

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD OF RETIREMENT

### DISABILITY MEETING

DECEMBER 3, 2012

### AGENDA

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

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

**ITEM:**

- |      |  |                 |
|------|--|-----------------|
| I.   | <b><u>INTRODUCTION OF MEETING</u></b>  | Master Page No. |
| II.  | <b><u>APPROVAL OF AGENDA</u></b>   | 1 - 3           |
| III. | <b><u>APPROVAL OF MINUTES</u></b>  |                 |
|      | B. Business Meeting of November 19, 2012.  | 4 - 10          |
| IV.  | <b><u>PENDING DISABILITY APPLICATION STATUS REPORT</u></b>   | 11 - 57         |
| V.   | <b><u>APPLICATIONS FOR DISABILITY RETIREMENT</u></b>   |                 |
|      | A. Application for Service Connected Disability Retirement;<br>Michael R. Koevenig, Case No. 11-014.   | 58 - 82         |
|      | 1. Summary of Evidence, Findings of Fact, Conclusions<br>of Law and Recommendation, Submitted by Hearing<br>Officer Deborah Z. Wissley, dated August 20, 2012. |                 |
|      | 2. Applicant's Objection to Recommendation of Hearing<br>Officer, Submitted by Michael R. Koevenig, Applicant,<br>dated September 4, 2012.                     |                 |
|      | 3. Respondent's reply to Recommendation of Hearing<br>Officer, Submitted by Marshall W. Graves, Attorney at<br>Law, dated September 19, 2012.                  |                 |

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

- A. Application for Service Connected Disability Retirement;  
Michael R. Koevenig, Case No. 11-014. (continued)
  - 4. Hearing Notice.
- B. Application for Service Connected Disability Retirement; 83 - 169  
Antonia B. Quirarte, Case No. 10-025.
  - 1. Summary of Evidence, Findings of Fact, Conclusions  
of Law and Recommendation, Submitted by Hearing  
Officer Deborah Z. Wissley, dated August 20, 2012.
  - 2. Respondent's reply to Recommendation of Hearing  
Officer, Submitted by Stephen D. Roberson, Attorney  
at Law, dated August 30, 2012.
  - 3. Applicant's Objection to Recommendation of Hearing  
Officer, Submitted by Howard J. Wasserman,  
Attorney at Law, dated August 31, 2012.
  - 4. Respondent's memorandum in Support of the  
Summary of Evidence, Findings of Fact, Conclusions  
of Law and Recommendation, Submitted by Stephen  
D. Roberson, Attorney at Law, dated September 11,  
2012.
  - 5. Hearing Notice.

**VI. OLD BUSINESS**

- A. 2013 Board Calendar. 170 - 181

**VII. NEW BUSINESS**

- A. Request to Attend the CALAPRS Advanced Board 182 - 187  
Leadership Institute – Trustee A. Goulet.
- B. Request to Attend the Brown Armstrong Client Update – 188 - 189  
Retirement Administrator.
- C. Conference Report – SACRS Fall Conference 2012. 190 - 192
- D. Appointment of Chair and Vice Chair for 2013. 193

**VII.     NEW BUSINESS (continued)**

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| E.   Limited Duration Programming Services for CalPEPRA.   | 194 - 201 |
| F.   Pensionable Compensation under the California Public<br>Employees' Pension Reform Act (CalPEPRA). | 202 - 212 |

**VIII.    PUBLIC COMMENT**

**IX.      BOARD MEMBER COMMENT**

**X.       ADJOURNMENT**

# **VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

## **BOARD OF RETIREMENT**

### **BUSINESS MEETING**

**NOVEMBER 19, 2012**

### **MINUTES**

**DIRECTORS**  
**PRESENT:**

William W. Wilson, Chair, Public Member  
Tracy Towner, Vice Chair, Safety Employee Member  
Peter C. Foy, Public Member  
Arthur E. Goulet, Retiree Member  
Steven Hintz, Treasurer-Tax Collector  
Joseph Henderson, Public Member  
Robert Hansen, General Employee Member  
Tom Johnston, General Employee Member  
Chris Johnston, Alternate Employee Member  
Will Hoag, Alternate Retiree Member

**DIRECTORS**  
**ABSENT:**

Albert G. Harris, Public Member

**STAFF**  
**PRESENT:**

Donald C. Kendig, Retirement Administrator  
Henry Solis, Chief Financial Officer  
Lori Nemiroff, Assistant County Counsel  
Chantell Garcia, Retirement Benefits Specialist  
Glenda Jackson, Program Assistant

**PLACE:**

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

**TIME:**

9:00 a.m.

**ITEM:**

**I. INTRODUCTION OF MEETING**

**II. APPROVAL OF AGENDA**

Chairman Wilson called the Business Meeting of November 19, 2012, to order at 9:00 a.m.

MOTION: Mr. Towner moved, seconded by Mr. T. Johnston, to approve the agenda as presented.

Motion passed unanimously. Mr. Harris absent. Judge Hintz absent for this item.

**III. APPROVAL OF MINUTES**

A. Disability Meeting of November 5, 2012.

Mr. Goulet proposed the following corrections:

Master Page No. 6, item V.A. motion to read, "Mr. Goulet moved, seconded by Mr. T. Johnston, to grant the applicant, Dennis C. Crandall, a non-service connected disability retirement."

MOTION: Mr. Goulet moved, seconded by Mr. T. Johnston, to approve the minutes of November 5, 2012 as corrected.

Motion passed unanimously. Mr. Harris absent. Judge Hintz absent for this item.

**IV. CONSENT AGENDA**

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

- A. Regular and Deferred Retirements and Survivors Continuances for the Month of October 2012.
- B. Report of Checks Disbursed in October 2012.
- C. Asset Allocation as of October 2012.
- D. Statement of Plan Net Assets, Statement of Changes in Plan Net Assets, and Investments & Cash Equivalents for the Month Ended August 31, 2012.

**IV. CONSENT AGENDA (continued)**

E. Budget Summary – Year to Date as of October 2012, Fiscal-Year 2012-13.

MOTION: Mr. Henderson moved, seconded by Mr. Goulet, to approve the Consent Agenda as presented.

Motion passed unanimously. Mr. Harris absent. Judge Hintz absent for this item.

**END OF CONSENT AGENDA**

**V. INVESTMENT INFORMATION**

Judge Hintz entered the meeting at 9:02 a.m.

A. Hewitt EnnisKnupp, Russ Charvonja, ChFC, CFP, Esq. and Kevin Chen.

1. Q3 Performance Report, September 2012.
2. Monthly Manager Performance Report, October 2012.

MOTION: Mr. Hansen moved, seconded by Mr. Henderson, to receive and file the Q3 Performance Report for September 2012, and the Monthly Manager Performance Report for October 2012.

Motion passed unanimously. Mr. Harris absent.

3. Risk Modeling Profile Update, September 2012.

MOTION: Mr. Hansen moved, seconded by Judge Hintz, to approve Risk Modeling Proposal No. 2 and to direct Hewitt EnnisKnupp to return to the December Business meeting with more information.

Motion passed unanimously. Mr. Harris absent.

Hewitt EnnisKnupp will provide a short list of MLP candidates for Board comment prior to conducting its search, and will provide specific Real Return/GTAA options/ideas.

4. Tactical Rebalancing Policy Proposal.

MOTION: Judge Hintz moved, seconded by Mr. Hansen, to adopt Hewitt EnnisKnupp's policy proposal for tactical rebalancing as a pilot project for not less than three years, with modifications to the proposal

V. INVESTMENT INFORMATION (continued)

clarifying that Hewitt EnnisKnupp shall recommend overweights and underweights and staff shall implement.

Motion passed. Mr. Towner voting no. Mr. Harris absent.

5. Highlights and Research, November 2012.

a. Proxy Voting Report.

MOTION: Mr. Henderson moved, seconded by Mr. Hansen, to receive and file the Proxy Voting Report.

Motion passed unanimously. Mr. Harris absent.

b. Loomis PM Change.

MOTION: Mr. Goulet moved, seconded by Judge Hintz, to receive and file the Loomis PM Change.

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

Motion passed unanimously. Mr. Harris absent. Mr. Towner absent for this item.

Mr. Towner reentered the meeting at 10:08 a.m.

c. Real Estate Hurricane Update.

d. GMO.

MOTION: Judge Hintz moved, seconded by Mr. T. Johnston, to approve Hewitt EnnisKnupp's recommendation to transition from the GMO Separate Account to the GMO Fund of Mutual Funds.

Motion passed unanimously. Mr. Harris absent.

e. Medium Term Views.

Mr. Foy left the meeting at 10:13 a.m.

f. HEK 12/19 Client Call.

g. Conviction in Equity Investing White Paper.

V. INVESTMENT INFORMATION (continued)

Mr. Foy reentered the meeting at 10:21 a.m.

h. Obama Election.

MOTION: Mr. Hansen moved, seconded by Mr. Goulet, to receive and file Items V.A.5. c., e., f., g., and h.

Motion passed unanimously. Mr. Harris absent.

6. Approval of Fees for Hewitt EnnisKnupp.

MOTION: Mr. Hansen moved, seconded by Mr. Towner, to approve a 2.2% adjustment in Hewitt EnnisKnupp's advisory fees for 2013.

Motion passed. Judge Hintz and Mr. T. Johnston voting no. Mr. Harris absent.

7. Assignment of Advisory Services from Clifton to Parametric.

MOTION: Mr. Goulet moved, seconded by Mr. Hansen, to receive and file the Clifton notification of its acquisition by Parametric, and authorized the Retirement Administrator to execute the assignment of advisory services.

Motion passed unanimously. Mr. Harris absent.

VI. ACTUARIAL INFORMATION

A. Analysis of VCERA Benefit Formulas Compared to those Contained in Assembly Bill (AB) 340.

MOTION: Mr. Goulet moved, seconded by Mr. Towner, to receive and file the Analysis of VCERA Benefit Formulas Compared to those Contained in Assembly Bill (AB) 340.

Motion passed unanimously. Mr. Harris absent.

B. VCERA Issues Regarding Implementation of Provisions in CalPEPRA.

Judge Hintz left the meeting at 11:23 a.m.

Mr. Hansen left the meeting at 11:26 a.m.



**VI. ACTUARIAL INFORMATION (continued)**

MOTION: Mr. Towner moved, seconded by Mr. Goulet, to approve staff's recommended direction to the actuary, as edited, with the sole purpose for the actuary to set the rates, with the caveat that it could all change.

Motion passed unanimously. Mr. Harris absent. Mr. Hansen absent for this item.

Mr. Hansen reentered the meeting at 11:29 a.m.

**VII. NEW BUSINESS**

**A. Board Meeting Dates and 2013 Calendar.**

MOTION: Mr. Foy moved, seconded by Mr. T. Johnston, to adopt a Board meeting schedule setting Board meeting dates for the third Monday of the month.

