

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

January 26, 2015

AGENDA

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

TIME: 9:00 a.m.

ITEM:

- | | | |
|-------------|--|-----------------|
| I. | <u>CALL TO ORDER</u> | Master Page No. |
| II. | <u>APPROVAL OF AGENDA</u> | 1 – 4 |
| III. | <u>APPROVAL OF MINUTES</u> | |
| | A. Disability Meeting of January 5, 2015 | 5 – 12 |
| IV. | <u>CONSENT AGENDA</u> | |
| | A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of December 2014. | 13 |
| | B. Receive and File Report of Checks Disbursed in December 2014. | 14 – 24 |
| | C. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Investments and Cash Equivalents, and Schedule of Investment Management Fees for the Period Ending November 30, 2014. | 25 – 30 |
| | D. Receive and File Budget Summary for FY 2014-15 Month Ending December 31, 2014. | 31 |
| V. | <u>STANDING ITEM</u> | |
| | A. Receive an Oral Update on Pensionable Compensation and PEPRA. | |

VI. ACTUARIAL INFORMATION

- A. Review and Approval of Annual Actuarial Information Report as of June 30, 2014 - The Segal Company, Paul Angelo and John Monroe.

- | | |
|--|-----------|
| 1. June 30, 2014 Actuarial Valuation Report | 32 – 120 |
| 2. June 30, 2014 GAS 67 Actuarial Valuation Report | 121 – 140 |

VII. COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

- A. June 30, 2014 Comprehensive Financial Report (CAFR) - Brown Armstrong, Andrew Paulson, Partner. 141 – 244

RECOMMENDED ACTION: Approve

- | | |
|--|-----------|
| 1. Presentation of Audit Results Agenda. | 245 |
| 2. Independent Auditor's Report | 246 – 248 |
| 3. Auditor's Report to Management – Year Ending June 30, 2014. | 249 – 254 |

VIII. INVESTMENT INFORMATION

- A. NEPC – Dan LeBeau, Consultant, and Tim McCusker, Chief Investment Officer, Partner.

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|---|-----------|
| 1. Preliminary Performance Report Month Ending December 31, 2014. | 255 – 261 |
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RECOMMENDED ACTION: Receive and file.

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| 2. 2015 Outlook and Capital Market Observations | 262 – 319 |
|---|-----------|

IX. OLD BUSINESS

- A. VCERA's General Counsel Position

- | | |
|---|--|
| 1. Update on the Request for the County of Ventura's Human Resources Department to Conduct a Salary and Other Compensation Survey for VCERA's General Counsel Position. | |
| 2. Consideration of Proposed CERL Legislation, Continued from Business Meeting of December 15, 2014. | |

- B. Updated and Revised Contract for Custodial Services with State Street Bank & Trust 320
RECOMMENDED ACTION: Approve
1. Custodian Contract between Ventura County Employees' Retirement Association and State Street Bank and Trust Company, updated and revised as of January 16, 2015. 321 – 358
2. Staff Update on Contract Negotiations with State Street Bank and Trust Company, dated October 29, 2014. 359 – 360
- C. Recommendation to Approve Application for Reinstatement to Active Membership Pursuant to GC 31680.4 & 31680.5 – Cynthia Cantle
1. Previously Submitted Materials for the Board Meeting of December 15, 2014. 361 – 364
2. Cover letter dated January 26, 2015, submitted by Applicant with requested materials. 365
3. Attestation from Applicant 366
4. Physician's Statement 367
- X. NEW BUSINESS**
- A. Recommendation to Engage Ashley Dunning with Nossaman Firm to Assist VCERA Staff in Reviewing Items of Pensionable Compensation under PEPRA; **RECOMMENDED ACTION: Approve** 368
1. Press Release from Nossaman Firm 369 – 370
2. Engagement Agreement with Nossaman LLP 371 – 376
- B. Ventura County Employees' Retirement Information System (VCERIS) Pension Administration Project Update
1. Monthly Report – December 2014 377
RECOMMENDED ACTION: Receive and File

XI. CLOSED SESSION

It is the intention of the Board of Retirement to Meet in Closed Session, Pursuant to Government Code Sections 54957.1(a)(7) and 54956.9 to Discuss the Following Items:

A. CONSIDERATION OF THE PURCHASE OF A PARTICULAR, SPECIFIC FUND INVESTMENT

B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Initiation of Litigation: One case.

XII. INFORMATIONAL

- | | |
|---|-----------|
| A. SACRS Memo- Reminder for Upcoming 2015-16 Board of Directors Elections | 378 – 379 |
| B. Save the Date – 2015 Alternatives Investor Day- PIMCO, Thursday, April 30, 2015; Balboa Bay Resort, Newport Beach, CA. | 380 |
| C. Opal’s 9th Annual Investment Consultant Forum; March 10, 2015; New York City, NY. | 381 – 394 |
| D. Opal’s Annual Real Estate Investors Summit; March 30 – 31, 2015; Miami, FL | 395 – 405 |

XIII. PUBLIC COMMENT

XIV. STAFF COMMENT

XV. BOARD MEMBER COMMENT

XVI. ADJOURNMENT

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

January 5, 2015

MINUTES

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

DIRECTORS Peter C. Foy, Public Member
ABSENT: Mike Sedell, Public Member

STAFF Tim Thonis, Interim Retirement Administrator
PRESENT: Lori Nemiroff, Assistant County Counsel
Stephanie Caiazza, Program Assistant
Donna Edwards, Retirement Benefits Specialist

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

TIME: 9:00 a.m.

ITEM:

I. CALL TO ORDER

Chair Towner called the Disability Meeting of January 5, 2015, to order at 9:00 a.m.

Mark Lunn, County Clerk and Recorder, administered the Oath of Office to Craig Winter, Will Hoag, Art Goulet, Chris Johnston, and Tracy Towner.

II. APPROVAL OF AGENDA

MOTION: Approve the Agenda.

Moved by Wilson, seconded by Johnston.

Vote: Motion carried

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

No: -

Absent: Foy, Sedell

III. APPROVAL OF MINUTES

A. Business Meeting of December 15, 2014.

MOTION: Approve.

Moved by Johnston, seconded by Goulet.

Vote: Motion carried

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

No: -

Absent: Foy, Sedell

IV. RECEIVE AND FILE PENDING DISABILITY APPLICATION STATUS REPORT

Staff informed the Board that an outdated version of the Disability Application Status Report was submitted to the Board in error.

MOTION: Postpone this item until the Disability Meeting of February 2, 2015.

Moved by Goulet, seconded by Wilson.

Vote: Motion carried

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

No: -

Absent: Foy, Sedell

V. APPLICATIONS FOR DISABILITY RETIREMENT

A. Application for Non-Service Connected Disability Retirement, Miller, Michael; Case No. 14-012.

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

2. Hearing Notice Served on December 26, 2014.

Paul Hilbun was present on behalf of the County of Ventura Risk Management. The applicant, Michael Miller, was also present.

Both parties declined to make a statement.

The following motion was made:

MOTION: Grant the applicant, Michael Miller, a non-service connected disability retirement.

Moved by Goulet, seconded by Wilson.

Vote: Motion carried

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

No: -

Absent: Foy, Sedell

The parties agreed to waive preparations of Findings of Fact and Conclusions of Law.

B. Application for Non-Service Connected Disability Retirement, Urango, Kimberly; Case No. 13-031.

1. Summary of Evidence, Findings of Fact, Conclusions of Law and Recommendation, Submitted by Hearing Officer Paul E. Crost, Dated December 16, 2014.

2. Hearing Notice Served on December 24, 2014.

Paul Hilbun and Derek Straatsma, Attorney at Law, were present on behalf of County of Ventura Risk Management. The applicant, Kimberly Urango, was also present.

Both parties declined to make a statement.

The following motion was made:

MOTION: Adopt the Hearing Officer's Recommendation and grant the applicant, Kimberly Urango, a non-service connected disability retirement.

Moved by Wilson, seconded by McCormick.

Vote: Motion carried

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

No: -

Absent: Foy, Sedell

VI. **OLD BUSINESS**

- A. Recommendation from Trustee Johnston that the Chairman be Authorized to Request the County of Ventura's Human Resources Department Conduct a Salary and Other Compensation Survey for VCERA's General Counsel Position.

RECOMMENDED ACTION: Approve

1. Letter from Trustee Johnston
2. Draft Letter to County of Ventura

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

MOTION: Approve.

Moved by Goulet, seconded by McCormick.

Vote: Motion carried

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

No: -

- B. Recommendation to Approve Legal Agreement; Foley & Lardner LLP.

RECOMMENDED ACTION: Approve

1. Legal Agreement: VCERA and Foley & Lardner LLP

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

MOTION: Approve legal agreement with Foley & Lardner LLP to review investment fund documents for VCERA's previously approved \$50 million investment in Pantheon's Global Secondary Fund V.

Moved by Wilson, seconded by Henderson.

Vote: Motion carried

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

No: -

Absent: Foy, Sedell

- C. Recommendation to Engage Ashley Dunning from Manatt, Phelps &

Phillips LLP to Assist VCERA Staff in Reviewing Items of Pensionable Compensation under PEPRA; Consideration of Scope of Work and Timeline.

RECOMMENDED ACTION: Approve

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

MOTION: Direct VCERA staff to do the initial work in determining items of “pensionable compensation” under PEPRA (Public Employees’ Pension Reform Act), and approve engaging Ashley Dunning of Manatt Phelps & Phillips, LLP, to assist VCERA staff if necessary.

Moved by Johnston, seconded by McCormick.

Vote: Motion carried

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

No: -

Absent: Foy, Sedell

D. Recommendation to Approve Application for Reinstatement to Active Membership Pursuant to GC 31680.4 & 31680.5 – Cynthia Cantle

1. Letter from Staff
2. Letter from Cynthia Cantle
3. Offer of Employment
4. Medical Clearance
5. Additional Documentation, to be distributed prior to the meeting.

Staff informed the Board that the applicant’s additional documentation was not yet available.

MOTION: Continue this item at the business meeting of January 26, 2015.

Moved by Goulet, seconded by McCormick.

Vote: Motion carried

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

No: -

Absent: Foy, Sedell

VII. NEW BUSINESS

- A. Recommendation to Approve Chair Towner’s Attendance at the PIMCO Institute, January 14-15, 2015.**

RECOMMENDED ACTION: Approve

MOTION: Approve.

Moved by Johnston, seconded by McCormick.

Vote: Motion carried

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

No: -

Absent: Foy, Sedell

- B. Request for Trustee Goulet to Attend the CALAPRS Trustees' Roundtable, February 6, 2015.

RECOMMENDED ACTION: Approve

MOTION: Approve.

Moved by Wilson, seconded by Johnston.

Vote: Motion carried

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

No: -

Absent: Foy, Sedell

- C. Recommendation to Approve Ms. Nemiroff's Attendance at the NAPPA Winter Seminar, February 11 – 13, 2015.

RECOMMENDED ACTION: Approve

MOTION: Approve.

Moved by McCormick, seconded by Wilson.

Vote: Motion carried

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

No: -

Absent: Foy, Sedell

Chair Towner informed the Board that Mr. Sedell would no longer be available to attend the upcoming NEPC Public Fund Workshop in Tempe, AZ, from January 12 – 13, 2015. Ms. McCormick volunteered to attend the workshop in place of Mr. Sedell. Mr. Wilson informed the Board that he, too, would no longer be available to attend the workshop as planned.

- D. Recommendation to Approve Change Orders – VCERIS Project

RECOMMENDED ACTION: Approve

1. Vitech Change Order
2. Linea Change Order
3. MBS Change Order

Brian Colker of Linea Solutions and Scott Larsen of Vitech were present to recommend that the Board approve three change orders as a result of an eight month project extension needed for the County to complete the active payroll interface to the V3 system.

Mr. Colker provided a background and update on the VCERIS project, including alternatives to the proposed delay and the details of the requirements of the three change orders. He stated that no further change orders were anticipated to be necessary in order to complete the project by the newly proposed date.

Several Board members expressed concern over the cost of the change orders, though they were in agreement that the proposed delay would be better than the alternatives that were presented.

Mr. Johnston stated that, if the Board approved these change orders and any new change orders were submitted that are unrelated to this proposed delay, he would request a full audit of the project.

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

MOTION: Approve.

Moved by Johnston, seconded by McCormick

Vote: Motion carried

Yes: Johnston, Winter, Henderson, McCormick, Wilson

No: Goulet

Absent: Foy, Sedell

- E. Request from Yves Chery, SACRS President, for Input on SACRS Education and Communication Project.

The Board discussed the role of SACRS in education and communication, and Chair Towner agreed to provide their feedback to SACRS President, Yves Chery.

MOTION: Receive and file.

Moved by Henderson, seconded by Johnston.

Vote: Motion carried

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

No: -

Absent: Foy, Sedell

VIII. PUBLIC COMMENT

None.

IX. STAFF COMMENT

None.

X. BOARD MEMBER COMMENT

The Board welcomed Craig Winter, the newly elected General Employee Member of the Board of Retirement.

XI. ADJOURNMENT

The meeting was adjourned at 10:05 a.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,

TRACY TOWNER, Chairman

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

DECEMBER 2014

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	TOTAL SERVICE	OTHER SERVICE	DEPARTMENT	EFFECTIVE DATE
REGULAR RETIREMENTS:							
Gary M.	Bakken	G	10/13/1991	22.80		Public Works	11/21/14
Barbara E.	Cobarrubias	S	7/8/1990	24.10		Probation Agency	10/17/14
Christina	Conaway	G	4/3/1978	36.30		Health Care Agency	11/22/14
Jackie A.	Dalton	G	7/26/1998	16.20		Child Support Services	11/08/14
Suzanne M.	Devine	G	9/8/1985	23.70		Air Pollution Control District (Deferred)	11/27/14
Harold E.	Hanley	S	6/14/1987	27.50	B=0.0888	Sheriff's Department	11/04/14
Gloria J.	Hennety	G	6/25/2001	13.40		Resource Management Agency	12/04/14
David M.	Horne	S	9/13/1981	33.20	C= 1.55	Sheriff's Department	11/22/14
Camille P.	Jimenez	G	9/11/1995	18.20		Human Services Agency	11/22/14
Robert L.	Kirsch	G	12/3/2001	13.20	B= 0.26510	Health Care Agency	11/22/14
Ann P.	McAteer	G	9/16/1990	22.90		Auditor-Controller	11/22/14
Urissa	Moten	G	3/19/1989	21.10		Child Support Services (Deferred)	07/06/13
William	Murray	G	5/22/1994	20.50		Human Services Agency	11/22/14
Nellie A.	Neri	G	5/16/1999	15.40		Resource Management Agency	11/01/14
Lawrence	Noble	G	7/20/2003	11.20		Health Care Agency	11/07/14
Esther E.	Olid	G	4/1/2002	12.00		Human Services Agency	11/01/14
Alma L.	Patterson	G	4/6/1997	17.50	B= 0.11030	Health Care Agency	11/15/14
James H.	Popp	S	7/26/1981	18.90		Sheriff's Department	11/22/14
Maire S.	Reese	G	5/13/1990	21.60		Human Services Agency	11/08/14
William R.	Reynolds	S	9/4/1990	24.20		Fire Protection	11/01/14
Cynthia S.	Stevens	G	12/8/1991	20.40	A= 0.6845 B= 3.4516	Health Care Agency	11/03/14
Valerie C.	Tucker	G	11/6/1994	19.70	B= 0.11510	Child Support Services	11/08/14
Rita M.	Vrtis	G	08/20/2003	15.20	D= 4.0164	Resource Management Agency	11/08/14

DEFERRED RETIREMENTS:

Jeremy T.	Adams	S	01/20/2002	12.86		Sheriff's Department	11/26/2014
Jennifer N.	Arroyo-Samels	G	02/14/2006	7.43		Superior Court	12/16/2014
Nancy L.	Baldwin	G	11/02/2008	6.14		Sheriff's Department	12/18/2014
Melindarae T.	Castro	G	05/09/2004	10.59		Treasurer - Tax Collector	12/19/2014
Michael J.	Devincenzo Jr.	G	04/15/2012	2.59 *		Information Services Department	11/21/2014
Christina	Harper	G	05/11/2008	5.78		Human Services Agency	12/10/2014
Rodolfo	Martel	G	10/18/1998	15.38		Agricultural Department	12/19/2014
Blanche	McWane	G	01/16/2005	9.11		Health Care Agency	12/30/2014
Daniel B.	Ross	S	10/05/1986	1.80 *	A=1.79930	Sheriff's Department	07/22/1988
Jamie N.	Spalding	G	09/23/2007	7.08		Human Services Agency	12/05/2014
Christopher L.	Sweet	S	05/25/2001	17.28	B=0.16010 D=3.74220	Harbor Department	12/01/2014
Krieger	Scott	G	08/21/2011	2.92 *		Fire Protection District	08/07/2014
Jack R.	Sweet, Jr.	G	09/09/2007	7.29		Health Care Agency	12/19/2014
Arsenio G.	Valenzuela	S	09/25/2011	2.64 *		Sheriff's Department	05/15/2014
John C.	West	G	09/27/1999	15.12	C=6.71890	District Attorney	11/10/2014
Stephanie L.	Wilson	G	09/24/2006	7.58		District Attorney	11/17/2014
Richard P.	Zavadil	G	03/04/2012	1.46 *		Health Care Agency	09/22/2013

SURVIVORS' CONTINUANCES:

Maura A. Kelley
Terry L. Kessler
Eura L. Wright
Coralie M. Zermeno

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

Date: Tuesday, January 20, 2015
 Time: 06:39PM
 User: 101602

Ventura County Retirement Assn
Check Register - Standard
 Period: 06-15 As of: 1/20/2015

Page: 1 of 11
 Report: 03630.rpt
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	To Post	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
Company: VCERA											
Acct / Sub:	1002		00								
024427	VC	12/9/2014	F1274B1 THE TRUST OF MARGOT A. MAR	06-15	06-15	019295	VO	DEATH BENEFIT	11/13/2014	0.00	-4,210.06
Check Total											-4,210.06
024428	-	024509	Missing								
024510	CK	12/3/2014	100532 ANGELINA D. MONTOYA	06-15		019376	VO	REFUND T2 COL	12/3/2014	0.00	13,809.24
024511	CK	12/3/2014	104016 JULIE JOHNSON OYAN	06-15		019377	VO	REFUND CONTRIB	12/3/2014	0.00	10,261.65
024512	CK	12/3/2014	122031 OMAR W. CASTILLO	06-15		019378	VO	REFUND CONTRIB	12/3/2014	0.00	2,955.02
024513	CK	12/3/2014	122953 JULIE ANN DELZER	06-15		019379	VO	REFUND CONTRIB	12/3/2014	0.00	1,702.55
024514	CK	12/3/2014	123468 CLAUDIO P. MOGROVEJO	06-15		019380	VO	REFUND CONTRIB	12/3/2014	0.00	3,264.52
024515	CK	12/3/2014	123630 DALE HAMPTON LABOHN	06-15		019381	VO	REFUND CONTRIB	12/3/2014	0.00	1,310.40
024516	CK	12/3/2014	118710R FIDELITY MGMNT. TR. CO.	06-15		019382	VO	ROLLOVER	12/3/2014	0.00	6,353.19
024517	CK	12/3/2014	120920R T ROWE PRICE TRUST CO.	06-15		019383	VO	ROLLOVER	12/3/2014	0.00	20,459.48
024518	CK	12/3/2014	F0566B2 JEFF DEFLORES	06-15		019384	VO	DEATH BENEFIT	12/3/2014	0.00	2,280.83
024519	CK	12/3/2014	F1975B1 CHARLES S. TROM	06-15		019385	VO	DEATH BENEFIT	12/3/2014	0.00	2,000.00
024520	CK	12/3/2014	F1975B2 JOHN TROM	06-15		019386	VO	DEATH BENEFIT	12/3/2014	0.00	2,000.00

Date: Tuesday, January 20, 2015
 Time: 06:39PM
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Ventura County Retirement Assn
Check Register - Standard
 Period: 06-15 As of: 1/20/2015

Page: 2 of 11
 Report: 03630.rpt
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
024521	CK	12/3/2014	F2731B1 ANGELA D. SISNEROZ	06-15	019387	VO	DEATH BENEFIT	12/3/2014	0.00	782.34
024522	CK	12/3/2014	F2731B2 SARIT M. WHITMORE	06-15	019388	VO	DEATH BENEFIT	12/3/2014	0.00	782.34
024523	CK	12/3/2014	F2731B3 YOLANDA R. FAGGIN	06-15	019389	VO	DEATH BENEFIT	12/3/2014	0.00	782.34
024524	CK	12/3/2014	F2731B4 SONJALEE WHITMORE	06-15	019390	VO	DEATH BENEFIT	12/3/2014	0.00	782.34
024525	CK	12/3/2014	F2731B5 KRISSTOFFER D. WHITMORE DI	06-15	019391	VO	DEATH BENEFIT	12/3/2014	0.00	782.33
024526	CK	12/3/2014	F6213B1 BERNARD REVOCABLE TRUST, I	06-15	019392	VO	DEATH BENEFIT	12/3/2014	0.00	1,004.77
024527	CK	12/3/2014	F7690S GENE R. SIGNOR	06-15	019393	VO	DEATH BENEFIT	12/3/2014	0.00	2,032.22
024528	CK	12/3/2014	102661 LORI NEMIROFF	06-15	019394	VO	TRAVEL REIMB	12/3/2014	0.00	570.84
024529	CK	12/3/2014	990004 WILL HOAG	06-15	019395	VO	TRAVEL REIMB	12/3/2014	0.00	18.00
024530	CK	12/3/2014	BLACKROCK BLACKROCK INSTL TRUST CO, N	06-15	019396	VO	INVESTMENT FEES	12/3/2014	0.00	177,852.44
024531	CK	12/3/2014	BOFA BUSINESS CARD	06-15	019397	VO	ADMIN EX/IT/PAS	12/3/2014	0.00	4,559.15
024532	CK	12/3/2014	CORPORATE STAPLES ADVANTAGE	06-15	019398	VO	ADMIN EXP	12/3/2014	0.00	519.58
024533	CK	12/3/2014	LINEA LINEA SOLUTIONS	06-15	019399	VO	IT/PAS	12/3/2014	0.00	59,825.25
024534	CK	12/3/2014	MANATT MANATT, PHELPS, PHILLIPS	06-15	019400	VO	LEGAL FEES	12/3/2014	0.00	13,719.89

Date: Tuesday, January 20, 2015
Time: 06:39PM
User: 101602

Ventura County Retirement Assn
Check Register - Standard
Period: 06-15 As of: 1/20/2015

Page: 3 of 11
Report: 03630.rpt
Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
024535	CK	12/3/2014	SPRUCE SPRUCEGROVE INVESTMENT M	06-15	019401	VO	INVESTMENT FEES	12/3/2014	0.00	57,544.49
024536	CK	12/3/2014	VOLT VOLT	06-15	019402	VO	ADMIN EXP/PAS	12/3/2014	0.00	2,251.70
024537	CK	12/3/2014	VSG VSG HOSTING, INC	06-15	019403	VO	PAS	12/3/2014	0.00	19,500.00
024538	CK	12/9/2014	F1274B1 THE TRUST OF MARGOT A. MAR	06-15	019295	VO	DEATH BENEFIT	11/13/2014	0.00	4,210.06
024539	ZC	12/10/2014	F1274B1 THE TRUST OF MARGOT A. MAR	06-15	06-15 019404	VO	DEATH BENEFIT	12/9/2014	0.00	4,210.06
024539	ZC	12/10/2014	F1274B1 THE TRUST OF MARGOT A. MAR	06-15	06-15 019405	AD	CANCEL	12/10/2014	0.00	-4,210.06
024540	CK	12/10/2014	106788 ROBERT L. KIRSCH	06-15	019406	VO	REFUND T2 COL	12/10/2014	Check Total 0.00	15,993.94
024541	CK	12/10/2014	107038 ESTHER E. OLID	06-15	019407	VO	REFUND T2 COL	12/10/2014	0.00	12,907.78
024542	CK	12/10/2014	117000 ROBERT MORUA	06-15	019408	VO	REFUND CONTRIB	12/10/2014	0.00	5,638.44
024543	CK	12/10/2014	122215 MICHELLE R. FLORES	06-15	019409	VO	REFUND CONTRIB	12/10/2014	0.00	541.66
024544	CK	12/10/2014	F2536B1 KATHY KNAUSS	06-15	019410	VO	DEATH BENEFIT	12/10/2014	0.00	1,195.55
024545	CK	12/10/2014	F2536B3 LINDA SUE DAVIS	06-15	019411	VO	DEATH BENEFIT	12/10/2014	0.00	1,105.87
024546	CK	12/10/2014	F3719B1 PAMALA N. LITADA	06-15	019412	VO	DEATH BENEFIT	12/10/2014	0.00	993.41
024547	CK	12/10/2014	F3719B2 GUILLERMO LITADA JR.	06-15	019413	VO	DEATH BENEFIT	12/10/2014	0.00	993.41

Date: Tuesday, January 20, 2015
 Time: 06:39PM
 User: 101602

Ventura County Retirement Assn
Check Register - Standard
 Period: 06-15 As of: 1/20/2015

Page: 4 of 11
 Report: 03630.rpt
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
024548	CK	12/10/2014	F3719B3 BENEDICIO D. LITADA	06-15	019414	VO	DEATH BENEFIT	12/10/2014	0.00	993.42
024549	CK	12/10/2014	F3719B4 ANTONIO LITADA	06-15	019415	VO	DEATH BENEFIT	12/10/2014	0.00	993.41
024550	CK	12/10/2014	F4288S TERRY LEE KESSLER	06-15	019416	VO	DEATH BENEFIT	12/10/2014	0.00	2,854.81
024551	CK	12/10/2014	F4448B1 THE ESTATE OF MARY A. SANCHEZ	06-15	019417	VO	DEATH BENEFIT	12/10/2014	0.00	4,467.98
024552	CK	12/10/2014	ADP ADP LLC	06-15	019418	VO	ADMIN EXP	12/10/2014	0.00	2,570.88
024553	CK	12/10/2014	AYALA IRENE P. AYALA	06-15	019419	VO	ADMIN EXP	12/10/2014	0.00	875.00
024554	CK	12/10/2014	BARNEY ABU COURT REPORTING INC	06-15	019420	VO	ADMIN EXP	12/10/2014	0.00	315.00
024555	CK	12/10/2014	CDW GOVERN CDW GOVERNMENT	06-15	019421	VO	IT	12/10/2014	0.00	7,735.00
024556	CK	12/10/2014	CMP CMP & ASSOCIATES, INC	06-15	019422	VO	IT/PAS	12/10/2014	0.00	15,127.50
024557	CK	12/10/2014	CORPORATE STAPLES ADVANTAGE	06-15	019423	VO	ADMIN EXP	12/10/2014	0.00	24.67
024558	CK	12/10/2014	COUNTY COUNTY COUNSEL	06-15	019424	VO	LEGAL FEES	12/10/2014	0.00	35,096.25
024559	CK	12/10/2014	CPS COOPERATIVE PERSONNEL SEF	06-15	019425	VO	ADMIN EXP	12/10/2014	0.00	2,986.92
024560	CK	12/10/2014	HARRIS HARRIS WATER CONDITIONING	06-15	019426	VO	ADMIN EXP	12/10/2014	0.00	99.50

Date: Tuesday, January 20, 2015
 Time: 06:39PM
 User: 101602

Ventura County Retirement Assn
Check Register - Standard
 Period: 06-15 As of: 1/20/2015

Page: 5 of 11
 Report: 03630.rpt
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
024561	CK	12/10/2014	SEGAL SEGAL CONSULTING	06-15	019427	VO	ACTUARY FEES	12/10/2014	0.00	20,392.00
024562	CK	12/10/2014	VITECH VITECH SYSTEMS GROUP INC	06-15	019428	VO	PAS	12/10/2014	0.00	2,500.00
024563	CK	12/10/2014	VOLT VOLT	06-15	019429	VO	ADMIN EXP/PAS	12/10/2014	0.00	2,277.92
024564	CK	12/10/2014	WOLTERS WOLTERS KLUWER LAW & BUSI	06-15	019430	VO	ADMIN EXP	12/10/2014	0.00	267.24
024565	CK	12/11/2014	F3270A SANDRA K. SMART	06-15	019431	VO	PENSION PAYMENT	12/11/2014	0.00	3,314.74
024566	CK	12/11/2014	F5059 ROS AMELIA GLOVER	06-15	019432	VO	PENSION PAYMENT	12/11/2014	0.00	708.07
024567	CK	12/17/2014	103366 VALERIE C. TUCKER	06-15	019433	VO	REFUND T2 COL	12/17/2014	0.00	11,334.78
024568	CK	12/17/2014	117377 DENISE M. CARMAN	06-15	019434	VO	REFUND CONTRIB	12/17/2014	0.00	34,210.97
024569	CK	12/17/2014	118375 SUZANNE M. FERNANDEZ	06-15	019435	VO	REFUND CONTRIB	12/17/2014	0.00	24,110.96
024570	CK	12/17/2014	118725 RUBEN A. LIZARRAGA	06-15	019436	VO	REFUND CONTRIB	12/17/2014	0.00	3,361.37
024571	CK	12/17/2014	119196R E TRADE SECURITIES LLC	06-15	019437	VO	ROLLOVER	12/17/2014	0.00	6,221.71
024572	CK	12/17/2014	120134 DANIEL P. LOPEZ	06-15	019438	VO	REFUND CONTRIB	12/17/2014	0.00	13,374.02
024573	CK	12/17/2014	124137 YOLANDA JAMIE RODRIGUEZ	06-15	019439	VO	REFUND CONTRIB	12/17/2014	0.00	766.30
024574	CK	12/17/2014	F2536B2 SANDRA HOOD	06-15	019440	VO	DEATH BENEFIT	12/17/2014	0.00	1,195.54

Date: Tuesday, January 20, 2015
Time: 06:39PM
User: 101602

Ventura County Retirement Assn
Check Register - Standard
Period: 06-15 As of: 1/20/2015

Page: 6 of 11
Report: 03630.rpt
Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
024575	CK	12/17/2014	F2536B4 ALAN STETLER	06-15	019441	VO	DEATH BENEFIT	12/17/2014	0.00	1,195.54
024576	CK	12/17/2014	F2548B1 ROBERT E. YOUNG	06-15	019442	VO	DEATH BENEFIT	12/17/2014	0.00	2,027.35
024577	CK	12/17/2014	F2548B2 NATALIE P. BOON	06-15	019443	VO	DEATH BENEFIT	12/17/2014	0.00	2,027.34
024578	CK	12/17/2014	F2548B3 KATHLEEN F. THOMAS	06-15	019444	VO	DEATH BENEFIT	12/17/2014	0.00	1,875.29
024579	CK	12/17/2014	F4227 DEVEN MAY	06-15	019445	VO	PENSION PAYMENT	12/17/2014	0.00	2,266.60
024580	CK	12/17/2014	104857B1 MAIRA N. MAGANA	06-15	019461	VO	DEATH BENEFIT	12/17/2014	0.00	29,833.33
024581	CK	12/17/2014	990002 ARTHUR E. GOULET	06-15	019447	VO	TRAVEL REIMB	12/17/2014	0.00	38.08
024582	CK	12/17/2014	ACCESS ACCESS INFORMATION MANAGE	06-15	019448	VO	ADMIN EXP	12/17/2014	0.00	330.49
024583	CK	12/17/2014	ADP ADP LLC	06-15	019449	VO	ADMIN EXP	12/17/2014	0.00	8,874.94
024584	CK	12/17/2014	AYALA IRENE P. AYALA	06-15	019450	VO	ADMIN EXP	12/17/2014	0.00	875.00
024585	CK	12/17/2014	CINTAS CINTAS CORP	06-15	019451	VO	ADMIN EXP	12/17/2014	0.00	130.40
024586	CK	12/17/2014	BROWN BROWN ARMSTRONG	06-15	019452	VO	ADMIN EXP	12/17/2014	0.00	235.00
024587	CK	12/17/2014	CORPORATE STAPLES ADVANTAGE	06-15	019453	VO	ADMIN EXP	12/17/2014	0.00	117.11

Date: Tuesday, January 20, 2015
 Time: 06:39PM
 User: 101602

Ventura County Retirement Assn
Check Register - Standard
 Period: 06-15 As of: 1/20/2015

Page: 7 of 11
 Report: 03630.rpt
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
024588	CK	12/17/2014	EXPRESS EXPRESS BUSINESS MACHINES	06-15	019454	VO	ADMIN EXP	12/17/2014	0.00	150.00
024589	CK	12/17/2014	MEGAPATH MEGAPATH	06-15	019455	VO	IT/PAS	12/17/2014	0.00	638.46
024590	CK	12/17/2014	STATE STATE STREET BANK AND TRUS	06-15	019456	VO	INVESTMENT FEES	12/17/2014	0.00	8,046.27
024591	CK	12/17/2014	TWC TIME WARNER CABLE	06-15	019457	VO	IT	12/17/2014	0.00	481.97
024592	CK	12/17/2014	VITECH VITECH SYSTEMS GROUP INC	06-15	019458	VO	PAS	12/17/2014	0.00	7,500.00
024593	CK	12/17/2014	VOLT VOLT	06-15	019459	VO	ADMIN EXP/ PAS	12/17/2014	0.00	1,442.00
024594	CK	12/17/2014	VSG VSG HOSTING, INC	06-15	019460	VO	PAS	12/17/2014	0.00	19,500.00
024595	CK	12/23/2014	102368 ANN P. MCATEER	06-15	019462	VO	REFUND T2 COL	12/23/2014	0.00	15,904.76
024596	CK	12/23/2014	103210 WILLIAM MURRAY	06-15	019463	VO	REFUND T2 COL	12/23/2014	0.00	4,611.02
024597	CK	12/23/2014	103618 CAMILLE P. JIMENEZ	06-15	019464	VO	REFUND T2 COL	12/23/2014	0.00	11,431.80
024598	CK	12/23/2014	104857B2 ARMANDO MAGANA	06-15	019465	VO	DEATH BENEFIT	12/23/2014	0.00	29,833.32
024599	CK	12/23/2014	116806S ROSIE ORTEGA	06-15	019466	VO	DEATH BENEFIT	12/23/2014	0.00	40,276.03
024600	CK	12/23/2014	117824 STEPHANIE L. WILSON	06-15	019467	VO	REFUND CONTRIB	12/23/2014	0.00	22,860.17
024601	CK	12/23/2014	119347 TAWNYA M. HUGHES	06-15	019468	VO	REFUND CONTRIB	12/23/2014	0.00	23,231.69

Date: Tuesday, January 20, 2015
 Time: 06:39PM
 User: 101602

Ventura County Retirement Assn
Check Register - Standard
 Period: 06-15 As of: 1/20/2015

Page: 8 of 11
 Report: 03630.rpt
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
024602	CK	12/23/2014	119901 STEVEN ASENAS	06-15	019469	VO	REFUND CONTRIB	12/23/2014	0.00	21,216.38
024603	CK	12/23/2014	120966 CRISTIAN HERNANDEZ	06-15	019470	VO	REFUND CONTRIB	12/23/2014	0.00	1,404.74
024604	CK	12/23/2014	123450 GERARDO B. ALVAREZ	06-15	019471	VO	REFUND CONTRIB	12/23/2014	0.00	3,065.60
024605	CK	12/23/2014	F2244S EURA L. WRIGHT	06-15	019472	VO	DEATH BENEFIT	12/23/2014	0.00	3,636.94
024606	CK	12/23/2014	F6902B1 SHARON M. SULLIVAN	06-15	019473	VO	DEATH BENEFIT	12/23/2014	0.00	3,923.45
024607	CK	12/23/2014	F6948B1 COLLEEN E. BUSSE	06-15	019474	VO	DEATH BENEFIT	12/23/2014	0.00	79.01
024608	CK	12/23/2014	WEBB LINDA LINDA WEBB	06-15	019475	VO	TRAVEL REIMB	12/23/2014	0.00	461.78
024609	CK	12/23/2014	ADP ADP LLC	06-15	019476	VO	ADMIN EXP	12/23/2014	0.00	120.00
024610	CK	12/23/2014	AT&T AT & T MOBILITY	06-15	019477	VO	IT	12/23/2014	0.00	289.05
024611	CK	12/23/2014	CORPORATE STAPLES ADVANTAGE	06-15	019478	VO	ADMIN EXP	12/23/2014	0.00	1,388.24
024612	CK	12/23/2014	COUNTY COUNTY COUNSEL	06-15	019479	VO	LEGAL FEES	12/23/2014	0.00	20,293.75
024613	CK	12/23/2014	LINEA LINEA SOLUTIONS	06-15	019480	VO	IT/PAS	12/23/2014	0.00	39,077.01
024614	CK	12/23/2014	MF M.F. DAILY CORPORATION	06-15	019481	VO	ADMIN EXP	12/23/2014	0.00	15,200.57

Date: Tuesday, January 20, 2015
Time: 06:39PM
User: 101602

Ventura County Retirement Assn
Check Register - Standard
Period: 06-15 As of: 1/20/2015

Page: 9 of 11
Report: 03630.rpt
Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
024615	CK	12/23/2014	VOLT VOLT	06-15	019482	VO	ADMIN EXP/PAS	12/23/2014	0.00	933.12
024616	CK	12/23/2014	MBS MANAGED BUSINESS SOLUTION	06-15	019483	VO	PAS	12/23/2014	0.00	4,186.25
024617	CK	12/30/2014	BOFA BUSINESS CARD	06-15	019484	VO	ADMIN EXP	12/30/2014	0.00	4,098.04
024618	CK	12/30/2014	BARNEY ABU COURT REPORTING INC	06-15	019485	VO	ADMIN EXP	12/30/2014	0.00	315.00
024619	CK	12/30/2014	CORPORATE STAPLES ADVANTAGE	06-15	019486	VO	ADMIN EXP	12/30/2014	0.00	88.42
024620	CK	12/30/2014	CPS COOPERATIVE PERSONNEL SEF	06-15	019487	VO	ADMIN EXP	12/30/2014	0.00	5,000.00
024621	CK	12/30/2014	CROST PAUL E CROST	06-15	019488	VO	ADMIN EXP	12/30/2014	0.00	1,400.00
024622	CK	12/30/2014	MANATT MANATT, PHELPS, PHILLIPS	06-15	019489	VO	LEGAL FEES	12/30/2014	0.00	27,196.31
024623	CK	12/30/2014	VOLT VOLT	06-15	019490	VO	ADMIN EXP/PAS	12/30/2014	0.00	907.20
024624	CK	12/30/2014	CA SDU CALIFORNIA STATE	06-15	019491	VO	CRT ORDERED PMT	12/30/2014	0.00	1,052.47
024625	CK	12/30/2014	CALPERS CALPERS LONG-TERM	06-15	019492	VO	INSURANCE	12/30/2014	0.00	18,511.86
024626	CK	12/30/2014	CHILD21 OREGON DEPT OF JUSTICE	06-15	019493	VO	CRT ORDERED PMT	12/30/2014	0.00	171.74
024627	CK	12/30/2014	CHILD5 STATE DISBURSEMENT UNIT (SI	06-15	019494	VO	CRT ORDERED PMT	12/30/2014	0.00	511.00
024628	CK	12/30/2014	CHILD9 SHERIDA SEGALL	06-15	019495	VO	CRT ORDERED PMT	12/30/2014	0.00	260.00

Date: Tuesday, January 20, 2015
 Time: 06:39PM
 User: 101602

Ventura County Retirement Assn
Check Register - Standard
 Period: 06-15 As of: 1/20/2015

