**SUBJECT: PENSIONABLE COMPENSATION: REVIEW OF THE COUNTY OF
VENTURA CEO LETTER AND REVIEW OF WHAT CONSISTS OF
PENSIONABLE COMPENSATION**

Dear Board Members:

Background

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 expired April 26, 2013, and the tentative decision is considered final.

Discussion

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 the Board. (Please see the attached letter from the CEO's office.)

PENSIONABLE COMPENSATION: REVIEW OF THE COUNTY OF VENTURA CEO LETTER AND REVIEW OF WHAT CONSISTS OF PENSIONABLE COMPENSATION

May 20, 2013

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To date, there has been no further published CalPERS movement on the subject, and no urgency legislation. We have the benefit of a letter of assurance allowing us the time to wait and see what CalPERS issues in the form of regulations (interpretations) of the law.

Staff recommends waiting for CalPERS because it has been closely involved with the drafters of the reform legislation and it is the largest of the pension systems being reformed. Further, the nineteen other 1937 Act systems have not consistently implemented a single interpretation, with some adopting option 1 and some adopting option 2 (with variations). The one consistency they have exhibited is that their counties have agreed with their interpretations. Our current lack of agreement is the one area in which VCERA is unique.

As part of a review of what consists of pensionable compensation, the following criteria come from the recent Manatt Fiduciary Forum:

Pensionable compensation” for PEPRA members’ service after January 1, 2013 is:

“[T]he normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.” Gov. Code Sec. 7522.34, subdiv. (a)

“Pensionable compensation” is not:

- (1) compensation paid to increase retirement benefits;
 - (2) conversion of in-kind benefits;
 - (3) one-time or ad hoc payments;
 - (4) severance payments, even if paid during employment;
 - (5) payments of unused leave;
 - (6) payments for additional services rendered outside of normal working hours;
 - (7) allowances and reimbursements;
 - (8) overtime (unless FLSA for fire protection or law enforcement);
 - (9) employer contributions to deferred compensation or defined contribution plans; and
 - (10) bonuses that do not meet the criteria of Gov. Code Sec. 7522.34, subdivision (a).
- Gov. Code Sec. 7522.34, subdiv. (c)

“Pensionable compensation” is also not:

“Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a).” Gov. Code Sec. 7522.34, subdiv. (c)(11)

**PENSIONABLE COMPENSATION: REVIEW OF THE COUNTY OF VENTURA CEO
LETTER AND REVIEW OF WHAT CONSISTS OF PENSIONABLE COMPENSATION**

May 20, 2013

Page 3 of 5

Thus, under both subdivision (a) and subdivision (c)(11) of Section 7522.34, pensionable compensation must be all of the following:

1. Part of the “normal monthly rate of pay” or “base pay” of a member (rather than an increase not normally paid on at least a monthly basis);
2. Paid “in cash to similarly situated members of the same group or class of employment” (rather than a payment that other members in the same group or class do not normally receive in their monthly pay);
3. Paid for “services rendered on a full-time basis” (rather than for services rendered only episodically);
4. Paid for services rendered during “normal working hours” (not outside of normal working hours); and
5. Included in “publicly available pay schedules” (detailed in a “schedule”).

The questions on the following page were presented at the Manatt Fiduciary Forum. Staff has placed answers and responses to them. Please bring any additional questions that you might have.

Pensionable Compensation Challenges:

1. How is VCERA managing compliance with Section 7522.34 by employers?

Staff has communicated VCERA’s interpretation of pensionable compensation to plan sponsors and is currently engaging the County. Staff will bring forth a Compensation Review Policy at a July Board meeting outlining how it will check for unlawful enhancements to pensionable compensation. Staff and Board Counsel will bring forth a pensionable compensation resolution providing guidelines on what is included, and excluded, from pensionable compensation. Depending on the timing of the guidelines by CalPERS, this could be heard as early as an October or November Board meeting or as late as 2014. Staff would then endeavor to obtain, or verify, compliance by the plan sponsors.