Motion passed. Mr. Wilson and Mr. Goulet voting no. Mr. Harris and Judge Hintz absent.

**B. Governance Policy Review and Board Policy Discussion.**

MOTION: Mr. Goulet moved, seconded by Mr. Towner, to receive and file the Governance Policy Review and Board Policy Discussion.

Motion passed unanimously. Mr. Harris and Judge Hintz absent.

**C. Holiday Hours – Day After Thanksgiving, Christmas Eve, and New Year's Eve.**

MOTION: Mr. Towner moved, seconded by Mr. T. Johnston, to deny the proposed office closures unless allowed under County Ordinance.

Motion passed unanimously. Mr. Harris and Judge Hintz absent.

**VIII. PUBLIC COMMENT**

None.

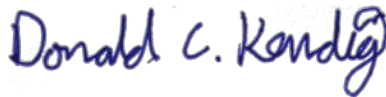
**IX. BOARD MEMBER COMMENT**

None.

X. ADJOURNMENT

The Meeting adjourned at 11:49 a.m.

Respectfully submitted,

A handwritten signature in blue ink that reads "Donald C. Kendig". The signature is written in a cursive style with a large 'D' and a stylized 'K'.

---

DONALD C. KENDIG, CPA, Retirement Administrator

Approved,

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WILLIAM W. WILSON, Chairman

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

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December 3, 2012

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

## **SUBJECT: 2013 BOARD CALENDAR**

Dear Board Members:

### **Recommendation**

Staff recommends that you receive and file the attached 2013 Board Calendar.

### **Discussion**

At the November 19, 2012, Business meeting, your Board adopted a once a month 3<sup>rd</sup> Monday of the Month for all Board Business for which staff had not prepared a Board calendar. The attached Board calendar for 2013 reflects my understanding of the adopted change. You may receive and file it as presented, or as modified for Board-desired changes, or take any other action.

Changing Board meetings from twice a month to once a month is a significant change from past practice. As mentioned previously, staff anticipates efficiency improvements from this change and would favor it. However, upon reflection of the adopted 3<sup>rd</sup> Monday meeting, during the discussion, I failed to recognize and communicate the impact of the Board's decision of choosing the 3<sup>rd</sup> versus the 4<sup>th</sup> Monday of the month. I feel it is important for the Board to understand the significance of electing to have the meeting on the 3<sup>rd</sup> Monday of the month instead of the 4<sup>th</sup> Monday as originally proposed. Some of the benefits that will not be realized are:

- Providing more timely financial and budgetary information.
- Our Investment Consultant (HEK) will be further impacted from providing timely, accurate and relevant investment information as the deadline for information would be moved even closer to the end of the previous month, as the Board would require more lead time to receive and review the disability, investment, and business information.

## 2013 BOARD CALENDAR

December 3, 2012

Page 2 of 2

Staff would propose that the Board reconsider its decision to have the meeting on the 3<sup>rd</sup> Monday of the month and approve a 4<sup>th</sup> Monday of the month to have the opportunity to realize the full benefits of moving to a one day a month meeting. If the Board opposes this option, I recommend that the meeting return to the current 1<sup>st</sup> and 3<sup>rd</sup> Monday format. If the Board retains the 3<sup>rd</sup> Monday of the month meeting schedule, or chooses the 4<sup>th</sup> Monday of the month, staff will carry out the Board's direction and the following would occur.

Under a one meeting a month calendar, staff would finalize the agenda ten days before the meeting and post the agenda Monday afternoon, one week (6.5 days) before the Board meeting. Given that the Board chose the 3<sup>rd</sup> Monday of the month, our investment consultant would need to provide soft estimates for some of our monthly investment figures, as opposed to final numbers.

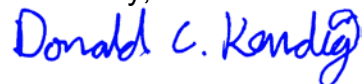
Staff would place investment items first with a time certain of 10:30 a.m. for disability matters. Lunch would be available for meetings that would continue in the afternoon (around noon) with a 30 minute recess for lunch in the Boardroom, or the ability to have a working lunch or to handle closed session items in the Boardroom.

Staff would post in the Board's confidential Dropbox account disability and investment items as soon as they were final, possibly up to two weeks prior to the Board meeting, such that trustees, staff, and Board counsel could review those items ahead of time.

As mentioned previously, Board meetings could last the entire day depending on the number of items and Board discussion. To minimize the length of the one day meeting, the Board may consider appointing a standing committee, or committees, such as for disabilities and investments. The committee could carry out the bulk of the work with the full Board accepting/adopting that work. Lastly, I have also attached the previous calendar options for comparison purposes.

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

Sincerely,



Donald C. Kendig, CPA  
Retirement Administrator

Attachments

3rd Monday of the Month for all Board Business

| Meeting Date | Agenda Deadline | Materials Deadline | Scheduled Presentations  | Investment, Operational, Actuarial Performance Updates, Board Policy, & Other Significant Items   |
|--------------|-----------------|--------------------|--|---|
| 1/28/2013    | 1/21/2013       | 1/18/2013          | None   | Quarterly PAS (VCERIS) Report<br>Quarterly Administrator Report<br>Quarterly Benefit Estimate Status Report<br>Establish Personnel Committee (PC) for the review of the Retirement Administrator.<br>MLP & GTAA/RR Finalists Memo<br>Private Equity Funding Recommendations<br>Actuarial Report 2nd Hearing: Review & Approve<br>Actuarial Audit RFP: Review & Approve<br>Annual Financial Report: Review & Approve |
| 2/25/2013    | 2/18/2013       | 2/15/2013          | Prudential – PRISA<br>UBS Real Estate                          | Update on Real Estate Market<br>Q4 Performance Report<br>RFP for Investment Consultant<br>COLA Letter   |
| 3/18/2013    | 3/11/2013       | 3/8/2013           | Adams Street<br>Pantheon                                       | Private Equity Market Update<br>Capital Market Assumptions for A/L Study<br>12 Month Review of the Retirement Administrator<br>SACRS Spring Conference Items  |
| April        | April           | April              |  | Personnel Committee discusses the proposed evaluation criteria, relative weightings, and the evaluation form for the September Review.  |
| 4/15/2013    | 4/8/2013        | 4/5/2013           | None   | Quarterly PAS (VCERIS) Report<br>Quarterly Administrator Report<br>Quarterly Benefit Estimate Status Report<br>SACRS Spring Conference Items  |
| 5/20/2013    | 5/13/2013       | 5/10/2013          | Sprucegrove<br>SSgA Securities Lending<br>& Custodial Services | Annual Governance Report<br>First Reading of the Budget<br>Custodial RFP Consideration<br>Escheatment Policy<br>Q1 Performance Report   |
| 6/17/2013    | 6/10/2013       | 6/7/2013           | GMO<br>The Clifton Group                                       | Approval of Retreat Agenda<br>Review of HEK Conference Content<br>Second Reading of the Budget<br>Travel Policy Review<br>Fiduciary Liability Insurance Report<br>Hearing Officer Contracts<br>CMP & Associates Contract  |
| 7/15/2013    | 7/8/2013        | 7/5/2013           | Walter Scott<br>Hexavest                                       | Quarterly PAS (VCERIS) Report<br>Quarterly Administrator Report<br>Quarterly Benefit Estimate Status Report<br>Investment Policy Statement update<br>Administrator distributes evaluation package<br>Business Plan Review   |
| Aug          | Aug             | Aug                |  | Personnel Committee reviews the results of the evaluation forms.  |
| 9/16/2013    | 9/9/2013        | 9/6/2013           | Loomis<br>PIMCo  | Q2 Performance Report<br>Update on Fixed Income Market<br>Annual Proxy Voting Certification Report<br>Closed Session: Annual Review of Retirement Administrator<br>SACRS Fall Conference Items  |

3rd Monday of the Month for all Board Business

| Meeting Date | Agenda Deadline | Materials Deadline | Scheduled Presentations         | Investment, Operational, Actuarial Performance Updates, Board Policy, & Other Significant Items |
|--------------|-----------------|--------------------|---------------------------------|---|
| 9/26/2013    | 9/19/2013       | 9/16/2013          | Board Investment Policy Retreat | TBD   |
|              |                 |                    |                                 | TBD   |
|              |                 |                    |                                 | TBD   |
|              |                 |                    |                                 | TBD   |
| 10/21/2013   | 10/14/2013      | 10/11/2013         | Reams Western                   | Guideline Review by Manager   |
|              |                 |                    |                                 | Risk Modeling Profile Update  |
|              |                 |                    |                                 | SACRS Fall Conference Items   |
|              |                 |                    |                                 | Quarterly PAS (VCERIS) Report   |
|              |                 |                    |                                 | Quarterly Administrator Report  |
|              |                 |                    |                                 | Quarterly Benefit Estimate Status Report  |
| 11/18/2013   | 11/11/2013      | 11/8/2013          | None                            | Review Due Diligence Calendar   |
|              |                 |                    |                                 | Set Board Meeting Dates & Investment Manager Presentations                                      |
|              |                 |                    |                                 | Q3 Performance Report: Receive & File   |
| 12/16/2013   | 12/9/2013       | 12/6/2013          | BlackRock RREEF                 | Q3 Performance Report: Review & Approve   |
|              |                 |                    |                                 | Approval of Fee Schedule for Hewitt EnnisKnupp  |
|              |                 |                    |                                 | Actuarial Report: Receive & File  |
|              |                 |                    |                                 | SACRS peer comparison report  |
|              |                 |                    |                                 | Appoint Chair and Vice Chair for 2013   |

| Legend                       |
|------------------------------|
| Board Meetings               |
| Personnel Committee Meetings |
| Board Retreat                |