Page: 10 of 11
 Report: 03630.rpt
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
024629	CK	12/30/2014	CVMP COUNTY OF VENTURA	06-15	019496	VO	INSURANCE	12/30/2014	0.00	583,890.99
024630	CK	12/30/2014	FTBCA3 FRANCHISE TAX BOARD	06-15	019497	VO	GARNISHMENT	12/30/2014	0.00	137.26
024631	CK	12/30/2014	IRS6 INTERNAL REVENUE SERVICE	06-15	019498	VO	GARNISHMENT	12/30/2014	0.00	321.00
024632	CK	12/30/2014	IRS7 INTERNAL REVENUE SERVICE	06-15	019499	VO	GARNISHMENT	12/30/2014	0.00	500.00
024633	CK	12/30/2014	REAVC RETIRED EMPLOYEES' ASSOCIATION	06-15	019500	VO	DUES	12/30/2014	0.00	4,296.00
024634	CK	12/30/2014	SEIU SEIU LOCAL 721	06-15	019501	VO	DUES	12/30/2014	0.00	295.50
024635	CK	12/30/2014	SPOUSE2 KELLY SEARCY	06-15	019502	VO	CRT ORDERED PMT	12/30/2014	0.00	1,874.00
024636	CK	12/30/2014	SPOUSE3 ANGELINA ORTIZ	06-15	019503	VO	CRT ORDERED PMT	12/30/2014	0.00	250.00
024637	CK	12/30/2014	SPOUSE4 CATHY C. PEET	06-15	019504	VO	CRT ORDERED PMT	12/30/2014	0.00	550.00
024638	CK	12/30/2014	SPOUSE5 SUZANNA CARR	06-15	019505	VO	CRT ORDERED PMT	12/30/2014	0.00	829.00
024639	CK	12/30/2014	SPOUSE6 BARBARA JO GREENE	06-15	019506	VO	CRT ORDERED PMT	12/30/2014	0.00	675.00
024640	CK	12/30/2014	SPOUSE7 MARIA G. SANCHEZ	06-15	019507	VO	CRT ORDERED PMT	12/30/2014	0.00	104.00
024641	CK	12/30/2014	VCDSA VENTURA COUNTY DEPUTY	06-15	019508	VO	INSURANCE	12/30/2014	0.00	254,700.87

Date: Tuesday, January 20, 2015
 Time: 06:39PM
 User: 101602

Ventura County Retirement Assn
Check Register - Standard
 Period: 06-15 As of: 1/20/2015

Page: 11 of 11
 Report: 03630.rpt
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
024642	CK	12/30/2014	VCPFF VENTURA COUNTY PROFESSIONI	06-15	019509	VO	INSURANCE	12/30/2014	0.00	72,469.69
024643	CK	12/30/2014	VRSD VENTURA REGIONAL	06-15	019510	VO	INSURANCE	12/30/2014	0.00	7,429.61
024644	CK	12/30/2014	VSP VISION SERVICE PLAN - (CA)	06-15	019511	VO	INSURANCE	12/30/2014	0.00	9,633.83

Check Count: 136

Acct Sub Total: 1,995,731.56

Check Type	Count	Amount Paid
Regular	134	1,999,941.62
Hand	0	0.00
Electronic Payment	0	0.00
Void	1	-4,210.06
Stub	0	0.00
Zero	1	0.00
Mask	0	0.00
Total:	136	1,995,731.56

Company Disc Total	0.00	Company Total	1,995,731.56
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VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF FIDUCIARY NET POSITION
NOVEMBER 30, 2014

ASSETS

CASH & CASH EQUIVALENTS	\$88,700,020
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RECEIVABLES

ACCRUED INTEREST AND DIVIDENDS	3,762,298
SECURITY SALES	46,888,266
MISCELLANEOUS	6,559
TOTAL RECEIVABLES	<hr/> 50,657,123

INVESTMENTS AT FAIR VALUE

DOMESTIC EQUITY SECURITIES	116,004,587
DOMESTIC EQUITY INDEX FUNDS	1,256,826,336
INTERNATIONAL EQUITY SECURITIES	359,093,398
INTERNATIONAL EQUITY INDEX FUNDS	257,598,978
GLOBAL EQUITY	441,585,156
PRIVATE EQUITY	105,343,178
DOMESTIC FIXED INCOME - CORE PLUS	623,249,583
DOMESTIC FIXED INCOME - U.S. INDEX	139,018,227
GLOBAL FIXED INCOME	260,371,647
REAL ESTATE	313,736,471
ALTERNATIVES	421,256,802
CASH OVERLAY - CLIFTON	105
TOTAL INVESTMENTS	<hr/> 4,294,084,467

PENSION SOFTWARE DEVELOPMENT COSTS	<hr/> 6,459,436
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TOTAL ASSETS	4,439,901,046
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LIABILITIES

SECURITY PURCHASES PAYABLE	53,152,388
ACCOUNTS PAYABLE	432,139
PREPAID CONTRIBUTIONS	86,502,153

TOTAL LIABILITIES	<hr/> 140,086,680
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NET POSITION RESTRICTED FOR PENSIONS	<hr/> <hr/> \$4,299,814,366
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**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FIVE MONTHS ENDED NOVEMBER 30, 2014**

ADDITIONS

CONTRIBUTIONS

EMPLOYER	\$68,000,982
EMPLOYEE	24,090,645
TOTAL CONTRIBUTIONS	92,091,628

INVESTMENT INCOME

NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	7,293,913
INTEREST INCOME	6,244,675
DIVIDEND INCOME	16,852,941
REAL ESTATE OPERATING INCOME, NET	3,859,111
SECURITY LENDING INCOME	55,144
TOTAL INVESTMENT INCOME	34,305,784

LESS INVESTMENT EXPENSES

MANAGEMENT & CUSTODIAL FEES	3,831,135
SECURITIES LENDING BORROWER REBATES	(3,792)
SECURITIES LENDING MANAGEMENT FEES	20,130
TOTAL INVESTMENT EXPENSES	3,847,474

NET INVESTMENT INCOME **30,458,310**

TOTAL ADDITIONS **122,549,938**

DEDUCTIONS

BENEFIT PAYMENTS	93,646,902
MEMBER REFUNDS	1,820,700
ADMINISTRATIVE EXPENSES	2,153,834
TOTAL DEDUCTIONS	97,621,436

NET INCREASE/(DECREASE) **24,928,502**

NET POSITION RESTRICTED FOR PENSIONS

BEGINNING OF YEAR **4,274,885,864**

ENDING BALANCE **\$4,299,814,366**

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENTS AND CASH EQUIVALENTS
NOVEMBER 30, 2014

EQUITY

DOMESTIC EQUITY

WESTERN ASSET INDEX PLUS	\$116,004,587	\$18,145,402
TOTAL DOMESTIC EQUITY	116,004,587	18,145,402

DOMESTIC INDEX FUNDS

BLACKROCK - US EQUITY MARKET	1,210,681,406	0
BLACKROCK - EXTENDED EQUITY	46,144,931	1
TOTAL EQUITY INDEX FUNDS	1,256,826,336	1

INTERNATIONAL EQUITY

SPRUCEGROVE	185,512,984	0
HEXAVEST	80,507,997	0
WALTER SCOTT	93,072,416	0
TOTAL INTERNATIONAL EQUITY	359,093,398	0

INTERNATIONAL INDEX FUNDS

BLACKROCK - ACWIXUS	257,598,978	0
TOTAL INTERNATIONAL INDEX FUNDS	257,598,978	0

GLOBAL EQUITY

GRANTHAM MAYO AND VAN OTTERLOO (GMO)	214,873,695	0
BLACKROCK - GLOBAL INDEX	226,711,461	0
TOTAL GLOBAL EQUITY	441,585,156	0

PRIVATE EQUITY

ADAMS STREET	68,396,089	0
PANTHEON	9,775,114	0
HARBOURVEST	27,171,975	0
TOTAL PRIVATE EQUITY	105,343,178	0

FIXED INCOME

DOMESTIC

LOOMIS SAYLES AND COMPANY	69,787,423	1,527,903
REAMS	284,427,621	98,952
WESTERN ASSET MANAGEMENT	269,034,539	4,698,960
TOTAL DOMESTIC	623,249,583	6,325,815

DOMESTIC INDEX FUNDS

BLACKROCK - US DEBT INDEX	139,018,227	0
TOTAL DOMESTIC INDEX FUNDS	139,018,227	0

GLOBAL

LOOMIS SAYLES AND COMPANY	92,837,434	0
LOOMIS ALPHA	42,089,698	0
PIMCO	125,444,515	3,012,076
TOTAL GLOBAL	260,371,647	3,012,076

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENTS AND CASH EQUIVALENTS
NOVEMBER 30, 2014

REAL ESTATE		
PRUDENTIAL REAL ESTATE	103,915,047	0
RREEF	7,200,610	0
UBS REALTY	202,620,814	0
TOTAL REAL ESTATE	313,736,471	0
 ALTERNATIVES		
BRIDGEWATER	276,791,153	0
TORTOISE (MLP's)	144,465,649	3,116,768
TOTAL ALTERNATIVES	421,256,802	3,116,768
 CASH OVERLAY - CLIFTON GROUP	 105	 52,690,746
IN HOUSE CASH		5,409,211
TOTAL INVESTMENTS AND CASH	\$4,294,084,467	\$88,700,020

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF INVESTMENT MANAGEMENT FEES
FOR THE FIVE MONTHS ENDED NOVEMBER 30, 2014**

EQUITY MANAGERS

DOMESTIC

BLACKROCK - US EQUITY	\$60,383
BLACKROCK - EXTENDED EQUITY	4,462
WESTERN ASSET INDEX PLUS	62,105
TOTAL	126,950

INTERNATIONAL

BLACKROCK - ACWIXUS	66,873
SPRUCEGROVE	178,131
HEXAVEST	94,213
WALTER SCOTT	208,147
TOTAL	547,363

GLOBAL

GRANTHAM MAYO VAN OTTERLOO (GMO)	500,938
BLACKROCK - GLOBAL INDEX	22,453
TOTAL	523,391

PRIVATE EQUITY

ADAMS STREET	486,628
HARBOURVEST	80,149
PANTHEON	37,500
TOTAL	604,277

FIXED INCOME MANAGERS

DOMESTIC

BLACKROCK - US DEBT INDEX	23,682
LOOMIS, SAYLES AND COMPANY	71,245
REAMS ASSET MANAGEMENT	233,540
WESTERN ASSET MANAGEMENT	123,553
TOTAL	452,021

GLOBAL

LOOMIS, SAYLES AND COMPANY	72,083
LOOMIS ALPHA	42,217
PIMCO	107,268
TOTAL	221,568

REAL ESTATE

PRUDENTIAL REAL ESTATE ADVISORS	198,753
RREEF	22,388
UBS REALTY	482,787
TOTAL	703,927

ALTERNATIVES

BRIDGEWATER	274,317
TORTOISE	243,760
TOTAL	518,077

CASH OVERLAY - CLIFTON

32,045

***VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF INVESTMENT MANAGEMENT FEES
FOR THE FIVE MONTHS ENDED NOVEMBER 30, 2014***

SECURITIES LENDING	
BORROWERS REBATE	(3,792)
MANAGEMENT FEES	20,130
TOTAL	16,339
OTHER	
INVESTMENT CONSULTANT	68,750
INVESTMENT CUSTODIAN	32,767
TOTAL	101,517
TOTAL INVESTMENT MANAGMENT FEES	\$3,847,474

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BUDGET SUMMARY FISCAL YEAR 2014-2015
December 2014 - 50% of Fiscal Year Expended

EXPENDITURE DESCRIPTIONS	Adopted 2014/2015 Budget	Adjusted 2014/2015 Budget	Dec-14	Year to Date Expended	Available Balance	Percent Expended
Salaries & Benefits:						
Salaries	\$ 1,842,500.00	\$ 1,842,500.00	\$ 122,464.78	\$ 715,766.62	\$ 1,126,733.38	38.85%
Extra-Help	62,600.00	62,600.00	7,811.94	38,405.37	24,194.63	61.35%
Overtime	1,000.00	1,000.00	0.00	329.95	670.05	33.00%
Supplemental Payments	59,600.00	59,600.00	3,589.72	21,242.56	38,357.44	35.64%
Vacation Redemption	102,500.00	102,500.00	35,371.50	43,387.46	59,112.54	42.33%
Retirement Contributions	366,000.00	366,000.00	31,029.73	146,894.10	219,105.90	40.14%
OASDI Contributions	115,600.00	115,600.00	7,771.93	43,424.76	72,175.24	37.56%
FICA-Medicare	29,100.00	29,100.00	2,302.22	11,041.80	18,058.20	37.94%
Retiree Health Benefit	13,300.00	13,300.00	2,092.80	11,859.20	1,440.80	89.17%
Group Health Insurance	182,100.00	182,100.00	12,222.00	70,316.40	111,783.60	38.61%
Life Insurance/Mgmt	1,100.00	1,100.00	72.66	447.74	652.26	40.70%
Unemployment Insurance	2,300.00	2,300.00	148.10	863.46	1,436.54	37.54%
Management Disability Insurance	4,500.00	4,500.00	899.34	2,937.07	1,562.93	65.27%
Worker' Compensation Insurance	13,400.00	13,400.00	1,214.00	5,679.40	7,720.60	42.38%
401K Plan Contribution	33,100.00	33,100.00	2,040.48	11,406.78	21,693.22	34.46%
Transfers In	150,700.00	150,700.00	8,088.59	40,655.89	110,044.11	26.98%
Transfers Out	(150,700.00)	(150,700.00)	(8,088.59)	(40,655.89)	(110,044.11)	26.98%
Total Salaries & Benefits	\$ 2,828,700.00	\$ 2,828,700.00	\$ 229,031.20	\$ 1,124,002.67	\$ 1,704,697.33	39.74%
Services & Supplies:						
Telecommunication Services - ISF	\$ 37,800.00	\$ 37,800.00	\$ 3,277.33	\$ 17,211.34	\$ 20,588.66	45.53%
General Insurance - ISF	12,200.00	12,200.00	6,104.00	6,104.00	6,096.00	50.03%
Office Equipment Maintenance	1,000.00	1,000.00	0.00	269.90	730.10	26.99%
Membership and Dues	9,500.00	9,500.00	0.00	6,244.00	3,256.00	65.73%
Education Allowance	10,000.00	10,000.00	0.00	4,000.00	6,000.00	40.00%
Cost Allocation Charges	(35,400.00)	(35,400.00)	0.00	0.00	(35,400.00)	0.00%
Printing Services - Not ISF	3,000.00	3,000.00	0.00	2,070.27	929.73	69.01%
Books & Publications	2,500.00	2,500.00	267.24	573.66	1,926.34	22.95%
Office Supplies	20,000.00	20,000.00	2,466.75	5,403.75	14,596.25	27.02%
Postage & Express	59,700.00	59,700.00	6,497.08	31,896.49	27,803.51	53.43%
Printing Charges - ISF	10,000.00	10,000.00	739.65	11,088.53	(1,088.53)	110.89%
Copy Machine Services - ISF	6,500.00	6,500.00	0.00	291.15	6,208.85	4.48%
Board Member Fees	12,000.00	12,000.00	1,200.00	5,800.00	6,200.00	48.33%
Professional Services	1,074,000.00	1,074,000.00	140,848.50	447,329.02	626,670.98	41.65%
Storage Charges	5,500.00	5,500.00	330.49	2,045.97	3,454.03	37.20%
Equipment	0.00	0.00	0.00	0.00	0.00	#DIV/0!
Office Lease Payments	186,000.00	186,000.00	15,200.57	91,203.42	94,796.58	49.03%
Private Vehicle Mileage	9,000.00	9,000.00	136.08	2,092.42	6,907.58	23.25%
Conference, Seminar and Travel	63,000.00	63,000.00	8,799.00	21,501.36	41,498.64	34.13%
Furniture	5,000.00	5,000.00	0.00	512.11	4,487.89	10.24%
Facilities Charges	3,900.00	3,900.00	580.60	3,585.07	314.93	91.92%
Transfers In	16,000.00	16,000.00	858.97	4,317.47	11,682.53	26.98%
Transfers Out	(16,000.00)	(16,000.00)	(858.97)	(4,317.47)	(11,682.53)	26.98%
Total Services & Supplies	\$ 1,495,200.00	\$ 1,495,200.00	\$ 186,447.29	\$ 659,222.46	\$ 835,977.54	44.09%
Total Sal, Ben, Serv & Supp	\$ 4,323,900.00	\$ 4,323,900.00	\$ 415,478.49	\$ 1,783,225.13	\$ 2,540,674.87	41.24%
Technology:						
Computer Hardware	\$ 32,600.00	\$ 32,600.00	\$ -	401.72	\$ 32,198.28	1.23%
Computer Software	193,000.00	193,000.00	7,980.54	45,293.27	147,706.73	23.47%
Systems & Application Support	670,200.00	670,200.00	67,204.02	220,639.24	449,560.76	32.92%
Pension Administration System	1,621,400.00	1,621,400.00	107,040.70	702,459.82	918,940.18	43.32%
Total Technology	\$ 2,517,200.00	\$ 2,517,200.00	\$ 182,225.26	\$ 968,794.05	\$ 1,548,405.95	38.49%
Contingency	\$ 615,200.00	\$ 615,200.00	\$ -	\$ -	\$ 615,200.00	0.00%
Total Current Year	\$ 7,456,300.00	\$ 7,456,300.00	\$ 597,703.75	\$ 2,752,019.18	\$ 4,704,280.82	36.91%

Ventura County Employees' Retirement Association

**Actuarial Valuation and Review
as of June 30, 2014**



This report has been prepared at the request of the Board of Retirement to assist in administering the Fund. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Retirement and may only be provided to other parties in its entirety. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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December 8, 2014

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

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of June 30, 2014. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2015-2016 and analyzes the preceding year's experience.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Plan. The census and financial information on which our calculations were based was provided by the Retirement Association. That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the Plan.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By:

*Paul Angelo, FSA, EA, MAAA, FCA
Senior Vice President and Actuary*

AW/hy

*John Monroe, ASA, EA, MAAA
Vice President and Actuary*

SECTION 1

VALUATION SUMMARY

Purpose and Scope.....	i
Significant Issues in this Valuation.....	ii
Summary of Key Valuation Results.....	v
Summary of Key Valuation Demographic and Financial Data.....	vii

SECTION 2

VALUATION RESULTS

A. Member Data	1
B. Financial Information.....	4
C. Actuarial Experience.....	8
D. Employer And Member Contributions	13
E. Information Required by GASB 27.....	22
F. Volatility Ratios	23

SECTION 3

SUPPLEMENTAL INFORMATION

EXHIBIT A Table of Plan Coverage	24
EXHIBIT B Members in Active Service and Projected Average Compensation as of June 30, 2014	30
EXHIBIT C Reconciliation of Member Data – June 30, 2013 to June 30, 2014	35
EXHIBIT D Summary Statement of Income and Expenses on an Actuarial Value Basis	36
EXHIBIT E Summary Statement of Net Assets	37
EXHIBIT F Actuarial Balance Sheet	38
EXHIBIT G Summary of Allocated Reserves	39
EXHIBIT H Development of Unfunded/(Overfunded) Actuarial Accrued Liability for Year Ended June 30, 2014	40
EXHIBIT I Table of Amortization Bases.....	41
EXHIBIT J Section 415 Limitations	43
EXHIBIT K Definitions of Pension Terms	44

SECTION 4

REPORTING INFORMATION

EXHIBIT I Summary of Actuarial Valuation Results	46
EXHIBIT II Supplementary Information Required by GASB 27 – Schedule of Employer Contributions.....	48
EXHIBIT III Supplementary Information Required by GASB 27 – Schedule of Funding Progress	49
EXHIBIT IV Supplementary Information Required by GASB 27	50
EXHIBIT V Actuarial Assumptions and Methods.....	51
EXHIBIT VI Summary of Plan Provisions.....	60
Appendix A Member Contribution Rates for Non-PEPRA Members.....	67
Appendix B Member Contribution Rates for PEPRA Members	72
Appendix C Employer Contribution Rates Based on 50/50 Sharing of Normal Cost for Non-PEPRA Tiers	73
Appendix D Member Contribution Rates Based on 50/50 Sharing of Normal Cost for Non-PEPRA Tiers	75
Appendix E Employer Contribution Rates For Reference Purposes Only - Current and Prior Valuation Under <u>Non- Combined</u> Methodology	76

SECTION 1: Valuation Summary for the Ventura County Employees' Retirement Association

PURPOSE AND SCOPE

This report has been prepared by Segal Consulting to present a valuation of the Ventura County Employees' Retirement Association as of June 30, 2014. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Retirement Association, as administered by the Board of Retirement;
- The characteristics of covered active members, terminated vested members, and retired members and beneficiaries as of June 30, 2014, provided by the Retirement Office;
- The assets of the Plan as of June 30, 2014, provided by the Retirement Office;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

One of the general goals of an actuarial valuation is to establish contributions which fully fund the system's liabilities, and which, as a percentage of payroll, remain as level as possible for each generation of active members. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions to evaluate the Association's assets, liabilities and future contribution requirements. Our calculations are based upon member data and financial information provided to us by the Association's staff. This information has not been audited by us, but it has been reviewed and found to be consistent, both internally and with the prior year's information.

Please note that the Actuarial Standards Board has adopted Actuarial Standard of Practice (ASOP) No. 4 that provides guidelines for actuaries to follow when measuring pension obligations. For a plan such as that offered by the Retirement Association that may use undistributed excess earnings to provide supplemental benefits, the valuation report must indicate that the impact of any such future use of undistributed excess earnings on the future financial condition of the plan has not been explicitly measured or otherwise reflected in the valuation.

SECTION 1: Valuation Summary for the Ventura County Employees' Retirement Association

The contribution requirements are determined as a percentage of payroll. The Association's employer rates provide for both normal cost and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. In 2004, the Board elected to amortize the Association's Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2004 over a declining 15-year period. Any change in the UAAL after June 30, 2004 is amortized over separate 15-year declining amortization periods.

Ref: Pg. 41

Effective with the June 30, 2012 valuation, any change in the UAAL that arises due to assumption changes is amortized over separate 20-year declining amortization periods. Also, any change in the UAAL that arises due to retirement incentives is annualized over separate declining amortization period of up to 5 years.

The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2015 through June 30, 2016.

SIGNIFICANT ISSUES IN THIS VALUATION

The following key findings were the result of this actuarial valuation:

Ref: Pg. 10

- The market value of assets earned a return of 18.1% for the July 1, 2013 to June 30, 2014 plan year. The valuation value of assets earned a return of 8.1% for the same period due to the deferral of most of the current year investment gains and the recognition of prior investment gains and losses. This resulted in an actuarial gain when measured against the assumed rate of return of 7.75%. This actuarial investment gain decreased the average employer contribution rate by 0.19% of compensation.

Ref: Pg. 49

- The ratio of the valuation value of assets to actuarial accrued liabilities increased from 79.2% to 82.7%. The Association's Unfunded Actuarial Accrued Liability (UAAL) decreased from \$953 million as of June 30, 2013 to \$820 million as of June 30, 2014. This decrease is primarily due to expected changes in the UAAL, lower than expected individual salary increases and lower than expected benefit increases for retirees and beneficiaries offset to some extent by actual contributions less than expected. A complete reconciliation of the Association's UAAL is provided in Section 3, Exhibit H.

Ref: Pg. 40

Ref: Pg. 20

- The average employer rate decreased from 29.03% of payroll to 28.11% of payroll. This decrease is primarily due to lower than expected individual salary increases, lower than expected benefit increases for retirees and beneficiaries, the investment gain (on the valuation value of assets) and other experience gains offset to some extent by actual contributions less than expected and lower than expected total payroll growth. A complete reconciliation of the Association's employer rate is provided in Section 2, Subsection D (see Chart 15).

SECTION 1: Valuation Summary for the Ventura County Employees' Retirement Association

- The Association approved a three-year phase-in for the change in employer contribution rate due to the changes in economic actuarial assumptions and the actuarial cost method from the June 30, 2012 valuation. For the June 30, 2014 valuation, the phase-in has been completed. Note that the June 30, 2013 results shown in this valuation report do not include the effect of the phase-in.
- Ref: Pg. 21* ➤ The average member rate increased from 8.58% of payroll to 8.61% of payroll. A complete reconciliation of the member rate is provided in Section 2, Subsection D (see Chart 16).
- Ref: Pg. 5* ➤ As indicated in Section 2, Subsection B of this report, the net unrecognized investment gain as of June 30, 2014 is \$310 million (as compared to an unrecognized loss of \$6 million in the June 30, 2013 valuation). This investment gain will be recognized in the determination of the actuarial value of assets for funding purposes over the next few years. This means that if the plan earns the assumed rate of investment return of 7.75% per year (net of expenses) on a **market value** basis then the deferred gains will be recognized over the next few years as shown in the footnote to Chart 7.
- The net deferred gains of \$310 million represent about 7.3% of the market value of assets. Unless offset by future investment losses or other unfavorable experience, the recognition of the \$310 million market gains is expected to have an impact on the Association's future funded ratio and average employer contribution rate. This potential impact may be illustrated as follows:
 - If the net deferred gains were recognized immediately in the valuation value of assets, the funded ratio would increase from 82.7% to 89.2%.
 - If the net deferred gains were recognized immediately in the valuation value of assets, the average employer rate would decrease from 28.11% to about 23.90% of payroll.
- Ref: Pg. 73* ➤ As requested by VCERA staff, Appendix C and Appendix D show the employer and member contribution rates based on a 50/50 sharing of Normal Cost for non-PEPRA Tiers. For purposes of these calculations, we have been directed by VCERA to assume that the cessation of member contributions after 30 years of service for non-PEPRA members continues per the County Employees Retirement Law (CERL) and that the cost associated with this provision is to be paid for by employers.
- The actuarial valuation report as of June 30, 2014 is based on financial information as of that date. Changes in the value of assets subsequent to that date are not reflected. Declines in asset values will increase the actuarial cost of the Plan, while increases will decrease the actuarial cost of the Plan.

SECTION 1: Valuation Summary for the Ventura County Employees' Retirement Association

Ref: Pg. 22

Ref: Pg. 48-50

- The Governmental Accounting Standards Board (GASB) approved two new Statements affecting the reporting of pension liabilities for accounting purposes. Statement 67 replaces Statement 25 and is for plan reporting. Statement 68 replaces Statement 27 and is for employer reporting. It is important to note that the new GASB rules only redefine pension expense for financial reporting purposes, and do not apply to contribution amounts for actual pension funding purposes. Employers and plans can still develop and adopt funding policies under current practices. Because Statement 68 is not effective until the fiscal year ending June 30, 2015 for VCERA employer reporting, we have continued to include financial reporting information in this report in accordance with Statement 27. Financial reporting information for Statement 67 is provided in a separate report that follows this report.

Impact of Future Experience on Contribution Rates

Future contribution requirements may differ from those determined in the valuation because of:

- Differences between actual experience and anticipated experience;
- Changes in actuarial assumptions or methods;
- Changes in statutory provisions; and
- Differences between the contribution rates determined by the valuation and those adopted by the Board.

SECTION 1: Valuation Summary for the Ventura County Employees' Retirement Association

Summary of Key Valuation Results (all dollar amounts in thousands)

	June 30, 2014		June 30, 2013 ⁽²⁾	
Employer Contribution Rates: ⁽¹⁾	Total Rate	Estimated Annual Amount ⁽³⁾	Total Rate	Estimated Annual Amount ⁽³⁾
General Tier 1	61.89%	\$6,190	50.20%	\$5,696
General PEPRA Tier 1 ⁽⁴⁾	N/A	N/A	46.11%	506
General Tier 2	18.07%	37,913	18.68%	39,639
General PEPRA Tier 2	16.63%	1,978	17.03%	539
General Tier 2C ⁽⁵⁾	19.16%	43,813	19.65%	47,316
General PEPRA Tier 2C ⁽⁵⁾	17.67%	4,233	17.91%	1,405
General Combined	19.43%	94,127	19.96%	95,101
Safety	53.87%	86,233	55.68%	90,249
Safety PEPRA	50.30%	1,913	53.56%	92
Safety Combined	53.79%	88,146	55.68%	90,341
All Categories combined	28.11%	\$182,273	29.03%	\$185,442
Average Member Contribution Rates: ⁽¹⁾⁽⁶⁾	Total Rate	Estimated Annual Amount ⁽³⁾	Total Rate	Estimated Annual Amount ⁽³⁾
General Tier 1	9.16%	\$916	9.16%	\$1,039
General PEPRA Tier 1 ⁽⁴⁾	N/A	N/A	6.50%	71
General Tier 2	5.78%	12,129	5.78%	12,267
General PEPRA Tier 2	6.92%	823	6.83%	216
General Tier 2C ⁽⁵⁾	8.41%	19,231	8.41%	20,253
General PEPRA Tier 2C ⁽⁵⁾	9.55%	2,288	9.46%	742
Safety	12.40%	19,849	12.44%	20,163
Safety PEPRA	14.69%	559	16.14%	28
All Categories combined	8.61%	\$55,795	8.58%	\$54,779

⁽¹⁾ Before reflection of any member rate that may be "picked-up" by the employer. Contributions are assumed to be paid throughout the year.

⁽²⁾ Before reflecting three-year phase-in of the effect of the changes in economic actuarial assumptions and the actuarial cost method from the June 30, 2012 valuation.

⁽³⁾ Based on projected compensation for each year shown.

⁽⁴⁾ There are no active members in General PEPRA Tier 1 as of June 30, 2014.

⁽⁵⁾ Throughout this report, this category represents those Tier 2 members who contribute a negotiated 2.63% of compensation for a fixed 2% COLA pursuant to Government Code 31627 that applies to service after March 2003.

⁽⁶⁾ The non-refundability factors as of June 30, 2014 are 0.97 for General Tier 1 and Tier 2 (non-PEPRA) and 0.99 for Safety (non-PEPRA) compared to 0.94 for General Tier 1 and Tier 2 (non-PEPRA) and 0.98 for Safety (non-PEPRA) from June 30, 2013.

SECTION 1: Valuation Summary for the Ventura County Employees' Retirement Association

Summary of Key Valuation Results (continued) (all dollar amounts in thousands)

	June 30, 2014	June 30, 2013
Funded Status:		
Actuarial accrued liability(AAL) ⁽¹⁾	\$4,731,016	\$4,575,063
Valuation value of assets (VVA) ⁽¹⁾	3,910,801	3,621,709
Market value of assets (MVA)	4,274,886	3,627,505
Funded percentage on VVA basis (VVA/AAL)	82.66%	79.16%
Funded percentage on MVA basis (MVA/AAL)	90.36%	79.29%
Unfunded actuarial accrued liability (UAAL) on VVA basis	\$820,215	\$953,354
Unfunded actuarial accrued liability (UAAL) on MVA basis	456,130	947,558
Key Assumptions:		
Interest rate	7.75%	7.75%
Inflation rate	3.25%	3.25%
Across the board salary increase	0.75%	0.75%

⁽¹⁾ Excludes liabilities and assets held for supplemental medical benefit reserve and statutory contingency reserve.

SECTION 1: Valuation Summary for the Ventura County Employees' Retirement Association

Summary of Key Valuation Demographic and Financial Data

	June 30, 2014	June 30, 2013	Percentage Change
Active Members:			
Number of members	8,210	8,068	1.8%
Average age	45.3	45.4	N/A
Average service	11.2	11.2	N/A
Projected total compensation	\$648,257,042	\$638,763,186	1.5%
Average projected compensation	\$78,959	\$79,172	-0.3%
Retired Member and Beneficiaries:			
Number of members:			
Service retired	4,452	4,259	4.5%
Disability retired	837	828	1.1%
Beneficiaries	832	801	3.9%
Total	6,121	5,888	4.0%
Average age	69.4	69.1	N/A
Average monthly benefit ⁽¹⁾	\$2,897	\$2,862	1.2%
Vested Terminated Members:			
Number of terminated vested members ⁽²⁾	2,339	2,249	4.0%
Average age	46.2	46.1	N/A
Total Members:	16,670	16,205	2.9%
Summary of Financial Data (dollar amounts in thousands):			
Market value of assets	\$4,274,886	\$3,627,505	17.8%
Return on market value of assets	18.06%	13.51%	N/A
Actuarial value of assets	\$3,964,814	\$3,633,626	9.1%
Return on actuarial value of assets	9.32%	6.97%	N/A
Valuation value of assets	\$3,910,801	\$3,621,709	8.0%
Return on valuation value of assets	8.13%	7.00%	N/A

⁽¹⁾ Excludes monthly benefits for vested fixed supplemental and supplemental medical benefit amounts.

⁽²⁾ Includes terminated members with member contributions on deposit.

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

A. MEMBER DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, vested terminated members, retired members and beneficiaries.

This section presents a summary of significant statistical data on these member groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the member population has changed over the past ten valuations can be seen in this chart.

CHART 1

Member Population: 2005 – 2014

Year Ended June 30	Active Members	Vested Terminated Members ⁽¹⁾	Retired Members and Beneficiaries	Total Non-Actives	Ratio of Non-Actives to Actives
2005	7,245	1,713	4,314	6,027	0.83
2006	7,403	1,756	4,570	6,326	0.85
2007	7,653	1,864	4,770	6,634	0.87
2008	7,928	2,007	4,914	6,921	0.87
2009	8,045	2,055	5,041	7,096	0.88
2010	8,003	2,040	5,267	7,307	0.91
2011	8,040	2,097	5,481	7,578	0.94
2012	8,019	2,161	5,658	7,819	0.98
2013	8,068	2,249	5,888	8,137	1.01
2014	8,210	2,339	6,121	8,460	1.03

⁽¹⁾ Includes terminated members with member contributions on deposit.

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

Active Members

Plan costs are affected by the age, years of service and compensation of active members. In this year's valuation, there were 8,210 active members with an average age of 45.3, average service of 11.2 years and average compensation of \$78,959. The 8,068 active members in the prior valuation had an average age of 45.4, average service of 11.2 years and average compensation of \$79,172.

Among the active members, there were none with unknown age.

Inactive Members

In this year's valuation, there were 2,339 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 2,249 in the prior valuation.

These graphs show a distribution of active members by age and by years of service.

CHART 2

Distribution of Active Members by Age as of June 30, 2014

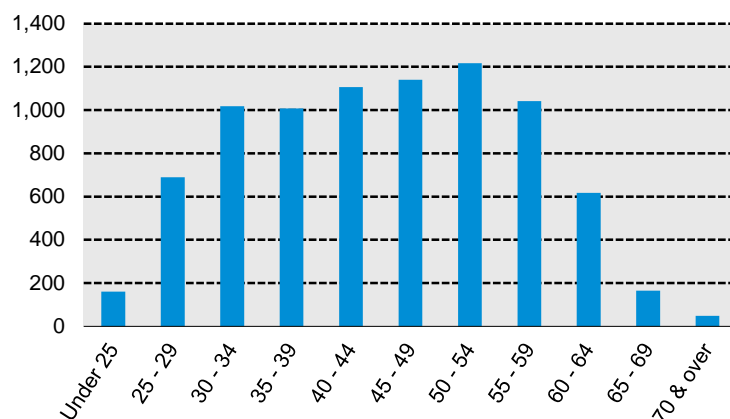
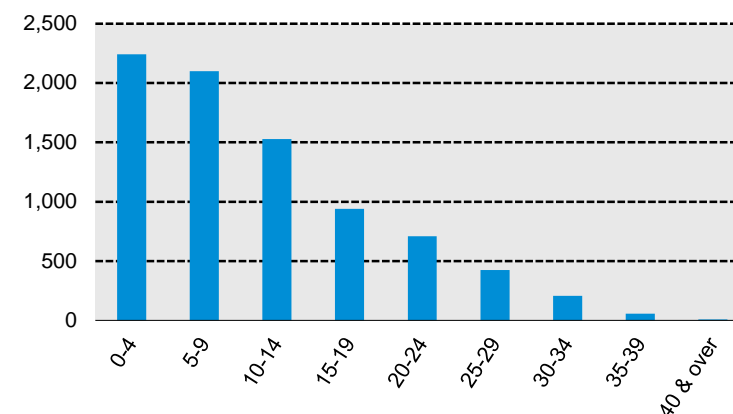


CHART 3

Distribution of Active Members by Years of Service as of June 30, 2014



SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

Retired Members and Beneficiaries

As of June 30, 2014, 5,289 retired members and 832 beneficiaries were receiving total monthly benefits of \$17,733,078. For comparison, in the previous valuation, there were 5,087 retired members and 801 beneficiaries receiving monthly benefits of \$16,851,966. These monthly benefits exclude benefits for vested fixed supplemental and supplemental medical benefit amounts.

These graphs show a distribution of the current retired members based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retired Members by Type and by Monthly Amount as of June 30, 2014

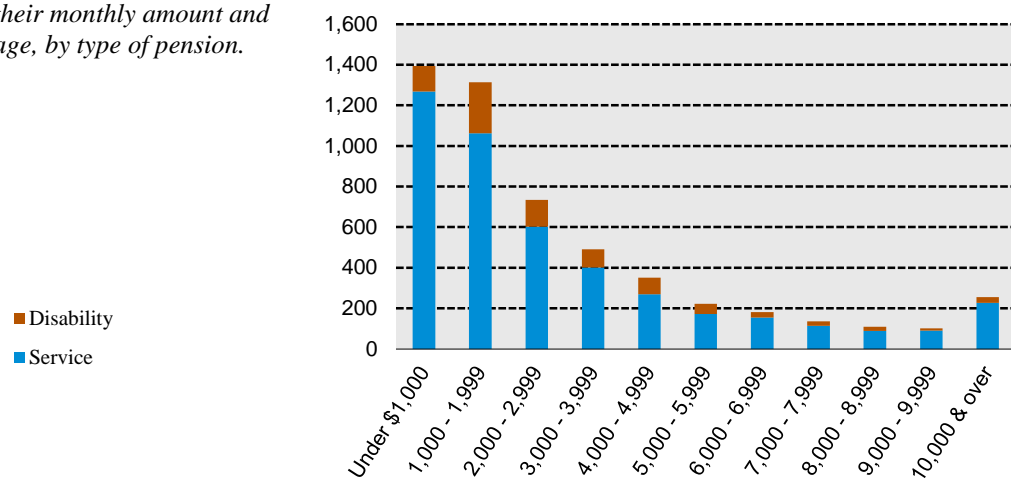
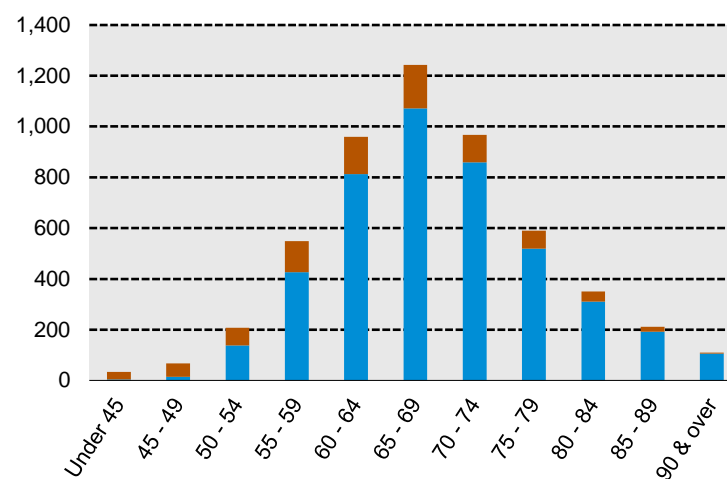


CHART 5

Distribution of Retired Members by Type and by Age as of June 30, 2014



SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

B. FINANCIAL INFORMATION

Retirement plan funding anticipates that, over the long term, both contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. The adjustment toward market value shown in the chart is the “non-cash” earnings on investments implicitly included in the actuarial value of assets. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D and E.

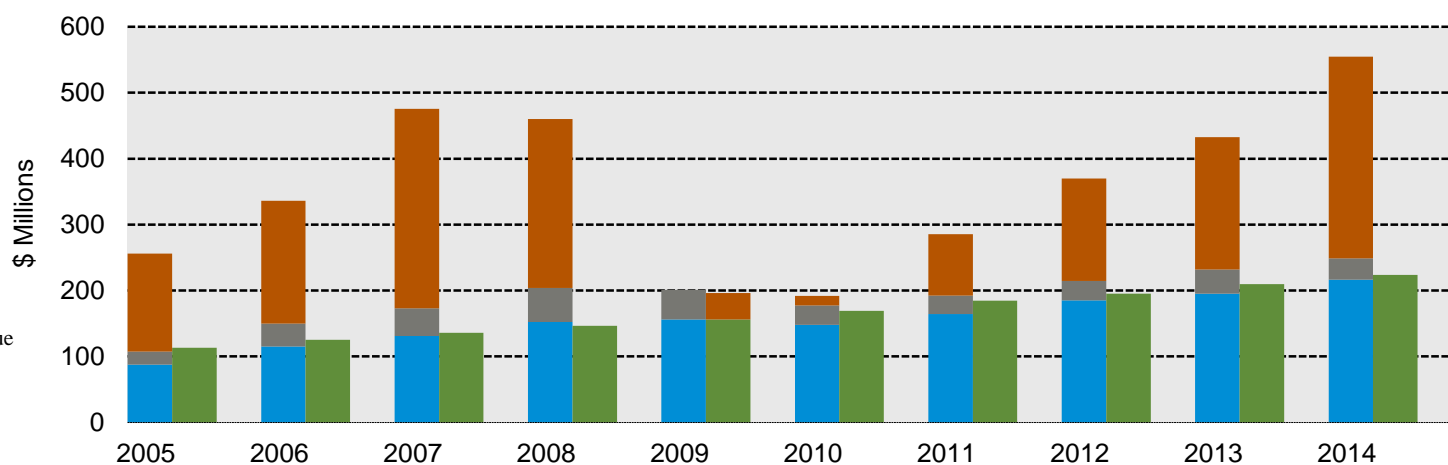
It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Retirement has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart depicts the components of changes in the actuarial value of assets over the last ten years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2005 – 2014



SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

CHART 7

Determination of Actuarial and Valuation Value of Assets for Year Ended June 30, 2014

The chart shows the determination of the actuarial and valuation value of assets as of the valuation date.