2. How is your system addressing new pay codes as they are created?

Staff recommends including a provision in the pensionable compensation resolution that plan sponsors shall present any new pay code to the Board of Retirement prior to implementation. Staff encourages plan sponsors to bring proposed pay codes to VCERA staff as soon as known or pondered (usually during salary negotiations) for an initial assessment, minimizing the chance that a code’s pensionability gets later overturned.

PENSIONABLE COMPENSATION: REVIEW OF THE COUNTY OF VENTURA CEO LETTER AND REVIEW OF WHAT CONSISTS OF PENSIONABLE COMPENSATION

May 20, 2013

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3. Do different employers use the same pay codes to describe different work?

- Bilingual premium pay?
- Shift differentials?

Possibly; however, VRSD is the only employer with a separate list of pay codes. However, Ventura County uses some of the same pay codes differently for different bargaining units causing potential problems with one interpretation per pay code. (Please see staff's initial analysis of VRSD's pay codes attached.)

4. How do you define "same group or class of employment"?

Staff does not have a definition, and asks for Board Counsel to provide a proposed definition at this Board meeting, or a subsequent one, and staff requests the Board's approval or modification of the definition/interpretation.

5. How are you communicating pensionability determinations?

No specific pensionable compensation pensionability determinations have been communicated to date. Primary communication will be made when the pensionable compensation resolution is adopted and communicated to plan sponsors, and subsequently when notifications result from a compensation review. Additional determinations will be made on a pay code by pay code basis as new codes are brought before the Board.

6. What are your biggest challenges in this area?

Systems in attendance indicated the biggest challenge was determining what constitutes base pay and the inconsistent interpretations across systems. VCERA's difference of interpretation from the County is a challenge. Since VCERA believes that supplemental items of pay are also pensionable, Board Counsel and staff will need to compile a pay code table and gather additional data (as to how pay codes are applied from one bargaining unit to another) on its own with limited or no assistance from the County. CalPERS has discovered, itself, how difficult it will be to draft guidelines that apply to its 3,000+ employers and tens of thousands of pay codes. Another challenge will be developing a system (VCERIS) that captures pay detail, and having sponsors be able to provide that pay detail, in a way that VCERA can monitor compliance effectively.

(Please see the attached Manatt presentation on implementing AB 340 and AB 197 for more information.)

**PENSIONABLE COMPENSATION: REVIEW OF THE COUNTY OF VENTURA CEO
LETTER AND REVIEW OF WHAT CONSISTS OF PENSIONABLE COMPENSATION**

May 20, 2013

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As indicated under the pensionable compensation challenges, staff will be bringing to the Board a policy on unlawful enhancements to pensionable compensation in July. In addition, it will take two to four months from the date of issuance of CalPERS guidelines in order to prepare a pensionable compensation resolution that takes into account the analysis of over 400 County pay codes applied to over a dozen labor agreements. Staff recommends postponing direction to develop guidelines until after CalPERS issues its guidelines.

Staff looks forward to Board discussion on the CEO's letter and what constitutes pensionable compensation and any direction that results.

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

Sincerely,



Donald C. Kendig, CPA
Retirement Administrator

Attachments (3)

April 15, 2013

William Wilson, Chair
Board of Retirement
Ventura County Employees' Retirement Association
1190 South Victoria Ave
Ventura, CA 93003

J. Matthew Carroll
Assistant County Executive Officer

Paul Derse
Assistant County Executive Officer/
Chief Financial Officer

Catherine Rodriguez
Assistant County Executive Officer/
Labor Relations & Strategic Development

Kelly Shirk
Director Human Resources

RE: Pensionable Compensation Under the Public Employees' Pension Reform Act (PEPRA)

Dear Chair Wilson and Board Members,

At your Board meeting of December 17, 2012, we notified your Board that our office had recommended to the Auditor-Controller, based upon County Counsel's Opinion, that Pensionable Compensation reported to the VCERA be the normal rate of pay or base pay pursuant to the Ventura County Salary Resolution or such publicly available pay schedules. Our office also requested that your Board adopt the same legal interpretation.