Current Meeting Schedule (status quo):  
1st and 3rd Monday of the Month for Disabilities Investments Respectively

| Meeting Date | Agenda Deadline (Hard) | Agenda Deadline (Soft) | Meeting    | Scheduled Presentations                                     | Investment, Operational, Actuarial Performance Updates, Board Policy, & Other Significant Items   |
|--------------|------------------------|------------------------|------------|---|---|
| 1/7/2013     | 1/2/2013               | 12/28/2012             | Disability |   | Establish Personnel Committee (PC) for the review of the Retirement Administrator.  |
| 1/28/2013    | 1/22/2013              | 1/18/2013              | Business   | None  | Quarterly PAS (VCERIS) Report<br>Quarterly Administrator Report<br>Quarterly Benefit Estimate Status Report<br>Actuarial Report 2nd Hearing: Review & Approve<br>Actuarial Audit RFP: Review & Approve<br>Annual Financial Report: Review & Approve |
| 2/4/2013     | 1/29/2013              | 1/25/2013              | Disability |   | RFP for Investment Consultant   |
| 2/25/2013    | 2/19/2013              | 2/15/2013              | Business   | Prudential – PRISA<br>UBS Real Estate                       | Update on Real Estate Market<br>Q4 Performance Report<br>Investment Manager Fee Discussion<br>COLA Letter   |
| 3/4/2013     | 2/26/2013              | 2/22/2013              | Disability |   | 12 Month Review of the Retirement Administrator   |
| 3/18/2013    | 3/12/2013              | 3/8/2013               | Business   | Adams Street<br>Pantheon                                    | Private Equity Market Update<br>Capital Market Assumptions for A/L Study<br>SACRS Spring Conference Items   |
| 4/1/2013     | 3/26/2013              | 3/22/2013              | Disability |   |   |
| April        | April                  | April                  | PC         |   | Personnel Committee discusses the proposed evaluation criteria, relative weightings, and the evaluation form for the September Review.  |
| 4/15/2013    | 4/9/2013               | 4/5/2013               | Business   | None  | Quarterly PAS (VCERIS) Report<br>Quarterly Administrator Report<br>Quarterly Benefit Estimate Status Report<br>SACRS Spring Conference Items  |
| 5/6/2013     | 4/30/2013              | 4/26/2013              | Disability |   |   |
| 5/20/2013    | 5/14/2013              | 5/10/2013              | Business   | Sprucegrove<br>SSgA Securities Lending & Custodial Services | Annual Governance Report<br>First Reading of the Budget<br>Custodial RFP Consideration<br>Escheatment Policy<br>Q1 Performance Report   |
| 6/3/2013     | 5/28/2013              | 5/24/2013              | Disability |   | Hearing Officer Contracts   |
| 6/17/2013    | 6/11/2013              | 6/7/2013               | Business   | GMO<br>The Clifton Group                                    | Approval of Retreat Agenda<br>Review of HEK Conference Content<br>Second Reading of the Budget<br>Travel Policy Review<br>CMP & Associates Contract   |
| 7/1/2013     | 6/25/2013              | 6/21/2013              | Disability |   | Administrator distributes evaluation package<br>Fiduciary Liability Insurance Report  |
| 7/15/2013    | 7/9/2013               | 7/5/2013               | Business   | Walter Scott<br>Hexavest                                    | Quarterly PAS (VCERIS) Report<br>Quarterly Administrator Report<br>Quarterly Benefit Estimate Status Report<br>Investment Policy Statement update<br>Business Plan Review   |
| Aug          | Aug                    | Aug                    | PC         |   | Personnel Committee reviews the results of the evaluation forms.  |
| 9/9/2013     | 9/3/2013               | 8/30/2013              | Disability |   | Closed Session: Annual Review of Retirement Administrator   |
| 9/16/2013    | 9/10/2013              | 9/6/2013               | Business   | Loomis<br>PIMCo<br>SSgA                                     | Q2 Performance Report<br>Update on Fixed Income Market<br>Annual Proxy Voting Certification Report<br>SACRS Fall Conference Items   |

Current Meeting Schedule (status quo):  
1st and 3rd Monday of the Month for Disabilities Investments Respectively

| Meeting Date | Agenda Deadline (Hard) | Agenda Deadline (Soft) | Meeting    | Scheduled Presentations         | Investment, Operational, Actuarial Performance Updates, Board Policy, & Other Significant Items   |
|--------------|------------------------|------------------------|------------|---------------------------------|---|
| 9/26/2013    | 9/20/2013              | 9/16/2013              | Investment | Board Investment Policy Retreat | TBD<br>TBD<br>TBD<br>TBD  |
| 10/7/2013    | 10/1/2013              | 9/27/2013              | Disability |                                 |   |
| 10/21/2013   | 10/15/2013             | 10/11/2013             | Business   | Blackrock<br>Reams<br>Western   | Guideline Review by Manager<br>Risk Modeling Profile Update<br>SACRS Fall Conference Items<br>Quarterly PAS (VCERIS) Report<br>Quarterly Administrator Report<br>Quarterly Benefit Estimate Status Report |
| 11/4/2013    | 10/29/2013             | 10/25/2013             | Disability |                                 |   |
| 11/18/2013   | 11/12/2013             | 11/8/2013              | Business   | None                            | Review Due Diligence Calendar<br>Set Board Meeting Dates & Investment Manager Presentations<br>Q3 Performance Report: Receive & File  |
| 12/2/2013    | 11/26/2013             | 11/22/2013             | Disability |                                 | Appoint Chair and Vice Chair for 2013   |
| 12/16/2013   | 12/10/2013             | 12/6/2013              | Business   | RREEF                           | Q3 Performance Report: Review & Approve<br>Approval of Fee Schedule for Hewitt EnnisKnupp<br>Actuarial Report: Receive & File<br>SACRS peer comparison report   |

**Legend**

|                                 |
|---------------------------------|
| Business Meetings               |
| Disability Meetings (generally) |
| Personnel Committee Meetings    |
| Board Retreat                   |



Alternative Meeting Schedule 1 (investments):  
2nd and 4th Monday of the Month for Disabilities Investments Respectively

| Meeting Date | Agenda Deadline (Hard) | Agenda Deadline (Soft) | Meeting    | Scheduled Presentations  | Investment, Operational, Actuarial Performance Updates, Board Policy, & Other Significant Items   |
|--------------|------------------------|------------------------|------------|--|---|
| 1/14/2013    | 1/8/2013               | 1/4/2013               | Disability |  | Establish Personnel Committee (PC) for the review of the Retirement Administrator.  |
| 1/28/2013    | 1/22/2013              | 1/18/2013              | Business   | None   | Quarterly PAS (VCERIS) Report<br>Quarterly Administrator Report<br>Quarterly Benefit Estimate Status Report<br>Actuarial Report 2nd Hearing: Review & Approve<br>Actuarial Audit RFP: Review & Approve<br>Annual Financial Report: Review & Approve |
| 2/11/2013    | 2/5/2013               | 2/1/2013               | Disability |  | RFP for Investment Consultant   |
| 2/25/2013    | 2/19/2013              | 2/15/2013              | Business   | Prudential – PRISA<br>UBS Real Estate                          | Update on Real Estate Market<br>Q4 Performance Report<br>COLA Letter  |
| 3/11/2013    | 3/5/2013               | 3/1/2013               | Disability |  | 12 Month Review of the Retirement Administrator   |
| 3/25/2013    | 3/19/2013              | 3/15/2013              | Business   | Adams Street<br>Pantheon                                       | Private Equity Market Update<br>Capital Market Assumptions for A/L Study<br>SACRS Spring Conference Items   |
| 4/8/2013     | 4/2/2013               | 3/29/2013              | Disability |  |   |
| April        | April                  | April                  | PC         |  | Personnel Committee discusses the proposed evaluation criteria, relative weightings, and the evaluation form for the September Review.  |
| 4/22/2013    | 4/16/2013              | 4/12/2013              | Business   | None   | Quarterly PAS (VCERIS) Report<br>Quarterly Administrator Report<br>Quarterly Benefit Estimate Status Report<br>SACRS Spring Conference Items  |
| 5/13/2013    | 5/7/2013               | 5/3/2013               | Disability |  |   |
| 5/20/2013    | 5/14/2013              | 5/10/2013              | Business   | Sprucegrove<br>SSgA Securities Lending<br>& Custodial Services | Annual Governance Report<br>First Reading of the Budget<br>Custodial RFP Consideration<br>Escheatment Policy<br>Q1 Performance Report   |
| 6/10/2013    | 6/4/2013               | 5/31/2013              | Disability |  | Hearing Officer Contracts   |
| 6/24/2013    | 6/18/2013              | 6/14/2013              | Business   | GMO<br>The Clifton Group                                       | Approval of Retreat Agenda<br>Review of HEK Conference Content<br>Second Reading of the Budget<br>Travel Policy Review<br>CMP & Associates Contract   |
| 7/8/2013     | 7/2/2013               | 6/28/2013              | Disability |  | Administrator distributes evaluation package<br>Fiduciary Liability Insurance Report  |
| 7/22/2013    | 7/16/2013              | 7/12/2013              | Business   | Walter Scott<br>Hexavest                                       | Quarterly PAS (VCERIS) Report<br>Quarterly Administrator Report<br>Quarterly Benefit Estimate Status Report<br>Investment Policy Statement update<br>Business Plan Review   |
| Aug          | Aug                    | Aug                    | PC         |  | Personnel Committee reviews the results of the evaluation forms.  |
| 9/9/2013     | 9/3/2013               | 8/30/2013              | Disability |  | Closed Session: Annual Review of Retirement Administrator   |
| 9/23/2013    | 9/17/2013              | 9/13/2013              | Business   | Loomis<br>PIMCo<br>SSgA  | Q2 Performance Report<br>Update on Fixed Income Market<br>Annual Proxy Voting Certification Report<br>SACRS Fall Conference Items   |

Alternative Meeting Schedule 1 (investments):  
2nd and 4th Monday of the Month for Disabilities Investments Respectively

| Meeting Date | Agenda Deadline (Hard) | Agenda Deadline (Soft) | Meeting    | Scheduled Presentations         | Investment, Operational, Actuarial Performance Updates, Board Policy, & Other Significant Items   |
|--------------|------------------------|------------------------|------------|---------------------------------|---|
| 9/26/2013    | 9/20/2013              | 9/16/2013              | Investment | Board Investment Policy Retreat | TBD<br>TBD<br>TBD<br>TBD  |
| 10/14/2013   | 10/8/2013              | 10/4/2013              | Disability |                                 |   |
| 10/28/2013   | 10/22/2013             | 10/18/2013             | Business   | Blackrock<br>Reams<br>Western   | Guideline Review by Manager<br>Risk Modeling Profile Update<br>SACRS Fall Conference Items<br>Quarterly PAS (VCERIS) Report<br>Quarterly Administrator Report<br>Quarterly Benefit Estimate Status Report |
| 11/11/2013   | 11/5/2013              | 11/1/2013              | Disability |                                 |   |
| 11/25/2013   | 11/19/2013             | 11/15/2013             | Business   | None                            | Review Due Diligence Calendar<br>Set Board Meeting Dates & Investment Manager Presentations<br>Q3 Performance Report: Receive & File  |
| 12/9/2013    | 12/3/2013              | 11/29/2013             | Disability |                                 | Appoint Chair and Vice Chair for 2013   |
| 12/23/2016   | 12/17/2016             | 12/13/2016             | Business   | RREEF                           | Q3 Performance Report: Review & Approve<br>Approval of Fee Schedule for Hewitt EnnisKnupp<br>Actuarial Report: Receive & File<br>SACRS peer comparison report   |

| Legend                          |
|---------------------------------|
| Business Meetings               |
| Disability Meetings (generally) |
| Personnel Committee Meetings    |
| Board Retreat                   |