1. Market Value of Assets			\$4,274,885,864
2. Calculation of unrecognized return	Original Amount	Deferral Percentage	Unrecognized Return*
(a) Period ended June 30, 2014	\$93,124,979	90.00%	\$83,812,481
(b) Period ended December 31, 2013	264,705,452	80.00%	211,764,361
(c) Period ended June 30, 2013	66,644,214	70.00%	46,650,950
(d) Period ended December 31, 2012	101,488,670	60.00%	60,893,202
(e) Period ended June 30, 2012	83,335,657	50.00%	41,667,829
(f) Period ended December 31, 2011	(283,550,123)	40.00%	(113,420,049)
(g) Combined deferred loss as of June 30, 2011**	(63,892,227)	33.33%	(21,297,409)
(h) Total unrecognized return***			310,071,365
3. Actuarial Value of Assets: (1) – (2h)			\$3,964,814,499
4. Actuarial Value as percentage of Market Value			92.7%
5. Non-valuation reserves:			
(a) Supplemental medical benefit			\$10,401,838
(b) Statutory contingency			43,611,864
(c) Subtotal			\$54,013,702
6. Valuation Value of Assets: (3) – (5c)			\$3,910,800,797

* Recognition at 10% per six month period over 5 years.

** Net deferred loss as of June 30, 2011 was combined and will be recognized over 4.5 years in level semi-annual amounts.

*** Deferred return as of June 30, 2014 recognized in each of the next five years:

(a) Amount Recognized during 2014/2015	\$50,951,497
(b) Amount Recognized during 2015/2016	58,050,633
(c) Amount Recognized during 2016/2017	113,526,229
(d) Amount Recognized during 2017/2018	78,230,508
(e) Amount Recognized during 2018/2019	9,312,498
	<u>\$310,071,365</u>

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

CHART 8

Allocation of Valuation Value of Assets as of June 30, 2014

The calculation of the valuation value of assets from June 30, 2013 to June 30, 2014 by category is provided below:

	Allocated Assets for Funding			
	General			Total
	Tier I	Tier II	Safety	
1. Allocated Assets as of Beginning of Plan Year	\$597,855,452	\$1,446,404,485	\$1,577,448,599	\$3,621,708,536
2. Member Contributions	353,158	25,735,219	8,042,950	34,131,327
3. Member Buybacks	234,072	815,820	390,510	1,440,402
4. Employer Pick-up Contributions Credited to Member Account	187,307	6,036,434	4,878,973	11,102,714
5. Employer Contributions	4,100,040	75,826,051	89,776,992	169,703,083
6. Refunds of Member Contributions and Death Benefits Paid	376,761	4,717,384	333,866	5,428,011
7. Retiree Benefit Payments Excluding Supplemental Medical Payments	73,968,041	55,029,918	87,166,509	216,164,468
8. Subtotal (Items 1 + 2 + 3 + 4 + 5 – 6 – 7)	\$528,385,227	\$1,495,070,707	\$1,593,037,649	\$3,616,493,583
9. Weighted Average Fund Balance: Item 1 + ½ of (Items 2, 3, 4, 5) – ½ of (Items 6, 7)	563,120,340	1,470,737,596	1,585,243,124	3,619,101,060
10. Earnings Allocated in Proportion to Item 9	45,793,244	119,601,160	128,912,810	294,307,214
11. Valuation Value of Assets (Items 8 + 10)	\$574,178,471	\$1,614,671,867	\$1,721,950,459	\$3,910,800,797

Note: Results may not add due to rounding.

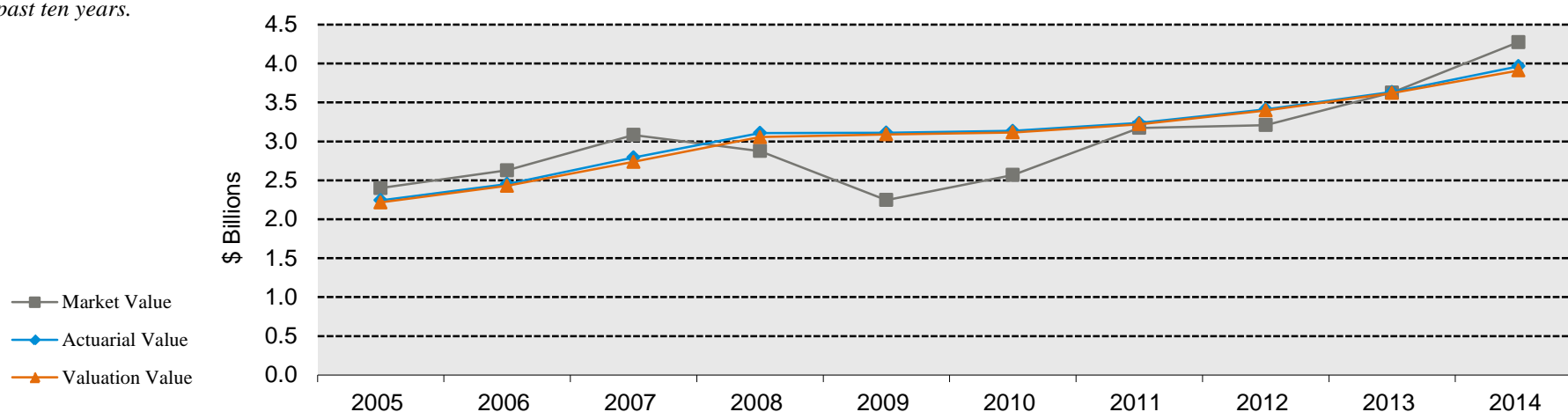
SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

The market value, actuarial value, and valuation value of assets are representations of VCERA's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets, but with less volatility. The valuation value of assets is the actuarial value, excluding any non-valuation reserves. The valuation value of assets is significant because VCERA's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in market value, actuarial value and valuation value over the past ten years.

CHART 9

Market Value, Actuarial Value and Valuation Value of Assets as of June 30, 2005 – 2014



SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain) the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term

development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total experience gain was \$87.5 million, a \$13.8 million gain from investments, a \$22.2 million loss from contribution experience and a \$95.9 million gain from all other sources. The net experience variation from individual sources other than investments and contribution experience was 2.0% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 10

Actuarial Experience for Year Ended June 30, 2014

1. Net gain from investments ⁽¹⁾	\$13,827,000
2. Net loss from contribution experience	(22,257,000)
3. Net gain from other experience ⁽²⁾	<u>95,914,000</u>
4. Net experience loss: (1) + (2) + (3)	\$87,484,000

⁽¹⁾ Details in Chart 11.

⁽²⁾ See Section 3, Exhibit H. Does not include the effect of plan or assumption changes, if any.

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on VCERA's investment policy. For valuation purposes, the assumed rate of return on the valuation value of assets is 7.75% (based on the June 30, 2013 valuation). The actual rate of return on the valuation value of assets for the 2013/2014 plan year was 8.13%.

Since the actual return for the year was greater than the assumed return, the VCERA experienced an actuarial gain during the year ended June 30, 2014 with regard to its investments.

This chart shows the gain/(loss) due to investment experience.

CHART 11

Investment Experience for Year Ended June 30, 2014 – Market Value, Actuarial Value and Valuation Value of Assets

	Market Value	Actuarial Value	Valuation Value
1. Actual return	\$654,535,161	\$338,343,729	\$294,307,214
2. Average value of assets	3,623,928,085	3,630,048,152	3,619,101,060
3. Actual rate of return: (1) ÷ (2)	18.06%	9.32%	8.13%
4. Assumed rate of return	7.75%	7.75%	7.75%
5. Expected return: (2) x (4)	\$280,854,427	\$281,328,732	\$280,480,332
6. Actuarial gain/(loss): (1) – (5)	<u>\$373,680,734</u>	<u>\$57,014,997</u>	<u>\$13,826,882</u>

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial, valuation, and market basis for the last ten years.

CHART 12

Investment Return – Market Value, Actuarial Value and Valuation Value: 2005 – 2014

Year Ended June 30	Market Value Investment Return		Actuarial Value Investment Return		Valuation Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent
2005	\$203,080,574	9.19%	\$168,122,229	8.05%	\$168,122,229	8.16%
2006	238,212,815	9.95	221,191,725	9.88	221,191,725	10.00
2007	458,962,761	17.48	344,644,568	14.06	308,000,514	12.68
2008	(211,806,573)	(6.86)	307,776,354	11.01	310,176,628	11.32
2009	(628,718,568)	(21.86)	5,186,654	0.17	31,242,785	1.02
2010	343,005,717	15.33	43,756,165	1.41	43,756,185	1.42
2011	622,940,028	24.34	121,406,541	3.89	121,406,541	3.91
2012	47,147,363	1.49	184,787,098	5.72	184,909,716	5.75
2013	432,694,392	13.51	237,282,497	6.97	237,282,497	7.00
2014	654,535,161	18.06	338,343,729	9.32	294,307,214	8.13
Total	\$2,160,053,670		\$1,972,497,560		\$1,920,396,034	
Five-Year Average Return		14.20%		5.61%		5.37%
Ten-Year Average Return		7.72%		6.78%		6.64%

Note: Each year's yield is weighted by the average asset value in that year.

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

This chart illustrates how this leveling effect has actually worked over the years 2005 - 2014.

CHART 13

Market, Actuarial and Valuation Rates of Return for Years Ended June 30, 2005 - 2014



SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended June 30, 2014 amounted to \$95.9 million which is 2.0% of the actuarial accrued liability. This gain was mainly due to individual salary increases less than assumed and lower than expected benefit increases for retirees and beneficiaries. See Exhibit H for a detailed development of the Unfunded Actuarial Accrued Liability.

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

D. EMPLOYER AND MEMBER CONTRIBUTIONS

Employer contributions consist of two components:

Normal Cost

The annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement-related benefits. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution rate is expressed as a level percentage of the member's compensation.

Contribution to the Unfunded Actuarial Accrued Liability (UAAL)

The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution (or rate credit in the case of a negative unfunded actuarial accrued liability) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the Association) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the combined annual inflation and "across the board" increases rate of 4.00%. The June 30, 2004 UAAL is being amortized over a 15-year declining period effective June 30, 2004. The change in UAAL that arises due to actuarial gains or losses or due to plan amendments (with the exception of retirement incentives) at each valuation is amortized over its own declining 15-year period. Effective with the June 30, 2012 valuation, any change in UAAL that arises due to changes in actuarial assumptions or methods is amortized over its own declining 20-year period and any change in UAAL due to retirement incentives is amortized over its own declining period of up to 5 years.

VCERA's UAAL is determined separately for each tier depending on the assets and liabilities for that tier.

Effective with the June 30, 2012 valuation, the Basic UAAL rate has been calculated on a combined basis for both General Tier 1 and General Tier 2. The recommended employer contribution rates determined under this combined methodology are

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

provided on Chart 14. For reference purposes only, Appendix E shows the employer contribution rates under the previous non-combined methodology.

Appendix C and Appendix D show the employer and member contribution rates based on a 50/50 sharing of Normal Cost for non-PEPRA Tiers. For purposes of these calculations, we have been directed by VCERA to assume that the cessation of member contributions after 30 years of service for non-PEPRA members continues per the County Employees Retirement Law (CERL) and that the cost associated with this provision is to be paid for by members with less than 30 years.

All June 30, 2013 employer contribution rates shown in this report are before reflecting the three-year phase-in of the effect of the changes in economic actuarial assumptions and the actuarial cost method from the June 30, 2012 valuation. For the June 30, 2014 valuation, the phase-in has been completed.

Member Contributions *Non-PEPRA Members*

Articles 6 and 6.8 of the 1937 Act define the methodology to be used in the calculation of member basic contribution rates for General members and Safety members, respectively. The basic contribution rate is determined so that the accumulation of a member's basic contributions made in a given year until a certain age will be sufficient to fund an annuity at that age that is equal to 1/120 of Final Average Compensation for General members and 1/100 of Final Average Compensation for Safety members. That age is 55 for General Tier 1 members, 60 for General Tier 2 members and 50 for Safety members. It is assumed that contributions are made annually at the same rate, starting at entry age. In addition to their basic contributions, General Tier 1 and Safety members pay one-half of the total normal cost necessary to fund their cost-of-living benefits. General Tier 2 members eligible for the fixed 2% cost-of-living benefit contribute a negotiated 2.63% of compensation per year. Member contributions accumulate with interest at the lesser of the assumed investment earning rate or the rate on ten year U.S. Treasury notes. Any difference between the assumed investment earning rate and the actual interest crediting rate will be credited to the County Advance reserve. The Non-PEPRA member contribution rates are provided in Appendix A. Please note that the member rates provided in the report are the full rate before reflecting any employer pickup. Also, in calculating the

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

basic member rate, we follow the Board's past practice and have not included any in-service pay redemptions that may potentially increase a member's final average compensation and hence retirement benefit.

PEPRA Members

Pursuant to Section 7522.30(a) of the Government Code, members under PEPRA tiers are required to contribute at least 50% of the Normal Cost. In addition, there are certain additional requirements that would have to be met such as requiring the new employees to pay the contribution rate of "similarly situated employees", if it is greater. (reference: Section 7522.30(c)). We further understand that different rules may have to be applied for collectively bargained employees, non-represented, managerial or other supervisory employees. (reference: Section 7522.30(e)). In preparing the Normal Cost rates in this report, we have assumed that exactly 50% of the Normal Cost would be paid by the new members and we have taken into account in this valuation only the requirements of Section 7522.30(c), but not the requirements of Section 7522.30(e). The only exception to this is that we have also shown the PEPRA Tier 2 with COLA contribution rates including the member COLA contribution rate of 2.63% of compensation based on current bargaining agreements.

Also of note is that based on our discussions with VCERA, we have used the discretion made available by Section 31620.5(a) of AB 1380 to no longer round the PEPRA member's contribution rates to the nearest one quarter of one percent as was previously required by CalPEPRA. This is consistent with established practice for the Non-PEPRA plans and should allow for exactly one-half of the normal cost for the PEPRA plans to be paid by the employees and one-half by the employers. In addition, Section 31620.5(b) of AB 1380 also provides that the "one percent rule" under Section 7522.30(d) does not apply. This section formerly limited the circumstances under which the PEPRA member rate would change.

The PEPRA member contribution rates are provided in Appendix B.

Tier 2 COLA Procedures

This benefit has been valued consistent with the methodologies described in our October 9, 2006 report entitled "Funding Policies and Procedures for General Tier II COLA Benefit".

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

CHART 14a

Recommended Employer Contribution Rates (Dollar Amounts in Thousands) – Current Valuation Under Combined Methodology

	June 30, 2014 Actuarial Valuation					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount ⁽¹⁾	Rate	Estimated Annual Amount ⁽¹⁾	Rate	Estimated Annual Amount ⁽¹⁾
General Tier 1 Members						
Normal Cost	8.11%	\$811	2.43%	\$243	10.54%	\$1,054
UAAL ⁽²⁾	<u>9.71%</u>	<u>971</u>	<u>41.64%</u>	<u>4,165</u>	<u>51.35%</u>	<u>5,136</u>
Total Contribution	17.82%	\$1,782	44.07%	\$4,408	61.89%	\$6,190
General Tier 2 Members w/o COLA						
Normal Cost	8.36%	\$17,543	0.00%	\$0	8.36%	\$17,543
UAAL ⁽²⁾	<u>9.71%</u>	<u>20,370</u>	<u>0.00%</u>	<u>0</u>	<u>9.71%</u>	<u>20,370</u>
Total Contribution	18.07%	\$37,913	0.00%	\$0	18.07%	\$37,913
General PEPRA Tier 2 Members w/o COLA						
Normal Cost	6.92%	\$823	0.00%	\$0	6.92%	\$823
UAAL ⁽²⁾	<u>9.71%</u>	<u>1,155</u>	<u>0.00%</u>	<u>0</u>	<u>9.71%</u>	<u>1,155</u>
Total Contribution	16.63%	\$1,978	0.00%	\$0	16.63%	\$1,978
General Tier 2 Members w/COLA						
Normal Cost ⁽³⁾	8.36%	\$19,117	-0.05%	-\$115	8.31%	\$19,002
UAAL ⁽²⁾⁽⁴⁾	<u>9.71%</u>	<u>22,204</u>	<u>1.14%</u>	<u>2,607</u>	<u>10.85%</u>	<u>24,811</u>
Total Contribution	18.07%	\$41,321	1.09%	\$2,492	19.16%	\$43,813
General PEPRA Tier 2 Members w/COLA						
Normal Cost ⁽³⁾	6.92%	\$1,658	-0.10%	-\$24	6.82%	\$1,634
UAAL ⁽²⁾⁽⁴⁾	<u>9.71%</u>	<u>2,326</u>	<u>1.14%</u>	<u>273</u>	<u>10.85%</u>	<u>2,599</u>
Total Contribution	16.63%	\$3,984	1.04%	\$249	17.67%	\$4,233
All General Members⁽⁵⁾						
Normal Cost	8.25%	\$39,952	0.02%	\$104	8.27%	\$40,056
UAAL	<u>9.71%</u>	<u>47,026</u>	<u>1.45%</u>	<u>7,045</u>	<u>11.16%</u>	<u>54,071</u>
Total Contribution	17.96%	\$86,978	1.47%	\$7,149	19.43%	\$94,127

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

CHART 14a (continued)

Recommended Employer Contribution Rates (Dollar Amounts in Thousands) – Current Valuation Under Combined Methodology

	June 30, 2014 Actuarial Valuation					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount ⁽¹⁾	Rate	Estimated Annual Amount ⁽¹⁾	Rate	Estimated Annual Amount ⁽¹⁾
Safety Members						
Normal Cost	13.97%	\$22,362	4.29%	\$6,868	18.26%	\$29,230
UAAL	<u>44.50%</u>	<u>71,233</u>	<u>-8.89%</u>	<u>-14,230</u>	<u>35.61%</u>	<u>57,003</u>
Total Contribution	58.47%	\$93,595	-4.60%	-\$7,362	53.87%	\$86,233
Safety PEPRAs Members						
Normal Cost	10.60%	\$403	4.09%	\$156	14.69%	\$559
UAAL	<u>44.50%</u>	<u>1,692</u>	<u>-8.89%</u>	<u>-338</u>	<u>35.61%</u>	<u>1,354</u>
Total Contribution	55.10%	\$2,095	-4.80%	-\$182	50.30%	\$1,913
All Safety Members⁽⁵⁾						
Normal Cost	13.89%	\$22,765	4.29%	\$7,024	18.18%	\$29,789
UAAL	<u>44.50%</u>	<u>72,925</u>	<u>-8.89%</u>	<u>-14,568</u>	<u>35.61%</u>	<u>58,357</u>
Total Contribution	58.39%	\$95,690	-4.60%	-\$7,544	53.79%	\$88,146
All Categories Combined⁽⁵⁾						
Normal Cost	9.67%	\$62,717	1.10%	\$7,128	10.77%	\$69,845
UAAL	<u>18.50%</u>	<u>119,951</u>	<u>-1.16%</u>	<u>-7,523</u>	<u>17.34%</u>	<u>112,428</u>
Total Contribution	28.17%	\$182,668	-0.06%	-\$395	28.11%	\$182,273

⁽¹⁾ Amounts are in thousands, assumed to be paid throughout the year, and are based on June 30, 2014 annual payroll (also in thousands) shown below:

General Tier 1	\$10,004
General Tier 2	209,847
General PEPRAs Tier 2	11,899
General Tier 2C	228,670
General PEPRAs Tier 2C	23,959
Safety	160,075
Safety PEPRAs	<u>3,803</u>
Total	\$648,257

⁽²⁾ Basic UAAL rates have been calculated on a combined basis for all General Tiers.

⁽³⁾ Reflects General Tier 2 member COLA contribution rate of 2.63% based on current bargaining agreements.

⁽⁴⁾ Includes 0.56% in COLA UAAL costs attributed to the first two years of service accrued for the fixed 2% COLA pursuant to Government Code 31627.

⁽⁵⁾ These aggregated rates are provided for informational purposes only as we understand that the intent is to implement the tier specific rates, if possible.

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

CHART 14b

Recommended Employer Contribution Rates (Dollar Amounts in Thousands) – Prior Valuation Under Combined Methodology

	June 30, 2013 Actuarial Valuation ⁽¹⁾					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount ⁽²⁾	Rate	Estimated Annual Amount ⁽²⁾	Rate	Estimated Annual Amount ⁽²⁾
General Tier 1 Members						
Normal Cost	8.15%	\$925	2.44%	\$277	10.59%	\$1,202
UAAL ⁽³⁾	<u>10.20%</u>	<u>1,157</u>	<u>29.41%</u>	<u>3,337</u>	<u>39.61%</u>	<u>4,494</u>
Total Contribution	18.35%	\$2,082	31.85%	\$3,614	50.20%	\$5,696
General PEPRA Tier 1 Members						
Normal Cost	4.70%	\$52	1.80%	\$19	6.50%	\$71
UAAL ⁽³⁾	<u>10.20%</u>	<u>112</u>	<u>29.41%</u>	<u>323</u>	<u>39.61%</u>	<u>435</u>
Total Contribution	14.90%	\$164	31.21%	\$342	46.11%	\$506
General Tier 2 Members w/o COLA						
Normal Cost	8.48%	\$17,997	0.00%	\$0	8.48%	\$17,997
UAAL ⁽³⁾	<u>10.20%</u>	<u>21,642</u>	<u>0.00%</u>	<u>0</u>	<u>10.20%</u>	<u>21,642</u>
Total Contribution	18.68%	\$39,639	0.00%	\$0	18.68%	\$39,639
General PEPRA Tier 2 Members w/o COLA						
Normal Cost	6.83%	\$216	0.00%	\$0	6.83%	\$216
UAAL ⁽³⁾	<u>10.20%</u>	<u>323</u>	<u>0.00%</u>	<u>0</u>	<u>10.20%</u>	<u>323</u>
Total Contribution	17.03%	\$539	0.00%	\$0	17.03%	\$539
General Tier 2 Members w/COLA						
Normal Cost ⁽⁴⁾	8.48%	\$20,422	-0.04%	-\$97	8.44%	\$20,325
UAAL ⁽³⁾⁽⁵⁾	<u>10.20%</u>	<u>24,559</u>	<u>1.01%</u>	<u>2,432</u>	<u>11.21%</u>	<u>26,991</u>
Total Contribution	18.68%	\$44,981	0.97%	\$2,335	19.65%	\$47,316
General PEPRA Tier 2 Members w/COLA						
Normal Cost ⁽⁴⁾	6.83%	\$536	-0.13%	-\$10	6.70%	\$526
UAAL ⁽³⁾⁽⁵⁾	<u>10.20%</u>	<u>800</u>	<u>1.01%</u>	<u>79</u>	<u>11.21%</u>	<u>879</u>
Total Contribution	17.03%	\$1,336	0.88%	\$69	17.91%	\$1,405
All General Members⁽⁶⁾						
Normal Cost	8.43%	\$40,148	0.04%	\$189	8.47%	\$40,337
UAAL	<u>10.20%</u>	<u>48,593</u>	<u>1.29%</u>	<u>6,171</u>	<u>11.49%</u>	<u>54,764</u>
Total Contribution	18.63%	\$88,741	1.33%	\$6,360	19.96%	\$95,101

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

CHART 14b (continued)

Recommended Employer Contribution Rates (Dollar Amounts in Thousands) – Prior Valuation Under Combined Methodology

	June 30, 2013 Actuarial Valuation ⁽¹⁾					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount ⁽²⁾	Rate	Estimated Annual Amount ⁽²⁾	Rate	Estimated Annual Amount ⁽²⁾
Safety Members						
Normal Cost	13.96%	\$22,627	4.30%	\$6,970	18.26%	\$29,597
UAAL	<u>42.87%</u>	<u>69,486</u>	<u>-5.45%</u>	<u>-8,834</u>	<u>37.42%</u>	<u>60,652</u>
Total Contribution	56.83%	\$92,113	-1.15%	-\$1,864	55.68%	\$90,249
Safety PEPRA Members						
Normal Cost	11.27%	\$19	4.87%	\$9	16.14%	\$28
UAAL	<u>42.87%</u>	<u>73</u>	<u>-5.45%</u>	<u>-9</u>	<u>37.42%</u>	<u>64</u>
Total Contribution	54.14%	\$92	-0.58%	\$0	53.56%	\$92
All Safety Members⁽⁶⁾						
Normal Cost	13.96%	\$22,646	4.30%	\$6,979	18.26%	\$29,625
UAAL	<u>42.87%</u>	<u>69,559</u>	<u>-5.45%</u>	<u>-8,843</u>	<u>37.42%</u>	<u>60,716</u>
Total Contribution	56.83%	\$92,205	-1.15%	-\$1,864	55.68%	\$90,341
All Categories Combined⁽⁶⁾						
Normal Cost	9.83%	\$62,794	1.12%	\$7,168	10.95%	\$69,962
UAAL	<u>18.50%</u>	<u>118,152</u>	<u>-0.42%</u>	<u>-2,672</u>	<u>18.08%</u>	<u>115,480</u>
Total Contribution	28.33%	\$180,946	0.70%	\$4,496	29.03%	\$185,442

⁽¹⁾ Before reflecting three-year phase-in of the effect of the changes in economic actuarial assumptions and actuarial cost method from the June 30, 2012 valuation.

⁽²⁾ Amounts are in thousands, assumed to be paid throughout the year, and are based on June 30, 2013 annual payroll (also in thousands) shown below:

General Tier 1	\$11,348
General PEPRA Tier 1	1,099
General Tier 2	212,229
General PEPRA Tier 2	3,163
General Tier 2C	240,822
General PEPRA Tier 2C	7,847
Safety	162,085
Safety PEPRA	<u>171</u>
Total	\$638,764

⁽³⁾ Basic UAAL rates have been calculated on a combined basis for all General Tiers.

⁽⁴⁾ Reflects General Tier 2 member COLA contribution rate of 2.63% based on current bargaining agreements.

⁽⁵⁾ Includes 0.53% in COLA UAAL costs attributed to the first two years of service accrued for the fixed 2% COLA pursuant to Government Code 31627.

⁽⁶⁾ These aggregated rates are provided for informational purposes only as we understand that the intent is to implement the tier specific rates, if possible.

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

The employer contribution rates as of June 30, 2014 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Employer Contribution Rate

The chart below details the changes in the recommended average employer contribution rate from the prior valuation to the current year's valuation.

The chart reconciles the employer contribution from the prior valuation to the amount determined in this valuation.

CHART 15

Reconciliation of Recommended Average Employer Contribution Rate from June 30, 2013 to June 30, 2014 (Dollar Amounts in Thousands)

	Contribution Rate	Estimated Annual Dollar Cost ⁽¹⁾
Recommended Average Employer Contribution Rate as of June 30, 2013⁽⁴⁾	29.03%	\$185,442
Effect of investment gain ⁽²⁾	(0.19)%	(1,232)
Effect of difference in actual versus expected contributions due to phase-in and delay in implementation of contribution rates calculated in June 30, 2013 valuation	0.30%	1,945
Effect of difference in actual versus expected individual salary increases	(0.77)%	(4,992)
Effect of difference in actual versus expected total payroll growth	0.45%	2,917
Effect of lower than expected COLA benefit increase for retirees and beneficiaries	(0.51)%	(3,306)
Effect of net other changes ⁽³⁾	<u>(0.20)%</u>	<u>1,499</u>
Total change	<u>(0.92)%</u>	<u>\$(3,169)</u>
Recommended Average Employer Contribution Rate as of June 30, 2014	28.11%	\$182,273

⁽¹⁾ Based on projected payroll for each year.

⁽²⁾ The Association's valuation value of assets earned 8.13% which was greater than the 7.75% assumed rate of return.

⁽³⁾ Other differences in actual versus expected experience including mortality, disability, withdrawal, retirement and in-service redemption experience. Estimated annual dollar cost also reflects change in payroll from prior valuation.

⁽⁴⁾ Before reflecting three-year phase-in of the effect of the changes in economic actuarial assumptions and actuarial cost method from the June 30, 2012 valuation.

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

The member contribution rates as of June 30, 2014 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation.

Reconciliation of Recommended Member Contribution Rate

The chart below details the changes in the recommended average member contribution rate from the prior valuation to the current year's valuation.

The chart reconciles the member contribution from the prior valuation to the amount determined in this valuation.

CHART 16

Reconciliation of Recommended Average Member Contribution Rate from June 30, 2013 to June 30, 2014 (Dollar Amounts in Thousands)

	Contribution Rate	Estimated Annual Dollar Cost ⁽¹⁾
Recommended Average Member Contribution Rate in June 30, 2013 Valuation	8.58%	\$54,779
Effect of changes in demographic profile of employee group ⁽²⁾	<u>0.03%</u>	<u>1,016</u>
Recommended Average Member Contribution Rate in June 30, 2014 Valuation	8.61%	\$55,795

⁽¹⁾ Based on projected payroll for each year.

⁽²⁾ Estimated annual dollar cost also reflects change in payroll from prior valuation.

SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

E. INFORMATION REQUIRED BY GASB 27

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to the GASB is the historical comparison of the GASB required contributions to the actual contributions. This comparison demonstrates whether a plan is being funded within the range of GASB reporting requirements. Chart 17 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the valuation value of assets to the actuarial accrued liabilities of the plan as calculated under GASB standards. High ratios indicate a well-funded plan with assets sufficient to cover the Plan's actuarial liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other changes.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

These graphs show key GASB factors.

CHART 17
Required Versus Actual Contributions

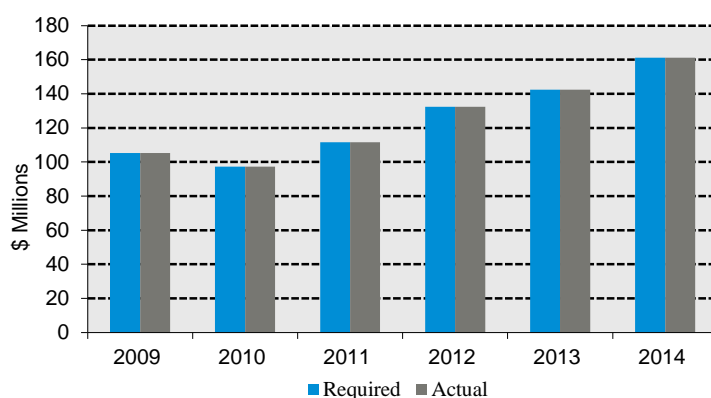
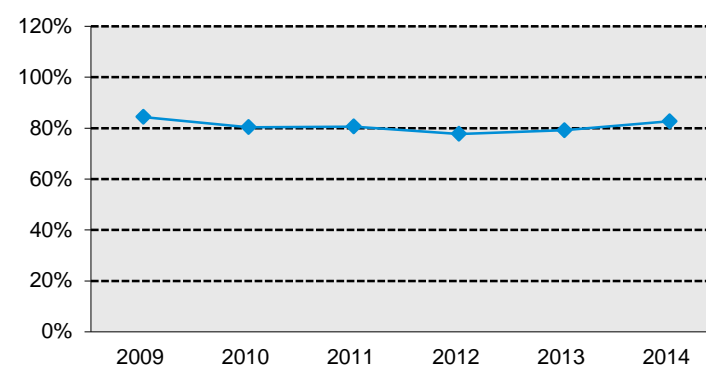


CHART 18
Funded Ratio



SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

F. VOLATILITY RATIOS

Retirement plans are subject to volatility in the level of required contributions. This volatility tends to increase as retirement plans become more mature.

The Asset Volatility Ratio (AVR), which is equal to the market value of assets divided by total payroll, provides an indication of the potential contribution volatility for any given level of investment volatility. A higher AVR indicates that the plan is subject to a greater level of contribution volatility. This is a current measure since it is based on the current level of assets.

For VCERA, the current AVR is about 6.6. This means that a 1% asset gain/(loss) (relative to the assumed investment return) translates to about 6.6% of one-year's payroll. Since VCERA amortizes actuarial gains and losses over a period of 15 years, there would be a 0.6% of payroll decrease/(increase) in the required contribution for each 1% asset gain/(loss).

The Liability Volatility Ratio (LVR), which is equal to the Actuarial Accrued Liability divided by payroll, provides an indication of the longer-term potential for contribution volatility for any given level of investment volatility. This is because, over an extended period of time, the plan's assets should track the plan's liabilities. For example, if a plan is 50% funded on a market value basis, the liability volatility ratio would be double the asset volatility ratio and the plan sponsor should expect contribution volatility to increase over time as the plan becomes better funded.

The LVR also indicates how volatile contributions will be in response to changes in the Actuarial Accrued Liability due to actual experience or to changes in actuarial assumptions.

For VCERA, the current LVR is about 7.3. This is about 11% higher than the AVR. Therefore, we would expect that contribution volatility will increase over the long term.

This chart shows how the asset and liability volatility ratios have varied over time.

CHART 19

Volatility Ratios for Years Ended June 30, 2009 – 2014

Year Ended June 30	Asset Volatility Ratio	Liability Volatility Ratio
2009	3.5	5.8
2010	3.9	5.9
2011	5.0	6.3
2012	5.1	6.9
2013	5.7	7.2
2014	6.6	7.3

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT A

Table of Plan Coverage

i. General Tier 1

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
Active members in valuation:			
Number	92	109	-15.6%
Average age	60.4	58.7	N/A
Average service	31.6	29.4	N/A
Projected total compensation ⁽¹⁾	\$10,004,102	\$11,347,554	-11.8%
Projected average compensation	\$108,740	\$104,106	4.5%
Account balances	\$17,403,435	\$18,445,454	-5.6%
Total active vested members	92	105	-12.4%
Vested terminated members⁽²⁾	58	62	-6.5%
Retired members:			
Number in pay status	1,508	1,539	-2.0%
Average age	74.8	74.2	N/A
Average monthly benefit ⁽³⁾	\$3,481	\$3,403	2.3%
Disabled members:			
Number in pay status	115	123	-6.5%
Average age	72.7	72.6	N/A
Average monthly benefit ⁽³⁾	\$2,293	\$2,244	2.2%
Beneficiaries:			
Number in pay status	359	367	-2.2%
Average age	79.0	79.1	N/A
Average monthly benefit ⁽³⁾	\$1,551	\$1,451	6.9%

⁽¹⁾ Calculated by increasing annualized bi-weekly compensation rates as of valuation date by one-half year of inflation and "across the board" salary increases.

⁽²⁾ Includes terminated members with member contributions on deposit.

⁽³⁾ Excludes vested fixed supplemental and supplemental medical benefit amounts.

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT A (continued)

Table of Plan Coverage

ii. General Tier 2

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
Active members in valuation:			
Number	5,825	6,201	-6.1%
Average age	47.3	46.6	N/A
Average service	11.5	10.7	N/A
Projected total compensation ⁽¹⁾	\$438,516,507	\$453,050,594	-3.2%
Projected average compensation	\$75,282	\$73,061	3.0%
Account balances	\$360,544,571	\$344,670,730	4.6%
Total active vested members	4,607	4,564	0.9%
Vested terminated members⁽²⁾	1,925	1,902	1.2%
Retired members:			
Number in pay status	2,267	2,062	9.9%
Average age	67.6	67.3	N/A
Average monthly benefit ⁽³⁾	\$1,585	\$1,510	5.0%
Disabled members:			
Number in pay status	337	327	3.1%
Average age	62.9	62.1	N/A
Average monthly benefit ⁽³⁾	\$1,436	\$1,416	1.4%
Beneficiaries:			
Number in pay status	256	228	12.3%
Average age	67.2	66.5	N/A
Average monthly benefit ⁽³⁾	\$788	\$799	-1.4%

⁽¹⁾ Calculated by increasing annualized bi-weekly compensation rates as of valuation date by one-half year of inflation and "across the board" salary increases.

⁽²⁾ Includes terminated members with member contributions on deposit.

⁽³⁾ Excludes vested fixed supplemental and supplemental medical benefit amounts.

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT A (continued)

Table of Plan Coverage

iii. PEPR General Tier 1

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
Active members in valuation:			
Number	0	18	-100.0%
Average age	N/A	26.3	N/A
Average service	N/A	0.2	N/A
Projected total compensation ⁽¹⁾	N/A	\$1,099,121	N/A
Projected average compensation	N/A	\$61,062	N/A
Account balances	N/A	\$4,521	N/A
Total active vested members	0	0	N/A
Vested terminated members⁽²⁾	5	2	150.0%
Retired members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽³⁾	N/A	N/A	N/A
Disabled members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽³⁾	N/A	N/A	N/A
Beneficiaries:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽³⁾	N/A	N/A	N/A

⁽¹⁾ Calculated by increasing annualized bi-weekly compensation rates as of valuation date by one-half year of inflation and "across the board" salary increases.

⁽²⁾ Includes terminated members with member contributions on deposit.

⁽³⁾ Excludes vested fixed supplemental and supplemental medical benefit amounts.

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT A (continued)

Table of Plan Coverage

iv. PEPR General Tier 2

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
Active members in valuation:			
Number	755	235	221.3%
Average age	35.8	35.2	N/A
Average service	0.7	0.2	N/A
Projected total compensation ⁽¹⁾	\$35,858,216	\$11,009,761	225.7%
Projected average compensation	\$47,494	\$46,850	1.4%
Account balances	\$2,164,512	\$207,028	945.5%
Total active vested members	0	0	N/A
Vested terminated members⁽²⁾	64	12	433.3%
Retired members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽³⁾	N/A	N/A	N/A
Disabled members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽³⁾	N/A	N/A	N/A
Beneficiaries:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽³⁾	N/A	N/A	N/A

⁽¹⁾ Calculated by increasing annualized bi-weekly compensation rates as of valuation date by one-half year of inflation and "across the board" salary increases.

⁽²⁾ Includes terminated members with member contributions on deposit.

⁽³⁾ Excludes vested fixed supplemental and supplemental medical benefit amounts.

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT A (continued)

Table of Plan Coverage

v. Safety

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
Active members in valuation:			
Number	1,471	1,502	-2.1%
Average age	41.9	41.2	N/A
Average service	14.6	13.9	N/A
Projected total compensation ⁽¹⁾	\$160,074,949	\$162,085,238	-1.2%
Projected average compensation	\$108,820	\$107,913	0.8%
Account balances	\$161,930,571	\$153,365,442	5.6%
Total active vested members	1,274	1,260	1.1%
Vested terminated members⁽²⁾	284	271	4.8%
Retired members:			
Number in pay status	677	658	2.9%
Average age	65.7	65.2	N/A
Average monthly benefit ⁽³⁾	\$7,141	\$6,981	2.3%
Disabled members:			
Number in pay status	385	378	1.9%
Average age	63.4	63.1	N/A
Average monthly benefit ⁽³⁾	\$5,044	\$4,967	1.6%
Beneficiaries:			
Number in pay status	217	206	5.3%
Average age	67.3	67.3	N/A
Average monthly benefit ⁽³⁾	\$2,805	\$2,801	0.1%

⁽¹⁾ Calculated by increasing annualized bi-weekly compensation rates as of valuation date by one-half year of inflation and "across the board" salary increases.

⁽²⁾ Includes terminated members with member contributions on deposit.

⁽³⁾ Excludes vested fixed supplemental and supplemental medical benefit amounts.