Your Board subsequently adopted an interpretation of Pensionable Compensation that includes skills-based and service-based supplemental payments. You also elected to postpone VCERA's implementation of this interpretation for sixty days to allow for time to obtain additional information.

On February 8, 2013, your Board granted our request for an additional 60 days for our office and County Counsel to further evaluate if additional types of compensation should be included as pensionable compensation under the PEPRA. The majority of that evaluation has been completed and is detailed in the attached memorandum from County Counsel. As you can see, the opinion maintains the definition of pensionable compensation as the normal rate of pay or base pay, but includes the following five items to the definition of base pay:

- "Y-rate" pay (continued higher rate of pay following reclassification, reassignment)
- Market-based premium pay
- Hard to recruit pay range extensions
- Per diem pool flat rate
- Longevity-based range extensions

Board of Retirement – William Wilson

April 15, 2013

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Although we will continue to review our contracts and large number of pay elements on an on-going basis, we believe the list above represents the bulk of pay components which should appropriately be included in pensionable compensation.

We will communicate any additional components, if any, as they are identified. In the interim, we will communicate with our unions as an initial step in incorporating the listed items in our publically available pay schedules and would again support your Board's adopting the same legal interpretation as documented in our Counsel's letter.

We appreciate the additional time you afforded us to review this complex and important matter. If you have any questions, please contact me 654-2681.

Sincerely,



Michael Powers

C: Peter Foy, Chair, Supervisor, District 4
Steve Bennett, Supervisor, District 1
Kathy I. Long, Supervisor, District 3
Linda Parks, Supervisor, District 2
John C. Zaragoza, Supervisor, District 5
Donald C. Kendig, Retirement Administrator
Leroy Smith, County Counsel
Matt Carroll, Assistant County Executive Officer
Paul Derse, Assistant County Executive Officer/ Chief Financial Officer
Catherine Rodriguez, Assistant County Executive Officer/ Labor Relations/
Strategic Development

Attachment

**MEMORANDUM
COUNTY OF VENTURA
COUNTY COUNSEL'S OFFICE**

April 12, 2013

TO: Michael B. Powers, County Executive Officer

FROM: Leroy Smith, County Counsel 

RE: PENSIONABLE COMPENSATION UNDER THE PUBLIC EMPLOYEES' PENSION REFORM ACT

BACKGROUND

The Public Employees' Pension Reform Act of 2013 (Assem. Bills 197 and 340 (2011-2012 Reg. Sess.); "PEPRA"), effective January 1, 2013, limits the types of compensation that can be counted in the calculation of pension benefits. The terminology of PEPRA is somewhat confusing, but there is no doubt that for employees hired on or after January 1, 2013, pension benefits can be calculated only on "pensionable compensation." (See generally Gov. Code, §§ 7522.10, subd. (a) and, 7522.32, subd. (a).) While most of the language used in PEPRA is geared toward the Public Employees' Retirement Law (pt. 3 of div. 5 of tit. 2 of the Gov. Code, commencing with § 20000; "PERL"), the principles apply equally to all public employer retirement plans. (Gov. Code, § 7522.10, subd. (a).) Further, it is clear that PEPRA's new requirements "apply to all state and local public retirement systems and their participating employers, including . . . the County Employees Retirement Law of 1937, . . ." (Gov. Code, §7522.02, subd. (a)(1).)

The task therefore is to determine what types of compensation are included within the term "pensionable compensation". Pre-PEPRA law is particularly instructive on this question. Pre-PEPRA, PERL provided that "compensation earnable" (upon which pension benefits was based) was composed of two separate components: "pensionable compensation" and "special compensation." (Gov. Code, § 20636, subd. (a).) After PEPRA, it is clear that for new hires pension benefits can be calculated only on "pensionable compensation." (See e.g., Gov. Code, § 7522.32.) The omission of "special compensation" from the definition of what is counted in the calculation of pension benefits cannot be dismissed as an oversight.

Michael B. Powers
April 12, 2013
Page 2

Therefore, anything that would have been considered “special compensation” before PEPRA, cannot logically be included in the calculation of “pensionable compensation” after PEPRA.