Alternative Meeting Schedule 2 (bylaws):  
1st and 3rd Monday of the Month for Investments Disabilities Respectively

| Meeting Date | Agenda Deadline (Hard) | Agenda Deadline (Soft) | Meeting    | Scheduled Presentations                                     | Investment, Operational, Actuarial Performance Updates, Board Policy, & Other Significant Items  |
|--------------|------------------------|------------------------|------------|---|--|
| 1/7/2013     | 1/1/2013               | 12/28/2012             | Business   | None  | Establish Personnel Committee (PC) for the review of the Retirement Administrator.<br>Annual Financial Report: Review & Approve  |
| 1/28/2012    | 1/22/2012              | 1/18/2012              | Disability |   | Actuarial Report 2nd Hearing: Review & Approve<br>Actuarial Audit RFP: Review & Approve  |
| 2/4/2013     | 1/29/2013              | 1/25/2013              | Business   | Prudential – PRISA<br>UBS Real Estate                       | Update on Real Estate Market<br>Quarterly PAS (VCERIS) Report<br>Quarterly Administrator Report<br>Quarterly Benefit Estimate Status Report<br>RFP for Investment Consultant   |
| 2/25/2013    | 2/19/2013              | 2/15/2013              | Disability |   | COLA Letter  |
| 3/4/2013     | 2/26/2013              | 2/22/2013              | Business   | Adams Street<br>Pantheon                                    | Private Equity Market Update<br>Q4 Performance Report<br>Capital Market Assumptions for A/L Study<br>SACRS Spring Conference Items   |
| 3/18/2013    | 3/12/2013              | 3/8/2013               | Disability |   | 12 Month Review of the Retirement Administrator  |
| 4/1/2013     | 3/26/2013              | 3/22/2013              | Business   | None  | SACRS Spring Conference Items  |
| April        | April                  | April                  | PC         |   | Personnel Committee discusses the proposed evaluation criteria, relative weightings, and the evaluation form for the September Review.   |
| 4/15/2013    | 4/9/2013               | 4/5/2013               | Disability |   |  |
| 5/6/2013     | 4/30/2013              | 4/26/2013              | Business   | Sprucegrove<br>SSgA Securities Lending & Custodial Services | Annual Governance Report<br>Quarterly PAS (VCERIS) Report<br>Quarterly Administrator Report<br>Quarterly Benefit Estimate Status Report<br>First Reading of the Budget<br>Custodial RFP Consideration  |
| 5/20/2013    | 5/14/2013              | 5/10/2013              | Disability |   |  |
| 6/3/2013     | 5/28/2013              | 5/24/2013              | Business   | GMO<br>The Clifton Group                                    | Approval of Retreat Agenda<br>Review of HEK Conference Content<br>Q1 Performance Report<br>Second Reading of the Budget<br>Travel Policy Review<br>CMP & Associates Contract   |
| 6/17/2013    | 6/11/2013              | 6/7/2013               | Disability |   | Hearing Officer Contracts  |
| 7/1/2013     | 6/25/2013              | 6/21/2013              | Business   | Walter Scott<br>Hexavest                                    | Investment Policy Statement update<br>Escheatment Policy<br>Administrator distributes evaluation package<br>Fiduciary Liability Insurance Report<br>Business Plan Review   |
| 7/15/2013    | 7/9/2013               | 7/5/2013               | Disability |   |  |
| Aug          | Aug                    | Aug                    | PC         |   | Personnel Committee reviews the results of the evaluation forms.   |
| 9/9/2013     | 9/3/2013               | 8/30/2013              | Business   | Loomis<br>PIMCo<br>SSgA                                     | Q2 Performance Report<br>Update on Fixed Income Market<br>Annual Proxy Voting Certification Report<br>Quarterly PAS (VCERIS) Report<br>Quarterly Administrator Report<br>Quarterly Benefit Estimate Status Report<br>SACRS Fall Conference Items |

Alternative Meeting Schedule 2 (bylaws):  
1st and 3rd Monday of the Month for Investments Disabilities Respectively

| Meeting Date | Agenda Deadline (Hard) | Agenda Deadline (Soft) | Meeting    | Scheduled Presentations         | Investment, Operational, Actuarial Performance Updates, Board Policy, & Other Significant Items  |
|--------------|------------------------|------------------------|------------|---------------------------------|--|
| 9/16/2013    | 9/10/2013              | 9/6/2013               | Disability |                                 | Closed Session: Annual Review of Retirement Administrator  |
| 9/26/2013    | 9/20/2013              | 9/16/2013              | Investment | Board Investment Policy Retreat | TBD<br>TBD<br>TBD<br>TBD   |
| 10/7/2013    | 10/1/2013              | 9/27/2013              | Business   | Blackrock<br>Reams<br>Western   | Guideline Review by Manager<br>Risk Modeling Profile Update<br>SACRS Fall Conference Items   |
| 10/21/2013   | 10/15/2013             | 10/11/2013             | Disability |                                 |  |
| 11/4/2013    | 10/29/2013             | 10/25/2013             | Business   | None                            | Review Due Diligence Calendar<br>Quarterly PAS (VCERIS) Report<br>Quarterly Administrator Report<br>Quarterly Benefit Estimate Status Report<br>Set Board Meeting Dates & Investment Manager Presentations |
| 11/18/2013   | 11/12/2013             | 11/8/2013              | Disability |                                 |  |
| 12/2/2013    | 11/26/2013             | 11/22/2013             | Business   | RREEF                           | Q3 Performance Report: Review & Approve<br>Approval of Fee Schedule for Hewitt EnnisKnupp<br>Actuarial Report: Receive & File<br>SACRS peer comparison report  |
| 12/16/2013   | 12/10/2013             | 12/6/2013              | Disability |                                 | Appoint Chair and Vice Chair for 2013  |

| Legend                          |
|---------------------------------|
| Business Meetings               |
| Disability Meetings (generally) |
| Personnel Committee Meetings    |
| Board Retreat                   |

Alternative Meeting Schedule 3 (staff):  
4th Monday of the Month for all Board Business

| Meeting Date | Agenda Deadline (Hard) | Agenda Deadline (Soft) | Scheduled Presentations                                     | Investment, Operational, Actuarial Performance Updates, Board Policy, & Other Significant Items   |
|--------------|------------------------|------------------------|---|---|
| 1/28/2013    | 1/18/2013              | 1/14/2013              | None  | Quarterly PAS (VCERIS) Report<br>Quarterly Administrator Report<br>Quarterly Benefit Estimate Status Report<br>Establish Personnel Committee (PC) for the review of the Retirement Administrator.<br>Actuarial Report 2nd Hearing: Review & Approve<br>Actuarial Audit RFP: Review & Approve<br>Annual Financial Report: Review & Approve |
| 2/25/2013    | 2/15/2013              | 2/11/2013              | Prudential – PRISA<br>UBS Real Estate                       | Update on Real Estate Market<br>Q4 Performance Report<br>RFP for Investment Consultant<br>COLA Letter   |
| 3/25/2013    | 3/15/2013              | 3/11/2013              | Adams Street<br>Pantheon                                    | Private Equity Market Update<br>Capital Market Assumptions for A/L Study<br>12 Month Review of the Retirement Administrator<br>SACRS Spring Conference Items  |
| April        | April                  | April                  |   | Personnel Committee discusses the proposed evaluation criteria, relative weightings, and the evaluation form for the September Review.  |
| 4/22/2013    | 4/12/2013              | 4/8/2013               | None  | Quarterly PAS (VCERIS) Report<br>Quarterly Administrator Report<br>Quarterly Benefit Estimate Status Report<br>SACRS Spring Conference Items  |
| 5/20/2013    | 5/10/2013              | 5/6/2013               | Sprucegrove<br>SSgA Securities Lending & Custodial Services | Annual Governance Report<br>First Reading of the Budget<br>Custodial RFP Consideration<br>Escheatment Policy<br>Q1 Performance Report   |
| 6/24/2013    | 6/14/2013              | 6/10/2013              | GMO<br>The Clifton Group                                    | Approval of Retreat Agenda<br>Review of HEK Conference Content<br>Second Reading of the Budget<br>Travel Policy Review<br>Fiduciary Liability Insurance Report<br>Hearing Officer Contracts<br>CMP & Associates Contract  |
| 7/22/2013    | 7/12/2013              | 7/8/2013               | Walter Scott<br>Hexavest                                    | Quarterly PAS (VCERIS) Report<br>Quarterly Administrator Report<br>Quarterly Benefit Estimate Status Report<br>Investment Policy Statement update<br>Administrator distributes evaluation package<br>Business Plan Review   |
| Aug          | Aug                    | Aug                    |   | Personnel Committee reviews the results of the evaluation forms.  |
| 9/23/2013    | 9/13/2013              | 9/9/2013               | Loomis<br>PIMCo<br>SSgA                                     | Q2 Performance Report<br>Update on Fixed Income Market<br>Annual Proxy Voting Certification Report<br>Closed Session: Annual Review of Retirement Administrator<br>SACRS Fall Conference Items  |

Alternative Meeting Schedule 3 (staff):  
4th Monday of the Month for all Board Business

| Meeting Date | Agenda Deadline (Hard) | Agenda Deadline (Soft) | Scheduled Presentations         | Investment, Operational, Actuarial Performance Updates, Board Policy, & Other Significant Items |
|--------------|------------------------|------------------------|---------------------------------|---|
| 9/26/2013    | 9/16/2013              | 9/12/2013              | Board Investment Policy Retreat | TBD   |
|              |                        |                        |                                 | TBD   |
|              |                        |                        |                                 | TBD   |
|              |                        |                        |                                 | TBD   |
| 10/28/2013   | 10/18/2013             | 10/14/2013             | Blackrock Reams Western         | Guideline Review by Manager   |
|              |                        |                        |                                 | Risk Modeling Profile Update  |
|              |                        |                        |                                 | SACRS Fall Conference Items   |
|              |                        |                        |                                 | Quarterly PAS (VCERIS) Report   |
|              |                        |                        |                                 | Quarterly Administrator Report  |
|              |                        |                        |                                 | Quarterly Benefit Estimate Status Report  |
| 11/25/2013   | 11/15/2013             | 11/11/2013             | None                            | Review Due Diligence Calendar   |
|              |                        |                        |                                 | Set Board Meeting Dates & Investment Manager Presentations                                      |
|              |                        |                        |                                 | Q3 Performance Report: Receive & File   |
| 12/23/2016   | 12/13/2016             | 12/9/2016              | RREEF                           | Q3 Performance Report: Review & Approve   |
|              |                        |                        |                                 | Approval of Fee Schedule for Hewitt EnnisKnupp  |
|              |                        |                        |                                 | Actuarial Report: Receive & File  |
|              |                        |                        |                                 | SACRS peer comparison report  |
|              |                        |                        |                                 | Appoint Chair and Vice Chair for 2013   |

| Legend                       |
|------------------------------|
| Board Meetings               |
| Personnel Committee Meetings |
| Board Retreat                |

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

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December 3, 2012

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

**SUBJECT: REQUEST TO ATTEND THE CALAPRS ADVANCED BOARD  
LEADERSHIP INSTITUTE**

Dear Board Members:

Mr. Goulet is requesting authorization to attend the CALAPRS Advanced Board Leadership Institute at the UCLA Anderson School of Business in Los Angeles, CA. The program is scheduled for January 29-31, 2013, with the estimated cost for Mr. Goulet's attendance being approximately \$3,100 for all inclusive registration (\$2,900) and other travel related expenses (approximately \$200).