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT A (continued)

Table of Plan Coverage

vi. PEPR Safety

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
Active members in valuation:			
Number	67	3	2133.3%
Average age	28.9	31.8	N/A
Average service	0.7	0.2	N/A
Projected total compensation ⁽¹⁾	\$3,803,268	\$170,918	2125.2%
Projected average compensation	\$56,765	\$56,973	-0.4%
Account balances	\$335,236	\$4,103	8070.5%
Total active vested members	0	0	N/A
Vested terminated members⁽²⁾	3	0	N/A
Retired members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽³⁾	N/A	N/A	N/A
Disabled members:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽³⁾	N/A	N/A	N/A
Beneficiaries:			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit ⁽³⁾	N/A	N/A	N/A

⁽¹⁾ Calculated by increasing annualized bi-weekly compensation rates as of valuation date by one-half year of inflation and "across the board" salary increases.

⁽²⁾ Includes terminated members with member contributions on deposit.

⁽³⁾ Excludes vested fixed supplemental and supplemental medical benefit amounts.

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2014
By Age and Years of Service**

i. General Tier 1

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
25 - 29	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
30 - 34	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
35 - 39	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
40 - 44	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
45 - 49	2	--	--	1	1	--	--	--	--	--
	\$194,294	--	--	\$175,942	\$212,646	--	--	--	--	--
50 - 54	9	--	--	1	--	2	2	1	3	--
	147,943	--	--	201,280	--	\$211,322	\$191,155	\$62,462	\$87,597	--
55 - 59	30	--	1	3	1	1	1	4	19	--
	116,189	--	\$171,784	178,404	201,373	226,147	233,843	127,541	84,587	--
60 - 64	40	--	--	2	3	5	5	3	17	5
	93,193	--	--	164,931	112,607	150,369	91,708	78,031	73,938	\$71,727
65 - 69	7	--	--	--	1	1	1	1	3	--
	110,587	--	--	--	86,399	130,728	48,878	176,570	110,510	--
70 & over	4	--	--	--	--	--	--	--	2	2
	74,129	--	--	--	--	--	--	--	100,439	47,818
Total	92	--	1	7	6	9	9	9	44	7
	\$108,740	--	\$171,784	\$177,471	\$139,706	\$170,152	\$124,841	\$109,254	\$83,166	\$64,896

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT B (continued)

Members in Active Service and Projected Average Compensation as of June 30, 2014

By Age and Years of Service

ii. General Tier 2

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	26	26	--	--	--	--	--	--	--	--
	\$48,523	\$48,523	--	--	--	--	--	--	--	--
25 - 29	318	221	97	--	--	--	--	--	--	--
	59,347	60,490	\$56,745	--	--	--	--	--	--	--
30 - 34	636	262	313	61	--	--	--	--	--	--
	69,186	69,474	69,322	\$67,255	--	--	--	--	--	--
35 - 39	670	172	264	196	38	--	--	--	--	--
	71,827	67,634	73,173	73,496	\$72,841	--	--	--	--	--
40 - 44	758	143	260	209	117	28	1	--	--	--
	76,252	71,486	76,539	78,217	79,158	\$70,941	\$81,383	--	--	--
45 - 49	842	116	230	223	131	113	27	2	--	--
	77,983	69,253	76,719	79,078	86,050	79,925	70,183	\$74,767	--	--
50 - 54	965	116	229	225	127	150	81	37	--	--
	78,668	72,797	74,751	77,984	82,102	81,413	87,417	83,410	--	--
55 - 59	878	95	193	171	130	135	98	55	1	--
	80,042	73,247	75,204	77,296	81,858	82,494	88,521	91,384	\$107,570	--
60 - 64	536	54	122	120	77	86	46	30	1	--
	77,523	69,920	76,144	75,748	81,847	76,644	85,992	82,791	64,312	--
65 - 69	151	13	44	30	24	23	12	4	1	--
	78,172	75,468	70,874	84,033	75,915	78,205	99,121	66,240	108,399	--
70 & over	45	4	14	12	4	3	5	3	--	--
	72,146	83,501	68,955	75,760	60,107	76,818	68,100	75,567	--	--
Total	5,825	1,222	1,766	1,247	648	538	270	131	3	--
	\$75,282	\$68,097	\$73,087	\$76,803	\$81,381	\$79,902	\$85,992	\$85,780	\$93,427	--

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT B

Members in Active Service and Projected Average Compensation as of June 30, 2014

By Age and Years of Service

iii. PEPR General Tier 2

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	95	95	--	--	--	--	--	--	--	--
	\$36,725	\$36,725	--	--	--	--	--	--	--	--
25 - 29	196	196	--	--	--	--	--	--	--	--
	43,758	43,758	--	--	--	--	--	--	--	--
30 - 34	145	145	--	--	--	--	--	--	--	--
	48,691	48,691	--	--	--	--	--	--	--	--
35 - 39	92	92	--	--	--	--	--	--	--	--
	48,447	48,447	--	--	--	--	--	--	--	--
40 - 44	69	69	--	--	--	--	--	--	--	--
	48,647	48,647	--	--	--	--	--	--	--	--
45 - 49	54	54	--	--	--	--	--	--	--	--
	52,891	52,891	--	--	--	--	--	--	--	--
50 - 54	44	44	--	--	--	--	--	--	--	--
	57,742	57,742	--	--	--	--	--	--	--	--
55 - 59	40	40	--	--	--	--	--	--	--	--
	56,438	56,438	--	--	--	--	--	--	--	--
60 - 64	13	13	--	--	--	--	--	--	--	--
	58,811	58,811	--	--	--	--	--	--	--	--
65 - 69	7	7	--	--	--	--	--	--	--	--
	71,400	71,400	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	755	755	--	--	--	--	--	--	--	--
	\$47,494	\$47,494	--	--	--	--	--	--	--	--

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT B (continued)

Members in Active Service and Projected Average Compensation as of June 30, 2014

By Age and Years of Service

iv. Safety

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over
Under 25	20	20	--	--	--	--	--	--	--	--
	\$77,870	\$77,870	--	--	--	--	--	--	--	--
25 - 29	144	95	49	--	--	--	--	--	--	--
	83,117	79,062	\$90,978	--	--	--	--	--	--	--
30 - 34	227	43	149	35	--	--	--	--	--	--
	96,529	86,537	99,307	\$96,979	--	--	--	--	--	--
35 - 39	243	16	77	104	46	--	--	--	--	--
	105,401	96,954	102,777	101,913	\$120,618	--	--	--	--	--
40 - 44	278	13	30	68	125	42	--	--	--	--
	111,784	100,376	104,752	102,104	114,679	\$127,394	--	--	--	--
45 - 49	241	4	15	50	77	57	37	1	--	--
	115,888	105,439	103,750	100,871	117,804	123,231	\$127,142	\$108,281	--	--
50 - 54	198	2	4	10	25	41	73	43	--	--
	126,259	125,780	91,793	98,571	113,949	123,270	130,564	138,623	--	--
55 - 59	92	4	4	3	9	16	27	22	7	--
	126,520	131,899	138,981	94,009	99,754	114,073	129,364	130,999	\$168,085	--
60 - 64	28	--	4	4	3	5	8	1	3	--
	120,712	--	140,934	105,387	121,951	106,486	117,380	132,892	141,478	--
65 - 69	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	1,471	197	332	274	285	161	145	67	10	--
	\$108,820	\$85,515	\$100,464	\$100,982	\$116,023	\$122,897	\$128,740	\$135,581	\$160,103	--

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT B

Members in Active Service and Projected Average Compensation as of June 30, 2014

By Age and Years of Service

v. PEPRA Safety

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	19	19	--	--	--	--	--	--	--	--
	\$54,627	\$54,627	--	--	--	--	--	--	--	--
25 - 29	31	31	--	--	--	--	--	--	--	--
	55,438	55,438	--	--	--	--	--	--	--	--
30 - 34	10	10	--	--	--	--	--	--	--	--
	51,404	51,404	--	--	--	--	--	--	--	--
35 - 39	2	2	--	--	--	--	--	--	--	--
	39,250	39,250	--	--	--	--	--	--	--	--
40 - 44	2	2	--	--	--	--	--	--	--	--
	62,098	62,098	--	--	--	--	--	--	--	--
45 - 49	1	1	--	--	--	--	--	--	--	--
	85,670	85,670	--	--	--	--	--	--	--	--
50 - 54	1	1	--	--	--	--	--	--	--	--
	138,077	138,077	--	--	--	--	--	--	--	--
55 - 59	1	1	--	--	--	--	--	--	--	--
	106,313	106,313	--	--	--	--	--	--	--	--
60 - 64	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	67	67	--	--	--	--	--	--	--	--
	\$56,765	\$56,765	--	--	--	--	--	--	--	--

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT C

Reconciliation of Member Data – June 30, 2013 to June 30, 2014

	Active Members	Vested Terminated Members⁽¹⁾	Pensioners	Disableds	Beneficiaries	Total
Number as of June 30, 2013	8,068	2,249	4,259	828	801	16,205
New members	667	75	0	0	72	814
Terminations – with vested rights	-215	215	0	0	0	0
Contributions refunds	-110	-77	0	0	0	-187
Retirements	-201	-91	292	0	0	0
New disabilities	-13	-2	-12	27	0	0
Return to work	23	-22	-1	0	0	0
Died with or without beneficiary	-9	-8	-88	-19	-40	-164
Data adjustments	0	0	2	1	-1	2
Number as of June 30, 2014	8,210	2,339	4,452	837	832	16,670

⁽¹⁾ Includes terminated members with member contributions on deposit.

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2014	Year Ended June 30, 2013
Contribution income:		
Employer contributions	\$169,703,083	\$150,687,842
Member contributions	<u>46,674,443</u>	<u>44,463,983</u>
Contribution income	\$216,377,526	\$195,151,825
Investment income:		
Interest, dividends and other income	\$49,344,497	\$50,691,908
Adjustment toward market value ⁽¹⁾	305,935,366	200,561,615
Less investment and administrative fees	<u>(16,936,134)</u>	<u>(13,971,026)</u>
Net investment income	<u>\$338,343,729</u>	<u>\$237,282,497</u>
Total income available for benefits	\$554,721,255	\$432,434,322
Less benefit payments	(\$223,532,290)	(\$209,957,957)
Change in reserve for future benefits	\$331,188,965	\$222,476,365

⁽¹⁾ Equals the "non-cash" earnings on investments included in the Actuarial Value of Assets.

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT E

Summary Statement of Net Assets

	Year Ended June 30, 2014	Year Ended June 30, 2013
Cash equivalents	\$63,604,211	\$63,940,819
Pension software development cost	6,459,436	3,443,718
Accounts receivable:		
Member and employer contributions	\$5,691,835	\$4,487,879
Accrued interest and dividends	3,358,253	3,537,646
Securities sold	\$23,833,386	24,075,489
Other	<u>16,979</u>	<u>14,078</u>
Total accounts receivable	\$32,900,453	\$32,115,092
Investments:		
Equities	\$2,490,857,698	\$2,299,255,552
Fixed income	970,048,742	884,109,813
Real estate	306,840,325	283,379,695
Investments received on securities lending	62,402,546	50,542,569
Others	<u>428,072,939</u>	<u>109,469,955</u>
Total investments at market value	<u>\$4,258,222,250</u>	<u>\$3,626,757,584</u>
Total assets	\$4,361,186,350	\$3,726,257,213
Liabilities:		
Securities lending	(\$62,402,546)	(\$50,542,569)
Security purchases	(21,181,466)	(45,685,949)
Accounts payable	(2,689,643)	(2,497,655)
Prepaid contributions	<u>(26,831)</u>	<u>(25,573)</u>
Total liabilities	(\$86,300,486)	(\$98,751,746)
Net assets at market value	<u>\$4,274,885,864</u>	<u>\$3,627,505,467</u>
Net assets at actuarial value	<u>\$3,964,814,499</u>	<u>\$3,633,625,534</u>
Net assets at valuation value	<u>\$3,910,800,797</u>	<u>\$3,621,708,536</u>

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT F

Actuarial Balance Sheet

An overview of the Plan's funding is given by an Actuarial Balance Sheet. In this approach, we first determine the amount and timing of all future payments that will be made by the Plan for current participants. We then discount these payments at the valuation interest rate to the date of the valuation, thereby determining their present value. We refer to this present value as the "liability" of the Plan.

Second, we determine how this liability will be met. These actuarial "assets" include the net amount of assets already accumulated by the Plan, the present value of future member contributions, the present value of future employer normal cost contributions, and the present value of future employer amortization payments for the unfunded actuarial accrued liability.

Actuarial Balance Sheet (\$ in 000s)

<u>Assets</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
1. Total valuation value of assets	\$3,910,801	\$3,621,709
2. Present value of future contributions by members	449,384	444,668
3. Present value of future employer contributions for:		
a. Entry age normal cost	\$514,554	524,833
b. Unfunded actuarial accrued liability	<u>820,215</u>	<u>953,354</u>
4. Total current and future assets	\$5,694,954	\$5,544,564
 <u>Liabilities</u>		
5. Present value of benefits for retirees and beneficiaries	\$2,646,710	\$2,549,515
6. Present value of benefits for vested terminated members	127,447	131,431
7. Present value of benefits for active members	<u>2,920,797</u>	<u>2,863,618</u>
8. Total liabilities	\$5,694,954	\$5,544,564

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT G

Summary of Allocated Reserves

Reserves		
	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Member contributions reserve ⁽¹⁾	\$611,920,699	\$584,474,197
Employer advance reserve ⁽¹⁾	1,886,562,740	1,664,856,154
Offset: Interest crediting shortfall tracking account ⁽¹⁾	(889,356,718)	(824,240,436)
Retiree reserve ⁽¹⁾	2,150,677,421	2,051,529,206
Supplemental death benefit reserve ⁽¹⁾	13,897,630	13,408,521
Vested fixed supplemental (\$108.44) reserve ⁽¹⁾	134,434,076	131,680,894
Undistributed earnings ⁽¹⁾	2,664,949	0
Valuation reserves	\$3,910,800,797	\$3,621,708,536
Supplemental medical (\$27.50) reserve ⁽²⁾	10,401,838	11,916,998
Contingency reserve ⁽²⁾	43,611,864	0
Total reserves (actuarial value)	\$3,964,814,499	\$3,633,625,534
Market stabilization reserve ⁽²⁾	310,071,365	(6,120,067)
Net market value	\$4,274,885,864	\$3,627,505,467

⁽¹⁾ Included in valuation value of assets.

⁽²⁾ Not included in valuation value of assets.

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT H

Development of Unfunded/(Overfunded) Actuarial Accrued Liability for Year Ended June 30, 2014

1. Unfunded actuarial accrued liability at beginning of year		\$953,354,000
2. Total Normal Cost payable at middle of year		125,613,000
3. Expected employer and member contributions		(237,819,000)
4. Interest (whole year on (1) plus half year on (2) + (3))		<u>66,551,000</u>
5. Expected unfunded actuarial accrued liability at end of year		<u>\$907,699,000</u>
6. Actuarial (gain)/loss due to all changes:		
(a) Investment return	\$(13,827,000)	
(b) Actual contributions less than expected	22,257,000	
(c) Lower than expected individual salary increases	(56,617,000)	
(d) Lower than expected COLA benefit increase for retirees and beneficiaries	(37,292,000)	
(e) Other experience	<u>(2,005,000)</u>	
Total changes		<u>\$(87,484,000)</u>
7. Unfunded actuarial accrued liability at end of year		<u>\$820,215,000</u>

Note: Net gain from other experience of \$95.9 million (as shown on page 8) is equal to: 6(c) + 6(d) + 6(e).

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT I

Table of Amortization Bases

	Date Established	Source	Initial Amount	Outstanding Balance	Years Remaining	Payment
General Tier 1	June 30, 2004	Restart of Amortization	\$63,394,000	\$37,659,000	5	\$8,407,000
	June 30, 2005	Actuarial (Gain)/Loss	22,085,000	14,854,000	6	2,811,000
	June 30, 2006	Actuarial (Gain)/Loss	7,048,000	5,219,000	7	861,000
	June 30, 2006	Assumption Change	41,538,000	30,713,000	7	5,068,000
	June 30, 2007	Actuarial (Gain)/Loss	(19,901,000)	(15,864,000)	8	(2,330,000)
	June 30, 2008	Actuarial (Gain)/Loss	(18,128,000)	(15,340,000)	9	(2,036,000)
	June 30, 2009	Actuarial (Gain)/Loss	55,190,000	48,942,000	10	5,946,000
	June 30, 2009	Assumption Change	18,574,000	16,462,000	10	2,000,000
	June 30, 2010	Actuarial (Gain)/Loss	50,018,000	46,022,000	11	5,168,000
	June 30, 2011	Actuarial (Gain)/Loss	36,225,000	34,317,000	12	3,591,000
	June 30, 2012	Actuarial (Gain)/Loss	29,865,000	28,924,000	13	2,840,000
	June 30, 2012	Demographic Assumption Change	38,104,000	38,277,000	18	2,942,000
	June 30, 2012	Economic Assumption Change	19,517,000	19,606,000	18	1,507,000
	June 30, 2013	Actuarial (Gain)/Loss	31,670,000	31,240,000	14	2,895,000
	June 30, 2014	Actuarial (Gain)/Loss	16,119,000	<u>16,119,000</u>	15	<u>1,417,000</u>
				\$337,150,000		\$41,087,000
General Tier 2	June 30, 2004	Restart of Amortization	\$49,731,000	\$29,549,000	5	\$6,597,000
	June 30, 2005	Actuarial (Gain)/Loss	7,622,000	5,133,000	6	971,000
	June 30, 2006	Actuarial (Gain)/Loss	(9,108,000)	(6,738,000)	7	(1,112,000)
	June 30, 2006	Assumption Change	19,085,000	14,112,000	7	2,329,000
	June 30, 2006	Plan Provision Change	14,731,000	10,885,000	7	1,796,000
	June 30, 2007	Actuarial (Gain)/Loss	(39,508,000)	(31,502,000)	8	(4,626,000)
	June 30, 2008	Actuarial (Gain)/Loss	(34,794,000)	(29,435,000)	9	(3,907,000)
	June 30, 2009	Actuarial (Gain)/Loss	71,253,000	63,179,000	10	7,675,000
	June 30, 2009	Assumption Change	22,696,000	20,118,000	10	2,444,000
	June 30, 2010	Actuarial (Gain)/Loss	47,615,000	43,817,000	11	4,920,000
	June 30, 2011	Actuarial (Gain)/Loss	(6,949,000)	(6,599,000)	12	(691,000)
	June 30, 2012	Actuarial (Gain)/Loss	(18,106,000)	(17,539,000)	13	(1,722,000)
	June 30, 2012	Demographic Assumption Change	29,420,000	29,550,000	18	2,271,000
	June 30, 2012	Economic Assumption Change	32,874,000	33,028,000	18	2,539,000
	June 30, 2013	Actuarial (Gain)/Loss	(23,823,000)	(23,509,000)	14	(2,179,000)
	June 30, 2014	Actuarial (Gain)/Loss	(49,125,000)	<u>(49,125,000)</u>	15	<u>(4,319,000)</u>
				\$84,924,000		\$12,986,000

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT I (continued)

Table of Amortization Bases

	Date Established	Source	Initial Amount	Outstanding Balance	Years Remaining	Payment
Safety	June 30, 2004	Restart of Amortization	\$210,319,000	\$124,936,000	5	\$27,892,000
	June 30, 2005	Actuarial (Gain)/Loss	19,142,000	12,875,000	6	2,437,000
	June 30, 2006	Actuarial (Gain)/Loss	3,418,000	2,521,000	7	416,000
	June 30, 2006	Assumption Change	42,167,000	31,180,000	7	5,145,000
	June 30, 2007	Actuarial (Gain)/Loss	(37,489,000)	(29,880,000)	8	(4,388,000)
	June 30, 2008	Actuarial (Gain)/Loss	(22,443,000)	(18,975,000)	9	(2,519,000)
	June 30, 2009	Actuarial (Gain)/Loss	78,157,000	69,300,000	10	8,419,000
	June 30, 2009	Assumption Change	49,982,000	44,319,000	10	5,384,000
	June 30, 2010	Actuarial (Gain)/Loss	108,448,000	99,804,000	11	11,207,000
	June 30, 2011	Actuarial (Gain)/Loss	8,879,000	8,418,000	12	881,000
	June 30, 2012	Actuarial (Gain)/Loss	(7,501,000)	(7,255,000)	13	(712,000)
	June 30, 2012	Demographic Assumption Change	55,513,000	55,772,000	18	4,287,000
	June 30, 2012	Economic Assumption Change	51,887,000	52,119,000	18	4,006,000
	June 30, 2013	Actuarial (Gain)/Loss	7,588,000	7,485,000	14	694,000
	June 30, 2014	Actuarial (Gain)/Loss	(54,478,000)	<u>(54,478,000)</u>	15	<u>(4,789,000)</u>
				\$398,141,000		\$58,360,000
Total VCERA	June 30, 2004	Restart of Amortization	\$323,444,000	\$192,144,000	5	\$42,896,000
	June 30, 2005	Actuarial (Gain)/Loss	48,849,000	32,862,000	6	6,219,000
	June 30, 2006	Actuarial (Gain)/Loss	1,358,000	1,002,000	7	165,000
	June 30, 2006	Assumption Change	102,790,000	76,005,000	7	12,542,000
	June 30, 2006	Plan Provision Change	14,731,000	10,885,000	7	1,796,000
	June 30, 2007	Actuarial (Gain)/Loss	(96,898,000)	(77,246,000)	8	(11,344,000)
	June 30, 2008	Actuarial (Gain)/Loss	(75,365,000)	(63,750,000)	9	(8,462,000)
	June 30, 2009	Actuarial (Gain)/Loss	204,600,000	181,421,000	10	22,040,000
	June 30, 2009	Assumption Change	91,252,000	80,899,000	10	9,828,000
	June 30, 2010	Actuarial (Gain)/Loss	206,081,000	189,643,000	11	21,295,000
	June 30, 2011	Actuarial (Gain)/Loss	38,155,000	36,136,000	12	3,781,000
	June 30, 2012	Actuarial (Gain)/Loss	4,258,000	4,130,000	13	406,000
	June 30, 2012	Demographic Assumption Change	123,037,000	123,599,000	18	9,500,000
	June 30, 2012	Economic Assumption Change	104,278,000	104,753,000	18	8,052,000
	June 30, 2013	Actuarial (Gain)/Loss	15,435,000	15,216,000	14	1,410,000
	June 30, 2014	Actuarial (Gain)/Loss	(87,484,000)	<u>(87,484,000)</u>	15	<u>(7,691,000)</u>
				\$820,215,000		\$112,433,000

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT J

Section 415 Limitations

Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan.

A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active participants could be taxed on their vested benefits and the IRS may seek to tax the income earned on the plan's assets.

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar limit of \$160,000 indexed for inflation. That limit is \$210,000 for 2014 and 2015. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions. Limits are also affected by the "grandfather" election under Section 415(b)(10).

For Non-PEPRA members, benefits in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m).

Legal Counsel's review and interpretation of the law and regulations should be sought on any questions in this regard.

Contribution rates determined in this valuation have not been reduced for the Section 415 limitations. Actual limitations will result in gains as they occur.

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

EXHIBIT K

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

**Assumptions or Actuarial
Assumptions:**

The estimates on which the cost of the Plan is calculated including:

- (a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;
- (b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;
- (c) Retirement rates — the rate or probability of retirement at a given age;
- (d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost:

The amount of contributions required to fund the cost allocated to the current year of service.

**Actuarial Accrued Liability
for Actives:**

The equivalent of the accumulated normal costs allocated to the years before the valuation date.

**Actuarial Accrued Liability
for Pensioners:**

The single sum value of lifetime benefits to benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

SECTION 3: Supplemental Information for the Ventura County Employees' Retirement Association

**Unfunded/(Overfunded) Actuarial
Accrued Liability:**

The extent to which the actuarial accrued liability of the Plan exceeds (or is exceeded by) the assets of the Plan.

**Amortization of the Unfunded/
(Overfunded) Actuarial
Accrued Liability:**

Payments made over a period of years equal in value to the Plan's unfunded or overfunded actuarial accrued liability.

Investment Return:

The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the market gains and losses to avoid significant swings in the value of assets from one year to the next.

Payroll or Compensation:

Compensation Earnable and Pensionable Compensation expected to be paid to active members during the twelve months following the valuation date. Only Compensation Earnable and Pensionable Compensation that would possibly go into the determination of retirement benefits are included.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

EXHIBIT I

Summary of Actuarial Valuation Results

The valuation was made with respect to the following data supplied to us:

1. Retired members as of the valuation date (including 832 beneficiaries in pay status)	6,121
2. Members inactive during year ended June 30, 2014 with vested rights ⁽¹⁾	2,339
3. Members active during the year ended June 30, 2014	8,210

The actuarial factors as of the valuation date are as follows (amounts in 000s):

1. Normal cost		\$125,640
2. Present value of future benefits		5,694,954
3. Present value of future normal costs		963,938
4. Actuarial accrued liability ⁽²⁾		4,731,016
Retired members and beneficiaries	\$2,646,710	
Inactive members with vested rights ⁽¹⁾	127,447	
Active members	1,956,859	
5. Valuation value of assets ⁽²⁾ (\$4,274,886 at market value as reported by Retirement Association)		3,910,801
6. Unfunded actuarial accrued liability		\$820,215

⁽¹⁾ Includes terminated members with member contributions on deposit.

⁽²⁾ Excludes liabilities and assets held for supplemental medical benefit reserve and statutory contingency reserve.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

EXHIBIT I (continued)

Summary of Actuarial Valuation Results

The determination of the recommended average employer contribution is as follows
(amounts in 000s):

	Dollar Amount	% of Payroll
1. Total normal cost	\$125,640	19.38%
2. Expected employee contributions	<u>-55,795</u>	<u>-8.61%</u>
3. Employer normal cost: (1) + (2)	\$69,845	10.77%
4. Amortization of unfunded actuarial accrued liability	<u>112,428</u>	<u>17.34%</u>
5. Total recommended average employer contribution: (3) + (4)	\$182,273	28.11%
6. Projected compensation	\$648,257	

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

EXHIBIT II

Supplementary Information Required by GASB 27 – Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2009	\$105,278,000	\$105,278,000	100.0%
2010	97,324,000	97,324,000	100.0%
2011	111,585,000	111,585,000	100.0%
2012	132,386,000	132,386,000	100.0%
2013	142,370,000	142,370,000	100.0%
2014	161,247,000	161,247,000	100.0%

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

EXHIBIT III

Supplementary Information Required by GASB 27 – Schedule of Funding Progress

Actuarial Valuation Date	Valuation Value of Assets⁽¹⁾ (a)	Actuarial Accrued Liability (AAL)⁽²⁾ (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
06/30/2009	\$3,090,148,000	\$3,663,701,000	\$573,553,000	84.34%	\$634,777,000	90.36%
06/30/2010	3,115,984,000	3,877,443,000	761,459,000	80.36%	654,829,000	116.28%
06/30/2011	3,220,388,000	3,995,352,000	774,964,000	80.60%	637,037,000	121.65%
06/30/2012	3,397,360,000	4,373,227,000	975,867,000	77.69%	633,848,000	153.96%
06/30/2013	3,621,709,000	4,575,063,000	953,354,000	79.16%	638,764,000	149.25%
06/30/2014	3,910,801,000	4,731,016,000	820,215,000	82.66%	648,257,000	126.53%

⁽¹⁾ Excludes assets for supplemental medical benefit reserve and statutory contingency reserve.

⁽²⁾ Excludes liabilities held for supplemental medical benefit reserve and statutory contingency reserve.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

EXHIBIT IV

Supplementary Information Required by GASB 27

Valuation date	June 30, 2014
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level percent of payroll (4.00% payroll growth assumed)
Remaining amortization period	15 years for UAAL as of June 30, 2004. Any changes in UAAL after June 30, 2004 are separately amortized over a 15-year closed period effective with that valuation. Effective June 30, 2012, any changes in UAAL due to actuarial gains or losses or due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 15-year closed period effective with that valuation (up to a 5-year closed period for retirement incentives). Any change in UAAL due to changes in actuarial assumptions or methods will be amortized over a 20-year closed period effective with that valuation.
Asset valuation method	Market value of assets less unrecognized returns in each of the last ten semi-annual accounting periods. Unrecognized returns are equal to the difference between the actual market return and the expected return on market value and are recognized over a five-year period. The Actuarial Value of Assets is reduced by the value of the supplemental medical benefit reserve and statutory contingency reserve. Deferred gains and losses as of June 30, 2011 have been combined and will be recognized in equal amounts over a period of four and a half years from that date.
Actuarial assumptions:	
Investment rate of return	7.75% ⁽¹⁾
Projected salary increases	4.50% - 12.50% ⁽²⁾ varying by service
Cost of living adjustments	For General Tier 1 and Safety, 3% (actual increases are contingent upon CPI increases with a 3.00% maximum). For General Tier 2, SEIU members receive a fixed 2% cost-of-living adjustment not subject to CPI increases that applies to future service after March 2003.
Plan membership:	
Retired members and beneficiaries receiving benefits	6,121
Terminated members entitled to, but not yet receiving benefits ⁽³⁾	2,339
Active members	<u>8,210</u>
Total	16,670

⁽¹⁾ Includes inflation at 3.25%.

⁽²⁾ Includes inflation at 3.25%, "across the board" increases of 0.75%, plus merit and longevity increases. See Exhibit V for these increases.

⁽³⁾ Includes terminated members with member contributions on deposit.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

EXHIBIT V

Actuarial Assumptions and Methods

Actuarial Assumptions

Post – Retirement Mortality Rates:

<i>Healthy:</i>	For all Members: RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2025 set back one year.
<i>Disabled:</i>	<p>For General Members: RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2025 set forward five years for males and seven years for females.</p> <p>For Safety Members: RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2025 set back one year.</p> <p>The RP-2000 mortality tables projected with Scale AA to 2010 and adjusted by the applicable set backs and set forwards shown above reasonably reflect the projected mortality experience as of the measurement date. The additional projection to 2025 is a provision for future mortality improvements.</p>
<i>Beneficiaries:</i>	Beneficiaries are assumed to have the same mortality as a General Member of the opposite sex who has taken a service (non-disability) retirement.
<i>Member Contribution Rates:</i>	<p>For General Members: RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2025 set back one year weighted 35% male and 65% female.</p> <p>For Safety Members: RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2025 set back one year weighted 80% male and 20% female.</p>

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Termination Rates Before Retirement:

Age	Rate (%) Mortality			
	General		Safety	
	Male	Female	Male	Female
25	0.03	0.01	0.03	0.01
30	0.04	0.02	0.04	0.02
35	0.06	0.03	0.06	0.03
40	0.09	0.04	0.09	0.04
45	0.10	0.07	0.10	0.07
50	0.13	0.10	0.13	0.10
55	0.19	0.19	0.19	0.19
60	0.40	0.39	0.40	0.39
65	0.79	0.76	0.79	0.76

All pre-retirement deaths are assumed to be non-duty related.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Termination Rates Before Retirement (continued):

Age	Rate (%) Disability	
	General ⁽¹⁾	Safety ⁽²⁾
25	0.02	0.14
30	0.04	0.26
35	0.08	0.48
40	0.13	0.90
45	0.21	1.16
50	0.40	1.98
55	0.56	3.40
60	0.69	4.60
65	0.90	0.00
70	1.00	0.00

⁽¹⁾ 40% of General disabilities are assumed to be duty disabilities and the other 60% are assumed to be ordinary disabilities.

⁽²⁾ 90% of Safety disabilities are assumed to be duty disabilities and the other 10% are assumed to be ordinary disabilities.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Termination Rates Before Retirement (continued):

Rate (%)		
Withdrawal (Less than Five Years of Service)*		
Years of Service	General	Safety
0	15.00	12.00
1	10.00	6.00
2	8.00	5.50
3	7.00	5.00
4	6.00	4.00

Withdrawal (Five or More Years of Service)*		
Age	General	Safety
20	6.00	4.00
25	6.00	4.00
30	5.70	3.40
35	4.90	2.40
40	3.90	1.40
45	2.90	0.70
50	2.20	0.20
55	1.70	0.00
60	1.20	0.00
65	1.00	0.00
70	0.00	0.00

* The greater of a refund of member contributions and a deferred annuity is valued when a member withdraws.

No withdrawal is assumed after a member is first assumed to retire.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Retirement Rates:

Age	General Tier 1 and 2	PEPRA General Tier 1 and 2	Safety	PEPRA Safety
40	0.00	0.00	1.00	0.00
41	0.00	0.00	1.00	0.00
42	0.00	0.00	1.00	0.00
43	0.00	0.00	1.00	0.00
44	0.00	0.00	1.00	0.00
45	0.00	0.00	1.00	0.00
46	0.00	0.00	1.00	0.00
47	0.00	0.00	1.00	0.00
48	0.00	0.00	1.00	0.00
49	0.00	0.00	1.00	0.00
50	3.00	0.00	2.00	4.00
51	3.00	0.00	2.00	2.00
52	4.00	2.00	4.00	5.00
53	4.00	2.00	6.00	8.00
54	6.00	3.00	18.00	18.00
55	6.00	5.00	25.00	20.00
56	7.00	5.00	20.00	20.00
57	8.00	6.00	20.00	18.00
58	10.00	7.00	18.00	18.00
59	10.00	8.00	25.00	30.00
60	14.00	10.00	25.00	30.00
61	18.00	12.50	30.00	30.00
62	22.00	20.00	40.00	50.00
63	20.00	20.00	50.00	50.00
64	25.00	20.00	50.00	50.00
65	35.00	25.00	100.00	100.00
66	35.00	30.00	100.00	100.00
67	35.00	30.00	100.00	100.00
68	25.00	30.00	100.00	100.00
69	20.00	30.00	100.00	100.00
70	20.00	50.00	100.00	100.00
71	20.00	50.00	100.00	100.00
72	20.00	50.00	100.00	100.00
73	20.00	50.00	100.00	100.00
74	40.00	50.00	100.00	100.00
75	100.00	100.00	100.00	100.00

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

**Retirement Age and Benefit for
Deferred Vested Members:**

For deferred vested members, we make the following retirement assumption:

General Age: 58

Safety Age: 54

We assume that 50% and 65% of future General and Safety deferred vested members, respectively, will continue to work for a reciprocal employer. For reciprocals, we assume 4.50% compensation increases per annum.

Future Benefit Accruals:

1.0 year of service per year.

Unknown Data for Members:

Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.

Definition of Active Members:

All active members of VCERA as of the valuation date.

Percent Married:

70% of male members and 50% of female members are assumed to be married at pre-retirement death or retirement. There is no explicit assumption for children's benefits.

Age of Spouse:

Female (or male) spouses are 3 years younger (or older) than their spouses.

Net Investment Return:

7.75%, net of investment and administration expenses.

**Member Contribution
Crediting Rate:**

3.25% (Actual increase is based on projected long term ten-year Treasury rate).

Consumer Price Index:

Increase of 3.25% per year; retiree COLA increases due to CPI are subject to a 3.0% maximum change per year for General Tier 1 and Safety. For General Tier 2, SEIU members receive a fixed 2% cost-of-living adjustment, not subject to changes in the CPI, that applies to future service after March 2003.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

In-Service Redemptions:

Non-PEPRA Formulas

The following assumptions for in-service redemptions pay as a percentage of final average compensation are used:

General Tier 1	8.00%
General Tier 2	3.50%
Safety	7.50%

For determining the cost of the basic benefit (i.e., non-COLA component), the cost of this pay element is currently recognized in the valuation as an employer only cost and does not affect member contribution rates.

PEPRA Formulas

None

Salary Increases:

Annual Rate of Compensation Increase

Inflation: 3.25% per year; plus “across the board” salary increases of 0.75% per year; plus the following promotional and merit increases:

Years of Service	General	Safety
Less than 1	5.00%	8.50%
1	3.75	6.25
2	3.00	4.75
3	2.50	4.00
4	2.00	3.00
5	1.50	2.50
6	1.00	2.00
7	1.00	1.50
8	0.75	1.25
9	0.50	1.00
10	0.50	0.75
11	0.50	0.75
12	0.50	0.75
13	0.50	0.75
14	0.50	0.75
15	0.50	0.75
16	0.50	0.50
17	0.50	0.50
18	0.50	0.50
19	0.50	0.50
20 and Over	0.50	0.50

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Increase in the Internal Revenue

Code Section 401(a)(17)

Compensation Limit: Increase of 3.25% per year from the valuation date.

Increase in Section 7522.10

Compensation Limit: Increase of 3.25% per year from the valuation date.

Actuarial Methods

Actuarial Cost Method:

Entry Age Actuarial Cost Method. Entry Age is the age at the member's hire date. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation, as if the current benefit formulas have always been in effect (i.e., "replacement life").

Actuarial Value of Assets:

Market value of assets less unrecognized returns in each of the last ten semi-annual accounting periods. Unrecognized returns are equal to the difference between the actual market return and the expected return on market value and are recognized over a five-year period. Deferred gains and losses as of June 30, 2011 have been combined and will be recognized in equal amounts over a period of four and a half years from that date.

Valuation Value of Assets:

Actuarial Value of Assets reduced by the value of the supplemental medical benefit reserve and statutory contingency reserve.

Amortization Policy:

The UAAL, (i.e., the difference between the Actuarial Accrued Liability and the Valuation Value of Assets), as of June 30, 2011 shall continue to be amortized over separate 15-year period amortization layers based on the valuations during which each separate layer was previously established.

Any new UAAL as a result of actuarial gains or losses identified in the annual valuation as of June 30 will be amortized over a period of 15 years.

Any new UAAL as a result of change in actuarial assumptions or methods will be amortized over a period of 20 years.

Unless an alternative amortization period is recommended by the Actuary and accepted by the Board based on the results of an actuarial analysis:

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

- i) with the exception noted in ii., below, the increase in UAAL as a result of any plan amendments will be amortized over a period of 15 years;
- ii) the increase in UAAL resulting from a temporary retirement incentive, including the impact of benefits resulting from additional service permitted in Section 31641.04 of the 1937 CERL (Golden Handshake), will be funded over a period of up to 5 years.

The UAAL will be amortized over “closed” amortization periods so that the amortization period for each layer decreases by one year with each actuarial valuation.

The UAAL will be amortized as a level percentage of payroll so that the amortization amount in each year during the amortization period shall be expected to be a level percentage of covered payroll, taking into consideration the current assumption for general payroll increase.

If an overfunding exists (i.e., the total of all UAAL becomes negative so that there is a surplus), such surplus and any subsequent surpluses will be amortized over an “open” amortization period of 30 years. Any prior UAAL amortization layers will be considered fully amortized, and any subsequent UAAL, will be amortized over 15 years as the first of a new series of amortization layers.

These amortization policy components will apply separately to each of VCERA’s UAAL cost groups.

Changes in Actuarial Assumptions and Methods:

There have been no changes in actuarial assumptions or methods since the previous valuation.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

EXHIBIT VI

Summary of Plan Provisions

This exhibit summarizes the major provisions of the VCERA included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Membership Eligibility:	All regular employees of the County of Ventura or contracting district, scheduled to work 64 or more hours biweekly, are eligible to become a member of the Retirement Association subject to classification below:
<i>General Tier 1</i>	All General members with membership dates before June 30, 1979, plus Deputy Sheriff trainees and certain executive management with membership dates before January 1, 2013.
<i>General Tier 2</i>	All General members with membership dates on or after June 30, 1979 and before January 1, 2013, except as noted above for General Tier 1.
<i>Safety</i>	All Safety members with membership dates before January 1, 2013.
<i>PEPRA General Tier 1</i>	Deputy Sheriff trainees with membership dates on or after January 1, 2013 and before April 17, 2014.
<i>PEPRA General Tier 2</i>	All General members with membership dates on or after January 1, 2013, except as noted above for PEPRA General Tier 1.
<i>PEPRA Safety</i>	All Safety members with membership dates on or after January 1, 2013.
Final Compensation for Benefit Determination:	
<i>General Tier 1 and Safety</i>	Highest consecutive twelve months of compensation earnable (§31462.1)(FAC1).
<i>General Tier 2</i>	Highest consecutive thirty-six months of compensation earnable (§31462)(FAC3).
<i>PEPRA General Tier 1, PEPRA General Tier 2 and PEPRA Safety</i>	Highest consecutive thirty-six months of pensionable compensation (§7522.32) (FAS3).

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Compensation Limit:

*General Tier 1, General Tier 2
and Safety*

For members with membership dates on or after July 1, 1996, Compensation Earnable is limited to Internal Revenue Code Section 401(a)(17). The limit for the Plan Year beginning July 1, 2014 is \$260,000. The limit is indexed for inflation on an annual basis.