DETERMINATION OF COMPENSATION EARNABLE

PEPRA specifically defines “pensionable compensation” in Government Code section 7522.34, subdivision (a). It states:

“‘Pensionable compensation’ of a new member of any public retirement system means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.”

The determination of what types and amounts of compensation are within the definition of “pensionable compensation” can be approached by identifying what is included and what is excluded. The exclusions are easy to determine. Before PEPRA (and currently for employees hired before January 1, 2013), “special compensation” was counted toward retirement pay. PERL expressly defines “special compensation” as any “payment received for special skills, knowledge, abilities, work assignment, workdays or hours, or other work conditions.” (Gov. Code, § 20636, subd. (c)(1).) By regulation, the Public Employee Retirement System further refined the definition to expressly identify incentive pay, educational pay, premium pay and special assignment pay as types of “special compensation.” (Cal. Code Regs., tit. 2, § 571.)

Thus, it is clear that fringe benefits paid for special skills, knowledge, abilities, work assignments, workdays or hours, or other conditions, including but not limited to incentive pay, educational pay, and premium pay for special assignments, are not included within the meaning of “pensionable compensation.” PEPRA itself also clarifies the certain types of payments that were never intended to be considered “pensionable compensation” or “special compensation” cannot be counted toward retirement pay. These include payments for things such as severance payments and uniform allowances. (See Gov. Code, §7522.34, subd. (c).)

The determination of what is included in “pensionable compensation” is more difficult because the terms used to describe the sub-components are somewhat vague:

Michael B. Powers

April 12, 2013

Page 3

“normal monthly rate of pay” or “base pay.” But again, it is clear that “special compensation” is not included within the meaning of “rate of pay.” PERL makes clear that, even as to employees hired before January 1, 2013, “[s]pecial compensation shall be limited to that which is received by a member pursuant to a labor policy or agreement or as otherwise required by state or federal law, to similarly situated members of a group or class of employment that is in addition to **payrate**.” (Gov. Code, § 20636, subd. (c)(2); emphasis added.) Therefore, even if one were to focus on “rate of pay” in the PEPRA definition of “pensionable compensation,” it would not include the types of compensation historically defined as “special compensation.”

The second part of the statutory definition of “pensionable compensation” is “base pay.” The County of Ventura (“County”) has interpreted that phrase to be synonymous with “rate of pay.” Given the context and history of PEPRA, it would be absurd to conclude that the Legislature intended to give public entities the option of choosing “base pay” or an entirely different standard called “rate of pay” for calculating pension pay. The County’s interpretation is consistent with the history and purpose of PEPRA, the language of the statutes, and is internally consistent.

How then to determine what is base pay? The County approach to date has been to determine “base pay” on the wage and salary ranges set forth in the County’s Job Code and Salary Listing by Job Title. With perhaps few exceptions, all County employees are assigned a “base pay” amount somewhere along the wage or salary range assigned to their job classification. This is considered “base pay” and all other remuneration is in addition to base pay.

The County’s interpretation is also consistent with the requirement that only “normal monthly rate of pay” and “base pay” on publicly available pay schedules qualify as “pensionable compensation.” PERS regulations require, among other things, that the publicly available pay schedule (1) identify the position title for every employee position, (2) show the payrate for each identified position, which may be stated as a single amount or as multiple amounts within a range, and (3) indicate the time base, including whether the time base is hourly, daily, bi-weekly, monthly, bi-monthly, or annually. Further, the pay schedule cannot reference another document in lieu of disclosing the payrate. (Cal. Code Regs., tit. 2, § 570.5.) The County’s Job Code and Salary Listing by Job Title meets this test.

Recognizing that some forms of compensation historically paid by the County are in the nature of base pay, and logically constitute an extension of the associated wage

Michael B. Powers

April 12, 2013

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or salary range, County staff has concluded that some components of compensation should be treated as “base pay” for purposes of determining “pensionable compensation.” The clearest example is the County’s payment of a “Y-rate” to employees whose job classification has been changed, but who retain the right to be paid according to a higher wage/salary range. In effect, such employees have a grandfathered right to continued placement on a higher wage/salary range than that actually assigned to their current job assignment. When the wage/salary range catches up to the old grandfathered wage/salary range, the “Y-rate” payment is discontinued. In the County’s view, the characterization of the additional pay in these situations as a “Y-rate adjustment” or a “grandfathered right to an obsolete wage/salary range” should not be determinative. The substance of the pay, instead of its form, should dictate its treatment as “base pay” or not.