The program brochure is attached for more information. This program is designed for an elite group of senior trustees who will be immersed in a powerful learning process to cover:

- Competencies of Effective Trustees
- Effective Board Leadership
- Rethinking Board Governance
- Advanced Actuarial Principles
- Practical Investment Policy Setting
- Dealing with Funding Issues

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

Sincerely,



Donald C. Kendig, CPA  
Retirement Administrator

Attachment



**JANUARY 29-31, 2013**

**LOS ANGELES, CA**



**Board Leadership Institute**

*Advanced Principles in Governance*

**FOR THE CALIFORNIA ASSOCIATION OF PUBLIC RETIREMENT SYSTEMS**



# Board Leadership Institute

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## *Advanced Principles in Governance*

A CALAPRS EDUCATION PARTNERSHIP WITH UCLA ANDERSON SCHOOL OF MANAGEMENT

### THE BOARD LEADERSHIP INSTITUTE

Public pension system trustees are being challenged over system funding, accounting practices, actuarial assumptions, benefit administration, executive leadership, and transparency in the conduct of the systems' business. Training has been provided for new trustees, but CALAPRS has recognized the need for veteran trustees to be exposed to some of the best thinking and education to enhance their service to their retirement systems, the members and retirees, and the public entities and citizens that rely on, and support, public pension systems in California.

The Board Leadership Institute offers programs that help public pension trustees ask and answer the tough questions. The Institute is about finding out what it will take to govern ever more effectively in the 21<sup>st</sup> century, how we can build organizations that truly stand the test of time, and how we can be open to strategic possibilities. This is the gift of governance that defines the **Board Leadership Institute**.

### THE ADVANCED PRINCIPLES IN GOVERNANCE PROGRAM

As a public pension trustee, you are faced as never before with vastly increased challenges, unprecedented scrutiny, and evolving issues. Moreover, areas such as actuarial assumptions, accounting requirements, and risk management are rapidly changing. To address these developments, **the Advanced Principles in Governance Program (APG)** adopts a multi-functional perspective on the issues effectively integrating ethics, compliance, enterprise risk management, and sustainability into the view.

### PARTICIPANTS | WHO IS RIGHT FOR THE PROGRAM?

This Program is designed for an elite group of senior trustees who are proven board leaders. Successful applicants will have held a position on a pension board for at least one or two terms prior to their current term.

### CURRICULUM | YOUR COURSE OF STUDY

Over the course of two days, you will be immersed in a powerful learning process—acquiring the skills you need to lead your organizations effectively, strategically, and ethically. The program's proven, multifaceted educational approach fosters the professional, intellectual, and personal development required to govern at the board level.



The 2013 APG Program will cover:

- **Competencies of Effective Trustees**
- **Effective Board Leadership**
- **Rethinking Board Governance**
- **Advanced Actuarial Principles**
- **Practical Investment Policy Setting**
- **Dealing with Funding Issues**

## THE LEARNING MODEL

Developed in an education partnership between CALAPRS and the world-renowned faculty of UCLA Anderson School of Business, the **Advanced Principles of Governance Program** (APG) provides a unique, interactive learning opportunity for experienced public pension administrators and trustees.



### Why UCLA?

UCLA Anderson School of Business is the leading provider of advanced learning opportunities that strengthen the leadership capacity of both individuals and their organizations. Unlike any other, UCLA Anderson's Executive Education learning model immerses California's veteran public pension trustees in a transformational experience that transcends the acquisition of knowledge, skills, and tools—and fosters professional, intellectual, and personal development.

### Case Method

The case method is one of the most effective tools for learning governance and leadership principles—especially to practicing trustees. Case studies offer multiple levels of learning, compelling participants to identify relevant issues and to apply practical governance lessons to their own organizations. Cases provide an opportunity to study and discuss issues and challenges faced by public pension trustees in the real world – and imbibed frameworks and theories in the context of practice.

### Interaction

Every facet of this Program—from participant selection, to amphitheater classroom seating, to learning group design, to social activities—is carefully crafted to promote dynamic interchange and shared learning among accomplished peers from our diverse membership. The intellectual stimulation of learning in the company of peers is one of the most rewarding aspects of the program experience, and most participants establish a network of friendships and business contacts that last a lifetime.

### Learning Commitment

Active involvement in all classroom sessions, case discussions, and other program activities is expected. Participants devote considerable time and intellect to the learning experience, putting in long days and evenings. Therefore, they must be free of outside responsibilities during the two days of the program.

## THE FACULTY

The APG Program is taught by the world class UCLA Anderson faculty including

**Alfred E. Osborne**, *Faculty Director*.

## PROGRAM DATES

**January 29-31, 2013**

## TUITION

Program tuition will be \$2,900 for CALAPRS members and \$3,400 for non-members and will include all lodging, meals, and materials. Tuition must be paid in full by January 18, 2013.

## ACCOMMODATIONS

Program tuition includes lodging for all participants on the nights of January 29 and 30, 2013 at the UCLA Guest House, located at 330 Charles E. Young Drive East, Los Angeles, CA 90095. All meals will be provided.

## REGISTRATION

Since space is limited, systems will be able to enroll one Trustee as Delegate and submit additional applications to be accepted if vacancies remain. All applications must be received by December 31, 2012. Tuition will be due by January 18, 2013.

# Board Leadership Institute

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## *Advanced Principles in Governance*

### AGENDA

JANUARY 29-31, 2013 | UCLA ANDERSON SCHOOL OF MANAGEMENT

The program will be held at the UCLA Anderson School of Management located at 110 Westwood Plaza, Los Angeles, CA 90024. Participant lodging will also be on-campus in the UCLA Guest House.

#### Tuesday, January 29

- 5:00 – 6:00 PM Check-in & Welcome Reception
- 6:00 – 8:00 PM Dinner Session: **“Competencies of an Effective Trustee”**  
*Al Osborne, Ph.D., Faculty Director, UCLA Anderson*

#### Wednesday, January 30

- 7:30 – 8:00 AM Continental Breakfast
- 8:00 – 8:15 AM Welcome & Program Introduction
- 8:15 AM – 12:30 PM **“Characteristics of an Effective Board”**  
*Al Osborne, Ph.D., Faculty Director, UCLA Anderson*
- 12:30 – 1:30 PM Lunch with Table Topics
- 1:30 – 5:00 PM **“What’s New in Investment Products”**  
*Richard Roll, Ph.D., Joel Fried Chair in Applied Finance, UCLA Anderson Panel*
- 5:00 – 6:00 PM Networking Reception
- 6:00 – 8:00 PM Dinner & **Case Study Discussion**  
*Rich Goss, Course Coordinator, CALAPRS*

#### Thursday, January 31

- 7:30 – 8:00 AM Continental Breakfast
- 8:00 – 10:00 AM **“Advanced Actuarial Principles”**  
*Paul Angelo, FSA, Senior VP & Actuary, The Segal Company*
- 10:30 AM – 12:30 PM **“Board Function: Performance, Goal Setting, and Succession”**  
*David Lewin, Ph.D., Neil H. Jacoby Chair in Management, UCLA Anderson*
- 12:30 – 1:30 PM Lunch with Table Topics
- 1:30 – 5:00 PM **“Tying It All Together: Questions, Takeaways, and Program Summary”**  
*Al Osborne, Faculty Director, UCLA Anderson*  
*Rich Goss, Course Coordinator, CALAPRS*

### CERTIFICATE OF COMPLETION

Participants who successfully complete the course will receive a Certificate of Completion.

# California Association of Public Retirement Systems

# CALAPRS

EDUCATION • COMMUNICATION • NETWORKING

Board Leadership Institute  
*Advanced Principles in Governance*

JANUARY 29-31, 2013

UCLA ANDERSON SCHOOL OF MANAGEMENT  
LOS ANGELES, CA

## APPLICATION FOR ENROLLMENT

This program is designed for senior trustees who are proven board leaders and have held a position on a pension board for at least one or two terms prior to their current term.

Each system may enroll one Trustee as a "Delegate" and designate one additional Trustee as "1<sup>st</sup> Alternate" with the remainder as "2<sup>nd</sup> Alternate". Delegates will be admitted first. If vacancies remain, 1<sup>st</sup> Alternates will be admitted in the order received, followed by 2<sup>nd</sup> Alternates. Applications must be received by **December 31, 2012**. Accepted applicants will be notified in early January 2013.

### Applicant Information

Trustees' Name

Retirement System

Trustee Type: ☐ Elected ☐ Appointed ☐ Ex-Officio

Date Became a Trustee

Date Current Term Expires

Mailing Address

Trustee's Phone

Trustees' Email

Emergency Contact

Administrative Contact (*to be copied on correspondence*)

If admitted, I agree to participate fully in the CALAPRS Board Leadership Institute program.

Trustee Signature (*required*)

### Administrator Approval

Applicant Designation: ☐ Delegate ☐ 1<sup>st</sup> Alternate ☐ 2<sup>nd</sup> Alternate

Administrator Name

Phone

Email

Administrator Signature (*required*)

### Tuition

Program tuition will be \$2,900 for CALAPRS members and \$3,400 for non-members and will include all lodging, meals, and materials. Tuition must be paid in full by **January 18, 2013**. Payable by check only to "CALAPRS" mailed to 575 Market Street, Suite 2125, San Francisco, CA 94105.

### Accommodations

CALAPRS will arrange and pre-pay lodging for all participants on the nights of **January 29 and 30** at the UCLA Guest House, located at 330 Charles E. Young Drive East, Los Angeles, CA 90095. All meals included.

**Return Application by December 31, 2012 to CALAPRS via email, fax or mail:**

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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December 3, 2012

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

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

Dear Board Members:

I request approval to attend Brown Armstrong's annual client governmental accounting and audit update (Save the Date summary attached). The update is scheduled for January 17-18, 2013, will provide 16 hours of continuing education toward the maintenance of my Certified Public Accountant status, and will be held in Bakersfield, CA. The estimated cost for my participation is \$450 for hotel, program registration and travel-related costs.

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

Sincerely,



Donald C. Kendig, CPA  
Retirement Administrator

Attachment



# SAVE THE DATE

Brown Armstrong's *New* annual conference for clients showcasing the most current and up to date practices and techniques for your organization.