*PEPRA General Tier 1, PEPRA
General Tier 2 and PEPRA Safety*

Pensionable Compensation is limited to \$115,064 for 2014 (\$138,077, if not enrolled in Social Security). The limit is indexed for inflation on an annual basis.

Service:

Years of service. (Yrs)

Service Retirement Eligibility:

General

Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years, regardless of age (§31672).

Safety

Age 50 with 10 years of service, or age 70 regardless of service, or after 20 years, regardless of age (§31663.25).

PEPRA General

Age 52 with 5 years of service (§7522.20(a)) or age 70 regardless of service (§31672.3).

PEPRA Safety

Age 50 with 5 years of service (§7522.25(d)) or age 70 regardless of service (§31672.3).

Benefit Formula:

	Retirement Age	Benefit Formula
<i>General Tier 1 (§31676.11)</i>	50	$(1.24\% \times \text{FAC1} - 1/3 \times 1.24\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(1.67\% \times \text{FAC1} - 1/3 \times 1.67\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(2.18\% \times \text{FAC1} - 1/3 \times 2.18\% \times \$350 \times 12) \times \text{Yrs}$
	62	$(2.35\% \times \text{FAC1} - 1/3 \times 2.35\% \times \$350 \times 12) \times \text{Yrs}$
	65 or later	$(2.61\% \times \text{FAC1} - 1/3 \times 2.61\% \times \$350 \times 12) \times \text{Yrs}$

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

	Retirement Age	Benefit Formula
<i>General Tier 2 (§31676.1)</i>	50	$(1.18\% \times \text{FAC3} - 1/3 \times 1.18\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(1.49\% \times \text{FAC3} - 1/3 \times 1.49\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(1.92\% \times \text{FAC3} - 1/3 \times 1.92\% \times \$350 \times 12) \times \text{Yrs}$
	62	$(2.09\% \times \text{FAC3} - 1/3 \times 2.09\% \times \$350 \times 12) \times \text{Yrs}$
	65 or later	$(2.43\% \times \text{FAC3} - 1/3 \times 2.43\% \times \$350 \times 12) \times \text{Yrs}$
	Retirement Age	Benefit Formula
<i>PEPRA General Tier 1 and PEPRA General Tier 2 (§7522.20(a))</i>	52	$(1.00\% \times \text{FAS3} \times \text{Yrs})$
	55	$(1.30\% \times \text{FAS3} \times \text{Yrs})$
	60	$(1.80\% \times \text{FAS3} \times \text{Yrs})$
	62	$(2.00\% \times \text{FAS3} \times \text{Yrs})$
	65	$(2.30\% \times \text{FAS3} \times \text{Yrs})$
	67 or later	$(2.50\% \times \text{FAS3} \times \text{Yrs})$
	Retirement Age	Benefit Formula
<i>Safety (Non-Integrated) (§31664)</i>	50	$(2.00\% \times \text{FAC1} \times \text{Yrs})$
	55	$(2.62\% \times \text{FAC1} \times \text{Yrs})$
	60 or later	$(2.62\% \times \text{FAC1} \times \text{Yrs})$
	Retirement Age	Benefit Formula
<i>PEPRA Safety (§7522.25(d))</i>	50	$(2.00\% \times \text{FAS3} \times \text{Yrs})$
	55	$(2.50\% \times \text{FAS3} \times \text{Yrs})$
	57 or later	$(2.70\% \times \text{FAS3} \times \text{Yrs})$

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Maximum Benefit:

<i>General Tier 1, General Tier 2 and Safety</i>	100% of Highest Average Compensation (§31676.1, §31676.11, §31664)
<i>PEPRA General Tier 1, PEPRA General Tier 2 and PEPRA Safety</i>	None

Ordinary Disability:

<i>General Tier 1, General Tier 2, PEPRA General Tier 1 and PEPRA General Tier 2</i>	
<i>Eligibility</i>	Five years of service (§31720).
<i>Benefit Formula</i>	1.5% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 65, but total benefit cannot be more than one-third of Final Compensation (§31727).
<i>Safety and PEPRA Safety</i>	
<i>Eligibility</i>	Five years of service (§31720).
<i>Benefit Formula</i>	1.8% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 55, but total benefit cannot be more than one-third of Final Compensation (§31727.2).

Line-of-Duty Disability:

<i>All Members</i>	
<i>Eligibility</i>	No age or service requirements (§31720).
<i>Benefit Formula</i>	50% of the Final Compensation or 100% of Service Retirement benefit, if larger (§31727.4).

Pre-Retirement Death:

<i>All Members</i>	
<i>Less than Five Years of Service</i>	Refund of employee contributions with interest, plus one month's compensation for each year of service to a maximum of six month's compensation (§31781). 50% of Final Compensation or 100% of Service Retirement benefit, if larger, payable to spouse if Line-of-Duty death (§31787).

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

	An additional lump sum benefit of one-year of compensation is paid if Line-of-Duty death for Safety member (§31787.6).
	OR
<i>Five or More Years of Service</i>	60% of the greater of Service Retirement or Ordinary Disability Retirement benefit payable to surviving eligible spouse (§31765.1, §31781.1), in lieu of above. An additional lump sum benefit of one-year of compensation is paid if Line-of-Duty death for Safety member (§31787.6).
<hr/>	
Death After Retirement:	
<i>All Members</i>	
<i>Service Retirement or Ordinary Disability Retirement</i>	60% of member's unmodified allowance continued to eligible spouse (§31760.1). In addition, there is a \$5,000 lump sum benefit payable to member's beneficiary (§31789.3). An eligible spouse is a surviving spouse who was married to the member at least two years prior to the date of death and has attained age 55 on or prior to the date of death (§31760.2, §31785.1).
<i>Line-of-Duty Disability</i>	100% of member's allowance continued to eligible spouse (§31786). In addition, there is a \$5,000 lump sum benefit payable to member's beneficiary (§31789.3). An eligible spouse is a surviving spouse who was married to the member at least two years prior to the date of death and has attained age 55 on or prior to the date of death (§31786.1).
<hr/>	
Withdrawal Benefits:	
<i>Less than Five Years of Service</i>	Refund of accumulated employee contributions with interest (§31628) or entitled to earned benefits commencing at anytime after eligible to retire (§31629.5).
<i>Five or More Years of Service</i>	If contributions left on deposit, entitled to earned benefits commencing at any time after eligible to retire (§31700).
<hr/>	
Post-retirement	
Cost-of-Living Benefits:	
<i>General Tier 1, Safety, PEPRA General Tier 1 and PEPRA Safety</i>	Future changes based on Consumer Price Index to a maximum of 3% per year, excess "banked" (§31870.1).

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

<i>General Tier 2 and PEPRA General Tier 2</i>	SEIU members receive a fixed 2% cost-of-living adjustment, not subject to changes in the CPI, that applies to future service after March, 2003. This benefit has been valued consistent with the methodologies described in our October 9, 2006 report entitled "Funding Policies and Procedures for General Tier II COLA Benefit".
Supplemental Benefit:	A supplemental benefit in the amount of \$108.44 per month is paid to retirees and their survivors.
Member Contributions:	Please refer to Appendix A for the specific rates.
<i>General Tier 1</i>	
<i>Basic</i>	Provide for an average annuity at age 55 equal to 1/120 of FAC1 (§31621.1).
<i>Cost-of-Living</i>	Provide for one-half of future cost-of-living costs.
<i>General Tier 2</i>	
<i>Basic</i>	Provide for an average annuity at age 60 equal to 1/120 of FAC3 (§31621).
<i>Cost-of-Living</i>	Provide for a fixed 2% cost-of-living increase for SEIU members that applies to service after March 2003 (§31627). The contribution rate is currently a negotiated 2.63% of compensation.
<i>Safety</i>	
<i>Basic</i>	Provide for an average annuity at age 50 equal to 1/100 of FAC1 (§31639.25).
<i>Cost-of-Living</i>	Provide for one-half of future cost-of-living costs.
<i>PEPRA General Tier 1</i>	Provide for 50% of total Normal Cost.
<i>PEPRA General Tier 2</i>	Provide for 50% of total Normal Cost. In addition, for General Tier 2 with COLA members, the current member COLA contribution rate of 2.63% of compensation has been reflected.
<i>PEPRA Safety</i>	Provide for 50% of total Normal Cost.
Other Information:	For Non-PEPRA members hired after November 1974, they will pay a contribution corresponding to a General and Safety member hired at entry age 36 and 27, respectively. Non-PEPRA Safety members with 30 or more years of service are exempt from paying member contributions. The same applies for Non-PEPRA General members hired on or before March 7, 1973.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Plan Changes:	There have been no changes in plan provisions since the previous actuarial valuation that had a material impact on plan liabilities.
Plan Provisions Not Valued:	<p>The Board of Retirement has approved a Supplemental Medical Benefit. This benefit is funded from Undistributed Excess Earnings, paid from a reserve that is not included in the Valuation Value of Assets and is subject at all times to the availability of funds.</p> <p>The Supplemental Medical Benefit is \$27.50 per month and is payable to virtually all retirees and beneficiaries.</p>

NOTE: *The summary of major plan provisions is designed to outline principle plan benefits as interpreted for purposes of the actuarial valuation. If the Association should find the plan summary not in accordance with the actual provisions, the Association should alert the actuary so they can both be sure the proper provisions are valued.*

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association**Appendix A****Member Contribution Rates for Non-PEPRA Members****General Tier 1 Members' Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)****Calculated Under Recommended Assumptions**

Entry Age	Basic		COLA		Total	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
15	3.32%	4.98%	1.18%	1.77%	4.50%	6.75%
16	3.32%	4.98%	1.18%	1.77%	4.50%	6.75%
17	3.38%	5.07%	1.20%	1.80%	4.58%	6.87%
18	3.44%	5.17%	1.23%	1.83%	4.67%	7.00%
19	3.51%	5.26%	1.24%	1.87%	4.75%	7.13%
20	3.57%	5.36%	1.27%	1.90%	4.84%	7.26%
21	3.64%	5.46%	1.29%	1.94%	4.93%	7.40%
22	3.71%	5.56%	1.31%	1.97%	5.02%	7.53%
23	3.77%	5.66%	1.34%	2.01%	5.11%	7.67%
24	3.84%	5.77%	1.37%	2.04%	5.21%	7.81%
25	3.91%	5.87%	1.39%	2.08%	5.30%	7.95%
26	3.99%	5.98%	1.41%	2.12%	5.40%	8.10%
27	4.06%	6.09%	1.44%	2.16%	5.50%	8.25%
28	4.13%	6.20%	1.47%	2.20%	5.60%	8.40%
29	4.21%	6.31%	1.49%	2.24%	5.70%	8.55%
30	4.28%	6.42%	1.52%	2.28%	5.80%	8.70%
31	4.36%	6.54%	1.55%	2.32%	5.91%	8.86%
32	4.44%	6.66%	1.57%	2.36%	6.01%	9.02%
33	4.52%	6.78%	1.60%	2.40%	6.12%	9.18%
34	4.60%	6.90%	1.63%	2.45%	6.23%	9.35%
35	4.68%	7.02%	1.67%	2.50%	6.35%	9.52%
36	4.77%	7.15%	1.69%	2.54%	6.46%	9.69%
37	4.85%	7.28%	1.73%	2.59%	6.58%	9.87%
38	4.94%	7.41%	1.75%	2.63%	6.69%	10.04%
39	5.03%	7.55%	1.79%	2.68%	6.82%	10.23%

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

General Tier 1 Members' Contribution Rates from the June 30, 2014 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)

Calculated Under Recommended Assumptions

Entry Age	Basic		COLA		Total	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
40	5.13%	7.69%	1.82%	2.73%	6.95%	10.42%
41	5.22%	7.83%	1.85%	2.78%	7.07%	10.61%
42	5.32%	7.98%	1.89%	2.83%	7.21%	10.81%
43	5.42%	8.13%	1.93%	2.89%	7.35%	11.02%
44	5.53%	8.29%	1.96%	2.95%	7.49%	11.24%
45	5.64%	8.46%	2.01%	3.01%	7.65%	11.47%
46	5.75%	8.62%	2.04%	3.06%	7.79%	11.68%
47	5.85%	8.77%	2.07%	3.11%	7.92%	11.88%
48	5.95%	8.93%	2.12%	3.17%	8.07%	12.10%
49	6.04%	9.06%	2.15%	3.22%	8.19%	12.28%
50	6.11%	9.17%	2.18%	3.26%	8.29%	12.43%
51	6.17%	9.25%	2.19%	3.29%	8.36%	12.54%
52	6.21%	9.31%	2.20%	3.31%	8.41%	12.62%
53	6.22%	9.33%	2.21%	3.31%	8.43%	12.64%
54 & Over	6.18%	9.28%	2.20%	3.29%	8.38%	12.57%
Interest:	7.75%					
COLA:	3.00%					
COLA Loading:	35.49%					
Mortality:	RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2025 set back one year, weighted 35% male and 65% female.					
Salary Increase:	See Exhibit V.					

Note: All members hired after November 1974, will pay a contribution corresponding to entry age 36. These rates are determined before any pickups by the employer.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

General Tier 2 Members' Contribution Rates from the June 30, 2014 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)

Calculated Under Recommended Assumptions

Basic Only			Basic Only		
Entry Age	First \$350	Over \$350	Entry Age	First \$350	Over \$350
16	2.73%	4.09%	38	4.07%	6.11%
17	2.78%	4.17%	39	4.15%	6.22%
18	2.83%	4.24%	40	4.22%	6.33%
19	2.88%	4.32%	41	4.30%	6.45%
20	2.94%	4.41%	42	4.37%	6.56%
21	2.99%	4.49%	43	4.45%	6.68%
22	3.05%	4.57%	44	4.53%	6.80%
23	3.11%	4.66%	45	4.62%	6.93%
24	3.16%	4.74%	46	4.71%	7.06%
25	3.22%	4.83%	47	4.79%	7.19%
26	3.28%	4.92%	48	4.89%	7.33%
27	3.34%	5.01%	49	4.98%	7.47%
28	3.40%	5.10%	50	5.07%	7.60%
29	3.47%	5.20%	51	5.15%	7.73%
30	3.53%	5.29%	52	5.24%	7.86%
31	3.59%	5.39%	53	5.31%	7.96%
32	3.66%	5.49%	54	5.37%	8.05%
33	3.73%	5.59%	55	5.40%	8.10%
34	3.79%	5.69%	56	5.42%	8.13%
35	3.86%	5.79%	57	5.41%	8.12%
36	3.93%	5.89%	58	5.61%	8.42%
37	4.00%	6.00%	59 & over	5.82%	8.73%

Interest: 7.75%

COLA: SEIU members contribute a negotiated 2.63% for a fixed 2% COLA pursuant to Government Code 31627.

Mortality: RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2025 set back one year, weighted 35% male and 65% female.

Salary Increase: See Exhibit V.

Note: All members hired after November 1974, will pay a contribution corresponding to entry age 36. These rates are determined before any pickups by the employer.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

**Safety Members' Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)****Calculated Under Recommended Assumptions**

Entry Age	Basic	COLA	Total
15	7.69%	4.28%	11.97%
16	7.69%	4.28%	11.97%
17	7.69%	4.28%	11.97%
18	7.69%	4.28%	11.97%
19	7.69%	4.28%	11.97%
20	7.69%	4.28%	11.97%
21	7.69%	4.28%	11.97%
22	7.83%	4.37%	12.20%
23	7.98%	4.45%	12.43%
24	8.13%	4.54%	12.67%
25	8.29%	4.62%	12.91%
26	8.44%	4.71%	13.15%
27	8.61%	4.79%	13.40%
28	8.77%	4.89%	13.66%
29	8.94%	4.98%	13.92%
30	9.11%	5.08%	14.19%
31	9.29%	5.18%	14.47%
32	9.48%	5.28%	14.76%
33	9.67%	5.39%	15.06%
34	9.84%	5.49%	15.33%
35	10.02%	5.59%	15.61%
36	10.21%	5.69%	15.90%
37	10.41%	5.80%	16.21%
38	10.62%	5.91%	16.53%
39	10.84%	6.04%	16.88%
40	11.05%	6.16%	17.21%
41	11.26%	6.27%	17.53%
42	11.45%	6.39%	17.84%

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Safety Members' Contribution Rates from the June 30, 2014 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)

Calculated Under Recommended Assumptions

Entry Age	Basic	COLA	Total
43	11.62%	6.48%	18.10%
44	11.76%	6.56%	18.32%
45	11.88%	6.62%	18.50%
46	11.93%	6.65%	18.58%
47	11.94%	6.65%	18.59%
48	11.84%	6.60%	18.44%
49 & Over	11.59%	6.46%	18.05%

Interest: 7.75%

COLA: 3.00%

COLA Loading: 55.72%

Mortality: RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2025 set back one year, weighted 80% male and 20% female.

Salary Increase: See Exhibit V.

Note: All members hired after November 1974, will pay a contribution corresponding to entry age 27. These rates are determined before any pickups by the employers.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Appendix B

Member Contribution Rates for PEPRA Members

	Basic	COLA	Total
General Tier 2 without COLA	6.92%	0.00%	6.92%
General Tier 2 with COLA	6.92%	2.63% ⁽¹⁾	9.55%
Safety	10.60%	4.09%	14.69%

The PEPRA member contribution rate is 50% of the Normal Cost.

⁽¹⁾ General Tier 2 members with COLA are required to pay COLA contributions of 2.63% of compensation based on current bargaining agreements.

Note: It is our understanding that in the determination of pension benefits under the PEPRA tier formulas, the compensation that can be taken into account for 2014 is \$115,064. (For an employer that is not enrolled in Social Security, the maximum amount is \$138,077) (reference Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2014 (reference Section 7522.10(d)).

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Appendix C

Employer Contribution Rates (Dollar Amounts in Thousands) Based on 50/50 Sharing of Normal Cost for Non-PEPRA Tiers – Current Valuation Under Combined Methodology

	June 30, 2014 Actuarial Valuation					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount ⁽¹⁾	Rate	Estimated Annual Amount ⁽¹⁾	Rate	Estimated Annual Amount ⁽¹⁾
General Tier 1 Members						
Normal Cost ⁽²⁾	7.72%	\$772	2.50%	\$250	10.22%	\$1,022
UAAL ⁽³⁾	9.71%	971	41.64%	4,165	51.35%	5,136
Total Contribution	17.43%	\$1,743	44.14%	\$4,415	61.57%	\$6,158
General Tier 2 Members w/o COLA						
Normal Cost	7.09%	\$14,878	0.00%	\$0	7.09%	\$14,878
UAAL ⁽³⁾	9.71%	20,370	0.00%	0	9.71%	20,370
Total Contribution	16.80%	\$35,248	0.00%	\$0	16.80%	\$35,248
General PEPRA Tier 2 Members w/o COLA						
Normal Cost	6.92%	\$823	0.00%	\$0	6.92%	\$823
UAAL ⁽³⁾	9.71%	1,155	0.00%	0	9.71%	1,155
Total Contribution	16.63%	\$1,978	0.00%	\$0	16.63%	\$1,978
General Tier 2 Members w/COLA						
Normal Cost ⁽⁴⁾	7.09%	\$16,213	-0.05%	-\$115	7.04%	\$16,098
UAAL ⁽³⁾⁽⁵⁾	9.71%	22,204	1.14%	2,607	10.85%	24,811
Total Contribution	16.80%	\$38,417	1.09%	\$2,492	17.89%	\$40,909
General PEPRA Tier 2 Members w/COLA						
Normal Cost ⁽⁴⁾	6.92%	\$1,658	-0.10%	-\$24	6.82%	\$1,634
UAAL ⁽³⁾⁽⁵⁾	9.71%	2,326	1.14%	273	10.85%	2,599
Total Contribution	16.63%	\$3,984	1.04%	\$249	17.67%	\$4,233
All General Members⁽⁶⁾						
Normal Cost	7.09%	\$34,344	0.02%	\$111	7.11%	\$34,455
UAAL	9.71%	47,026	1.45%	7,045	11.16%	54,071
Total Contribution	16.80%	\$81,370	1.47%	\$7,156	18.27%	\$88,526

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Appendix C (continued)

Employer Contribution Rates (Dollar Amounts in Thousands) Based on 50/50 Sharing of Normal Cost for Non-PEPRA Tiers – Current Valuation Under Combined Methodology

	June 30, 2014 Actuarial Valuation					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount ⁽¹⁾	Rate	Estimated Annual Amount ⁽¹⁾	Rate	Estimated Annual Amount ⁽¹⁾
Safety Members						
Normal Cost ⁽⁷⁾	11.80%	\$18,889	4.68%	\$7,491	16.48%	\$26,380
UAAL	<u>44.50%</u>	<u>71,233</u>	<u>-8.89%</u>	<u>-14,230</u>	<u>35.61%</u>	<u>57,003</u>
Total Contribution	56.30%	\$90,122	-4.21%	-\$6,739	52.09%	\$83,383
Safety PEPRA Members						
Normal Cost	10.60%	\$403	4.09%	\$156	14.69%	\$559
UAAL	<u>44.50%</u>	<u>1,692</u>	<u>-8.89%</u>	<u>-338</u>	<u>35.61%</u>	<u>1,354</u>
Total Contribution	55.10%	\$2,095	-4.80%	-\$182	50.30%	\$1,913
All Safety Members⁽⁶⁾						
Normal Cost	11.77%	\$19,292	4.67%	\$7,647	16.44%	\$26,939
UAAL	<u>44.50%</u>	<u>72,925</u>	<u>-8.89%</u>	<u>-14,568</u>	<u>35.61%</u>	<u>58,357</u>
Total Contribution	56.27%	\$92,217	-4.22%	-\$6,921	52.05%	\$85,296
All Categories Combined⁽⁶⁾						
Normal Cost	8.27%	\$53,636	1.20%	\$7,758	9.47%	\$61,394
UAAL	<u>18.50%</u>	<u>119,951</u>	<u>-1.16%</u>	<u>-7,523</u>	<u>17.34%</u>	<u>112,428</u>
Total Contribution	26.77%	\$173,587	0.04%	\$235	26.81%	\$173,822

⁽¹⁾ Amounts are in thousands, assumed to be paid throughout the year, and are based on June 30, 2014 annual payroll (also in thousands) shown below:

General Tier 1	\$10,004
General Tier 2	209,847
General PEPRA Tier 2	11,899
General Tier 2C	228,670
General PEPRA Tier 2C	23,959
Safety	160,075
Safety PEPRA	<u>3,803</u>
Total	\$648,257

⁽²⁾ The total employer rate has been adjusted by 0.37% to account for the cost associated with the cessation of member contributions after 30 years of service.

⁽³⁾ Basic UAAL rates have been calculated on a combined basis for all General Tiers.

⁽⁴⁾ Reflects General Tier 2 member COLA contribution rate of 2.63% based on current bargaining agreements.

⁽⁵⁾ Includes 0.56% in COLA UAAL costs attributed to the first two years of service accrued for the fixed 2% COLA pursuant to Government Code 31627.

⁽⁶⁾ These aggregated rates are provided for informational purposes only as we understand that the intent is to implement the tier specific rates, if possible.

⁽⁷⁾ The total employer rate has been adjusted by 1.13% to account for the cost associated with the cessation of member contributions after 30 years of service.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Appendix D

Member Contribution Rates Based on 50/50 Sharing of Normal Cost for Non-PEPRA Tiers

	Basic		COLA		Total	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
General Tier 1	5.03%	7.44%	1.62%	2.41%	6.65%	9.85%
General Tier 2 without COLA	4.81%	7.09%	0.00%	0.00%	4.81%	7.09%
General Tier 2 COLA	4.81%	7.09%	2.63% ⁽¹⁾	2.63% ⁽¹⁾	7.44%	9.72%
Safety	10.99%	10.99%	4.36%	4.36%	15.35%	15.35%

⁽¹⁾ General Tier 2 members with COLA are required to pay COLA contributions of 2.63% of compensation based on current bargaining agreements.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Appendix E

Employer Contribution Rates (Dollar Amounts in Thousands) For Reference Purposes Only – Current Valuation Under Non-Combined Methodology

	June 30, 2014 Actuarial Valuation					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount ⁽¹⁾	Rate	Estimated Annual Amount ⁽¹⁾	Rate	Estimated Annual Amount ⁽¹⁾
General Tier 1 Members						
Normal Cost	8.11%	\$811	2.43%	\$243	10.54%	\$1,054
UAAL ⁽²⁾	<u>369.07%</u>	<u>36,922</u>	<u>41.64%</u>	<u>4,165</u>	<u>410.71%</u>	<u>41,087</u>
Total Contribution	377.18%	\$37,733	44.07%	\$4,408	421.25%	\$42,141
General Tier 2 Members w/o COLA						
Normal Cost	8.36%	\$17,543	0.00%	\$0	8.36%	\$17,543
UAAL ⁽²⁾	<u>2.13%</u>	<u>4,470</u>	<u>0.00%</u>	<u>0</u>	<u>2.13%</u>	<u>4,470</u>
Total Contribution	10.49%	\$22,013	0.00%	\$0	10.49%	\$22,013
General PEPRA Tier 2 Members w/o COLA						
Normal Cost	6.92%	\$823	0.00%	\$0	6.92%	\$823
UAAL ⁽²⁾	<u>2.13%</u>	<u>253</u>	<u>0.00%</u>	<u>0</u>	<u>2.13%</u>	<u>253</u>
Total Contribution	9.05%	\$1,076	0.00%	\$0	9.05%	\$1,076
General Tier 2 Members w/COLA						
Normal Cost ⁽³⁾	8.36%	\$19,117	-0.05%	-\$115	8.31%	\$19,002
UAAL ⁽²⁾⁽⁴⁾	<u>2.13%</u>	<u>4,871</u>	<u>1.14%</u>	<u>2,607</u>	<u>3.27%</u>	<u>7,478</u>
Total Contribution	10.49%	\$23,988	1.09%	\$2,492	11.58%	\$26,480
General PEPRA Tier 2 Members w/COLA						
Normal Cost ⁽³⁾	6.92%	\$1,658	-0.10%	-\$24	6.82%	\$1,634
UAAL ⁽²⁾⁽⁴⁾	<u>2.13%</u>	<u>510</u>	<u>1.14%</u>	<u>273</u>	<u>3.27%</u>	<u>783</u>
Total Contribution	9.05%	\$2,168	1.04%	\$249	10.09%	\$2,417
All General Members						
Normal Cost	8.25%	\$39,952	0.02%	\$104	8.27%	\$40,056
UAAL	<u>9.71%</u>	<u>47,026</u>	<u>1.45%</u>	<u>7,045</u>	<u>11.16%</u>	<u>54,071</u>
Total Contribution	17.96%	\$86,978	1.47%	\$7,149	19.43%	\$94,127

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Appendix E (continued)

Employer Contribution Rates (Dollar Amounts in Thousands) For Reference Purposes Only – Current Valuation Under Non-Combined Methodology

	June 30, 2014 Actuarial Valuation					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount ⁽¹⁾	Rate	Estimated Annual Amount ⁽¹⁾	Rate	Estimated Annual Amount ⁽¹⁾
Safety Members						
Normal Cost	13.97%	\$22,362	4.29%	\$6,868	18.26%	\$29,230
UAAL	<u>44.50%</u>	<u>71,233</u>	<u>-8.89%</u>	<u>-14,230</u>	<u>35.61%</u>	<u>57,003</u>
Total Contribution	58.47%	\$93,595	-4.60%	-\$7,362	53.87%	\$86,233
Safety PEPRA Members						
Normal Cost	10.60%	\$403	4.09%	\$156	14.69%	\$559
UAAL	<u>44.50%</u>	<u>1,692</u>	<u>-8.89%</u>	<u>-338</u>	<u>35.61%</u>	<u>1,354</u>
Total Contribution	55.10%	\$2,095	-4.80%	-\$182	50.30%	\$1,913
All Safety Members						
Normal Cost	13.89%	\$22,765	4.29%	\$7,024	18.18%	\$29,789
UAAL	<u>44.50%</u>	<u>72,925</u>	<u>-8.89%</u>	<u>-14,568</u>	<u>35.61%</u>	<u>58,357</u>
Total Contribution	58.39%	\$95,690	-4.60%	-\$7,544	53.79%	\$88,146
All Categories Combined						
Normal Cost	9.67%	\$62,717	1.10%	\$7,128	10.77%	\$69,845
UAAL	<u>18.50%</u>	<u>119,951</u>	<u>-1.16%</u>	<u>-7,523</u>	<u>17.34%</u>	<u>112,428</u>
Total Contribution	28.17%	\$182,668	-0.06%	-\$395	28.11%	\$182,273

⁽¹⁾ Amounts are in thousands, assumed to be paid throughout the year, and are based on June 30, 2014 annual payroll (also in thousands) shown below:

General Tier 1	\$10,004
General Tier 2	209,847
General PEPRA Tier 2	11,899
General Tier 2C	228,670
General PEPRA Tier 2C	23,959
Safety	160,075
Safety PEPRA	<u>3,803</u>
Total	\$648,257

⁽²⁾ Basic UAAL rates have not been calculated on a combined basis for all General Tiers.

⁽³⁾ Reflects General Tier 2 member COLA contribution rate of 2.63% based on current bargaining agreements.

⁽⁴⁾ Includes 0.56% in COLA UAAL costs attributed to the first two years of service accrued for the fixed 2% COLA pursuant to Government Code 31627.

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Appendix E (continued)

Employer Contribution Rates (Dollar Amounts in Thousands) For Reference Purposes Only – Prior Valuation Under Non-Combined Methodology

	June 30, 2013 Actuarial Valuation ⁽¹⁾					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount ⁽²⁾	Rate	Estimated Annual Amount ⁽²⁾	Rate	Estimated Annual Amount ⁽²⁾
General Tier 1 Members						
Normal Cost	8.15%	\$925	2.44%	\$277	10.59%	\$1,202
UAAL ⁽³⁾	<u>277.05%</u>	<u>31,440</u>	<u>29.41%</u>	<u>3,337</u>	<u>306.46%</u>	<u>34,777</u>
Total Contribution	285.20%	\$32,365	31.85%	\$3,614	317.05%	\$35,979
General PEPRA Tier 1 Members						
Normal Cost	4.70%	\$52	1.80%	\$19	6.50%	\$71
UAAL ⁽³⁾	<u>277.05%</u>	<u>3,045</u>	<u>29.41%</u>	<u>323</u>	<u>306.46%</u>	<u>3,368</u>
Total Contribution	281.75%	\$3,097	31.21%	\$342	312.96%	\$3,439
General Tier 2 Members w/o COLA						
Normal Cost	8.48%	\$17,997	0.00%	\$0	8.48%	\$17,997
UAAL ⁽³⁾	<u>3.04%</u>	<u>6,452</u>	<u>0.00%</u>	<u>0</u>	<u>3.04%</u>	<u>6,452</u>
Total Contribution	11.52%	\$24,449	0.00%	\$0	11.52%	\$24,449
General PEPRA Tier 2 Members w/o COLA						
Normal Cost	6.83%	\$216	0.00%	\$0	6.83%	\$216
UAAL ⁽³⁾	<u>3.04%</u>	<u>96</u>	<u>0.00%</u>	<u>0</u>	<u>3.04%</u>	<u>96</u>
Total Contribution	9.87%	\$312	0.00%	\$0	9.87%	\$312
General Tier 2 Members w/COLA						
Normal Cost ⁽⁴⁾	8.48%	\$20,422	-0.04%	-\$97	8.44%	\$20,325
UAAL ⁽³⁾⁽⁵⁾	<u>3.04%</u>	<u>7,321</u>	<u>1.01%</u>	<u>2,432</u>	<u>4.05%</u>	<u>9,753</u>
Total Contribution	11.52%	\$27,743	0.97%	\$2,335	12.49%	\$30,078
General PEPRA Tier 2 Members w/COLA						
Normal Cost ⁽⁴⁾	6.83%	\$536	-0.13%	-\$10	6.70%	\$526
UAAL ⁽³⁾⁽⁵⁾	<u>3.04%</u>	<u>239</u>	<u>1.01%</u>	<u>79</u>	<u>4.05%</u>	<u>318</u>
Total Contribution	9.87%	\$775	0.88%	\$69	10.75%	\$844
All General Members						
Normal Cost	8.43%	\$40,148	0.04%	\$189	8.47%	\$40,337
UAAL	<u>10.20%</u>	<u>48,593</u>	<u>1.29%</u>	<u>6,171</u>	<u>11.49%</u>	<u>54,764</u>
Total Contribution	18.63%	\$88,741	1.33%	\$6,360	19.96%	\$95,101

SECTION 4: Reporting Information for the Ventura County Employees' Retirement Association

Appendix E (continued)

Employer Contribution Rates (Dollar Amounts in Thousands) For Reference Purposes Only – Prior Valuation Under Non-Combined Methodology

	June 30, 2013 Actuarial Valuation ⁽¹⁾					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount ⁽²⁾	Rate	Estimated Annual Amount ⁽²⁾	Rate	Estimated Annual Amount ⁽²⁾
Safety Members						
Normal Cost	13.96%	\$22,627	4.30%	\$6,970	18.26%	\$29,597
UAAL	<u>42.87%</u>	<u>69,486</u>	<u>-5.45%</u>	<u>-8,834</u>	<u>37.42%</u>	<u>60,652</u>
Total Contribution	56.83%	\$92,113	-1.15%	-\$1,864	55.68%	\$90,249
Safety PEPRA Members						
Normal Cost	11.27%	\$19	4.87%	\$9	16.14%	\$28
UAAL	<u>42.87%</u>	<u>73</u>	<u>-5.45%</u>	<u>-9</u>	<u>37.42%</u>	<u>64</u>
Total Contribution	54.14%	\$92	-0.58%	\$0	53.56%	\$92
All Safety Members						
Normal Cost	13.96%	\$22,646	4.30%	\$6,979	18.26%	\$29,625
UAAL	<u>42.87%</u>	<u>69,559</u>	<u>-5.45%</u>	<u>-8,843</u>	<u>37.42%</u>	<u>60,716</u>
Total Contribution	56.83%	\$92,205	-1.15%	-\$1,864	55.68%	\$90,341
All Categories Combined						
Normal Cost	9.83%	\$62,794	1.12%	\$7,168	10.95%	\$69,962
UAAL	<u>18.50%</u>	<u>118,152</u>	<u>-0.42%</u>	<u>-2,672</u>	<u>18.08%</u>	<u>115,480</u>
Total Contribution	28.33%	\$180,946	0.70%	\$4,496	29.03%	\$185,442

⁽¹⁾ Before reflecting three-year phase-in of the effect of the changes in economic actuarial assumptions and actuarial cost method from the June 30, 2012 valuation.

⁽²⁾ Amounts are in thousands, assumed to be paid throughout the year, and are based on June 30, 2013 annual payroll (also in thousands) shown below:

General Tier 1	\$11,348
General PEPRA Tier 1	1,099
General Tier 2	212,229
General PEPRA Tier 2	3,163
General Tier 2C	240,822
General PEPRA Tier 2C	7,847
Safety	162,085
Safety PEPRA	<u>171</u>
Total	\$638,764

⁽³⁾ Basic UAAL rates have not been calculated on a combined basis for all General Tiers.

⁽⁴⁾ Reflects General Tier 2 member COLA contribution rate of 2.63% based on current bargaining agreements.

⁽⁵⁾ Includes 0.53% in COLA UAAL costs attributed to the first two years of service accrued for the fixed 2% COLA pursuant to Government Code 31627.

**Ventura County Employees'
Retirement Association**
Governmental Accounting Standards (GAS) 67
Actuarial Valuation as of June 30, 2014



This report has been prepared at the request of the Board of Retirement to assist in administering the Fund. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Retirement and may only be provided to other parties in its entirety. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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December 8, 2014

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

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards (GAS) 67 Actuarial Valuation as of June 30, 2014. It contains various information that will need to be disclosed in order to comply with GAS 67.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Plan. The census and financial information on which our calculations were based was provided by the Retirement Association. That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and expectations for the Plan.

We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By:

*Paul Angelo, FSA, EA, MAAA, FCA
Senior Vice President and Actuary*

*John Monroe, ASA, EA, MAAA
Vice President and Actuary*

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SECTION 1

VALUATION SUMMARY

Purpose	i
Significant Issues in Valuation Year.....	i
Summary of Key Valuation Results Results	ii

SECTION 2

GASB 67 INFORMATION

EXHIBIT 1 General Information – “Financial Statements”, Note Disclosures and Required Supplementary Information for a Cost-Sharing Pension Plan.....	1
EXHIBIT 2 Net Pension Liability	4
EXHIBIT 3 Schedules of Changes in Net Pension Liability – Last Two Fiscal Years	6
EXHIBIT 4 Schedule of VCERA’s Contributions – Last Ten Fiscal Years.....	8
EXHIBIT 5 Projection of Pension Plan’s Fiduciary Net Position for Use in Calculation of Discount Rate as of June 30, 2014	10

SECTION 3

AICPA SCHEDULES

EXHIBIT A Schedule of Employer Allocations as of June 30, 2014	12
EXHIBIT B Schedule of Pension Amounts by Employer as of June 30, 2014	13

SECTION 1: Valuation Summary for the Ventura County Employees' Retirement Association

Purpose

This report has been prepared by Segal Consulting to present certain disclosure information required by Governmental Accounting Standards (GAS) 67 as of June 30, 2014. This valuation is based on:

- The benefit provisions of the Retirement Association, as administered by the Board;
- The characteristics of covered active members, terminated vested members, and retired members and beneficiaries as of June 30, 2013, provided by the Retirement Office;
- The assets of the Plan as of June 30, 2014, provided by the Retirement Office;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

- The Governmental Accounting Standards Board (GASB) approved two new Statements affecting the reporting of pension liabilities for accounting purposes. Statement 67 replaces Statement 25 and is for plan reporting. Statement 68 replaces Statement 27 and is for employer reporting. Statement 67 is effective with the fiscal year ending June 30, 2014 for Plan reporting and Statement 68 is effective with the fiscal year ending June 30, 2015 for employer reporting. The information contained in this valuation is intended to be used (along with other information) in order to comply with Statement 67.
- It is important to note that the new GASB rules only redefine pension liability and expense for financial reporting purposes, and do not apply to contribution amounts for pension funding purposes. Employers and plans can still develop and adopt funding policies under current practices.
- When measuring pension liability GASB uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as VCERA uses for funding. This means that the Total Pension Liability (TPL) measure for financial reporting shown in this report is determined on generally the same basis as VCERA's Actuarial Accrued Liability (AAL) measure for funding. We note that the same is generally true for the Normal Cost component of the annual plan cost for funding and financial reporting.

SECTION 1: Valuation Summary for the Ventura County Employees' Retirement Association

- The TPL and the Plan's Fiduciary Net Position include liabilities and assets held for the Supplemental Medical (\$27.50) Reserve. The TPL only includes a liability up to the amount in the Supplemental Medical (\$27.50) Reserve. This is because we understand that the Supplemental Medical (\$27.50) benefit is a nonvested benefit and once the reserve is depleted no further benefits would need to be paid.
- The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is equal to the market value of assets and therefore, the NPL measure is very similar to an Unfunded Actuarial Accrued Liability (UAAL) on a market value basis. The NPL decreased from \$995 million as of June 30, 2013 to \$553 million as of June 30, 2014 due to the approximately 18% return on the market value of assets during 2013/2014 that exceeded the assumed return of 7.75%. Changes in these values during the last two fiscal years ending June 30, 2013 and June 30, 2014 can be found in Exhibit 3 of Section 2.
- The net pension liability was measured as of June 30, 2014 and 2013. Plan fiduciary net position (plan assets) was valued as of the measurement date while the total pension liability was determined based upon rolling forward the total pension liability from actuarial valuations as of June 30, 2013 and 2012, respectively.
- The discount rates used to determine the TPL and NPL as of June 30, 2014 and 2013 were 7.75% and 7.75%, respectively, following the same assumptions used by the Association in the funding valuations as of June 30, 2013 and June 30, 2012. The detailed derivation of the discount rate of 7.75% used in the calculation of the TPL and NPL as of June 30, 2014 can be found in Exhibit 5 of Section 2.
- Various other information that is required to be disclosed can be found throughout Exhibits 1 through 4 in Section 2.
- Section 3 contains two schedules that the American Institute of Certified Public Accountants (AICPA) recommends be prepared by cost sharing pension plans. These two schedules contain summary information related to GASB 68 and are based on many of the results shown earlier in this report. The first schedule shows the method used for allocating the NPL along with the NPL amounts allocated amongst all of the employers in VCERA. The second schedule is a summary that shows the allocated NPL, deferred outflows and inflows of resources and pension expense by employer. Further information regarding GASB 68 including additional information that employers will need to disclose will be provided in a separate report that is anticipated to be completed during the first quarter of 2015.