SUMMARY OF DETERMINATIONS TO DATE

In addition to “Y-rate” pay, we have identified other compensation elements that we believe should be included in “base pay,” including (1) market-based premium pay, (2) hard-to-recruit pay range extensions, (3) per diem pool flat rate extensions, and (4) longevity-based range extensions. This is a reliable list of the compensation elements we believe should be included within base pay as of today. If and when we identify other compensation elements that reasonably should be incorporated into the publicly available pay schedule, we will so advise you. Also, of course, as future contracts are negotiated and compensation forms evolve, each new or modified benefit should be analyzed to determine whether it should be included within base pay under the PEPRA standard.

We have concluded that fringe benefits constituting “special compensation” should be excluded. These include all benefits paid for special skills, knowledge, abilities, assignments, work hours, and other work conditions.

Compensation elements in the nature of “base pay” should be incorporated into the County’s Job Code and Salary Listing by Job Title to ensure compliance with PEPRA’s mandate of using only compensation disclosed on publicly available pay schedules to calculate pension benefits. Consultation with County unions may be required to modify the way pay schedules are displayed, and in any event, consultation with County unions is encouraged.

Please feel free to contact me if you have any questions or comments concerning this memorandum.

Ventura Regional Sanitation District (VRSD) Pay Code Analysis

Legacy EE Comp Earnable	"New" EE Pensionable Comp	CODE	Definition	Type	DESCRIPTION
Y	Y	01CAL	Vacation	Base	CAL - IUOE
Y	Y	01 COMP	Vacation	Base	COMP TIME -USED EXEMPT
Y	Y	02 COMP	Hourly	Base	COMP TIME -USED NON-EXEMPT
Y	Y	01 HOUR	Hourly	Base	REGULAR LABOR- PERMANENT EMPLOYEES OTHER THAN GM, DIR OF OPS/FIN)
N	N	01OVER	Overtime	Overtime	Overtime
N	N	02OVER	Overtime	Overtime	Overtime-Night Shift
Y	Y	01NITE	Hourly	Special Comp	NIGHT SHIFT PAY
Y	Y	01SICK	Sick	Base	Sick Leave
Y	Y	02SICK	Sick	Base	Sick Leave (Old Balance)
Y	Y	05SICK	Sick	Base	Sick Leave (Old Balance)
Y	Y	AUTHWP	Hourly	Base	AUTHORIZED LEAVE W/PAY (ADMIN LEAVE)
Y	Y	BEREAV	Hourly	Base	BEREAVEMENT LEAVE
Y	Y	CAF3IN	Bi-weekly	Cash Cafeteria	CAFETERIA - 3/4 PART TIME EMPLOYEES
Y	Y	CAFFIN	Bi-weekly	Cash Cafeteria	CAFETERIA - INDEPENDENT
Y	Y	CAFFIU	Bi-weekly	Cash Cafeteria	CAFETERIA - IUOE
Y	Y	CAFFSE	Bi-weekly	Cash Cafeteria	CAFETERIA - SEIU
Y	Y	CERT-H	Hourly	Special Comp	CERTIFICATION PAY (SEIU)
Y	Y	CLASS	Hourly	Special Comp	OUT OF CLASS PAY
N	N	CLASSO	Hourly	Overtime	Out of Class OT
Y	Y	FLOAT	Holiday	Base	FLOATING HOLIDAY PAY
Y	Y	HOL	Holiday	Base	HOLIDAY FOR PERMANENT EMPLOYEES OTHER THAN GM, DIR OF OPS/FIN)
Y	Y	IND-24	Hourly	Base	INDUSTRIAL 24 HOURS
Y	N	ISTAND/SSTAND	Hourly	Standby	STAND-BY PAY
Y	Y	JURY	Hourly	Base	JURY DUTY
Y**	Y**	LWOP	Hourly	n/a	Leave without pay
Y	Y	MILIT	Hourly	Unpaid or Base?	Military Leave (paid or unpaid?)
Y	Y	RETROR	Hourly	Base	RETRO-REGULAR PAY
Y	Y	SBP-H (1-5)	Hourly	Special Comp	SKILL-BASED PAY
Y*	N	VACBUY	Periodic	Leave Time	VACATION BUY-OUT