Topics in different tracks will include:

- The newest standards for financial reporting for businesses and not for profits
- The brand new audit opinions
- Business Ethics and Regulations
- Why you need to understand your information technology controls
- The latest in taxes and the "fiscal cliff"
- What makes a strong governing board / board of directors
- What is going on in the economy and Sacramento
- A chance to ask the experts from Brown Armstrong on topics that interest you

**BROWN ARMSTRONG**  
Certified Public Accountants

Two days and two tracks of continuing professional education  
(16 hours)

January 17th and 18th, 2013 - Doubletree Hotel, Bakersfield

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

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December 3, 2012

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

## **SUBJECT: 2012 SACRS FALL CONFERENCE REPORTS**

Dear Board Members:

Our education and travel policy indicates that Board members will give a brief report no later than the second subsequent Board meeting on meetings attended on behalf of VCERA. This item provides a placeholder for oral Board reports and discussion, and I provide a brief write-up for receiving and filing on what I took away from the conference.  
November 14, 2012

SACRS first lifetime achievement award was presented to Ed O'Neill III, from San Joaquin, along with the presentation of the colors to start the day.

Vikram Mansharamani, PHD, author, of Yale University, presented the candidates for the next great bust(s). His research provided five lenses that lead to the possibility of a bubble and subsequent bust: microeconomics (price), macroeconomics (mal-investment), psychology (hubris), politics (moral hazard), and herd mentality/biology (amateur investors, herd mentality), and gave examples of each. For instance, if the price of something goes up, and people still demand more of it, and price goes up further (i.e. gold, college tuition, houses) be wary. Fun indicators of a bubble: Sotheby's share price (BID), Skyscrapers, Popular conversation.

Michael Genest, of Capitol Matrix Consulting, gave an election recap covering primarily the propositions, who the winners were (counties, unions, DOF), who the losers were (taxpayers, economy, murderers, out-of-state companies), and who got left at the altar (courts, higher education, tax reform, and infrastructure).

Becky Gratsinger, of RV Kuhns, gave the annual peer comparison. VCERA appears slightly above average in most performance accounts, and Hewitt EnnisKnupp will present a more detailed analysis in its memo to the Board on December 17, 2012.

## 2012 SACRS FALL CONFERENCE REPORTS

December 3, 2012

Page 2 of 3

I attended the Administrators Breakout in the afternoon. The first topic of interest was disability proceedings, which seem to be intense for all systems. Key ideas include hearing items in closed session or closed hearing (unless requested to be public by the applicant), excusing the parties and deliberating during a closed session, placing approvals on the consent agenda, having a disability committee hear the matters and placing recommendations on consent, and not starting the clock on an application until it is completely filed. This would likely be a good topic for the administrators and attorneys to meet on, since the method by which disabilities are handled varies greatly among systems. The next item was Actuarial audits, which are pretty straight forward with very few vendors providing the service, and a number of ways to execute the process. Custodial searches were discussed next, with the usual staff response of going weak at the knees with the thought of a transition in any system that undertakes this task. The investment consultant can help a lot with the search and some with the transition; however, it is staff that would face the brunt of the implementation headaches. Lastly, Administrators talked about CalPEPRA and debated Base Pay, the possibility of litigation no matter what is done, the fact that clean-up legislation likely will not be written any time soon, and other implementation issues.

The Administrators Breakout adjourned to a joint session with trustees and attorneys to further discuss CalPEPRA.

### November 15, 2012

After Veterans Day ceremonies, Jeff MacLean, of Wurts & Associates, gave us a public retirement version of "Murder on the Orient Express" covering all of the victims (taxpayers, corporate shareholders, beneficiaries) and suspects (consultants, investment managers, trustees).

Gene Kalwarski, of Cheiron, covered the potential dysfunction of the traditional investment and actuarial models and why a myriad of facts make it worse now than in the past. Some items include: 1) moving from accumulation stage to payout stage, 2) a 10% loss in 1979 equaling 18% of payroll now equaling 76% of payroll, and 3) actuaries not providing clearer probabilities and consequences related to the selected discount rates.

I attended the "Have Pension – Will Modify" concurrent session, which covered more CalPEPRA. Some systems are meeting with labor groups and preparing materials and guides for new members. On the legal front, the legislation cannot be ignored until an appellate court declares it unconstitutional and it is anticipated that there will be litigation from various angles. One system announced a moratorium on hiring for the pay period during the transition. Other issues similar to the implementation issues presented to the Board on November 19, 2012, were also discussed.



## 2012 SACRS FALL CONFERENCE REPORTS

December 3, 2012

Page 3 of 3

I also attended the “OCIO: Governance in Practice – Revisiting the Conventional Wisdom” concurrent session presented by Jeff Scott, of Wurts & Associates. While Outsourced CIO was in the title, the session gave good reason for why conventional wisdom needs revision. Past habits include static asset allocation in a dynamic world, chasing returns that evaporate, managing to peers as opposed to liabilities or funding objectives, and following the herd at the wrong time. Whether outsourced or insourced, Mr. Scott emphasized the Board’s role in setting policy on how staff/consultant is to pick managers and to have staff/consultant handle execution.

My last concurrent session was “The Spy Factory,” a documentary by Nova on the National Security Agency (NSA) and whether or not it is a threat to privacy or effective in the age of terrorism. The documentary reviewed the events leading up to 9/11 and made clear how difficult it is to coordinate communications between agencies, and how political or policy pressures can interfere with organizational effectiveness resulting in tragic consequences.

I look forward to hearing the reports from Board members and any discussion that ensues, and I would be pleased to respond to any questions you may have on this matter.

Sincerely,



Donald C. Kendig, CPA  
Retirement Administrator

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1190 South Victoria Avenue, Suite 200

Ventura, CA 93003-6572

(805) 339-4250 • Fax: (805) 339-4269

<http://www.ventura.org/vcera>

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December 3, 2012

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

**SUBJECT: APPOINTMENT OF CHAIR AND VICE CHAIR FOR 2013**

Dear Board Members:

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

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

Sincerely,



Donald C. Kendig, CPA  
Retirement Administrator

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

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December 3, 2012

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

## **SUBJECT: LIMITED DURATION PROGRAMMING SERVICES FOR CalPEPRA**

Dear Board Members:

### **Recommendation**

Authorize the Administrator to execute the attached contract with Anthony Chau.

### **Discussion**

January 1, 2013 is just around the corner and the programming hours needed for year end, maintenance, and now CalPEPRA exceed CMP & Associates, Inc.'s capacity. In order for VCERA to implement the legislated changes in time, staff recommends contracting with Anthony Chau for a limited period for the purpose of programming in numerous system changes to accommodate the new plans/tiers required of CalPEPRA. Mr. Chau maintained the VCERA pension administration system during the early 2000's and, along with Ms. Lawson, helped to program the system changes required to integrate with the Auditor-Controller's payroll system upgrade in 2003-04.

The hours required to augment CMP & Associates, Inc.'s efforts are estimated to be 170 and staff has secured a rate of \$135 an hour, so the contract proposed is not to exceed \$22,950, to start December 4, 2012 and to end February 28, 2013.

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

Sincerely,



Donald C. Kendig, CPA  
Retirement Administrator

Attachment

## **PROFESSIONAL SERVICES CONTRACT**

### **PROJECT: VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SOFTWARE DEVELOPMENT AND MAINTENANCE**

This is a contract between the Ventura County Employees' Retirement Association, hereinafter referred to as VCERA, and Anthony Chau, hereinafter referred to as CONTRACTOR. The parties hereto agree as follows:

#### **1. SCOPE OF WORK**

VCERA hereby retains CONTRACTOR to perform services as provided in Attachment A, "Scope of Work" and in Attachment B, "Schedule of Fees". Services provided hereunder shall be in accordance with the Ventura County Information Technology Services standardized processes and project management methodologies as amended from time to time, which is on file with the Information Technology Services Department. This contract shall take precedence over such processes and methodologies in case of conflicting provision; otherwise they shall be interpreted together.

#### **2. COMPENSATION**

Payment shall be made monthly upon presentation of three copies of an invoice to VCERA for work actually completed and accepted by VCERA's management according to Attachment B, "Schedule of Fees". Unless stated separately in Attachment B, all compensation hereunder shall include any and all out-of-pocket expenses.

#### **3. PERFORMANCE PERIOD**

This contract will be for the period December 4, 2012 through February 28, 2013. VCERA shall issue a suspension of the contract time when CONTRACTOR is delayed by VCERA.

#### **4. STATUS OF CONTRACTOR**

It is understood and agreed that CONTRACTOR is at all times an independent contractor and that no relationship of employer-employee exists between the parties hereto. CONTRACTOR will not be entitled to any benefits payable to employees of VCERA, included but not limited to overtime, retirement benefits, worker's compensation benefits, injury leave or other leave benefits. VCERA is not required to make any tax or benefit deductions from the compensation payable to CONTRACTOR under the provisions of this contract.

As an independent contractor, CONTRACTOR hereby holds VCERA harmless from any and all claims that may be made against VCERA based upon contention by any third party that an employer-employee relationship exists by reason of this contract.

It is further understood and agreed by the parties hereto that CONTRACTOR in the performance of its obligations hereby is subject to the control or direction of VCERA merely as to the result to be accomplished by the services hereunder agreed to be rendered and performed and not to the means and methods for accomplishing the results.

If, in the performance of this contract, any third persons are employed by CONTRACTOR, such persons shall be entirely and exclusively under direction, supervision and control of CONTRACTOR. All terms of employment, including hours, wages, working conditions, discipline, hiring and discharging or any other terms of employment or requirements of law, shall be determined by CONTRACTOR. VCERA shall have no right or authority over such persons or the terms of such employment, except as provided in this contract.

5. CONTRACT MONITORING

VCERA shall have the right to review the work being performed by the CONTRACTOR under this contract at any time during VCERA's usual working hours. Review, checking, approval or other action by VCERA shall not relieve CONTRACTOR of its responsibility for the accuracy and completeness of the work performed under this contract. This contract shall be administered by the VCERA's contract administrator or his authorized representative.

6. INSURANCE PROVISIONS

A. CONTRACTOR, at its sole cost and expense, will obtain and maintain in full force during the term of this contract, the following types of insurance:

1) Commercial General Liability "occurrence" coverage in the minimum amount of \$1,000,000 combined single limit (CSL) bodily injury and property damage each occurrence and \$2,000,000 aggregate, including personal injury, broad form property damage, products, completed operations, broad form blanket contractual and \$100,000 fire legal liability.

2) Worker's compensation coverage, in full compliance with California statutory requirements, for all employees of CONTRACTOR and Employer's Liability in the minimum amount of \$500,000.

B. All insurance required shall be primary coverage as respects VCERA and any insurance and self-insurance maintained by VCERA shall be in excess of CONTRACTOR'S insurance coverage and shall not contribute to it.

C. VCERA is to be notified immediately if any aggregate insurance limit is exceeded. Additional coverage must be purchased to meet requirements.

D. VCERA is to be named as Additional insured as respects work done by CONTRACTOR under the terms of this contract on all policies required, except Worker's Compensation.

E. CONTRACTOR agrees to waive all rights of subrogation against VCERA for loss arising directly or indirectly from the activities or work performed by CONTRACTOR under the terms of this agreement.