SECTION 1: Valuation Summary for the Ventura County Employees' Retirement Association

Summary of Key Valuation Results

	2014	2013
Disclosure elements for fiscal year ending June 30:		
Service cost	\$122,896,442	\$118,839,073
Total pension liability	4,828,039,882	4,622,116,813
Plan fiduciary net position	4,274,885,864	3,627,505,467
Net pension liability	553,154,018	994,611,346
Schedule of contributions for fiscal year ending June 30:		
Actuarially determined contributions	\$161,247,000	\$142,370,000
Actual contributions	\$161,247,000	\$142,370,000
Contribution deficiency (excess)	0	0
Demographic data for plan year ending June 30:		
Number of retired members and beneficiaries	6,121	5,888
Number of vested terminated members ⁽¹⁾	2,339	2,249
Number of active members	8,210	8,068
Key assumptions:		
Investment rate of return	7.75%	7.75%
Inflation rate	3.25%	3.25%
Projected salary increases ⁽²⁾	4.50% - 12.50%, varying by service, including inflation	4.50% - 12.50%, varying by service, including inflation

⁽¹⁾ Includes terminated members with member contributions on deposit.

⁽²⁾ Includes inflation at 3.25% plus real across-the-board salary increase of 0.75% plus merit and promotional increases.

SECTION 2: GASB 67 Information for Ventura County Employees' Retirement Association

EXHIBIT 1

General Information – “Financial Statements”, Note Disclosures and Required Supplementary Information for a Cost-Sharing Pension Plan

Plan Description

Plan administration. The Ventura County Employees' Retirement Association (VCERA) was established by the County of Ventura in 1947. VCERA is administered by the Board of Retirement and governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et. seq.) and the California Public Employees' Pension Reform Act of 2013 or “PEPRA” (California Government Code Section 7522 et. seq.). VCERA is a cost-sharing multiple employer public employee retirement system whose main function is to provide service retirement, disability, death and survivor benefits to the safety and general members employed by the County of Ventura. VCERA also provides retirement benefits to the employee members of the Ventura County Courts, Air Pollution Control District, and the Ventura Regional Sanitation District.

The management of VCERA is vested with the VCERA Board of Retirement. The Board consists of nine members and two alternates. The County Treasurer is a member of the Board of Retirement by law. Four members are appointed by the Board of Supervisors, one of whom may be a County Supervisor. Two members are elected by the general membership; one member and one alternate are elected by the safety membership, one member and one alternate are elected by the retired members of the Association. All members of the Board of Retirement serve terms of three years except for the County Treasurer whose term runs concurrent with his term as County Treasurer.

Plan membership. At June 30, 2014, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	6,121
Vested terminated members entitled to but not yet receiving benefits ⁽¹⁾	2,339
Active members	<u>8,210</u>
Total	16,670

⁽¹⁾ Includes terminated members with member contributions on deposit.

Benefits provided. VCERA provides service retirement, disability, death and survivor benefits to eligible employees. All permanent employees of the County of Ventura or contracting district who work a regular schedule of 64 or more hours per bi-weekly pay period become members of VCERA upon appointment. There are separate retirement plans for safety and general member employees. Safety membership is extended to those involved in active law enforcement, fire suppression, and

SECTION 2: GASB 67 Information for Ventura County Employees' Retirement Association

probation. Any new Safety Member who becomes a member on or after January 1, 2013 is designated PEPR Safety. All other employees are classified as general members. There are four tiers applicable to general members. Those hired prior to June 30, 1979, and certain management personnel who entered service prior to October 16, 2001, are included in Tier 1. Those hired after that date are included in Tier 2. New Members employed after January 1, 2013 are designated as PEPR Tier 1 or 2.

General members prior to January 1, 2013, are eligible to retire once they attain the age of 70 regardless of service or at age 50 and have acquired 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General members who are first hired on or after January 1, 2013, are eligible to retire once they have attained the age of 70 regardless of service or at age 52, and have acquired five or more years of retirement service credit.

Safety members prior to January 1, 2013, are eligible to retire once they attain the age of 70 regardless of service or at age 50 and have acquired 10 or more years of retirement service credit. A member with 20 years of service is eligible to retire regardless of age. Safety members who are first hired on or after January 1, 2013, are eligible to retire once they have attained the age of 70 regardless of service or at age 50, and have acquired five or more years of retirement service credit.

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

General member benefits for Tier 1 and Tier 2 are calculated pursuant to the provisions of sections 31676.11 and 31676.1, respectively. The monthly allowance is equal to 1/90th of the first \$350 of final compensation, plus 1/60th of the excess final compensation times years of accrued retirement service credit times age factor from either section 31676.11 (Tier 1) or 31676.1 (Tier 2). General member benefits for those who are first hired on or after January 1, 2013, are calculated pursuant to the provision California Government Code Section 7522.25(d). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from section 7522.20(a).

Safety member benefits are calculated pursuant to the provisions of California Government Code Section 31664. The monthly allowance is equal to 1/50th of final compensation times years of accrued retirement service credit times age factor from Section 31664. For those Safety member benefits first hired on or after January 1, 2013, are calculated pursuant to the provision California Government Code Section 7522.25(d). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from section 7522.25(d).

For members with membership dates before January 1, 2013, the maximum monthly retirement allowance is 100% of final compensation. There is no final compensation limit on the maximum retirement benefit for members with membership dates on or after January 1, 2013.

SECTION 2: GASB 67 Information for Ventura County Employees' Retirement Association

The maximum amount of compensation earnable that can be taken into account for 2014 for members with membership dates on or after July 1, 1996 but before January 1, 2013 is \$260,000. For members with membership dates on or after January 1, 2013 the maximum amount of pensionable compensation that can be taken into account for 2014 is equal to \$115,064 for those enrolled in Social Security (\$138,077 for those not enrolled in Social Security). These limits are adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.

Final average compensation consists of the highest 12 consecutive months for a Safety or Tier 1 General member and the highest 36 consecutive months for a Tier 2, PEPR Tier 1 and 2, General and PEPR Safety member.

The member may elect an unmodified retirement allowance, or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse. An eligible surviving spouse is one married to the member at least two years prior to the date of death and has attained age 55 on or prior to the date of death. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse or named beneficiary having an insurable interest in the life of the member.

VCERA provides an annual cost-of-living benefit to Safety and Tier 1 General member retirees. The cost-of-living adjustment, based upon the Consumer Price Index for the Los Angeles, Riverside, Orange County area, is capped at 3.0%. Certain Tier 2 general member retirees receive a fixed 2% cost-of-living adjustment pursuant to collective bargaining agreements.

The County of Ventura and contracting districts contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from VCERA's actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2014 for 2013-2014 (based on the June 30, 2012 valuation) was 26.63% of compensation.

Members are required to make contributions to VCERA regardless of the retirement plan or tier in which they are included. The average member contribution rate as of June 30, 2014 for 2013-2014 (based on the June 30, 2012 valuation) was 8.53% of compensation.

SECTION 2: GASB 67 Information for Ventura County Employees' Retirement Association

EXHIBIT 2

Net Pension Liability

The components of the net pension liability are as follows:

	June 30, 2014	June 30, 2013
Total pension liability	\$4,828,039,882	\$4,622,116,813
Plan fiduciary net position	<u>4,274,885,864</u>	<u>3,627,505,467</u>
Net pension liability	\$553,154,018	\$994,611,346
Plan fiduciary net position as a percentage of the total pension liability	88.54%	78.48%

The net pension liability was measured as of June 30, 2014 and 2013. Plan fiduciary net position (plan assets) was valued as of the measurement date while the total pension liability was determined based upon rolling forward the total pension liability from actuarial valuations as of June 30, 2013 and 2012, respectively.

Plan provisions. The plan provisions used in the measurement of the net pension liability are the same as those used in the VCERA actuarial valuation as of June 30, 2013. The TPL and the Plan's Fiduciary Net Position include liabilities and assets held for the Supplemental Medical (\$27.50) Reserve.

Actuarial assumptions and methods. The total pension liabilities as of June 30, 2014 and June 30, 2013 were determined by actuarial valuations as of June 30, 2013 and June 30, 2012, respectively. The actuarial assumptions used were based on the results of an experience study for the period July 1, 2008 through June 30, 2011. They are the same as the assumptions used in the June 30, 2013 funding actuarial valuation for VCERA and will be used in the June 30, 2014 funding actuarial valuation. The assumptions used in the funding valuations are outlined on page 9 of this report. The only exception is that for GAS 67 purposes, the investment return assumption used is net of investment expenses only and is not net of administrative expenses. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.50% to 12.50%, varying by service, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation
Other assumptions	Same as those that will be used in June 30, 2014 funding valuation

SECTION 2: GASB 67 Information for Ventura County Employees' Retirement Association

The Entry Age Actuarial Cost Method used in VCERA's annual actuarial valuation has also been applied in measuring the Service Cost and TPL with one exception. For purposes of measuring the Service Cost and TPL, we have reflected the same plan provisions used in determining the member's Actuarial Present Value of Projected Benefits. This is different from the version of this method applied in VCERA's annual funding valuation, where the Normal Cost and Actuarial Accrued Liability are determined as if the current benefit accrual rate had always been in effect.

The long-term expected rate of return on pension plan investments was determined in 2012 using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. This information is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	39.00%	6.22%
International equity	21.00%	6.78%
Core Bonds	16.25%	1.06%
Global Bonds	5.00%	1.45%
Real Estate	10.00%	5.05%
Credit Strategies	3.75%	4.18%
Private Equity	<u>5.00%</u>	11.08%
Total	100.00%	

Discount rate: The discount rate used to measure the total pension liability was 7.75% as of both June 30, 2014 and June 30, 2013. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those

SECTION 2: GASB 67 Information for Ventura County Employees' Retirement Association

assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of both June 30, 2014 and June 30, 2013.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability as of June 30, 2014, calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net pension liability as of June 30, 2014	\$1,174,916,133	\$553,154,018	\$34,576,118

SECTION 2: GASB 67 Information for Ventura County Employees' Retirement Association

EXHIBIT 3

Schedules of Changes in Net Pension Liability – Last Two Fiscal Years

	2014	2013
Total pension liability		
Service cost	\$122,896,442	\$118,839,073
Interest	355,299,273	339,999,929
Change of benefit terms	0	0
Differences between expected and actual experience	-48,740,356	-94,020,350
Changes of assumptions	0	0
Benefit payments, including refunds of member contributions	<u>-223,532,290</u>	<u>-209,957,957</u>
Net change in total pension liability	\$205,923,069	\$154,860,695
Total pension liability – beginning	<u>4,622,116,813</u>	<u>4,467,256,118</u>
Total pension liability – ending (a)	<u>\$4,828,039,882</u>	<u>\$4,622,116,813</u>
Plan fiduciary net position		
Contributions – employer	\$169,703,083	\$150,687,842
Contributions – employee	46,674,443	44,463,983
Net investment income	658,579,885	436,638,119
Benefit payments, including refunds of member contributions	-223,532,290	-209,957,957
Administrative expense	-4,044,724	-3,943,727
Other	0	0
Net change in plan fiduciary net position	\$647,380,397	\$417,888,260
Plan fiduciary net position – beginning	<u>3,627,505,467</u>	<u>3,209,617,207</u>
Plan fiduciary net position – ending (b)	<u>\$4,274,885,864</u>	<u>\$3,627,505,467</u>
Net pension liability – ending (a) – (b)	<u>\$553,154,018</u>	<u>\$994,611,346</u>
Plan fiduciary net position as a percentage of the total pension liability	88.54%	78.48%
Covered employee payroll	\$642,779,000	\$632,146,000
Plan net pension liability as percentage of covered employee payroll	86.06%	157.34%

Notes to Schedule:

Benefit changes:

All members with membership dates on or after January 1, 2013 enter the new tiers created by the California Public Employees' Pension Reform Act of 2013 (PEPRA).

SECTION 2: GASB 67 Information for Ventura County Employees' Retirement Association**EXHIBIT 4****Schedule of VCERA's Contributions – Last Ten Fiscal Years**

Year Ended June 30	Actuarially Determined Contributions⁽¹⁾	Contributions in Relation to the Actuarially Determined Contributions⁽¹⁾	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2005	\$51,792,000	\$51,792,000	\$0	\$475,935,000	10.88%
2006	74,373,000	74,373,000	0	478,053,000	15.56%
2007	86,455,000	86,455,000	0	519,145,000	16.65%
2008	104,429,000	104,429,000	0	551,968,000	18.92%
2009	105,278,000	105,278,000	0	599,173,000	17.57%
2010	97,324,000	97,324,000	0	634,777,000	15.33%
2011	111,585,000	111,585,000	0	654,829,000	17.04%
2012	132,386,000	132,386,000	0	637,037,000	20.78%
2013	142,370,000	142,370,000	0	632,146,000	22.52%
2014	161,247,000	161,247,000	0	642,779,000	25.09%

⁽¹⁾ Actuarially determined contributions exclude employer paid member contributions.

See accompanying notes to this schedule on next page.

SECTION 2: GASB 67 Information for Ventura County Employees' Retirement Association

Notes to Exhibit 4

Methods and assumptions used to establish "actuarially determined contribution" rates:

Valuation date	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level percent of payroll (4.00% payroll growth assumed)
Remaining amortization period	15 years for UAAL as of June 30, 2004. Any changes in UAAL after June 30, 2004 are separately amortized over a 15-year closed period effective with that valuation. Effective June 30, 2012, any changes in UAAL due to actuarial gains or losses or due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 15-year closed period effective with that valuation (up to a 5-year closed period for retirement incentives). Any change in UAAL due to changes in actuarial assumptions or methods will be amortized over a 20-year closed period effective with that valuation.
Asset valuation method	Market value of assets less unrecognized returns in each of the last ten semi-annual accounting periods. Unrecognized returns are equal to the difference between the actual market return and the expected return on market value and are recognized over a five-year period. The Actuarial Value of Assets is reduced by the value of the supplemental medical benefit reserve and statutory contingency reserve. Deferred gains and losses as of June 30, 2011 have been combined and will be recognized in equal amounts over a period of four and a half years from that date.
Actuarial assumptions:	
Investment rate of return	7.75%, net of pension plan administration and investment expenses, including inflation
Inflation rate	3.25%
Real across-the-board salary increase	0.75%
Projected salary increases*	4.50% - 12.50%, varying by service, including inflation
Cost of living adjustments	For General Tier 1 and Safety, 3% (actual increases are contingent upon CPI increases with a 3.00% maximum). For General Tier 2, SEIU members receive a fixed 2% cost-of-living adjustment not subject to CPI increases that applies to future service after March 2003.
Other Assumptions:	Same as those used in the June 30, 2013 funding actuarial valuation and will be used in the June 30, 2014 funding actuarial valuation.

* Includes inflation at 3.25% plus real across-the-board salary increase of 0.75% plus merit and promotional increases.

SECTION 2: GASB 67 Information for Ventura County Employees' Retirement Association

EXHIBIT 5

Projection of Pension Plan's Fiduciary Net Position for Use in Calculation of Discount Rate as of June 30, 2014

(\$ in millions)

Year Beginning July 1,	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Plan Fiduciary Net Position (f) = (a) + (b) - (c) - (d) + (e)
2013	\$3,628	\$216	\$224	\$4	\$659	\$4,275
2014	4,275	228	247	5	331	4,583
2015	4,583	224	263	5	354	4,893
2016	4,893	219	280	5	378	5,204
2017	5,204	209	298	6	401	5,510
2018	5,510	203	316	6	423	5,814
2019	5,814	150	334	6	444	6,068
2020	6,068	141	352	7	463	6,313
2021	6,313	120	372	7	480	6,534
2022	6,534	133	392	7	497	6,765
2038	8,123	27	665	9	607	8,082
2039	8,082	23	674	9	603	8,025
2040	8,025	20	683	9	598	7,952
2041	7,952	17	690	9	592	7,862
2042	7,862	14	695	9	585	7,758
2087	12,545	0	16	14	971	13,486
2088	13,486	0	13	15	1,044	14,503
2089	14,503	0	10	16	1,123	15,600
2090	15,600	0	7	17	1,208	16,783
2091	16,783	0	6	19	1,300	18,059
2124	190,012	0	0 *	212	14,718	204,518
2125	204,518					
2125 Discounted Value: 48 **						

* Less than \$1 M, when rounded.

** \$204,518 million when discounted with interest at the rate of 7.75% per annum has a value of \$48 M as of June 30, 2014.

SECTION 2: GASB 67 Information for Ventura County Employees' Retirement Association

EXHIBIT 5

Projection of Pension Plan's Fiduciary Net Position for Use in Calculation of Discount Rate as of June 30, 2014

(\$ in millions) - continued

Notes:

- (1) Amounts may not total exactly due to rounding.
- (2) Amounts shown in the year beginning July 1, 2013 row are actual amounts, based on the unaudited financial statements provided by VCERA.
- (3) Years 2023-2037, 2043-2086, and 2092-2123 have been omitted from this table.
- (4) Column (a): Except for the "discounted value" shown for 2125, none of the projected beginning plan fiduciary net position amounts shown have been adjusted for the time value of money.
- (5) Column (b): Projected total contributions include employee and employer normal cost rates applied to closed group projected payroll (based on covered active members as of June 30, 2013), plus employer contributions to the unfunded actuarial accrued liability. Contributions are assumed to occur halfway through the year, on average.
- (6) Column (c): Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive vested, retired members, and beneficiaries as of June 30, 2013. The projected benefit payments reflect the cost of living increase assumptions used in June 30, 2013 valuation report and include projected benefits associated with the Supplemental Medical (\$27.50) Reserve.
- (7) Column (d): Projected administrative expenses are calculated as approximately 0.11% of the projected beginning plan fiduciary net position amount. The 0.11% portion was based on the actual fiscal year 2013/2014 administrative expenses (unaudited) as a percentage of the actual beginning plan fiduciary net position as of July 1, 2013. Administrative expenses are assumed to occur halfway through the year, on average.
- (8) Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.75% per annum and reflect the actual timing of benefit payments, which are made at the end of each month.
- (9) As illustrated in this Exhibit, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected "cross-over date" when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.75% per annum was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2014 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

SECTION 3: AICPA Schedules for Ventura County Employees' Retirement Association

EXHIBIT A

Schedule of Employer Allocations as of June 30, 2014

July 1, 2013 to June 30, 2014 Actual Compensation by Employer and Tier							
<u>Employer ID</u>	<u>Employer</u>	<u>General Tier 1 and 2</u>	<u>General Tier 1 and 2 %</u>	<u>Safety Tier</u>	<u>Safety Tier %</u>	<u>Total Compensation</u>	<u>Total %</u>
01	County of Ventura	\$435,463,038	91.340%	\$166,030,608	100.000%	\$601,493,646	93.577%
10	Ventura County Courts	\$32,106,371	6.735%	\$0	0.000%	\$32,106,371	4.995%
11	Ventura County Air Pollution Control Department	\$4,421,483	0.927%	\$0	0.000%	\$4,421,483	0.688%
22	Ventura Regional Sanitation District	\$4,757,644	0.998%	\$0	0.000%	\$4,757,644	0.740%
	Total	\$476,748,535	100.000%	\$166,030,608	100.000%	\$642,779,144	100.000%

Allocation of June 30, 2014 Estimated Net Pension Liability (NPL)							
<u>Employer ID</u>	<u>Employer</u>	<u>General Tier 1 and 2</u>	<u>General Tier 1 and 2 %</u>	<u>Safety Tier</u>	<u>Safety Tier %</u>	<u>Total NPL</u>	<u>Employer Allocation Percentage</u>
01	County of Ventura	\$230,356,648	91.340%	\$300,957,654	100.000%	\$531,314,302	96.052%
10	Ventura County Courts	16,984,027	6.735%	0	0.000%	16,984,027	3.070%
11	Ventura County Air Pollution Control Department	2,338,931	0.927%	0	0.000%	2,338,931	0.423%
22	Ventura Regional Sanitation District	2,516,758	0.998%	0	0.000%	2,516,758	0.455%
	Total	\$252,196,364	100.000%	\$300,957,654	100.000%	\$553,154,018	100.000%

Notes:

Actual July 1, 2013 through June 30, 2014 compensation information was provided by VCERA.

The Net Pension Liability (NPL) for each tier is the Total Pension Liability (TPL) minus the Plan Net Position. The Total Pension Liability for each tier is obtained from internal valuation results based on the actual participants in each tier. The Plan Net Position for each tier was estimated by adjusting each tier's internally tracked valuation value of assets (which is used to determine employer contribution rates by tier) by the ratio of the total VCERA plan net position to total VCERA valuation value of assets. Based on this methodology, any non-valuation reserves (such as the \$27.50 Supplemental Medical Benefit) are allocated amongst the tiers based on each tier's valuation value of assets.

The Safety Tier only has one employer (County of Ventura), so all of the NPL for that tier is allocated to the County.

For the two other tiers that have multiple employers, the NPL is allocated based on the actual compensation for each employer in the tier during the period ending on the measurement date within the tier.

- Calculate ratio of employer's compensation to the total compensation for the tier.
- This ratio is multiplied by the NPL for the tier to determine the employer's proportionate share of the NPL for the tier.
- If the employer is in several tiers, the employer's total allocated NPL is the sum of its allocated NPL from each tier.
- Proportionate share of total plan NPL is then the ratio of the employer's total allocated NPL to the total NPL of all employers.
- In this allocation, General Tier 1 and 2 were treated as one tier (combined) consistent with the determination of the Basic UAAL rate in the actuarial valuation.

SECTION 3: AICPA Schedules for Ventura County Employees' Retirement Association

EXHIBIT B

Schedule of Pension Amounts by Employer as of June 30, 2014

	County of Ventura	Ventura County Courts	Ventura County Air Pollution Control Department	Ventura Regional Sanitation District	Total for All Employers
Deferred Outflows of Resources					
Differences Between Expected and Actual					
Experience	\$0	\$0	\$0	\$0	\$0
Net Difference Between Projected and Actual					
Investment Earnings on Pension Plan Investments	0	0	0	0	0
Changes of Assumptions	0	0	0	0	0
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	<u>0</u>	<u>431,427</u>	<u>103,022</u>	<u>62,374</u>	<u>596,823</u>
Total Deferred Outflows of Resources	\$0	\$431,427	\$103,022	\$62,374	\$596,823
Deferred Inflows of Resources					
Differences Between Expected and Actual					
Experience	\$37,932,493	\$1,212,553	\$166,985	\$179,681	\$39,491,712
Net Difference Between Projected and Actual					
Investment Earnings on Pension Plan Investments	290,370,069	9,281,988	1,278,256	1,375,440	302,305,753
Changes of Assumptions	0	0	0	0	0
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	<u>596,823</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>596,823</u>
Total Deferred Inflows of Resources	\$328,899,385	\$10,494,541	\$1,445,241	\$1,555,121	\$342,394,288
Net Pension Liability as of June 30, 2013	\$955,341,941	\$30,538,522	\$4,205,569	\$4,525,315	\$994,611,346
Net Pension Liability as of June 30, 2014	\$531,314,302	\$16,984,027	\$2,338,931	\$2,516,758	\$553,154,018

SECTION 3: AICPA Schedules for Ventura County Employees' Retirement Association

EXHIBIT B

Schedule of Pension Amounts by Employer as of June 30, 2014 (continued)

	County of Ventura	Ventura County Courts	Ventura County Air Pollution Control Department	Ventura Regional Sanitation District	Total for All Employers
Pension Expense					
Proportionate Share of Plan Pension Expense	\$67,277,762	\$2,150,605	\$296,168	\$318,685	\$70,043,220
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	<u>-139,771</u>	<u>101,037</u>	<u>24,127</u>	<u>14,607</u>	<u>0</u>
Total Employer Pension Expense	\$67,137,991	\$2,251,642	\$320,295	\$333,292	\$70,043,220

Notes:

Amounts shown in this exhibit excluding the differences between employer contributions and proportionate share of contributions were allocated by employer based on the Employer Allocation Percentage calculated in Exhibit A.

In determining the pension expense:

- Any differences between projected and actual investment earnings on pension plan investments are recognized over a period of five years beginning with the year in which they occur.
- Differences between expected and actual experience and between employer contributions and proportionate share of contributions are recognized over the average of the expected remaining service lives of all employees that are provided with pensions through VCERA determined as of June 30, 2013 (the beginning of the measurement period ending June 30, 2014) and is 5.27 years.

The average of the expected remaining service lives of all employees was determined by:

- Calculating each active employees' expected remaining service life as the present value of \$1 per year of future service at zero percent interest.
- Setting the remaining service life to zero for each nonactive or retired members.
- Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

Only for this initial transition year, the beginning of the year Net Pension Liability as of June 30, 2013 was allocated by using the same Employer Allocation Percentage shown in Exhibit A as of June 30, 2014.

We did not attempt to determine the beginning balances for deferred inflows of resources and deferred outflows of resources as of the beginning of the period for the 2013/14 fiscal year. Per paragraph 137 of GAS 68, these balances are assumed to be zero.



2014
ANNUAL
REPORT

VCERA

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

*Pension Trust Fund of the County of Ventura, California
Comprehensive Annual Financial Report for the Fiscal Year
ended June 30, 2014*

2014

ANNUAL REPORT

Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2014

Issued by:

Tim Thonis

Interim Retirement Administrator



*Pension Trust Fund for the County of Ventura,
Ventura County Courts and two Special Districts*

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TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal.....	1
GFOA Certificate of Achievement	4
Members of the Board of Retirement	5
2014 Organization Chart	7
List of Professional Consultants	8

FINANCIAL SECTION

Independent Auditor's Report.....	9
Management's Discussion and Analysis.....	12

Basic Financial Statements

Statement of Fiduciary Net Position	16
Statement of Changes in Fiduciary Net Position	17
Notes to the Basic Financial Statements.....	18

Required Supplementary Information

Schedule of Changes in Net Pension Liability of Participating Employers	40
Schedule of Employer Contributions	41
Schedule of Investment Returns.....	41
Latest Actuarial Valuation of Plan Assets & Liabilities	42

Other Supplementary Schedules

Schedule of Administrative Expenses	43
Schedule of Investment Expenses	44
Schedule of Payments to Consultants.....	44
Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan-GASB 67	45
Schedule of Cost Sharing Employer Allocations of Net Pension Liability	46

INVESTMENT SECTION

Investment Consultant's Report.....	47
Outline of Investment Policies	50
Target Versus Actual Asset Allocation	51
Investment Summary.....	52
Schedule of Investment Results Based On Fair Value.....	54
Largest Equity and Fixed Income Holdings (by Fair Value)	55
Schedule of Investment Fees	56
List of Investment Managers.....	57

TABLE OF CONTENTS - *CONTINUED*

ACTUARIAL SECTION

Actuary’s Certification Letter.....58

Summary of Actuarial Assumptions & Methods.....61

Active Member Valuation Data62

Retirees and Beneficiaries Added to and Removed Retiree Payroll.....63

Actuarial Analysis of Financial Experience64

Actuary Solvency Test65

Schedule of Funding Progress.....66

Summary of Plan Benefits.....67

Probability of Occurrence70

STATISTICAL SECTION

Statistical Information Overview.....72

Changes in Pension Plan Fiduciary Net Position.....73

Schedule of Benefit Expenses by Type74

Active and Deferred Members.....76

Retired Members by Type of Pension Benefit.....77

Schedule of Average Monthly Benefit Payments.....79

Participating Employers and Active Members83

Employer Contribution Rates84

Introductory Section



LETTER OF TRANSMITTAL

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

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

December 31, 2014

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

Dear Board of Retirement Trustees:

It is with pleasure that I submit to you the Comprehensive Annual Financial Report (CAFR) of the Ventura County Employees' Retirement Association (VCERA, Association, Fund or Plan) for the fiscal year ended June 30, 2014, the 67th year of operation. The report is intended to provide a detailed review of the Association's financial, actuarial, and investment status. VCERA has the duty and authority to administer plan benefits for employees of the County of Ventura, Ventura County Courts, Ventura County Air Pollution Control District, and Ventura Regional Sanitation District.

VCERA and Its Services

The Ventura County Employees' Retirement Association was established by the County of Ventura in 1947. VCERA is administered by the Board of Retirement and governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et. seq.) and the California Public Employees' Pension Reform Act of 2013 ("PEPRA," California Government Code section 7522 et seq.)

The Board of Retirement is responsible for the general management of VCERA and for determining VCERA's investment objectives, strategies, and policies. The Board appoints a Retirement Administrator, to whom is delegated the responsibility for overseeing day-to-day management of VCERA and developing its annual budget. Adoption of the budget is subject to approval by the Board.

VCERA is a public employee retirement system whose main function is to provide service retirement, disability, death, and survivor benefits to the safety and general members employed by the County of Ventura. VCERA also provides retirement benefits to the employee members of the Ventura County Courts, Air Pollution Control District, and Ventura Regional Sanitation District.

Financial Information

Management is responsible for both the accuracy of the data and the completeness and fairness of the presentation of financial information. This includes preparing retirement system financial statements, notes to financial statements, supplementary disclosures, and establishing and maintaining an adequate internal control structure designed to ensure retirement system assets are protected. VCERA recognizes that even sound internal controls have inherent limitations. Our internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that cost-benefit analysis require estimates and judgments by management.

Brown Armstrong Accountancy Corporation was retained by the Board to perform the annual audit as of June 30, 2014. The financial audit states that VCERA's financial statements are prepared in conformity with generally accepted accounting principles and are free of material misstatement.

LETTER OF TRANSMITTAL - *CONTINUED*

An overview of VCERA's fiscal operations is presented in the Management Discussion & Analysis (MD&A) preceding the financial statements. This transmittal letter, when taken into consideration with the MD&A, provides an enhanced picture of the activities of the organization.

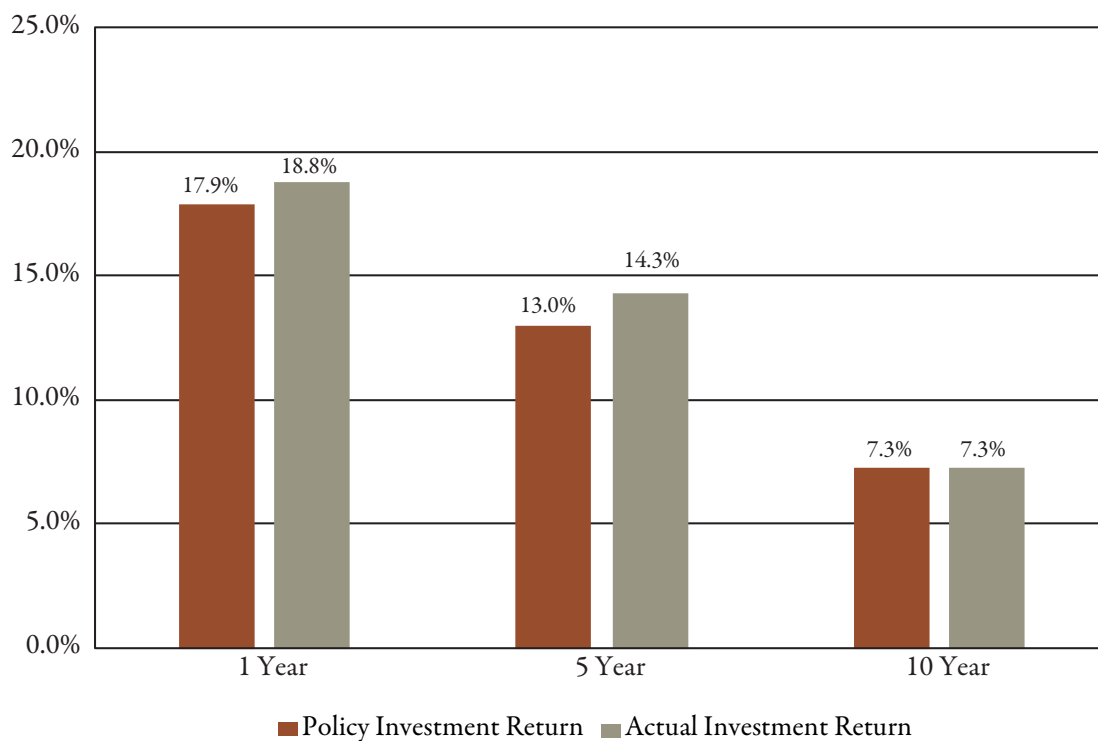
Investment Activities

The Board of Retirement adopted an Investment Policy that provides the framework for the management and oversight of VCERA's investments. The Investment Policy establishes VCERA's investment objectives and defines the principal duties of the Board, investment managers, custodian, and consultants.

A pension fund's asset allocation policy implemented in a consistent and disciplined manner, is generally recognized to have the most impact on a fund's performance. The asset allocation process determines a fund's optimal long-term asset class mix (target allocation), which is expected to achieve a specific set of investment objectives. VCERA's asset allocation targets are designed to incorporate the Fund's long-term investment horizon and the illiquidity risk of certain asset classes, such as Private Equity and Real Estate.

This year, U.S. equity markets returned 26.0%, Non-U.S. equity and global equity returned 20.7% and 22.9%, respectively. U.S. fixed income and global fixed income markets returned 5.0% and 7.5%, respectively, real estate returned 10.7%, while alternative asset classes returned 23.9%.

The total Fund returned 18.8% (net of fees) for the year, and outperformed the Policy Benchmark by 90 basis points, which returned 17.9%. Over the five-year and ten-year ended June 30, 2014, the total Fund's annualized return was 14.3% and 7.3% (net of fees, respectively). The chart below depicts policy investment returns and actual returns for one, five, and ten years.



Actuarial Funding Status

VCERA's funding objective is to meet long-term benefit requirements by maintaining a well-funded plan. Characteristics of a well-funded plan include a high ratio of accumulated plan assets to meet accrued actuarial liabilities. Sources of funding include employer and employee contributions, and investment income. As of June 30, 2014, VCERA's value of actuarial assets was approximately \$3.9 billion resulting in a funding status of 82.7%.

LETTER OF TRANSMITTAL - *CONTINUED*

Annually, VCERA retains an independent actuarial firm to conduct an actuarial valuation. Segal Consulting performed the June 30, 2014 valuation. Triennially, VCERA will request its actuary to analyze the appropriateness of all economic and non-economic assumptions used in the annual valuations. Recommendations for assumption changes are presented to the Board for their consideration.

The latest triennial investigation was completed as of April 4, 2012, and recommended assumption changes were adopted on May 21, 2012.

Significant Events, Accomplishments and Objectives

The 2013-2014 fiscal year saw changes in the operation and administration of the retirement system by the Board of Retirement (Board) and staff. Some of the more significant events and accomplishments of the past year are summarized below:

- Hired NEPC as the Investment Consultant to the Fund.
- The Fund obtained a favorable tax determination letter.
- Reached the 65% completion level for the new Pension Administration System (PAS).

Objectives for the coming year include:

- Complete an Asset Liability Study and adopt an asset allocation policy.
- Conduct search to retain a Retirement Administrator for the Plan
- Begin User Acceptance Testing for PAS, with a goal to complete the project by August 2015.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Ventura County Employees' Retirement Association for its comprehensive annual financial report for the fiscal year ended June 30, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this Comprehensive Annual Financial Report is made possible by the dedicated teamwork of VCERA staff under the leadership, dedication, and support of the VCERA Board. I am grateful to the VCERA staff as well as to all of our professional service providers, who perform so diligently to ensure successful operation and financial soundness of VCERA. The leadership and support provided by your Board has contributed to the overall success of our retirement system.



Tim Thonis
Interim Retirement Administrator



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Ventura County
Employees' Retirement Association
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

A handwritten signature in black ink, reading "Jeffrey R. Emswiler". The signature is fluid and cursive.

Executive Director/CEO

MEMBERS OF THE BOARD OF RETIREMENT

AT JUNE 30, 2014



Tracy Towner
Chair
Elected by Safety Members



William W. Wilson
Vice-Chair
Appointed by the Board of Supervisors



Steven Hintz
Ex-Officio Member
Treasurer-Tax Collector
County of Ventura



Peter C. Foy
Appointed by the Board of Supervisors



Joseph Henderson
Appointed by the Board of Supervisors

MEMBERS OF THE BOARD OF RETIREMENT - *CONTINUED*

AT JUNE 30, 2014



Michael Sedell

Appointed by the Board of Supervisors



Tom Johnston

Elected by General Members



Deanna McCormick

Elected by General Members



Arthur E. Goulet

Elected by Retired Members



Edward Johnston

Alternate Elected by Safety Members

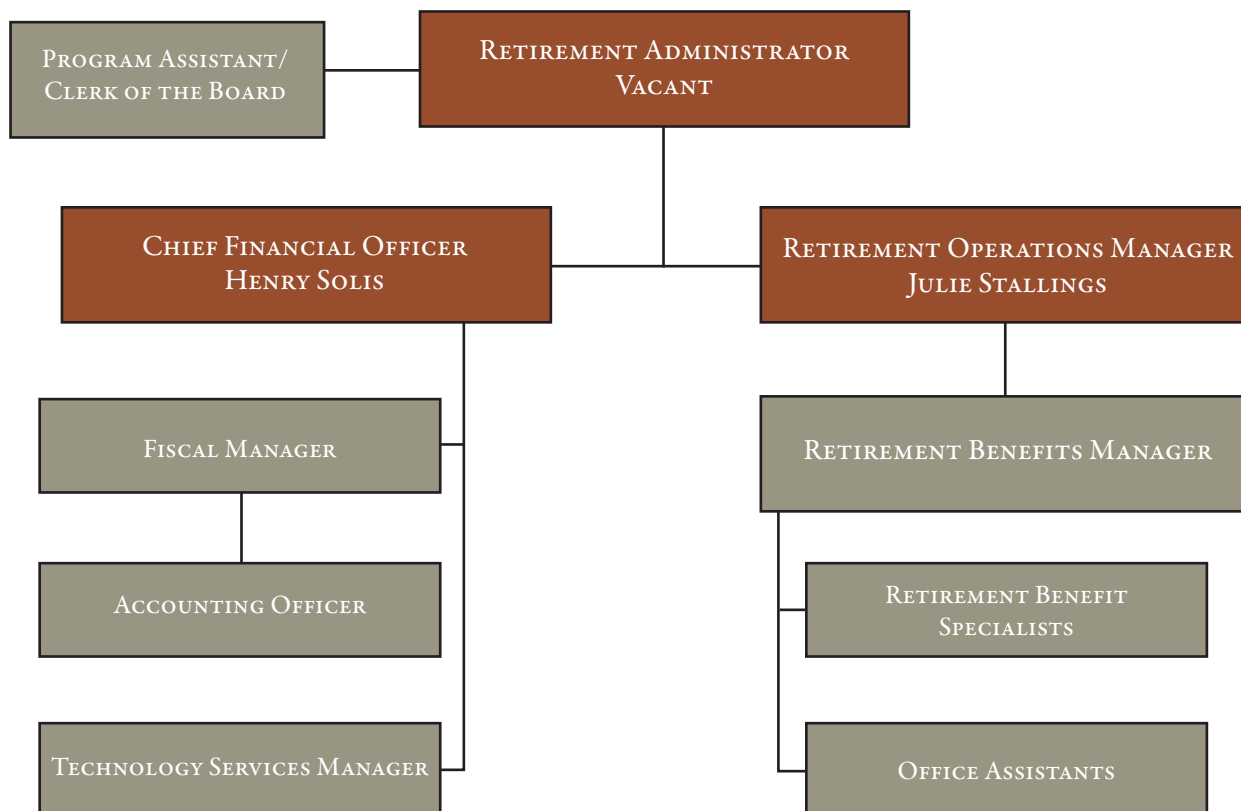


Wilbur Hoag

Alternate Elected by Retired Members

2014 ORGANIZATION CHART

BOARD OF RETIREMENT



LIST OF PROFESSIONAL CONSULTANTS

ACTUARY

Segal Consulting

CUSTODIAN

State Street Bank and Trust

INDEPENDENT AUDITOR

Brown Armstrong Accountancy Corporation

INVESTMENT CONSULTANTS

Hewitt ennisknupp

NEPC, LLC

LEGAL COUNSEL

County Counsel of the County of Ventura

Manatt, Phelps & Phillips

HansonBridgett

TECHNICAL SUPPORT

Automatic Data Processing

Information Technology Services of the County of Ventura

CMP & Associates, Inc.