* Law limits the amount of time allowed to be converted to no more than the amount earnable and payable in each 12-month period during the final average salary period.

** Unpaid leave will be reported in the VCERIS system. Gov't Code Section 31511.3 provides for interruptions in service that do not constitute a break in service.

While pensionable, no service credit is earned.

As of: March 2013

Implementing AB 340 and AB 197: What's Working, What Needs More Work

Ashley K. Dunning, Partner
Michael V. Toumanoff, Counsel
Manatt, Phelps & Phillips, LLP

2013 Public Pension Fund Fiduciary Forum
San Francisco, California
March 22, 2013

- What's Working and What Needs More Work
 - The answer depends on whom you ask!
- To Be Discussed Today
 - Who is a “PEPRA” (or “new”) member? Who is a “Classic” member? And who might be both?
 - What compensation should a PEPRA member expect to be pensionable under AB 340?
 - What compensation should a Classic member in a '37 Act system expect to be pensionable under AB 197?

- A PEPRA member is someone who becomes a member of a public retirement system after January 1, 2013, and:
 - (1) was not a member of any public retirement system in California prior to January 1, 2013;
 - (2) was a member of a different retirement system in California prior to January 1, 2013, but was not “subject to reciprocity” under applicable provisions of law; or
 - (3) was an active member of the same retirement system prior to January 1, 2013, and who, “after a break in service of more than six months,” returned to active membership in that same system, but with a new employer. (For purposes of this definition, a change in employment between state entities or from one school employer to another is not service with a “new employer.”)

(Gov. Code Sec. 7522.04(f))

- A Classic member is:
 - Anyone who was a member of a public retirement system in California prior to January 1, 2013, who either:
 - is “subject to” reciprocity; or
 - returns to active membership in the same retirement system without having withdrawn contributions (i.e., had no break in service under 31642(d)); or
 - returns to active membership in the same retirement system having withdrawn contributions (i.e., had a break in service); and returns either
 - with the same employer at any time, or
 - with a different employer within six months of the break in service.

Members Hired After January 1, 2013: Classic or PEPRA Member for Post - 1/1/13 Service?

Join retirement system <i>within</i> six months of separation from same or another public retirement system			
	With Balance	Withdrawn	Withdrawn Redeposit
Return to <i>same</i> employer in the same retirement system	Classic - Original Tier	Classic - 12/31/12 Tier	Classic - Original Tier
Return to <i>different</i> employer in the same retirement system	Classic - 12/31/12 Tier	Classic - 12/31/12 Tier	Classic - 12/31/12 Tier
Join from a reciprocal retirement system	Classic - 12/31/12 Tier	PEPRA Tier (unless plan terms permit reciproc. w/o contribs. on deposit)	Classic - 12/31/12 Tier (if permitted to redeposit in recip. plan)

Members Hired After January 1, 2013: Classic or PEPRA Member for Post - 1/1/13 Service?

Join retirement system <i>more than</i> six (6) months after separation from same or another retirement system			
	With Balance	Withdrawn	Withdrawn Redeposit
Return to <i>same</i> employer in the same retirement system	Classic - Original Tier	Classic - 12/31/12 Tier	Classic - Original Tier* (* Re-entry age for contributions)
Return to <i>different</i> employer in “the” same retirement system	Classic - 12/31/12 Tier	PEPRA Tier	Classic - 12/31/12 Tier
Join from a reciprocal retirement system	PEPRA Tier	PEPRA Tier	PEPRA Tier

Could Any Members Hired After January 1, 2013, Have Both Classic and PEPRA Service?