F. Policies shall not be cancelled, non-renewed or reduced in scope of coverage until after sixty (60) days written notice has been given to VCERA.

G. CONTRACTOR agrees to provide VCERA with the following insurance documents on or before the effective date of this contract:

- 1) Certificate of Insurance for all required coverages.
- 2) Additional insured endorsements.

Failure to provide these documents may be grounds for immediate termination or suspension of this contract.

It is the responsibility of CONTRACTOR to confirm that all terms and conditions of the insurance provisions are complied with by any and all subcontractors that CONTRACTOR may use for the completion of this contract.

## 7. INDEMNIFICATION AND HOLD HARMLESS

All activities and work covered by this contract will be at the risk of the CONTRACTOR alone. CONTRACTOR agrees to defend VCERA from and against all claims, lawsuits – whether against CONTRACTOR, VCERA or others – judgments, debts, demands and liability, including, without limitation, those arising from injuries or death of persons or for damages to property, arising directly or indirectly out of the obligations herein described and undertaken or out of operations conducted or subsidized in whole or in part by CONTRACTOR, save and except claims or litigation arising through the sole negligence or wrongdoing or sole willful misconduct of VCERA.

## 8. EQUAL OPPORTUNITY

CONTRACTOR will not discriminate against any employee, or against any applicant for such employment because of age, race, color, religion, physical handicap, ancestry, gender or national origin. This provision shall include, but not limited to, the following: employment, upgrading, demotion or transfer, recruitment and recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training including apprenticeship.

9. TERMINATION

Both parties retain the right to terminate this contract for any reason prior to completion by giving the other party in writing a 30-day notice. On completion or termination of contract, VCERA shall be entitled to immediate possession of, and CONTRACTOR shall furnish all deliverables for this particular project prior to any termination and VCERA shall pay any charges accumulated prior to such termination.

10. ADDENDA

VCERA may from time to time require changes in scope of the services required hereunder. Such changes, including any increase and decrease in the amount of CONTRACTOR'S compensation which are mutually agreed upon by and between VCERA and CONTRACTOR, shall be effective when incorporated in written amendments to this contract.

11. CONFLICT OF INTEREST

CONTRACTOR covenants that CONTRACTOR presently has no interest, including but not limited to, other projects and independent contracts, and shall not acquire such interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this contract. CONTRACTOR further covenants that in the performance of this contract, no person having such interest shall be employed or retained by CONTRACTOR under this contract.

12. CONFIDENTIALITY

Any reports, information, data, statistics, forms, procedures, studies and any other communication or form of knowledge given to or prepared or assembled by CONTRACTOR under this contract, which VCERA requests to be kept as confidential shall not be made available to any individual or organization by CONTRACTOR without the written approval of VCERA, except as authorized by law. CONTRACTOR shall insure that such confidential information be kept confidential by its employees and/or independent subcontractors.

13. NOTICES

All notices required under this contract shall be made in writing and addressed or delivered as follows:

TO VCERA: **Ventura County Employees' Retirement Association**  
**1190 S. Victoria Avenue, Suite 200**  
**Ventura, CA 93003-6572**  
**Phone: 805.339.4250**

TO CONTRACTOR: **Anthony Chau**  
**290 Autumnwood Street**  
**Thousand Oaks, CA 91360**  
**Phone: 949.246.2948**

Either party may, by written notice to the other, change its own mailing address.

14. MISCELLANEOUS

This contract supersedes all previous contracts, agreements, understandings and representations of any nature whatsoever, whether oral or written, and constitutes the entire understanding between the parties hereto.

CONTRACTOR is only authorized to access VCERA systems as identified in Attachment A, "Scope of Work", of this contract. Any unauthorized access to VCERA systems may constitute a breach of contract and may result in immediate termination of contract.

IN WITNESS WHEREOF, the parties hereto have executed this contract.

VCERA

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

Anthony Chau

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date



## ATTACHMENT A

### SCOPE OF WORK

**PROJECT:**           **VENTURA COUNTY EMPLOYEES' RETIREMENT  
ASSOCIATION SOFTWARE DEVELOPEMT, MAINTENANCE  
AND OTHER TECHNICAL SERVICES**

**CONTRACTOR:**   **ANTHONY CHAU**

CONTRACTOR will provide VCERA with software development services as requested by VCERA, on a time and materials basis, for the period December 4, 2012 through February 28, 2013. This SCOPE OF WORK shall only cover the services provided by Anthony Chau.

Specifically, the CONTRACTOR will work under the direction of the CMP & Associates, Inc. and oversight of the VCERA Technology Services Manager responsible for the VCERA systems, and will be responsible for analysis, design, coding and testing of software implementing customer requests.

**A). CalPEPRA Mandated Changes.** 170 hours will be allocated to the following items, but is not limited to:

1. Define two new fields, Tier and Plan, to the Contributions file.
2. Modify the Biweekly Cycle programs and subroutines to accept, recognize, manipulate and update (store, change, delete) the new values of Tier and Plan fields.
3. Modify certain Biweekly Cycle programs and subroutines to retrieve and store the two new fields into the Contributions file.
4. Modify the Interest Posting program and reports to tally all balances for the new Tiers & Plans; the print routines have to be enhanced to print these new totals and grand-totals per Tier/Plan.
5. Modify three inquiry screens to display new fields, such as Cola for Buybacks or Tier/Plan for Contributions.
6. Modify five update screens to accept, validate, and update new fields, such as Cola for Buybacks or Tier/Plan for Contributions.

The total amount billed may not exceed the maximum contract in section 1 of Attachment B.

## **ATTACHMENT B**

### **SCHEDULE OF FEES**

**PROJECT: VENTURA COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
CalPEPRA MANDATED CHANGES**

**CONTRACTOR: Anthony Chau**

CONTRACTOR shall be reimbursed on a time and materials basis according to the following:

1. The hourly contracting rate shall be fixed at \$135.00 per hour for those Maintenance and Support activities bulleted in section A of Attachment A.
2. The total contract is not to exceed \$22,950.
3. No reimbursements for out of pocket expenses.
4. CONTRACTOR shall submit monthly invoices for hours worked in the following billing format:  
Contract Services for (provide specific date)  
 $(\text{Total Hours Billed}) \times \$(\text{hourly rate}) = \$(\text{Total Amount Billed})$
5. Payment terms are net 30 days from date of invoice.
6. VCERA shall send payments to:  
Anthony Chau  
290 Autumnwood Street  
Thousand Oaks, CA 91360  
TEL: 949.246.2948
7. CONTRACTOR shall send monthly invoices to:  
VENTURA COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
1190 S. VICTORIA AVENUE, SUITE 200  
VENTURA, CA 93003-6572  
TEL: 805.339.4250

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

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December 3, 2012

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

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

Dear Board Members:

**Recommendation**

Staff recommends that you receive and file the attached County Counsel Memo and adopt the attached Pensionable Compensation resolution.


**Discussion**

As outlined in the thorough County Counsel Memorandum, there are two possible interpretations of the definition of pensionable compensation for new members of VCERA. The first and recommended is "normal monthly rate of pay or base pay" only ("base pay"), and the second is base pay plus certain skills-based and service-based pay items. Both interpretations could be subject to legal challenge, and while the base pay interpretation makes the most legal sense, it is likely to be least desired by groups representing new members.

Hearing this item now and adopting the attached resolution would provide more lead time for Auditor-Controller and VCERA staff to program necessary system changes. If the Board decides that it would like additional skills-based and service-based pay items included, please direct staff and Board counsel to return to you on December 17, 2012 with such a resolution.

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

Sincerely,



Donald C. Kendig, CPA  
Retirement Administrator

Attachments

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

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

November 27, 2012

TO: Members, Board of Retirement

FROM: Lori A. Nemiroff, Assistant County Counsel *LAN*

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

As your Board is aware, on September 12, 2012, the Governor signed into law Assembly Bill 340 ("AB 340") and Assembly Bill 197 ("AB 197"), also known as the California Public Employees' Pension Reform Act of 2013 ("PEPRA" or "the Act"). The provisions of the Act will become effective January 1, 2013. New members of any California Public Retirement System, as defined by PEPRA, will be subject to a lower benefit formula, higher minimum retirement age, cap on the amount of pensionable compensation used to calculate retirement benefits and new provisions for defining the type of compensation that is considered pensionable. The purpose of this memorandum is to analyze, make recommendations and seek guidance with regard to interpretation and implementation of the new pensionable compensation definition in PEPRA.<sup>1/</sup>

**ANALYSIS**

**A. PEPRA DEFINITION OF PENSIONABLE COMPENSATION**

Effective January 1, 2013, Government Code section 7522.34 is added to the Government Code and provides:

---

<sup>1/</sup>Calculation of retirement benefits for current, or "legacy," employees is governed by the definition of "compensation earnable" in the County Employees Retirement Law ("CERL"). Although AB 197, which was signed into law along with AB 340, amends the definition of compensation earnable for current employees, the amendments will not have any impact on compensation earnable for current members of Ventura County Employees' Retirement Association ("VCERA").

“(a) ‘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.

“(b) Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid.

“(c) ‘Pensionable compensation’ does not include the following:

“(1) Any compensation determined by the board to have been paid to increase a member’s retirement benefit under that system.

“(2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.

“(3) Any one-time or ad hoc payments made to a member.

“(4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.

“(5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.

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

“(7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.

“(8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.

“(9) Employer contributions to deferred compensation or defined contribution plans.

“(10) Any bonus paid in addition to the compensation described in subdivision (a).

“(11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a).

“(12) Any other form of compensation a public retirement board determines should not be pensionable compensation.”

## **B. NORMAL MONTHLY RATE OF PAY OR BASE PAY OF THE MEMBER, AS DEFINED UNDER PERL**

The terms “normal monthly rate of pay” and “base pay” are not defined in PEPPRA. However, because PEPPRA applies to the California Public Employees Retirement System (“CalPERS”) as well as to counties under the CERL, and uses terms from the Public Employees Retirement Law (“PERL”) that governs CalPERS, we look to the PERL for guidance on interpreting these terms.

Compensation earnable for current members under PERL consists of two components, those being “payrate” and “special compensation” of the member. (Gov. Code, § 20636.) “Payrate” 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.” (Gov. Code, § 20636, subd. (b)(1).) “Special compensation” includes “a payment received for special skills, knowledge, abilities, work assignment, workdays or hours, or other work conditions.” (Gov. Code, § 20636, subd. (c)(1).) “Special compensation” is limited to that which is received by a

member pursuant to a labor policy or agreement, to similarly situated members of a group or class of employment “that is in addition to payrate.” (Gov. Code, § 20636, subd. (c)(1).)