Linea Solutions

Managed Business Solutions

Novanis

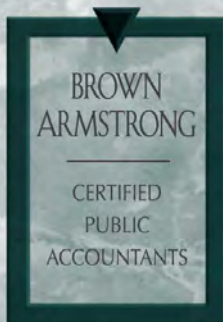
SBS Group

Vitech Systems Inc.

Refer to the Schedule of Investment Fees on Page 57 of the Investment section for a listing of Investment Professionals who provide services to VCERA.

Financial Section





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FAX 661.324.4997
EMAIL info@bacpas.com

7673 N. INGRAM AVENUE

SUITE 101
FRESNO, CALIFORNIA 93711
TEL 559.476.3592
FAX 559.476.3593

221 E. WALNUT STREET

SUITE 260
PASADENA, CALIFORNIA 91101
TEL 626.204.6542
FAX 626.204.6547

5250 CLAREMONT AVENUE

SUITE 237
STOCKTON, CA 95207
TEL 209.451.4833

REGISTERED with the Public Company
Accounting Oversight Board and
MEMBER of the American Institute of
Certified Public Accountants

BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Retirement
Ventura County Employees' Retirement Association
Ventura, California

Report on the Financial Statements

We have audited the accompanying Statement of Fiduciary Net Position of Ventura County Employees' Retirement Association (VCERA) as of June 30, 2014 and 2013, and the related Statement of Changes in Fiduciary Net Position for the years then ended, and the related notes to the financial statements, which collectively comprise VCERA's basic financial statements as listed in the table of contents. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows or resources, total deferred inflows of resources, and total pension expense (\$ in thousands, \$553,154, \$597, \$342,395, and \$70,043, respectively) included in the Governmental Accounting Standards Board (GASB) Statement No. 67 schedules listed as other information in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to VCERA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of VCERA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the fiduciary net position of VCERA as of June 30, 2014 and 2013, and the changes in fiduciary net position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2014, VCERA implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, which revises existing guidance for the financial reports of most pension plans.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplemental information, as noted in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on these financial statements. The other supplementary information and the introductory, investment, actuarial, and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

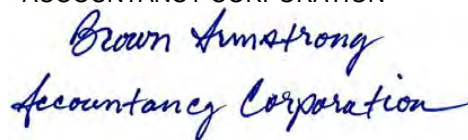
The other supplementary information, as noted in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, investment, actuarial, and statistical sections, as noted in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2014, on our consideration of VCERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering VCERA's internal control over financial reporting on compliance and should be considered in assessing the results of our audit.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California
December 31, 2014

Management's Discussion and Analysis

The following review of the results of Ventura County Employees' Retirement Association's (VCERA) operations and financial condition for the year ended June 30, 2014, should be read in conjunction with the Letter of Transmittal found in the Introductory Section of the report and with the required financial statements that follow this discussion and analysis.

HIGHLIGHTS

- The Net Position Restricted for Pensions (Net Position) at the close of June 30, 2014 fiscal year is \$4.3 billion. All of the net position is available to meet VCERA's ongoing obligations to plan participants and their beneficiaries.
- VCERA's total Net Position Restricted for Pensions increased by \$647.4 million or 17.8%. The increase in 2014 is primarily a result of positive investment returns.
- Total Deductions as reflected in the Statement of Changes in Fiduciary Net Position increased to \$227.5 million or 6.4% from the prior year.
- VCERA's funding status, as measured by the actuarial value of assets divided by the actuarial value of accrued liabilities, improved from 79.2% to 82.7%.

THE FINANCIAL SECTION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Financial Section of this Comprehensive Annual Financial Report consists of two financial statements, required supplementary information, and other supplementary schedules. The *Statement of Fiduciary Net Position* includes information, as of the end of the fiscal year, about VCERA's assets, liabilities, and net position on a fair value basis. The *Statement of Changes in Fiduciary Net Position* includes information about the additions to, deductions from, and net increase/decrease for the year in plan net position. The required supplementary information provides historical trend information about the net pension liability of the plans participating employers, annual required employer contributions, and annual investment returns. The other supplementary schedules provide details of administrative expenses, investment expenses, payments to consultants, and pension amounts allocated by participating employer.

FINANCIAL ANALYSIS

During the year, all asset classes experienced positive returns. The U.S. equities portfolio outperformed all other VCERA asset classes with a positive return of 26.0%. The Non-U.S. equity portfolio gained 20.7% and global equity gained 22.9%. The U.S. and global fixed income portfolios gained 5.0% and 7.5%, respectively. The real estate portfolio gained 10.7%, alternative portfolio gained 23.9% and private equity gained 22.1%.

Management's Discussion and Analysis

CONTINUED

NET POSITION RESTRICTED FOR PENSION BENEFITS

Net Position represents assets held to pay benefits earned by plan members. The Plan's Net Position increased 17.8% to approximately \$4.3 billion for 2014. Investments increased by approximately \$619.6 million in fiscal year 2014, as a result of an increase in the fair value of VCERA's investment portfolio, as all investment asset classes experienced positive appreciation in value. Current Assets increased by \$12.3 million in fiscal year 2014, mostly attributable to an increase in collateral on loaned securities within the security lending program. Pension Software increased by \$3.0 million, representing the continued accumulation of investment toward the replacement of the existing pension administration system. Total Liabilities decreased by \$12.5 million in fiscal year 2014, due to a decrease in payables for securities purchased, offset by an increase in security lending payable.

(\$ In Thousands)	2014	2013	Difference	2014-2013 % Change
Current Assets	\$158,907	\$146,598	\$12,309	8.4%
Investments	4,195,820	3,576,215	619,605	17.3%
Pension Software	6,459	3,444	3,015	87.5%
Total Assets	4,361,186	3,726,257	634,929	17.0%
Total Liabilities	(86,300)	(98,752)	12,452	-12.6%
Fiduciary Net Position	\$4,274,886	\$3,627,505	\$647,381	17.8%

ADDITIONS TO PLAN NET POSITION

The primary sources to finance Pensions provided by VCERA are accumulated through investment income and the collection of employer and member contributions. Fiscal year 2014 results showed a 12.6% and 5.0% increase in employer and member contributions, respectively. Net investment income added an additional \$221.9 million.

(\$ In Thousands)	2014	2013	Difference	2014-2013 % Change
Employer Contributions	\$169,703	\$150,688	\$19,015	12.6%
Member Contributions	46,674	44,464	2,210	5.0%
Net Investment Income	658,581	436,638	221,943	50.8%
Total Additions	\$874,958	\$631,790	\$243,168	38.5%

Management's Discussion and Analysis

CONTINUED

DEDUCTIONS IN NET POSITION

VCERA's assets are used primarily in the payment of pension benefits to retired members and their beneficiaries, refunds of member contributions, and plan administration costs. An increase in the number of retired members and an increase in the average pension benefit payment were the primary contributors to the increase in Benefit Payments in fiscal year 2014. An increase in administrative expenses in fiscal year 2014 were primarily the result of an increase in personnel costs.

(\$ In Thousands)	2014	2013	Difference	2014-2013 % Change
Benefit Payments	\$218,104	\$205,238	\$12,866	6.3%
Member Refunds	5,428	4,720	708	15.0%
Administrative	4,045	3,944	101	2.6%
Total Deductions	\$ 227,577	\$ 213,902	\$ 13,675	6.4%

Benefit payments grew in 2014 by approximately \$12.9 million dollars or 6.3%, as the retirement plan continues to mature. Member refunds experienced an increase of 15.0% or approximately \$700 thousand dollars in fiscal year 2014 when compared to fiscal year 2013.

NEW PENSION ACCOUNTING AND FINANCIAL REPORTING STANDARDS

VCERA is subject to the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*, an amendment of GASB Statement No. 25, beginning with the fiscal year ended June 30, 2014 and VCERA's participating employers will be subject to the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, beginning with the fiscal year ended June 30, 2015. GASB Statement No. 67 replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*; and GASB Statement No. 68 replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, and GASB Statement No. 50, as they relate to pension plans. These new standards will require governments to recognize their long-term obligation for pension benefits as a liability on their balance sheets, to recognize their annual pension expense as a comprehensive measurement of the annual cost of pension benefits, and expands note disclosures, required supplementary information and other supplementary information for pension plans and their participating employers.

GASB Statement No. 67 requires that the funded status and Unfunded Actuarial Accrued Liability (UAAL) of the plan no longer be presented in the notes or required supplementary section. UAAL was determined by subtracting the excess of the actuarial accrued liability (discounted at the Plan's assumed rate of return) from the

Management's Discussion and Analysis

CONTINUED

actuarial value of assets (determined by smoothing the values over a certain number of years to reduce volatility). It represented the costs allocated to date for current Plan members that are not covered by the actuarial value of assets. The UAAL has now been replaced by the Net Pension Liability (NPL), which represents the excess of the Total Pension Liability (using an entry age cost method, discounted at a discount rate that reflects the expected return on assets) over the Fiduciary Net Position (valued at fair value). NPL is similar to UAAL but includes market value of assets, not smoothed value of assets. This is a conceptual shift by the GASB in the measurement of pension liabilities to provide a consistent, standardized methodology that allows comparability of data and increased transparency of the pension liability across all plans. VCERA has complied with GASB Statement No. 67 for the fiscal year ended June 30, 2014 and will continue to partner with the Plan's participating employers as they implement GASB Statement No. 68 for the fiscal year ended June 30, 2015.

Based on the June 30, 2014 actuarial valuation, the NPL of participating employers on a market basis is \$553.2 million a decrease of \$441.4 million from the June 30, 2013 valuation. The decrease is primarily attributable to increased investment returns. Refer to Note 4 in the Financial Section, and Required Supplementary Information, and Other Supplementary Information sections of this report for additional information.

REQUESTS FOR INFORMATION

The financial report is designed to provide the Board of Retirement, our membership, and other interested third parties with a general overview of VCERA's finances and to show accountability for the funds it receives.

Address questions regarding this report and/or requests for additional information to:

Chief Financial Officer, VCERA
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003
VCERA.Info@Ventura.org

Respectfully submitted,



Henry C. Solis, CPA
Chief Financial Officer

BASIC FINANCIAL STATEMENTS



BASIC FINANCIAL STATEMENTS

STATEMENT OF FIDUCIARY NET POSITION

AS OF JUNE 30, 2014 (WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2013)

(\$ In Thousands)

	June 30, 2014	June 30, 2013
ASSETS		
Cash	\$63,604	\$63,941
Cash Collateral on Loaned Securities	62,403	50,543
Pension Software Development	6,459	3,443
Receivables		
Contribution Receivable	5,692	4,488
Accounts Receivable - Sale of Investments	23,833	24,075
Accrued Interest and Dividends	3,358	3,538
Accounts Receivable - Other	17	14
Total Receivables	32,900	32,115
Investments at Fair Value		
U.S. and Non-U.S. Equities	2,403,095	2,254,845
Fixed Income	970,049	884,110
Private Equity	87,763	44,410
Real Estate	306,840	283,380
Alternatives	428,073	109,470
Total Investments	4,195,820	3,576,215
Total Assets	4,361,186	3,726,257
LIABILITIES		
Accounts Payable - Purchase of Investments	21,181	45,686
Accrued Expenses	2,716	2,523
Obligations under Securities Lending Program	62,403	50,543
Total Liabilities	86,300	98,752
Net Position Restricted for Pensions	\$4,274,886	\$3,627,505

The accompanying Notes are an integral part of these financial statements.

BASIC FINANCIAL STATEMENTS - *CONTINUED*

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014 (WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2013)

(\$ In Thousands)

	June 30, 2014	June 30, 2013
ADDITIONS		
Contributions		
Employer - Actuarially Determined	\$161,247	\$142,370
Employer - Other	8,456	8,318
Member	46,674	44,464
Total Contributions	216,377	195,152
Investment Income		
From Investing Activities:		
Net Appreciation/(Depreciation) in Fair Value of Investments	622,127	395,974
Investment Income	49,197	50,393
Total Investing Activity Income/(Loss)	671,324	446,367
Less Expenses from Investing Activities	(12,877)	(9,901)
Net Investing Activity Income/(Loss)	658,447	436,466
From Securities Lending Activities:		
Securities Lending Income	148	298
Less Expenses from Securities Lending Activities:		
Borrower Rebates	43	(49)
Management Fees	(57)	(77)
Total Expenses from Securities Lending Activities	(14)	(126)
Net Securities Lending Income	134	172
Total Net Investment Income/(Loss)	658,581	436,638
Total Additions	874,958	631,790
DEDUCTIONS		
Benefit Payments	218,104	205,238
Administrative Expenses	4,045	3,944
Refunds	5,428	4,720
Total Deductions	227,577	213,902
Net Increase/Decrease in Net Position	647,381	417,888
Net Position Restricted for Pensions		
Beginning of Year	3,627,505	3,209,617
End of Year	\$4,274,886	\$3,627,505

The accompanying Notes are an integral part of these financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY. Ventura County Employees' Retirement Association (VCERA), with its own governing board, is an independent governmental entity separate and distinct from the County of Ventura. Actuarially determined financial data for VCERA is included in the County of Ventura's Comprehensive Annual Financial Report in the "Notes to the Basic Financial Statements" section. The specific elements of the financial accountability criteria considered in defining a reporting entity are appointment of a voting majority of the Board of Retirement (Board) and either the ability to impose will, or possibility of providing a financial benefit or imposing a financial burden. Application of the financial accountability criteria did not identify additional entities to be included in VCERA's annual report.

BASIS OF ACCOUNTING. The accompanying financial statements are prepared on the accrual basis of accounting. Investment income is recognized when earned. Administrative and investment expenses are recorded when incurred. Contributions, benefit payments, and refunds are recorded when due and payable in accordance with the terms of the plan. The net appreciation (depreciation) in the fair value of investments is recorded as an increase (decrease) in investment income based upon investment valuations.

INVESTMENT VALUATION. VCERA investments are presented at fair value. The majority of the investments held by the VCERA Plan at June 30, 2014 is in the custody of, or controlled by, State Street Bank and Trust, VCERA's custodian. VCERA's investments consist of domestic and international fixed income, U.S. and Non-U.S. equities, private equity, alternatives, and real estate. The diversity of the investment types that VCERA has entered into requires a wide range of techniques to determine fair value. The overall valuation processes and information sources by major asset classifications are as follows:

FIXED INCOME. Fixed income consists of Global negotiable obligations, which includes U.S. Government and U.S. Government-sponsored agencies bonds, corporate debt, and securitized offerings backed by residential and commercial mortgages. Certain securities, such as U.S. government bonds, have an active market for identical securities and can typically be valued using the closing or last traded price on a specific date. Other securities that are not as actively traded are valued by pricing vendors, which use modeling techniques that include market observable inputs required to develop a fair value. Typical inputs include recent trades, yields, price quotes, cash flows, maturity, credit ratings and other assumptions based upon the specifics of the asset type.

EQUITIES. The majority of the Association's U.S. and Non-U.S. equity securities are actively traded on major stock exchanges or over-the-counter. Investments listed or traded on a securities exchange are valued at fair value as of the close of trading on the valuation day. Fair value is determined based on the last reported trade price on the exchange considered to be the primary market for such security. Listed investments that are not traded on a particular day are valued at the last known price deemed best to reflect their fair value. Investments not traded on a securities exchange, but which are traded in any other market or over the counter, are valued based on prices obtained from third party service providers.

PRIVATE EQUITY. Private equity investments are made on a fund-of-fund basis. The underlying equity fund portfolio consists of securities in portfolio companies as well as marketable securities. Typically, the fair value of all investments is determined by the fund manager in good faith and in compliance with the definition of fair value under U.S. generally accepted accounting principles or "GAAP" (Financial Accounting Standards Board (FASB) Accounting Standards Codification, Topic 820). In some circumstances, partnership agreements require reporting financial information and valuations in an accounting standard other than GAAP such as under

NOTES TO THE BASIC FINANCIAL STATEMENTS - *CONTINUED*

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

International Financial Reporting Standards.

The measure of fair value by the fund manager is typically conducted on a quarterly basis. Marketable securities are valued according to the most recent public market price with appropriate discounts to reflect any contractual or regulatory restriction upon sale. The fair value of each investment as reported does not necessarily represent the amount that may ultimately be realized, since such amounts depend upon future circumstances that cannot reasonably be determined until the position is actually liquidated.

The fund's evaluation of the fair value of portfolio funds is based on the most recent available valuation information provided to it by the portfolio funds, adjusted for subsequent distributions from and capital contributions to such portfolio funds, if any. The evaluation of the fair value of co-investments is based on the most recent information available at the time of valuation ascribed to such investments by the sponsor partnership. If the manager does not agree with this valuation, holds different securities than the sponsor partnership, is unable to obtain the sponsor partnership's valuation, or has information that results in a different valuation, it may use its own internal evaluation of fair value. The assumptions are based upon the nature of the investment and the underlying business. The valuation techniques vary based upon investment type and involve a certain degree of expert judgment.

REAL ESTATE. Real estate is held either via a real estate limited partnership or a commingled fund. Real estate investments in a limited partnership or commingled fund are long-term and illiquid in nature. As a result, investors are subject to redemption restrictions which generally limit distributions and restrict the ability of investors to exit an investment prior to its dissolution or liquidation of the underlying holdings. Interests in limited partnerships and commingled funds are valued by using the net asset value ("NAV") of the portfolio. The most significant input into the NAV of such an entity is the value of its investment holdings. These holdings are valued by the general or managing partners on a continuous basis, audited annually and periodically appraised by an independent third party. The valuation assumptions are based upon both market and property specific inputs which are not observable and involve a certain degree of expert judgment.

RECEIVABLES. Receivables consist primarily of interest, dividends, and investments in transition, i.e., traded but not settled, and contributions owed by the employing entities as of June 30, 2014.

USE OF ESTIMATES. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

SECURITIES LENDING. Cash collateral received in the course of securities lending transactions is recorded as a current asset of VCERA, and the obligation to repay the collateral is recorded as a current liability, in accordance with the requirements of GASB Statement No. 28. In addition, gross earnings received on invested cash collateral are reported as Earnings, and borrower rebates and agent fees are recorded as Borrower Rebates and Management Fees, respectively. This Earnings, Rebates, and Fees amounted to \$148,000, \$43,000, and (\$57,000), respectively, for the year ended June 30, 2014, a decrease due primarily to reduced activity in securities lending activity. Non-cash collateral, and the related repayment obligation, is not recorded on the books of the Association, as there is no ability to pledge or sell the collateral absent borrower default. See Note 3 for additional information on securities lending.

NOTES TO THE BASIC FINANCIAL STATEMENTS - *CONTINUED*

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

INCOME TAXES. The Internal Revenue Service (IRS) has ruled that plans such as VCERA qualify under Section 401(a) of the Internal Revenue Code and are not subject to tax under present income tax laws. On January 29, 2014, the IRS issued to VCERA a favorable Tax Determination Letter. Accordingly, no provision for income taxes has been made in the accompanying basic financial statements, as the Plan is exempt from federal and state income taxes under provisions of the Internal Revenue Code, Section 401, and the California Revenue and Taxation Code, section 23701, respectively.

IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENT.

GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities* establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2012. VCERA does not have any of these types of transactions to report at June 30, 2014. This statement has no material impact on VCERA's financial statements.

GASB Statement No. 66 – *Technical Corrections – 2012 – an Amendment of GASB Statements No. 10 and No. 62* is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of the two pronouncements. The requirements of this statement are effective for financial statements for periods beginning December 15, 2012. This statement has no material impact on VCERA's financial statements.

GASB Statement No. 67 – The Plan implemented GASB Statement No. 67 (GASB 67), *Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*, effective at the beginning of the year. GASB 67 replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Benefit Plans*, and also replaces the requirements of GASB Statement No. 50, *Pension Disclosures*. The objective of GASB 67 is to improve the usefulness of pension information provided in the financial reporting by state and local government pension plans for decision making, assessment accountability and creating additional transparency.

Significant changes include an actuarial calculation of Total and Net Pension Liability. It also includes comprehensive footnote disclosures regarding the Total and Net Pension Liability, the sensitivity of the Net Pension Liability to the discount rate, and investment activity disclosures. The implementation of GASB No. 67 did not significantly impact the accounting for accounts receivable and investment balances. The Total Pension Liability, determined in accordance with GASB No. 67, is presented in Note 4 and in the Required Supplementary Information, and Other Supplementary Information Section.

GASB Statement No. 70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees* will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This statement also will enhance the information disclosed about a government's obligation and risk exposure from extending nonexchange financial guarantees. This statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2013. This statement has no material impact on VCERA's financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

NEW ACCOUNTING PRONOUNCEMENTS.

GASB Statement No. 68 – *Accounting and Financial Reporting for Pension Plans—an Amendment of GASB Statement No. 25*, revises and establishes new financial reporting requirements for governments that provide their employees with defined benefit pensions. The new standards require Employers to recognize their proportionate share of long-term obligation for pension benefits as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. For Employers, the new financial reporting provisions are effective for its fiscal year beginning after June 15, 2014.

2. PLAN DESCRIPTION

The Ventura County Employees' Retirement Association (VCERA) was established under the provisions of the California Government Code (Code) Sections 31450 through 31899, known collectively as the County Employees' Retirement Law of 1937. In September 2012, Governor Brown signed the California Public Employees' Pension Reform Act of 2013 (PEPRA), Code Section 7522 et seq., and the provisions of AB 197. This new law applies to new employees who became first time VCERA members on or after January 1, 2013. VCERA operates a cost-sharing multi-employer defined benefit pension plan (Plan) that includes employees of the County of Ventura, Ventura County Courts, Air Pollution Control District, a special district, and Ventura Regional Sanitation District, a special district, (the latter three employers are not under the County of Ventura Board of Supervisors). VCERA is a pension trust fund of the County of Ventura.

VCERA provides retirement, disability, cost of living, death, and survivor benefits to its members and qualified beneficiaries.

PLAN MEMBERSHIP. Membership is mandatory for employees with bi-weekly work schedules of 64 hours or more. Members employed up to and including June 30, 1979 and certain management personnel who entered service prior to October 16, 2001 are designated as Tier 1 members. Members employed after June 30, 1979 through December 31, 2012, are designated as Tier II members. Safety members (eligible Sheriff, Probation, and Fire employees) employed through December 31, 2012 are classified as Safety. New Members employed after January 1, 2013 are designated as PEPRA Tier I, II or Safety.

VCERA MEMBERSHIP	2014	2013
RETIRED MEMBERS AND BENEFICIARIES	6,121	5,888
ACTIVE MEMBERS		
Vested	5,973	5,929
Non-Vested	2,237	2,139
DEFERRED MEMBERS		
Vested	1,338	1,324
Non-Vested	1,001	925
Total Membership	16,670	16,205

NOTES TO THE BASIC FINANCIAL STATEMENTS - *CONTINUED*

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

BENEFIT PROVISIONS. State law along with resolutions and ordinances adopted by the Board of Retirement and Board of Supervisors establishes the Plan's benefit provisions and contribution requirements.

RETIREMENT ALLOWANCES. Employees with membership prior to January 1, 2013, with ten or more years of service are entitled to an annual retirement allowance beginning at age 50. General Member employees with membership on or after January 1, 2013, with five or more years of service are entitled to an annual retirement allowance beginning at age 52. Safety Member employees with membership on or after January 1, 2013, with five or more years of service are entitled to an annual retirement allowance at age 50. Allowances are based upon members' ages at retirement, final compensation, and total years of service.

DISABILITY BENEFITS. A member who becomes permanently disabled from the performance of their duties may be granted a disability retirement allowance payable for life. If the disability is the result of a job-related injury or illness, the member may be granted a service-connected disability retirement. If the disability is not the result of a job-related injury or illness, the member may receive a non-service-connected disability retirement allowance.

DEATH BENEFITS. VCERA pays a basic death benefit, which consists of the member's accumulated contributions plus an amount equal to an average month's salary to a maximum of six months' salary. If the deceased member was vested, a surviving spouse may elect, in lieu of the basic death benefit, a monthly allowance equal to 60 percent of the monthly retirement allowance to which the deceased member would have been entitled had the member been retired for non-service-connected disability as of the date of death.

Benefits payable to a surviving spouse or other beneficiary of a member who dies after retirement depend upon the retirement option selected by the member at the time of retirement and whether the member's retirement was a regular service retirement, a non-service-connected disability retirement or a service-connected disability retirement. In addition, a lump sum death benefit of \$5,000 is also payable to the named beneficiary of a deceased retired member.

SUPPLEMENTAL BENEFITS. On January 15, 1991, the Ventura County Board of Supervisors adopted a resolution to make operative Government Code Section 31682. Adoption of this section permitted the Board of Retirement to adopt a resolution to provide a vested supplemental benefit of \$108.44 per month to all eligible retirees.

Effective March 17, 2003, the Board of Retirement adopted a resolution providing an additional \$27.50 per month to eligible retirees receiving the vested supplemental benefit described above. The additional non-vested supplemental benefit is provided pursuant to Government Code Sections 31691.1 and 31692.

COST OF LIVING ADJUSTMENT. Cost of living adjustments, based upon changes in the Consumer Price Index for the Los Angeles area, of up to 3% per annum are made for all Tier I and Safety retirees.

On February 28, 2005, the Board of Retirement adopted regulations pursuant to Government Code Section 31627 to provide a cost of living adjustment to a majority of Tier II general members represented by Service Employees International Union (SEIU) Local 721. The cost of living adjustment is fixed at 2% annually and is funded by employee contributions.

TERMINATIONS. Effective January 1, 2003, members with less than five (5) years of service may elect to leave their accumulated member contributions on deposit until first eligible to receive benefits in accordance with Government Code Section 31628.

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

3. INVESTMENTS

INVESTMENT POLICY. VCERA, in accordance with state statutes, invests in any form or type of investment, financial instrument, or financial transaction deemed prudent in the informed opinion of the Board of Retirement. State Street Bank and Trust serves as the master custodian for the majority of VCERA's assets.

While VCERA recognizes the importance of capital preservation, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. The Board of Retirement's investment policy allows investment to the entire Global fixed income market (maturities 1 to 30 years) including Treasury and government agency bonds, corporate debt, mortgages, asset-backed securities, international and emerging markets. The fixed income portfolio is largely comprised of investment grade issues (rating of BBB- {Standard & Poor's} and Baa3 {Moody's} or higher) and may include, subject to limits, opportunistic investment in non-dollar and high yield bonds. VCERA's investment policy recognizes that in the long-run equity returns will be greater than fixed income returns, but with expected greater volatility over shorter periods. Both domestic and international equity investing is permitted with exposure, subject to limits, to both the large and small capitalization ranges. Discretion is also permitted to international managers to invest, with limits, opportunistically in emerging market equities. Real Estate investing is also allowed with the goal to provide competitive risk adjusted returns as well as diversification benefits to VCERA's portfolio.

ASSET ALLOCATION POLICY AND EXPECTED LONG-TERM RATE OF RETURN BY ASSET CLASS. The allocation of investment assets within the Plan portfolio is approved by the Board of Retirement as outlined in the Investment Policy. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the fund. The table that follows displays the Board's adopted asset allocation policy as of June 30, 2014 and 2013, respectively.

ASSET CLASS	Target Allocation 2014	Target Allocation 2013
U.S. Equity	30.0%	30.0%
Non-U.S. Equity	14.0%	14.0%
Global Equity	10.0%	10.0%
U.S. Fixed Income	19.0%	19.0%
Global Fixed Income	5.0%	5.0%
Real Estate	7.0%	7.0%
Private Equity	5.0%	5.0%
Alternatives	10.0%	10.0%
Total Allocation	100.0%	100.0%

RATE OF RETURN. For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 18.8%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

INVESTMENT CONCENTRATION. VCERA does not hold investments in any one organization that represent 5% or more of the Plan's Fiduciary Net Position.

NOTES TO THE BASIC FINANCIAL STATEMENTS - *CONTINUED*

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

CUSTODIAL CREDIT RISK. VCERA considers investments purchased with a maturity of 12 months or less to be short-term investments. Although not having a policy that specifically addresses the limiting of custodial credit risk, VCERA, in practice, limits custodial credit risk for deposits by maintaining substantially all cash and short-term investments in external investment pools managed by the County of Ventura and State Street Bank and Trust. All other investment securities are held by State Street Bank and Trust in VCERA's name. VCERA maintains a commercial bank account with depository insurance coverage from the Federal Depository Insurance Corporation (FDIC).

As of June 30, 2014 and 2013, VCERA had the following cash and short-term investments:

(\$ in Thousands)	June 30, 2014	June 30, 2013
State Street Bank and Trust	\$55,233	\$55,236
County of Ventura Treasurer's Investment Pool	8,352	8,558
Commercial Bank Account	19	147
Total	\$63,604	\$63,941

CREDIT RISK. VCERA requires its total fixed income holdings to be rated at a minimum AA by Standard & Poor's (S&P), Aa by Moody's, or AA by Fitch. Aggregated amounts by rating category using S&P ratings are as follows:

(\$ in Thousands) Rating Category	Assets held at June 30, 2014	Assets held at June 30, 2013
SEPARATE HOLDINGS:		
AAA	\$98,474	\$20,089
AA	46,186	71,066
A	72,569	51,393
BBB	91,824	82,062
BB	27,989	23,827
B	9,717	8,210
CCC	8,562	7,339
CC	463	-
C	-	-
D	1,725	1,668
No Rating/Commingled	125,189	46,789
Total Separate Holdings	\$482,698	\$312,443

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

POOLED INVESTMENTS:

AAA	\$297,781	\$227,696
AA	109,105	121,265
A	72,448	83,760
BBB	72,520	74,312
BB	12,357	969
B	24,418	63,665
CCC	1,273	-
CC	2,239	-
Total Pooled Investments	\$592,141	\$571,667
Total Portfolio	\$1,074,839	\$884,110

Overall, VCERA's fixed income holdings were rated AA at June 30, 2014 and AA- at June 30, 2013.

INTEREST RATE RISK. VCERA recognizes the importance of managing its exposure to interest rate risk and has developed a policy to limit the duration of VCERA's fixed income portfolio to plus or minus 20% of the broad fixed income market as defined by the Barclays Capital Aggregate Bond Index and Barclays Global Aggregate Bond Index. Duration, an investment's exposure to fair value change arising from a change in interest rates, by investment category and amount at June 30, 2014 and 2013 is as follows:

(\$ in Thousands) Category	Assets held at June 30, 2014	Duration (Years)	Assets held at June 30, 2013	Duration (Years)
Treasury	\$304,951	3.5	\$130,276	5.6
Agency	34,315	3.7	14,577	6.8
Mortgage-Backed	193,195	3.7	177,475	5.5
Asset-Backed	71,397	0.9	40,862	0.1
Credit	324,178	4.4	333,936	4.7
Foreign	86,106	6.5	81,746	4.0
Other	60,697	1.2	105,238	1.9
Total	\$1,074,839	3.8	\$884,110	4.4

The duration for the Barclays Capital Aggregate Bond Index as of June 30, 2014 and 2013 was 5.1 years and 5.1 years, respectively.

FOREIGN CURRENCY RISK. VCERA, through its investment policy, recognizes the return and diversification benefits gained by investing in markets outside the United States. The majority of VCERA's international investments are held in commingled investment pools with other institutional investors. VCERA may also hold individual foreign securities within the fixed income allocation. Investments in countries outside the United States expose VCERA to the risk that changes in currency exchange rates may affect the fair value of these investments.

VCERA's Non-U.S. equity, global equity, and fixed income investment managers may utilize forward exchange currency contracts, currency futures contracts, and currency options to minimize currency fluctuations in Non-U.S. dollar denominated securities. VCERA's investment policy does not allow forward currency contracts,

NOTES TO THE BASIC FINANCIAL STATEMENTS - *CONTINUED*

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

futures contracts or options to be utilized speculatively. Risks surrounding the contracts and options include fluctuations in exchange rates and the inability of the counterparty to meet contract and option terms. Differences between contract exchange rates and market exchange rates at settlement result in gains and losses.

As of June 30, 2014 and 2013, VCERA's forward exchange currency contracts were valued at \$131.6 and \$90.4 million, currency future contracts had a notional value of \$164.8 and \$119.0 million and currency options were valued at (\$205,164) and (\$72,804), respectively. All forward currency contracts, futures currency contracts, and currency options have been included at fair value in the Statement of Fiduciary Net Position, and all realized and unrealized gains/losses associated with the securities have been included in the Statement of Changes in Fiduciary Net Position for the years ending June 30, 2014 and 2013, respectively.

VCERA had the following currency exposure in its portfolios.

(\$ in Thousands) Currency	Fixed Income at June 30, 2014	Equities at June 30, 2014	Fixed Income at June 30, 2013	Equities at June 30, 2013
Australian Dollar	\$8,866	\$17,052	\$6,681	\$11,357
British Pound	11,879	73,407	9,736	57,853
Canadian Dollar	6,740	9,525	6,187	6,721
Danish Krone	371	3,709	-	2,720
EURO	50,406	77,793	21,003	59,049
Hong Kong Dollar	-	19,750	-	23,465
Japanese Yen	16,227	72,530	-	67,179
New Zealand Dollar	4,706	-	5,414	15
Norwegian Krone	42	4,312	-	1,278
S. African Rand	-	5,441	-	3,613
Singapore Dollar	-	15,467	-	14,409
South Korean Won	-	6,449	-	6,113
Swedish Krona	447	4,847	-	3,663
Swiss Franc	83	43,235	-	35,425
Other/Emerging Markets	38,261	23,665	22,293	1,447
Total Securities Subject to Foreign Currency Risk	\$138,028	\$377,182	\$71,314	\$294,307
US \$ Investments in International Portfolios	-	273,963	11,759	362,215
US \$ Investments in Global Portfolios	123,503	450,642	119,165	320,557
Total	\$261,531	\$1,101,787	\$202,238	\$977,079

NOTES TO THE BASIC FINANCIAL STATEMENTS - *CONTINUED*

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

SECURITIES LENDING. VCERA, under provisions of state statutes, and its investment policy, authorizes State Street Bank and Trust to act as agent in lending VCERA's securities to broker-dealers and other entities in the form of a loan agreement. Borrowers were required to deliver collateral in an amount equal to not less than 100%, and typically 102%, of the fair value of securities borrowed.

As of June 30, 2014 and 2013, VCERA had no credit risk exposure because the amounts VCERA owed the borrowers exceeded the amounts the borrowers owed VCERA. State Street Bank and Trust indemnified VCERA by agreeing to purchase replacement securities, or return cash collateral, in the event a borrower failed to return a lent security or pay distributions while the security was on loan. VCERA and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested with cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. Because loans were terminable at will, their maturity did not generally match the maturity of the investments made with cash collateral. VCERA cannot pledge or sell collateral securities without borrower default. As of June 30, 2014 and 2013, VCERA had securities on loan with a fair value of \$64.2 and \$48.6 million, with cash collateral of \$62.4 and \$50.5 million, respectively.

VCERA's net securities lending income for the years ended June 30, 2014 and 2013 is as follows:

(\$ in Thousands)	2014	2013
GROSS INCOME	\$148	\$298
EXPENSES		
Borrower Rebates	(43)	49
Management Fees	57	77
Net Securities Lending Income	\$134	\$172

CONCENTRATION OF CREDIT RISK. VCERA, through policies developed and implemented by the Board of Retirement, maintains the goal of having a well-diversified portfolio. As such, VCERA had no investments in any one named security that would represent more than 5% of total investments. Pooled investments and investments issued by or explicitly guaranteed by the U.S. Government are exempt from this requirement.

DERIVATIVE FINANCIAL INSTRUMENTS. As part of VCERA's Investment Policy, investment managers are allowed the use of derivatives. Derivatives are financial instruments that derive their value, usefulness, and marketability from an underlying instrument which represents direct ownership of an asset or of an issuer whose payments are based on or "derived" from the performance of an agreed upon benchmark. Values of derivatives change daily. VCERA's managers are required to mark-to-market derivative positions daily. Within VCERA's investment policy, specific guidelines are put forth with investment managers who invest in derivatives. Substitution, risk control, and arbitrage are the only derivative strategies permitted; speculation is prohibited. No contingent features are present. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Gains and losses from derivatives are included in the Statement of Changes in Fiduciary Net Position. For financial reporting purposes, all VCERA's derivatives are classified as investment derivatives. A further discussion on VCERA's valuation procedures are contained in Note 1, Summary of Significant Accounting Policies. The following types of derivatives are permitted: futures contracts, currency forward contracts, options, and swaps.

NOTES TO THE BASIC FINANCIAL STATEMENTS - *CONTINUED*

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

FUTURES CONTRACTS. A futures contract represents an agreement to buy (long position) or sell (short position) an underlying asset at a specified future date for a specified price. Payment for the transactions is delayed until a future date, which is referred to as the settlement or expiration date. Futures contracts are standardized contracts traded on organized exchanges.

FORWARD CONTRACTS. A forward contract represents an agreement to buy or sell an underlying asset at a specified future date for a specified price. Payment for the transactions is delayed until the settlement or expiration date. A forward contract is a non-standardized contract that is tailored to each specific transaction. Forward contracts are privately negotiated and are intended to be held until the settlement date. Currency forward contracts are used to control currency exposure and facilitate the settlement of international security purchase and sale transactions.

OPTION CONTRACTS. An option is a type of derivative security in which a buyer (purchaser) has the right, not the obligation, to buy or sell a specified amount of an underlying security at a fixed price by exercising the option before its expiration date. The seller (writer) has an obligation to buy or sell the underlying security if the buyer decides to exercise the option.

SWAP AGREEMENTS. A swap is an agreement between two or more parties to exchange a sequence of cash flows over a period of time in the future. No principal is exchanged at the beginning of the swap. The cash flows the counter parties exchange are tied to a "notional" or contract amount. A swap agreement specifies the time period over which the periodic payments will be exchanged. The Fair Value represents the gains or losses as of the prior marking-to-market, which are functions of general interest rate fluctuations.

The investment derivatives schedule listed below reports the related net appreciation (depreciation), fair value amounts, notional amounts for derivatives outstanding as of and for the years ended June 30, 2014 and 2013, classified by type.

INVESTMENT DERIVATIVES SCHEDULE

Derivative Type	Notional Amount June 30, 2014	Fair Value June 30, 2014	Fair Value June 30, 2013	Change in Fair Value** 2014 - 2013
Future Contracts	\$76,866,835	-	-	\$29,774,801
Forward Contracts	130,275,438	\$(270,737)	\$485,082	(2,240,779)
Options Contracts	9,746,235	(206,012)	(91,857)	695,195
Credit Default Swaps	18,847,003	120,337	(34,276)	252,871
Interest Rate Swaps	80,307,211	(217,519)	(158,811)	154,242
Total Investment Derivatives	\$316,042,722	\$(573,931)	\$200,138	\$28,636,330

** Change in fair value includes realized/unrealized gains and losses including those that were opened and closed during the year.

NOTES TO THE BASIC FINANCIAL STATEMENTS - *CONTINUED*

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

All investment derivative positions are included as part of investments at fair value on the Statement of Fiduciary Net Position. All changes in fair value are reported as part of Net Appreciation/(Depreciation) in fair value of investments in the Statement of Changes in Fiduciary Net Position.

CUSTODIAL CREDIT RISK. VCERA's investments include collateral associated with derivatives activity. As of June 30, 2014, collateral for derivatives was \$10.7 million. The collateral margins are maintained in margin accounts at financial services firms that provide brokerage services. Each account is uninsured and is subject to custodial credit risk.

CREDIT RISK. VCERA is exposed to credit risk on investment derivatives that are traded over the counter and are reported in asset positions. Derivatives exposed to credit risk include currency forward contracts and swap agreements. As of June, 30, 2014, the fair value of derivative investments subject to credit risk was (\$270,737), and at June 30, 2013 was \$485,082. VCERA would be exposed to the loss of the fair value of derivatives that are in asset positions and any collateral provided to the counterparty, net of the effect of applicable netting arrangements.

VCERA requires investment managers to have Master Agreements in place to minimize credit risk. Netting arrangements legally provide VCERA with a right of setoff in the event of bankruptcy or default by the counterparty. VCERA would be exposed to loss of collateral provided to the counterparty. Collateral provided by the counterparty reduces VCERA's credit risk exposure.

The following Credit Risk Derivatives schedule discloses the counterparty credit ratings of VCERA's investment derivatives in asset positions by type as of June 30, 2014. These amounts represent the maximum loss that would be recognized if all counterparties fail to perform as contracted, without respect to collateral or other security, or netting arrangement. The schedule displays the fair value of investments by credit rating in increasing magnitude to risk investments, classified by Standard & Poor's rating system. As of June 30, 2014, VCERA has a maximum amount of exposure to credit risk due to default of all counterparties of \$1,279,719.