- Not if the service was all within same retirement system
 - But may have original tier and 12/31/12 tier, if did not defer or redeposit, or return to a different employer in the same system
- If individual joins your retirement system more than six months after separation from a reciprocal retirement system in which he or she was a member pre-PEPRA
 - Pre-PEPRA rules apply to reciprocal system's calculation of retirement benefit
 - PEPRA rules apply to post-January 1, 2013, service at new system
 - NOTE: Because separation between plans exceed six months, no reciprocity. Thus, generally we would not expect one retirement system to have a member with both Classic and PEPRA service. (The answer may differ for CalPERS if members have service with two different contracting employers.)

- Redeposit vs. no redeposit, same employer or not.
- Reciprocity: eligible at entry and/or at retirement?
- Tier placement: original tier, 12/31/12 tier, current tier
- Passage of time
 - Terminated members of your plan could return to same employer 10 years from now and demand Classic membership if deferred or re-depositing members.

What Compensation Should a PEPRA Member Expect to be Pensionable Under AB 340?

- “Pensionable compensation” for PEPRA members’ service after January 1, 2013, is:

“[T]he normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.”

Gov. Code Sec. 7522.34, subdiv. (a)

- “Pensionable compensation” is not:
 - (1) compensation paid to increase retirement benefits;
 - (2) conversion of in-kind benefits;
 - (3) one-time or ad hoc payments;
 - (4) severance payments, even if paid during employment;
 - (5) payments of unused leave;
 - (6) payments for additional services rendered outside of normal working hours;
 - (7) allowances and reimbursements;
 - (8) overtime (unless FLSA for fire protection or law enforcement);
 - (9) employer contributions to deferred compensation or defined contribution plans; and
 - (10) bonuses that do not meet the criteria of Gov. Code Sec. 7522.34, subdivision (a).

Gov. Code Sec. 7522.34, subdiv. (c)

- “Pensionable compensation” is also not:
 - “Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a).”

Gov. Code Sec. 7522.34, subdiv. (c)(11)

- Thus, under both subdivision (a) and subdivision (c)(11) of Section 7522.34, pensionable compensation must be all of the following:
 1. Part of the “normal monthly rate of pay” or “base pay” of a member (rather than an increase not normally paid on at least a monthly basis);
 2. Paid “in cash to similarly situated members of the same group or class of employment” (rather than a payment that other members in the same group or class do not normally receive in their monthly pay);
 3. Paid for “services rendered on a full-time basis” (rather than for services rendered only episodically);
 4. Paid for services rendered during “normal working hours” (not outside of normal working hours); and
 5. Included in “publicly available pay schedules” (detailed in a “schedule”).

- How is your system managing compliance with Section 7522.34 by employers?
- How is your system addressing new pay codes as they are created?
- Do different employers use the same pay codes to describe different work?
 - Bilingual premium pay?
 - Shift differentials?
- How do you define “same group or class of employment”?
- How are you communicating pensionability determinations?
- What are your biggest challenges in this area?

What Compensation Should a Classic Member in a '37 Act System Expect to be Pensionable Under AB 197?

- AB 197's provision on "compensation earnable" applies only to Classic members of 1937 Act systems.
- Definition of compensation earnable for Classic members remains unchanged except to the extent it is impacted by additional provisions of Section 31641, added first by AB 340 and amended further by AB 197.

What Compensation Should a Classic Member in a '37 Act System Expect to be Pensionable Under AB 197? (cont.)

- As a result of both AB 340 and AB 197, Section 31641, subdivision (b)(1), states that compensation earnable does not include, in any case, any compensation determined by the Retirement Board to have been paid to increase a member's retirement benefit under that system.
- Some items that the Board “may” exclude under this provision in the new subdivision (b)(1) are:
 - (A) Compensation previously paid by the employer in kind or directly to a third party, even if converted to cash (like a flexible benefit payment).
 - (B) Any one-time or ad hoc payments made to a member but not to all similarly situated members of the member's grade or class.
 - (C) Payments that are solely due to the termination of a member's employment, but are received by the member while employed, except for unused leave that does not exceed what is earned and payable in each 12-month period during the final average compensation period.