Under PERL, “payrate” is the “normal monthly rate of pay or base pay” pursuant to publicly available pay schedules. Regulations promulgated under PERL require that each publicly available pay schedule include the position title for every employee position, pay rate for each position and time base for each pay rate. (Cal. Code Regs., tit. 2, § 570.5.) This regulation does not permit reference to another document in lieu of disclosing the pay rate. In other words, the provisions of a separate labor-management agreement that provides for additional compensation for certain skills or duties is not considered part of the publicly available pay schedule, though such agreements may provide for items of “special compensation” that are included in “compensation earnable” for current employees. “Special compensation” is delineated specifically and exclusively in the PERL regulations. (See Cal. Code Regs., tit. 2, § 571, subds. (a) & (b).) These pay items are identified by the following categories: (1) incentive pay; (2) educational pay; (3) premium pay; (4) special assignment pay; and (5) statutory items. Many of the specific pay items under each of these categories are currently considered to be compensation earnable under the CERL as well.

Subdivision (a) of the new PEPPRA definition of pensionable compensation mirrors the PERL definition of payrate, and does not expressly include items of special compensation.

## **C. TWO POSSIBLE INTERPRETATIONS OF PENSIONABLE COMPENSATION**

### **1. Limiting Pensionable Compensation to Base Pay or Payrate**

There is a strong argument that pensionable compensation is limited to base pay or payrate, as currently defined by PERL, as we can presume the Legislature was aware of the current definition and application of the term “normal monthly rate of pay or base pay” chosen for the new definition.

If your Board interprets pensionable compensation to be limited to base pay, “pursuant to publicly available pay schedules,” meaning the County’s salary resolution, the County may amend its salary resolution to add classifications with a corresponding base pay that includes certain skills-based or service-based pay items that are paid to

“similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours.” Such a process would be a proper subject of collective bargaining.

Because the language of subdivision (a) of Government Code section 7522.34 mirrors the language in the PERL and governs both CalPERS and CERL systems, we had hoped by this point to have had the benefit of CalPERS’s interpretation. Although CalPERS has not yet announced its interpretation, on August 30, 2012, CalPERS published a Preliminary Analysis of the Conference Committee Report, shortly after the Conference Committee on Public Employee Pensions released its Conference Report and voted to send it to the Legislative Floor for an up or down vote. In that analysis, CalPERS noted that the language on pensionable compensation was limited to base pay, and did not include the “special compensation” elements that are included under current law. In its preliminary analysis, CalPERS’s comments indicate a view that pensionable compensation is limited to base pay or payrate and does not include any elements of special compensation:

*“Comments*

“This change would have a more significant impact on local agency safety members than miscellaneous members because historically more than 95 percent of local safety members have received special compensation that is creditable to their pension benefits. Using regular rates of pay to calculate the final compensation for new employees would protect the pension trust by reducing compensation volatility.” (CalPERS Preliminary Analysis of the Conference Committee Report (Aug. 30, 2012).)

While we are aware of no California public retirement board that has taken formal action interpreting pensionable compensation to be limited to base pay or payrate, we are aware that five systems plan to adopt this interpretation. Two of the five systems have indicated their preliminary interpretation on their websites.

The Sacramento County Employees’ Retirement System (“SCERS”) website states: “Given its responsibility to apply the law as written, it is unlikely that SCERS will include as retirement-eligible compensation the various allowances, differentials, or incentive payments provided to many job classifications unless/until the County or participating employer includes such payments in the definition of base pay provided



pursuant to publicly available pay schedules.” (See [http://www.scers.org/coswcms/groups/public/@wcm/@pub/@scers/@inter/documents/w ebcontent/sac\\_033085.pdf](http://www.scers.org/coswcms/groups/public/@wcm/@pub/@scers/@inter/documents/w ebcontent/sac_033085.pdf), pp. 7-8.)

According to the website for the San Diego County Employees’ Retirement System, for new members, “The law limits compensation that may be included in [final average compensation] to base pay set forth in the County’s publicly available pay schedules.” (See <http://www.sdcera.org/news.aspx>.)

Limiting pensionable compensation to base pay or payrate is easier to implement from an administrative and information technology standpoint, and it may be easier to add pay items to members’ pensionable compensation, if so required, than to remove items that have been incorrectly included. However, the consequences of doing so is that if we receive clarification that pensionable compensation includes other pay items, VCERA may have under-collected contributions and may have to take corrective action and seek additional contributions from members (and employers) on the additional pay items. There is also risk of litigation from members who believe VCERA has improperly excluded pay items from pensionable compensation, much like the original “Ventura Decision.” (*Ventura County Deputy Sheriffs’ Assn. v. Board of Retirement* (1997) 16 Cal.4th 483.)

## **2. Including in Pensionable Compensation Skills-Based and Service-Based Pay Items**

The arguments for including in “pensionable compensation” certain skills-based and service-based pay items are as follows:

a. Subdivision (c) of Government Code section 7255.34 sets forth 12 categories of compensation that are specifically excluded from pensionable compensation. Under rules of statutory construction, there is an argument that by setting forth specific exclusions from the definition of pensionable compensation, the Legislature intended to include other items not within the exclusions.

b. Comments from the State Legislative Committees’ Staff, distributed to the CERL systems by the State Association of County Retirement Systems (“SACRS”), made after enactment of the legislation, indicate an intent to have compensation for service performed and skills-based compensation included in pensionable compensation. The SACRS materials that accompanied the PEPRA survey provide:

“Comments from State Legislative Committees’ Staff:

[¶] . . . [¶]

**“New Members under PEPRA:**

“For new members of the plans 1/1/2013 and after, the PEPRA definition of ‘pensionable compensation’ applies. The intent is to have compensation for service performed (regular hours, shift differentials, K-9 hour for caring for the dog) and skills-based compensation [bilingual pay, certifications (CPA, CFA, POST, etc.)] be included in pensionable compensation provided these elements of compensation are paid to all employees in a group or class who perform the same work/shift and meet the requirements. When elements of comp are only paid to some, but not all, similarly situation [*sic*] employees, these are more subject to manipulation and “timing” by the employer/employee and should not be included in pensionable compensation. In general, payments that compensate employees for job-related expenses (housing, uniform, auto, etc.) can be paid to the employee, but should not be included in pensionable compensation.

“Committee staff agreed that it would be best for all 20 county plans to implement pensionable compensation consistently. All recognize that this will be somewhat challenging, given the wide-ranging practices across employers regarding items of compensation.

“Committee staff is willing to include more language in conforming legislation to better define what is and is not included in pensionable compensation for county plans.”<sup>2/</sup> (SACRS’ Survey on Implementation of PEPRA, Comments from State Legislative Committees’ Staff.)

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<sup>2/</sup> Note, however, that at the fall SACRS conference, we were told not to expect “clean-up” legislation on the definition of “pensionable compensation.”

c. Defining pensionable compensation to include skills-based and service-based pay items is more in line with the concept that the compensation used to calculate a member's pension should reflect his/her average regular compensation during his/her career, as many of these types of pay items are traditionally paid throughout a significant portion of a member's career.

Several CERL systems have adopted resolutions that set forth certain skills-based and service-based items that will be included in pensionable compensation. Those systems include, but may not be limited to, Los Angeles County Employees' Retirement Association, Santa Barbara Employees' Retirement System, San Mateo County Employees' Retirement Association, Mendocino County Employees' Retirement Association, Imperial County Employees' Retirement System and Tulare County Employees' Retirement Association.

If VCERA includes skills-based and service-based items in pensionable compensation and if there is clarifying legislation, or case law, that compels inclusion of such items of compensation, VCERA will have been collecting contributions on those pay items and corrective action should be minimal. The consequences of a more expansive definition of pensionable compensation, however, include risk of legal action by taxpayers or plan sponsors, and if clarifying legislation or case law compels a more narrow view, VCERA will have to refund contributions to members.

### **RECOMMENDED ACTION**

Absent legislative clarification, our best legal judgment is that "pensionable compensation" is limited to "normal monthly rate of pay or base pay" as that term is defined in PERL, meaning base salary only, as set forth in the plan sponsor's salary resolution. Our recommendation is to adopt this definition pending further clarification by the Legislature or courts, or formal action by CalPERS that indicates skills-based and service-based items are included in the definition of "pensionable compensation."

If your Board determines that the alternative interpretation is correct and that skills-based and service-based pay items must be included in "pensionable compensation," we will return to your Board on December 17, 2012, with a proposed Resolution identifying the pay item categories that we believe would be included.

LAN:se

**RESOLUTION OF THE BOARD OF RETIREMENT OF THE  
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
TO IMPLEMENT PROVISIONS OF THE CALIFORNIA  
PUBLIC EMPLOYEES' PENSION REFORM ACT  
RELATING TO EMPLOYEE COMPENSATION INCLUDED IN  
PENSIONABLE COMPENSATION**

**WHEREAS**, the Ventura County Employees' Retirement System ("VCERA") Board of Retirement ("BOARD") is required by Government Code section 7522.34 to determine "pensionable compensation" for those members who became active members for the first time on or after January 1, 2013, and who are subject to the California Public Employees' Pension Reform Act of 2013 ("PEPRA"); and

**WHEREAS**, "pensionable compensation" is used to calculate final compensation and other retirement benefits pursuant to PEPRA; and

**WHEREAS**, Government Code section 7522.34 defines *pensionable compensation* as:

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

**WHEREAS**, the Board may find it necessary from time to time to amend its determination of "pensionable compensation" based on changes made by employers, the Legislature, and the Courts; and

**WHEREAS**, this resolution is intended to comply with the requirements of the Internal Revenue Code of 1986, as amended or replaced from time to time, and the regulations issued thereunder (the "Code") as applicable.

**NOW, THEREFORE BE IT RESOLVED** that effective as of January 1, 2013, the following action is authorized:

1. For purposes of calculating the retirement allowance for those members who became active members for the first time on or after January 1, 2013, and who are subject to Government Code sections 7522.32 and 7522.34, "pensionable compensation" shall be 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.

2. For purposes of section 1, the document entitled County of Ventura, C.E.O./Human Resources Division PP 2012-19 Job Code & Salary Listing by Job Title ("Ventura County Salary Resolution"), as may be amended and updated from time to time, shall be deemed to be the "publicly available pay schedule" for members employed by the County of Ventura and by other VCERA employer members whose employees are covered by the Ventura County Salary Resolution. For VCERA employer members whose employees are not included in the Ventura County Salary Resolution, pensionable compensation shall be determined with reference to the publicly available pay schedules or publicly posted salary listing maintained by such employers.

**PENSIONABLE COMPENSATION RESOLUTION**

December 3, 2012

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On motion made by Member \_\_\_\_\_, Seconded by Member \_\_\_\_\_,  
the foregoing Resolution was passed and adopted by the Board of the Ventura County  
Employees' Retirement Association this 3rd day of December, 2012, by the following vote:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

ABSENT: \_\_\_\_\_

WHEREUPON, The Chair declares said Resolution adopted, and SO ORDERED.

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WILLIAM W. WILSON, Chairman  
Ventura County Employees'  
Retirement Association  
Board of Retirement