What Compensation Should a Classic Member in a '37 Act System Expect to be Pensionable Under AB 197? (cont.)

- AB 340 and AB 197 also provided that the following is not to be included in “compensation earnable” at all as of January 1, 2013: . . .

31461(b)(3) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

See City of Pleasanton v. Board of Administration, 211 Cal.App.4th 522 (2012)

What Compensation Should a Classic Member in a '37 Act System Expect to be Pensionable Under AB 197? (cont.)

- AB 197 added the following items that also are not to be included in “compensation earnable” at all for Classic members for service rendered on or after January 1, 2013:

31461(b)(2) Payments for unused vacation, annual, personal, or sick leave or compensatory time off, however denominated, that exceeds that which may be earned and payable in each 12-month period during the final average compensation period, regardless of when it was reported or paid.

...

31461(b)(4) Payments made at the termination of employment, except payments that do not exceed what is earned and payable in each 12-month period during the final average compensation period.

See In re Retirement Cases, 110 Cal.App.4th 426 (2003); *Salus v. San Diego County Employees Retirement Association*, 117 Cal.App.734 (2004).

What Compensation Should a Classic Member in a '37 Act System Expect to be Pensionable Under AB 197? (cont.)

- Permissible scope of the AB 197 exclusions is being litigated in four pending actions in Alameda, Contra Costa, Marin and Merced.
- State of California has intervened in all four actions and states that it will move for coordination of all of them.
- Superior court decision expected in 2013.
- Stay tuned.

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>

May 20, 2013

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

SUBJECT: PENSION BRIDGE CONFERENCE

Dear Board Members:

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

Trustees Goulet and Henderson attended the Pension Bridge Conference on April 16 and 17, 2013 in San Francisco and have provided the attached written report.

Staff looks forward to oral reports and asks the Board to receive and file the written report by Trustees Goulet and Henderson.

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

Sincerely,



Donald C. Kendig, CPA
Retirement Administrator

Attachment

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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May 20, 2013

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

Dear Board Members:

On April 16 and 17, Joe Henderson and I attended the Pension Bridge Conference in San Francisco. Following is our report.

The Keynote Speaker, Stephen Nesbitt, CEO/CIO of Cliffwater LLC, talked about the quest for 8% return and compared returns of endowments to defined benefit (DB) plans. He found that endowments outperformed DB plans by a cumulative 16% over the last 10 years, and attributed most of that outperformance to alternative investments. Interestingly, he also found that DB plans outperformed defined contribution plans by a cumulative 12% over the same period. His "ideal" portfolio would consist of 45% global equities, 20% bonds, and 35% alternative investments. He also opined that, for DB plans to achieve 8%, they would have to be exposed to risk in excess of 13%.

There were presentations on unfunded liabilities of DB plans, liability driven investment, asset allocation and proper diversification, fixed income investments, emerging markets, managed futures, hedge funds, distressed debt, senior loans and other credit strategies, emerging managers, the secondary market in private equity, currency investments, commodities investments, infrastructure, real estate, emerging managers. The final session was a roundtable of chief investment officers from public pension systems. They talked about asset/liability evaluation, asset allocation for the future, and negotiation of fee structures, especially in the private equity space. Throughout the conference, there was an emphasis on the importance of risk management.

Pension Bridge attempted to match the number of the money managers representing the various disciplines to the number of pension fund trustees and administrators in attendance. However, because money managers frequently had more than one representative, there were still more money managers than pension fund people. Pension fund people included a number of trustees and others from 1937 Act counties, as well as trustees from various city, state, and union plans from throughout the U.S.

Pension Bridge conferences are well organized and the agenda and time table are scrupulously adhered to. The various subject matters were presented thoroughly by very informed and capable presenters. Unfortunately, as is usually the case, too much information was crammed into too short a period of time, and there was often insufficient time for questions.

This conference is worthwhile, and other Board members should consider attending it in the future.

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

Respectfully,



For Arthur E. Goulet & Joe Henderson
Board Members