CREDIT RISK DERIVATIVES SCHEDULE

DERIVATIVE TYPE	Fair Value	Adjusted Rating	
	June 30, 2014	AA	A
Forward Contracts	(270,737)	(8,122)	(262,615)
Total	(270,737)	(8,122)	(262,615)

INTEREST RATE RISK. Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest Rate Swaps is an example of an investment that is highly sensitive to interest rate changes. LIBOR refers to the London Interbank Offering Rate. TIIE refers to the Equilibrium Interbank Interest Rate calculated by Banco de Mexico. BRCDI refers to the NSA Money Market Rate or CDI (% Per Month) calculated by Banco Central de Brasil. CDOR is an index that represents banker's acceptance with a term-to-maturity of 1 year or less. EURIB refers to the Euro Interbank Offered Rate. The following tables illustrate the investment maturity period and sensitivity to interest rate changes of these investments as of June 30, 2014.

NOTES TO THE BASIC FINANCIAL STATEMENTS - *CONTINUED*

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

INVESTMENT MATURITIES FOR DERIVATIVE INSTRUMENTS:

DERIVATIVE TYPE	Fair Value	Investment Maturities (In Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Credit Default Swaps Written	\$120,337	\$794	\$132,172	\$(12,629)	-
Fixed Income Options Written	(848)	(848)	-	-	-
Pay Fixed Interest Rate Swaps	(474,306)	(4,672)	68,234	(140,158)	\$(397,710)
Receive Fixed Interest Rate Swaps	256,787	-	-	144,793	111,994
Total	\$(98,030)	\$(4,726)	\$200,406	\$(7,994)	\$(285,716)

DERIVATIVE INSTRUMENTS HIGHLY SENSITIVE TO INTEREST RATE CHANGES:

DERIVATIVE TYPE	Receive Rate	Payable Rate	Fair Value	Notional
Pay Fixed Interest Rate Swaps	Receive variable 6-month LIBOR	Pay fixed 3.50%	\$(71,270)	\$1,538,864
Pay Fixed Interest Rate Swaps	Receive variable 6-month EURIB	Pay fixed 2.75%	(34,582)	273,830
Pay Fixed Interest Rate Swaps	Receive variable 6-month EURIB	Pay fixed 2.00%	(291,859)	6,024,261
Pay Fixed Interest Rate Swaps	Receive variable 3-month LIBOR	Pay fixed 2.50%	(140,159)	6,300,000
Pay Fixed Interest Rate Swaps	Receive variable 3-month EURIB	Pay fixed 0.40%	(4,672)	3,285,961
Pay Fixed Interest Rate Swaps	Receive variable 3-month LIBOR	Pay fixed 1.25%	(20,826)	6,800,000
Pay Fixed Interest Rate Swaps	Receive variable 6-month LIBOR	Pay fixed 1.75%	56,957	21,544,096
Pay Fixed Interest Rate Swaps	Receive variable 3-month LIBOR	Pay fixed 1.25%	16,405	12,300,000
Pay Fixed Interest Rate Swaps	Receive variable 3-month LIBOR	Pay fixed 0.75%	15,699	5,600,000
Receive Interest Rate Swaps	Receive fixed 1.50%	Pay variable 6-month LIBOR	72,131	5,429,150
Receive Interest Rate Swaps	Receive fixed 3.00%	Pay variable 3-month LIBOR	(110,205)	5,200,000

NOTES TO THE BASIC FINANCIAL STATEMENTS - *CONTINUED*
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

DERIVATIVE INSTRUMENTS HIGHLY SENSITIVE TO INTEREST RATE CHANGES: *CONTINUED*

DERIVATIVE TYPE	Receive Rate	Payable Rate	Fair Value	Notional
Receive Interest Rate Swaps	Receive fixed 5.75%	Pay variable 1-month TIIE	(442)	53,958
Receive Interest Rate Swaps	Receive fixed 5.75%	Pay variable 1-month TIIE	(189)	23,125
Receive Interest Rate Swaps	Receive fixed 5.75%	Pay variable 1-month TIIE	(126)	15,415
Receive Interest Rate Swaps	Receive fixed 0.50%	Pay variable 6-month LIBOR	4,290	493,559
Receive Interest Rate Swaps	Receive fixed 6.80%	Pay variable 1-month TIIE	6,122	100,208
Receive Interest Rate Swaps	Receive fixed 6.80%	Pay variable 1-month TIIE	40,968	670,624
Receive Interest Rate Swaps	Receive fixed 6.77%	Pay variable 1-month TIIE	2,267	38,542
Receive Interest Rate Swaps	Receive fixed 6.80%	Pay variable 1-month TIIE	16,952	277,499
Receive Interest Rate Swaps	Receive fixed 4.50%	Pay variable 3-month LIBOR	24,637	700,000
Receive Interest Rate Swaps	Receive fixed 6.80%	Pay variable 1-month TIIE	62,159	1,017,498
Receive Interest Rate Swaps	Receive fixed 6.80%	Pay variable 1-month TIIE	76,757	1,256,456
Receive Interest Rate Swaps	Receive fixed 6.80%	Pay variable 9-month MXIB	9,418	154,166
Receive Interest Rate Swaps	Receive fixed 7.38%	Pay variable 1-month TIIE	17,108	223,541
Receive Interest Rate Swaps	Receive fixed 6.80%	Pay variable 1-month TIIE	12,186	192,708
Receive Interest Rate Swaps	Receive fixed 7.38%	Pay variable 1-month TIIE	17,698	231,250
Receive Interest Rate Swaps	Receive fixed 6.98%	Pay variable 1-month TIIE	2,762	462,499
Receive Interest Rate Swaps	Receive fixed 3.50%	Pay variable 3-month LIBOR	2,295	100,000
Total Interest Rate Swaps			\$(217,519)	

NOTES TO THE BASIC FINANCIAL STATEMENTS - *CONTINUED*

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

FOREIGN CURRENCY RISK. VCERA was exposed to foreign currency risk on investments in futures, swaps, and forward currency contracts denominated in foreign currencies that may be adversely affected by changes in the currency exchange rates. The following table lists the derivative investments held in foreign currencies as of June 30, 2014.

FOREIGN CURRENCY RISK SCHEDULE FOR DERIVATIVE INSTRUMENTS

CURRENCY	Futures Contracts	Currency Forward Contracts		Swap Agreement	Net Exposure
		Net Receivables	Net Payables		
Australian Dollar	-	\$7,212	\$(145,945)	-	\$(138,733)
Brazilian Real	-	118,267	(159,997)	-	(41,730)
Canadian Dollar	-	38,275	-	-	38,275
Swiss Franc	-	(9,136)	(14,955)	-	(24,091)
Czech Koruna	-	(890)	-	-	(890)
Danish Krone	-	(4,548)	(438)	-	(4,986)
Euro Currency Unit	\$(848)	24,423	(29,718)	\$(245,616)	(251,759)
British Pound Sterling	-	86,194	(8,614)	(14,313)	63,267
Israeli Shekel	-	1,716	-	-	1,716
Indian Rupee	-	(57,859)	6,945	-	(50,914)
Japanese Yen	-	64,683	(27,278)	155,573	192,978
South Korean Won	-	87,806	-	-	87,806
Mexican Peso	-	78,285	(259,128)	263,640	82,797
Malaysian Ringgit	-	6,176	-	-	6,176
Norwegian Krone	-	(5,613)	-	-	(5,613)
New Zealand Dollar	-	16,619	(94,505)	-	(77,886)
Polish Zloty	-	562	-	-	562
New Russian Ruble	-	1,819	-	-	1,819
Swedish Krona	-	-	2,951	-	2,951
Singapore Dollar	-	1,537	-	-	1,537
Thailand Baht	-	422	-	-	422
Turkish Lira	-	-	129	-	129
S. African Rand	-	3,868	-	-	3,868
Total	\$(848)	\$459,818	\$(730,553)	\$159,284	\$(112,299)

NOTES TO THE BASIC FINANCIAL STATEMENTS - *CONTINUED*
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

4. NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS

The components of the Net Pension Liability of the Plan at June 30, 2014, and 2013, respectively, were as follows:

(\$ in Thousands) Net Pension Liability	June 30, 2014	June 30, 2013
Total Pension Liability	\$4,828,040	\$4,622,117
Plan Fiduciary Net Position	4,274,886	3,627,505
Net Pension Liability	\$553,154	\$994,612
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	88.54%	78.48%

ACTUARIAL ASSUMPTIONS

One of the general goals of an actuarial valuation is to establish contribution rates that fully fund the Plan's liabilities, and that, as a percentage of payroll, remain as level as possible for each generation of active members. In preparing the actuarial valuation, the actuary employs generally accepted actuarial methods and assumptions to evaluate the Plan's assets, liabilities, and future contributions required. The actuary incorporates member data and financial information provided by the Plan with economic and demographic assumptions made about the future to estimate the Plan's financial condition as a specified point in time. For example, the actuary develops assumptions about future investment returns, future inflation rates, future increases in salaries, expected retirement ages, life expectancy, and other relevant factors. VCERA's actuary calculates actuarially determined contributions every year and reviews with the Board the economic and demographic assumptions of the Plan every three years.

A key element in determining the Plan's liability is the projection of Benefits, which is defined as all benefits estimated to be payable through the Plan to current active and inactive employees as a result of their past service and their expected future service. The type of benefits provided by the Plan at the time of each valuation are taken into consideration when Benefits are projected.

The actuarial assumptions used to determine the Total Pension Liability as of June 30, 2014 and 2013, were based on the results of the June 30, 2011, Review of Economic Assumptions and Actuarial Experience Study (Experience Study) which covered the periods from July 1, 2008 through June 30, 2011. They are the same assumptions used in the June 30, 2014, actuarial valuation, which is used to determine contribution rates for funding purposes. The only exception is that for determining the Total Pension Liability the investment return assumption used is net of investment expenses only and is not net of administrative expenses. Key methods and assumptions used in the latest actuarial valuation are presented in the page that follows.

NOTES TO THE BASIC FINANCIAL STATEMENTS - *CONTINUED* FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

VALUATION DATE	June 30, 2014
ACTUARIAL COST METHOD	Entry Age Actuarial Cost Method
AMORTIZATION METHOD	Level percent of payroll (4.00% payroll growth assumed)
REMAINING AMORTIZATION PERIOD	15 years for Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2004. Any changes in UAAL after June 30, 2004 are separately amortized over a 15-year closed period effective with that valuation. Effective June 30, 2012, any changes in UAAL due to actuarial gains or losses or due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 15-year closed period effective with that valuation (up to a 5-year closed period for retirement incentives). Any change in UAAL due to changes in actuarial assumptions or methods will be amortized over a 20-year closed period effective with that valuation.
ASSET VALUATION METHOD	Market value of assets less unrecognized returns in each of the last ten semi-annual accounting periods. Unrecognized returns are equal to the difference between the actual market return and the expected return on market value and are recognized over a five-year period. The Actuarial Value of Assets is reduced by the value of the Non-Vested Supplemental Reserve and the statutory Contingency Reserve. Deferred gains and losses as of June 30, 2011 have been combined and will be recognized in equal amounts over a period of four and a half years from that date.
MORTALITY RATES	Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA to 2025 set back one year.

ACTUARIAL ASSUMPTIONS:

Inflation Rate	3.25 percent
Salary Increases ¹	4.50 to 12.5 percent, including inflation
Investment rate of return ²	7.75 percent, net of pension plan administration and investment expense, including inflation

(1) Includes inflation at 3.25%, "across the board" increases of 0.75% plus merit and longevity increases. Amounts vary by service.

(2) Includes inflation and is net of pension plan investment expense.

NOTES TO THE BASIC FINANCIAL STATEMENTS - *CONTINUED*
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

LONG-TERM REAL RATE OF RETURN BY ASSET CLASS

The long-term expected rate of return on the Plan's investments was determined in 2012 using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. This information is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, and by adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	39.00%	6.22%
Non-U.S. Equity	21.00%	6.78%
U.S. Fixed Income	16.25%	1.06%
Global Fixed Income	5.00%	1.45%
Real Estate	10.00%	5.05%
Credit Strategies	3.75%	4.18%
Private Equity	5.00%	11.08%
Total	100.00%	

Long-term expected rate of return net of investment expenses: 7.75%

DISCOUNT RATE

The discount rate used to measure the Total Pension Liability was 7.75% as of June 30, 2014 and June 30, 2013. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability as of both June 30, 2014 and June 30, 2013.

NOTES TO THE BASIC FINANCIAL STATEMENTS - *CONTINUED*

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

The following table presents the Net Pension Liability of participating employers calculated using the current discount rate of 7.75%, as of June 30, 2014, as well as the Net Pension Liability if the discount rate were 1.00% lower or 1.00% higher.

SENSITIVITY OF NET PENSION LIABILITY TO CHANGES IN DISCOUNT RATE

As of June 30, 2014

(\$ in Thousands)

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net Pension Liability	\$1,174,916	\$553,154	\$34,576

5. CONTRIBUTIONS

Employer and employee contribution rates are established and amended by VCERA's Board of Retirement. Contribution rates are actuarially determined using the "Entry Age Actuarial Cost Method". According to this method, the "normal cost" is the level amount that would fund the projected benefit if it were paid annually from date of employment until retirement.

The "Entry Age Actuarial Cost Method" is modified so that the employer's total normal cost is expressed as a level percentage of payroll. The level percentage of payroll method is also used to amortize the unfunded actuarial liability. For the June 30, 2014, valuation, the period for amortizing the unfunded liability is fixed at 15 years in accordance with the Board of Retirement's policy adopted May 21, 2012, and the period for amortizing the future actuarial gains and losses is over its own declining 15-year period.

VCERA's employers were required to contribute \$161.2 million and \$142.4 million in actuarially determined contributions for the fiscal years ending June 30, 2014, and 2013, respectively.

Member contributions range from 5.89% to 13.40% depending upon member tier and plan status.

OTHER EMPLOYER CONTRIBUTIONS

In addition to the actuarially determined contributions, participating employers contribute, pursuant to Government Code Section 31581.1, a portion of the contributions normally required of General Tier 1 and Safety members. These employer paid member contributions do not become part of the accumulated contributions of the member, but vest in the Employer Advance Reserves. The value of the "Other Employer Contributions" is shown separately from actuarially determined employer contributions within the Additions section of the Statement of Changes Fiduciary Net Position on page 17.

NOTES TO THE BASIC FINANCIAL STATEMENTS - *CONTINUED*
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

6. RESERVES

VCERA's reserves are composed of member contributions, employer contributions, and accumulated investment income. The reserves do not represent the present value of assets needed to satisfy retirements and other benefits as they come due. VCERA's major reserves are as follows:

MEMBER RESERVE. Represent members accumulated contributions. Additions include member contributions and interest credited; deductions include transfers to Retired Member Reserve and refunds.

EMPLOYER ADVANCE RESERVE. Represent the total employer contributions made on behalf of current active members for future retirement benefits. Additions include employer contributions and interest credited; deductions include transfers to Retired Member Reserve and death benefits.

RETIRED MEMBER RESERVE. Represent total accumulated transfers from Member Reserve and Employer Advance Reserve and interest credited, less benefit payments made to retirees.

VESTED FIXED SUPPLEMENTAL RESERVE. Represents the funding set aside to pay the vested supplemental retirement benefit of \$108.44 monthly to all eligible retirees. Additions include investment income designated by the Board of Retirement and interest credited; deductions include benefit payments made to eligible retirees

NON-VESTED SUPPLEMENTAL RESERVE. Represents the funding set aside to pay the non-vested supplemental retirement benefit of \$27.50 monthly to all eligible retirees. Additions include investment income designated by the Board of Retirement; deductions include benefit payments made to eligible retirees.

DEATH BENEFIT RESERVE. Represents funds designated to pay death benefits pursuant to Government Code Section 31789.5. Additions include funding from investment income and interest credited; deductions include benefits paid.

CONTINGENCY RESERVE. Represents earnings of the fund in excess of the total interest credited to reserves in an amount up to 1.0% of the total market value of assets to provide for future deficiencies in interest earnings, losses on investments, and other contingencies pursuant to Government Code Section 31592.2.

UNDISTRIBUTED EARNINGS RESERVE. Represents funds from current and prior year earnings not previously credited to other Valuation, Non-Valuation, and Supplemental Benefit Reserves in excess of the statutory 1.0% Contingency Reserve.

MARKET STABILIZATION RESERVE. Represents the difference between the current market value of assets and the actuarial value of assets used to establish the above reserves.

NOTES TO THE BASIC FINANCIAL STATEMENTS - *CONTINUED*

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

Reserve balances as of June 30, 2014 and 2013 are as follows:

(\$ in Thousands) Reserve Account	June 30, 2014	June 30, 2013
Member	\$611,921	\$584,474
Employer Advance	997,206	840,616
Retired Member	2,150,677	2,051,529
Vested Fixed Supplemental	134,434	131,681
Non-Vested Supplemental	10,402	11,917
Death Benefits	13,898	13,409
Undistributed Earnings	2,665	-
Contingency	43,612	-
Market Stabilization	310,071	(6,121)
Total Reserves	\$4,274,886	\$3,627,505

7. ADMINISTRATIVE EXPENSES

As permitted by Section 31580.2 of the Government Code, the Board of Retirement adopts an annual budget, financed from investment income, covering the entire expenses of Plan administration. The Code provides that administrative expenses incurred in any year were not to exceed the greater of 21/100th of one percent of the accrued actuarial liability for VCERA or two million dollars (\$2,000,000), as adjusted annually by the amount of the annual cost-of-living adjustment. Government Code Section 31580.2(b) provides that expenditures for software, hardware and computer technology are not considered a cost of administration. Administrative expenses incurred in fiscal year ended June 30, 2014 and June 30, 2013 were within the limits established by the Code.

	June 30, 2014	June 30, 2013
Accrued Actuarial Liability (AAL) ⁽¹⁾	\$4,373,227	\$3,995,352
Statutory Limitation for Administrative Expense (AAL x .21%)	9,184	8,390
Administrative Expenses Subject to Statutory Limit	4,045	3,944
Excess of Limitation over Actual Administrative Expenses	\$5,139	\$4,446
Actual Administrative Expenses as a percentage of AAL	0.09%	0.10%

⁽¹⁾ The AAL, as determined by the systems actuary each year, is used to calculate the following fiscal year's administrative budget authorization. The AAL as of June 30, 2012 and June 30, 2011, was approved by the Board in January 2013 and 2012, respectively, was used to establish the administrative expenditure budgets for the fiscal year's ended June 30, 2014 and June 30, 2013.

NOTES TO THE BASIC FINANCIAL STATEMENTS - *CONTINUED*
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

8. LEASE AGREEMENT

Effective April 1, 2011, VCERA entered into a seven-year extension of a commercial lease for office space with the option to renew for two additional five-year periods. Payments over the remaining lease term total \$684,026. Annual amounts due under the agreement are as follows:

Fiscal Year Ending	Amount
2015	\$182,407
2016	182,407
2017	182,407
2018	136,805

9. SUBSEQUENT EVENTS

Trustee Tom Johnston (elected General Member) submitted his resignation to the Board Chair in July 2014, stating that he would not complete his term and no longer be able to serve on the Board. Trustee Johnston's term ends December 31, 2014.

After an extensive nationwide search, the Board appointed Linda Webb as Retirement Administrator in November 2014. Ms. Webb brings over 20 years of pension experience. VCERA looks forward to her stewardship beginning January 2015.

In order to plan for future growth and to acquire contiguous space, commencing November 1, 2014, VCERA entered into a new three-year and four-month commercial lease for additional office space with an option to renew for two additional five year periods. Monthly payments over the lease term total \$52,118.

Management has evaluated subsequent events through December 31, 2014, which is the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION



REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS (\$ In Thousands)

		June 30, 2014	June 30, 2013
TOTAL PENSION LIABILITY			
Service cost		\$122,896	\$118,839
Interest		355,299	340,000
Changes of benefit terms		-	-
Differences between expected and actual experience		(48,740)	(94,020)
Changes of assumptions		-	-
Benefit Payments, including refunds of member contributions		(223,532)	(209,958)
Net Change in Total Pension Liability		205,923	154,861
Total Pension Liability - Beginning		4,622,117	4,467,256
Total Pension Liability - Ending	A	\$4,828,040	\$4,622,117
PLAN FIDUCIARY NET POSITION			
Contributions- employer		\$169,703	\$150,688
Contributions- members		46,674	44,464
Net investment income		658,581	436,638
Benefit Payments, including refunds of member contributions		(223,532)	(209,958)
Administrative expense		(4,045)	(3,944)
Other		-	-
Net Change in Plan Fiduciary Net Position		647,381	417,888
Plan Fiduciary Net Position - Beginning		3,627,505	3,209,617
Plan Fiduciary Net Position - Ending	B	\$4,274,886	\$3,627,505
Net Pension Liability - Ending	A-B=C	\$553,154	\$994,612
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	B/A	88.54%	78.48%
Covered -employee payroll	D	\$642,779	\$632,146
Net Position Liability as a percentage of covered employee payroll	C/D	86.06%	157.34%

Note - Data as of June 30, 2005 through June 30, 2012 are not available in comparable format.

REQUIRED SUPPLEMENTARY INFORMATION - *CONTINUED*

SCHEDULE OF EMPLOYER CONTRIBUTIONS

In Thousands)

(\$

Year Ended June 30	Actuarially Determined Contributions	Actual Contributions	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2014	\$161,247	\$161,247	-	\$642,779	25.09%
2013	142,370	142,370	-	632,146	22.52%
2012	132,386	132,386	-	637,037	20.78%
2011	111,585	111,585	-	654,829	17.04%
2010	97,324	97,324	-	634,777	15.33%
2009	105,278	105,278	-	599,173	17.57%
2008	104,429	104,429	-	551,968	18.92%
2007	86,455	86,455	-	519,145	16.65%
2006	74,373	74,373	-	478,053	15.56%
2005	51,792	51,792	-	475,935	10.88%

Note - Covered-employee payroll shown for the fiscal years before 2013 are based on the expected covered-employee payroll. For 2013 and 2014, the actual covered-employee payroll is shown.

SCHEDULE OF INVESTMENT RETURNS

Years Ended June 30	Annual Money Weighted Rate of Return, Net of Investment Expense
2014	18.80%
2013	13.20%

Note: Data for fiscal years ended June 30, 2005 through June 30, 2012, are not available in a comparable format.

REQUIRED SUPPLEMENTARY INFORMATION - *CONTINUED*

LATEST ACTUARIAL VALUATION OF PLAN ASSETS AND LIABILITIES

VALUATION DATE	June 30, 2014
ACTUARIAL COST METHOD	Entry Age Actuarial Cost Method
AMORTIZATION METHOD	Level percent of payroll (4.00% payroll growth assumed)
REMAINING AMORTIZATION PERIOD	15 years for Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2004. Any changes in UAAL after June 30, 2004 are separately amortized over a 15-year closed period effective with that valuation. Effective June 30, 2012, any changes in UAAL due to actuarial gains or losses or due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 15-year closed period effective with that valuation (up to a 5-year closed period for retirement incentives). Any change in UAAL due to changes in actuarial assumptions or methods will be amortized over a 20-year closed period effective with that valuation.

ASSET VALUATION METHOD	Market value of assets less unrecognized returns in each of the last ten semi-annual accounting periods. Unrecognized returns are equal to the difference between the actual market return and the expected return on market value and are recognized over a five-year period. The Actuarial Value of Assets is reduced by the value of the Non-Vested Supplemental Reserve and the statutory Contingency Reserve. Deferred gains and losses as of June 30, 2011 have been combined and will be recognized in equal amounts over a period of four and a half years from that date.
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MORTALITY RATES	Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA to 2025 set back one year.
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ACTUARIAL ASSUMPTIONS:

Inflation Rate	3.25 percent
Salary Increases ¹	4.50 to 12.5 percent, including inflation
Investment rate of return ²	7.75 percent, net of pension plan administration and investment expense, including inflation

(1) Includes inflation at 3.25%, "across the board" increases of 0.75% plus merit and longevity increases. Amounts vary by service.

(2) Includes inflation and is net of pension plan investment expense.

OTHER SUPPLEMENTAL SCHEDULES



OTHER SUPPLEMENTAL SCHEDULES

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED JUNE 30, 2014 (WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2013)
(\$ in Thousands)

	June 30, 2014	June 30, 2013
PERSONNEL SERVICES:		
Salaries	\$1,585	\$1,305
Employee Benefits	583	654
Total Personnel Services	2,168	1,959
PROFESSIONAL SERVICES:		
Actuarial Fees	170	191
Computer Software and System Support (Net of Capitalized costs)	378	419
Legal Services	338	371
Other Professional Services	493	464
Total Professional Services	1,379	1,445
COMMUNICATION:		
Postage	48	51
Telecommunication	38	42
Total Communication	86	93
OTHER SERVICES AND CHARGES:		
Office Lease	163	177
Educational	65	60
Equipment	-	13
County Services	65	(19)
Insurance	12	8
Other Charges	107	208
Total Other Services and Charges	412	447
Total Administrative Expenses	\$4,045	\$3,944

OTHER SUPPLEMENTAL SCHEDULES - *CONTINUED*

SCHEDULE OF INVESTMENT EXPENSES

FOR THE YEAR ENDED JUNE 30, 2014 (WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2013)
(\$ in Thousands)

	June 30, 2014	June 30, 2013
INVESTMENT MANAGEMENT FEES		
Stock Managers		
U.S. Equity	\$463	\$463
Non-U.S Equity/Global	3,284	3,158
Private Equity	1,852	1,042
Bond Managers	2,122	1,936
Real Estate	2,715	2,754
Alternatives	1,788	134
Total Investment Management Fees	12,224	9,487
OTHER INVESTMENT EXPENSES		
Cash Overlay	150	74
Investment Consultant	290	242
Custodian	213	98
Total Other Investment Expenses	653	414
Total Investment Expenses	\$12,877	\$9,901

SCHEDULE OF PAYMENTS TO CONSULTANTS

FOR THE YEAR ENDED JUNE 30, 2014 (WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2013)
(\$ in Thousands)

	June 30, 2014	June 30, 2013
Legal Services	\$339	\$371
Actuarial Consulting Fees	170	191
Investment Management Consulting Fees	290	242
Network and Other Information Technology Services (includes capitalized Costs)	3,086	2,979
Total Payments to Consultants	\$3,885	\$3,783

OTHER SUPPLEMENTAL SCHEDULES - *CONTINUED*
SCHEDULE OF EMPLOYER PENSION AMOUNTS ALLOCATED BY COST SHARING PLAN - GASB 67

	DEFERRED OUTFLOW OF RESOURCES					DEFERRED INFLOW OF RESOURCES					PENSION EXPENSE			
	Differences Between Expected and Actual Economic Experience	Differences Between Projected and Actual Investment Earnings	Changes in Employer Proportion and Differences			Differences Between Expected and Actual Economic Experience	Differences Between Projected and Actual Investment Earnings	Changes in Employer Proportion and Differences			Proportionate Share of Pension Expense	Net Amortization of Deferred amounts from Changes in Proportion and Share of Pension Expense	Total Employer Pension Expense	
			Total Contributions and Proportionate Share of Pension Expense	Deferred Outflow of Resources	Total Deferred Inflow of Resources			Proportionate Share of Pension Expense	Proportionate Share of Pension Expense					
Employer/Nonemployer (special funding situation)	Net Pension Liability													
County of Ventura	\$531,314	-	-	-	\$37,932	\$290,370	-	\$597	\$328,899	\$67,278	\$(140)	\$67,138		
Ventura County Courts	16,984	-	-	\$432	1,213	9,282	-	-	10,495	2,150	101	2,251		
Air Pollution Control District	2,339	-	-	103	167	1,278	-	-	1,445	296	24	320		
Ventura Regional Sanitation District	2,517	-	-	62	180	1,376	-	-	1,556	319	15	334		
Total	\$553,154	-	-	\$597	\$39,492	\$302,306	-	\$597	\$342,395	\$70,043	-	\$70,043		

OTHER SUPPLEMENTAL SCHEDULES - *CONTINUED*SCHEDULE OF COST SHARING EMPLOYER ALLOCATIONS
OF NET PENSION LIABILITY

(\$ in Thousands)

Participating Employer	June 30, 2014		June 30, 2013	
	Allocation of Net Pension Liability (NPL)	Employer Allocation Percentage	Allocation of Net Pension Liability (NPL)	Employer Allocation Percentage
County of Ventura	\$531,314	96.052%	\$955,342	96.052%
Ventura County Courts	16,984	3.070%	30,538	3.070%
Air Pollution Control District	2,339	0.423%	4,206	0.423%
Ventura Regional Sanitation District	2,517	0.455%	4,526	0.455%
Total	\$553,154	100.000%	\$994,612	100.000%

Note - Employer allocation percentage is weighted average allocation of General and Safety NPL as each NPL is calculated separately for each participating employer, then combined.

Investment Section





DON STRACKE, CFA, CAIA
SENIOR CONSULTANT

October 6, 2014

Mr. Tim Thonis
Interim Retirement Administrator
Ventura County Employees' Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

Dear Mr. Thonis,

The overall objective of the Ventura County Employees' Retirement Association Plan (the "Plan") is to ensure continued access to retirement, disability and survivor benefits for current and future VCERA participants. To ensure a solid foundation for the future of the Plan, VCERA carefully plans and implements an investment program designed to produce superior long-term investment returns, while prudently managing the risk of the portfolio. Investment policy and asset allocation are reviewed and revised by the Board of Retirement, at least annually, to reflect the Plan's actuarial assumptions, the accrued liabilities and the investment outlook. The following is a report on the performance of the Plan for the fiscal year ending June 30, 2014 as well as the market environment.

Fiscal Year 2014 Market Review

Financial markets in fiscal year 2013 posted strong returns for investors seeking risk despite a myriad of macroeconomic concerns. Then year was largely dominated by heading risks related to Fed policy, the economic and political environment in the Eurozone, partisan politics within the U.S., and reports of slowed economic growth in emerging markets and China in particular.

Domestic equities closed out the first half of the fiscal year (July 2013-December 2013) very strongly with markets participants citing improving fundamentals and an unabated continuation of quantitative easing, this resulted in strong gains despite uncertainty surrounding the U.S. government shutdown. International equity markets, buoyed by positive news flow within the Eurozone and indicators of stabilizing growth from China, kept pace with their domestic counterparts. The latter half of the calendar year also saw investment grade fixed benefitted the most as investors seeking yield sought higher returns in the low interest rate environment, further compressing credit spreads.

Following a very strong 2013, the third quarter of fiscal year 2014 began with a drop in January amid concerns of Fed tapering; rebounded in February, hitting record highs as a result of dovish Fed comments; and oscillated in March as the Fed touched on the possibility of raising interest rates, further illustrating the Fed's impact on current market conditions. Global equities posted modest gains, with domestic equities outperforming broader international markets. Bond Markets rallied in the first quarter of 2014 as investors moved to safer, higher quality assets amid concerns regarding a slowdown in China, an unseasonably cold winter in the U.S. and geopolitical tensions in Europe.

The fourth quarter of fiscal year 2014 saw the continuation of a multi-year valuation expansion in growth assets. Markets shrugged off a severe downward revision of first quarter GDP and proved resilient to geopolitical tensions in the Middle East and Europe. Domestic equities, as measured by the S&P 500 Index, posted its sixth consecutive quarterly rise, the longest streak since 1998.

The investment performance reported in this letter is in conformance with the presentation standards of the **CFA Institute's Global Investment Performance Standards (GIPS)**. The Plan returned

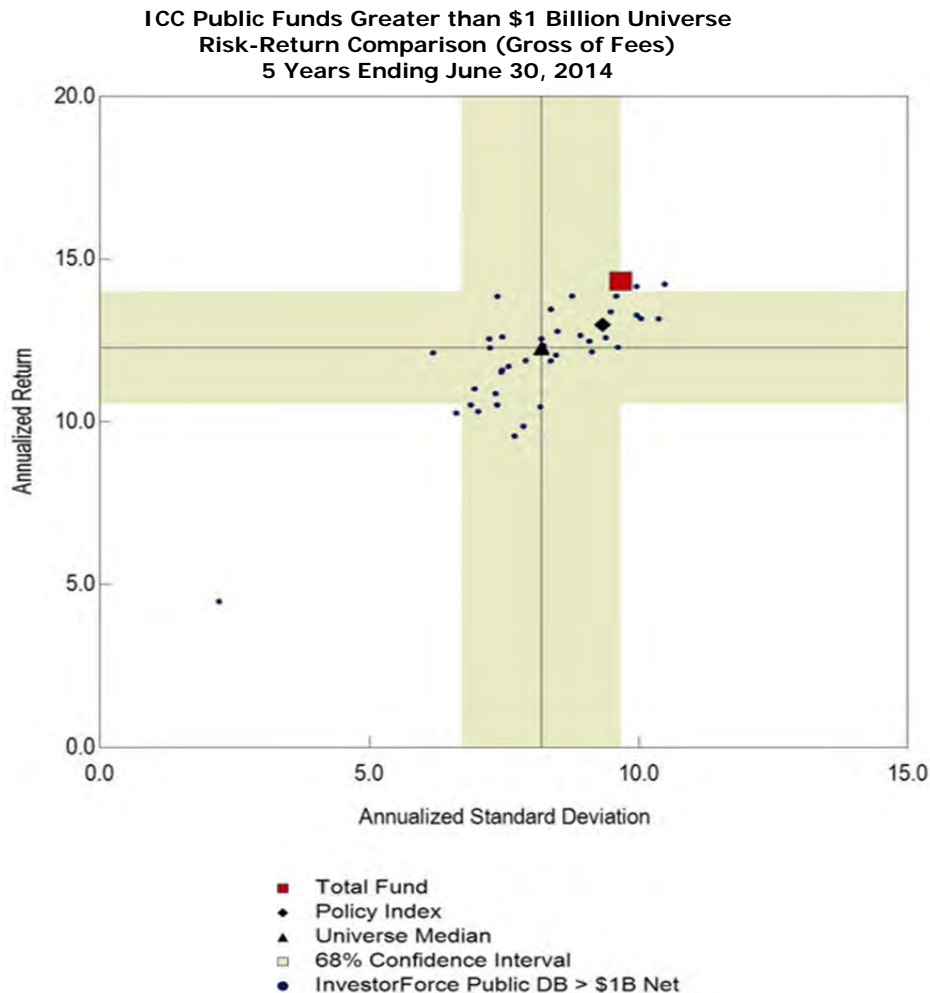
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+18.8%, net of fees, for the fiscal year ending June 30, 2014, which ranked in the 2nd percentile of the InvestorForce Public Funds Greater than \$1 Billion Universe. By comparison, the median fund in the universe returned 15.8% for the period¹. Contributing to the strong relative performance for the fiscal year was the Plan's overweight to global equities relative to peers in a year when equity markets returned approximately 23%. Contributing negatively to performance during the fiscal year was the Plan's manager performance in Non-US Equity, Private Equity, and Real Estate.

For the five-year period ending June 30, 2014, the Plan returned 14.3% net of fees per annum, above the actuarial target of 7.75%. On a relative basis, the Plan ranked in the 1st percentile of the InvestorForce Public Funds Greater than \$1 Billion peer group universe. The Plan's five-year volatility, as measured by standard deviation, ranked in the 88th percentile of its peers, while the risk-adjusted return of the portfolio as measured by the Sharpe Ratio, ranks in the 47th percentile of the universe.



¹ As of June 30, 2014, the InvestorForce Public Funds Greater than \$1 Billion Universe was comprised of 52 total funds with approximately \$503 billion in assets. Universe rankings are based on gross of fee performance.



With the majority of the global capital markets experiencing robust valuations, increasing the potential for a market correction, diversification can help protect portfolios from experiencing significant declines. Diversification aims to reduce volatility and better equalize the contribution to overall plan risk across a variety of asset classes with uncorrelated return patterns.

Sincerely,

A handwritten signature in black ink that reads 'Don Stracke'.

Don Stracke, CFA, CAIA
Senior Consultant

Outline of Investment Policies

GENERAL

The Board of Retirement (Board) establishes this investment policy in accordance with the provisions of the County Employees' Retirement Law of 1937 (Government code Sections 31450 et. seq.). VCERA is considered a separate entity and is administered by a Board consisting of nine members, plus two alternates. VCERA's Board and its officers and employees shall discharge their duties as provided for in Government Code Section 31595:

- Solely in the interest of, and for the exclusive purpose of, providing benefits to participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.
- With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character with like aims.
- Shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.

VCERA's assets are managed on a total return basis. While VCERA recognizes the importance of the preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns.

External professional investment firms manage VCERA's assets. VCERA's staff, along with the investment consultants, monitors manager's activity and assists the Board with the implementation of investment policies and strategies.

ASSET ALLOCATION POLICY

VCERA has a long-term investment horizon, and utilizes an asset allocation, which encompasses a strategic long-term perspective of capital markets. It is recognized that a strategic long-run asset allocation plan implemented in a consistent and disciplined manner will be the major determinant of VCERA's investment performance.

Effective July 2013, the Board adopted a new asset allocation plan that was predicated on a number of factors including:

- a. The actuarially projected liabilities and benefit payments and the cost to both covered employees and employers.
- b. Historical and long-term capital market risk and return behavior.
- c. The perception of future economic conditions, including inflation and interest rate levels.
- d. The relationship between current and projected assets of the Plan and its actuarial requirements.

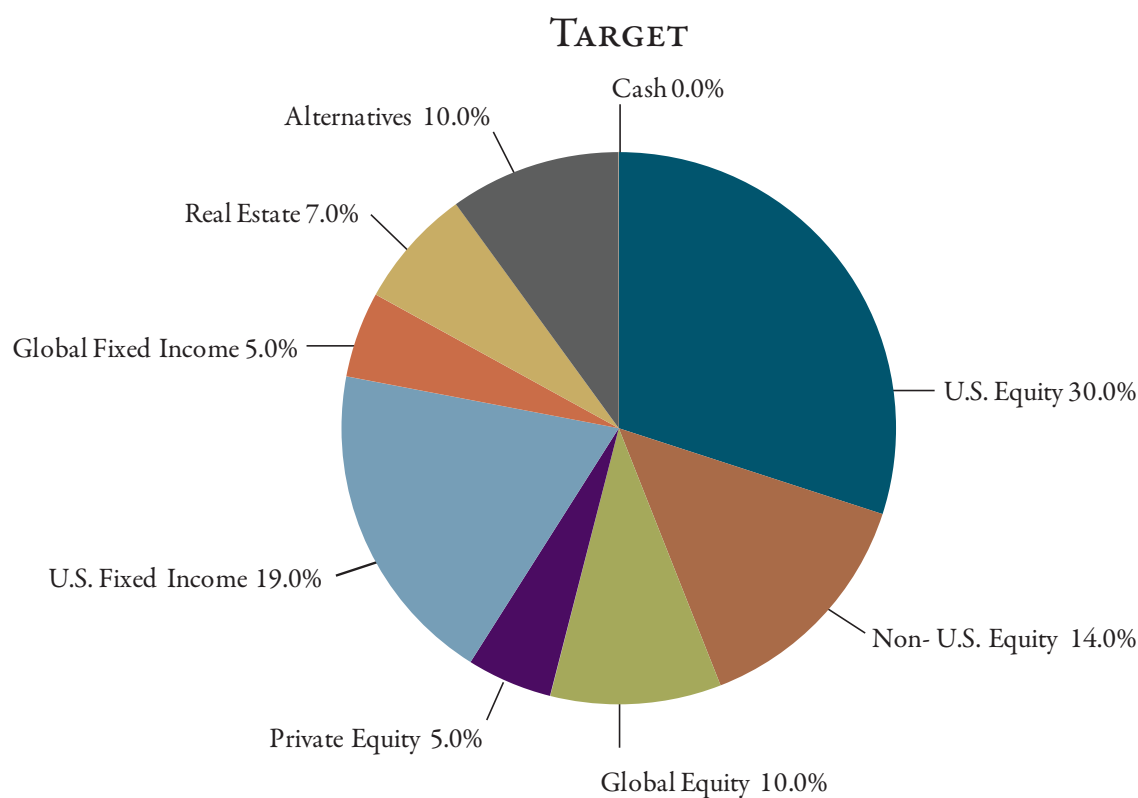
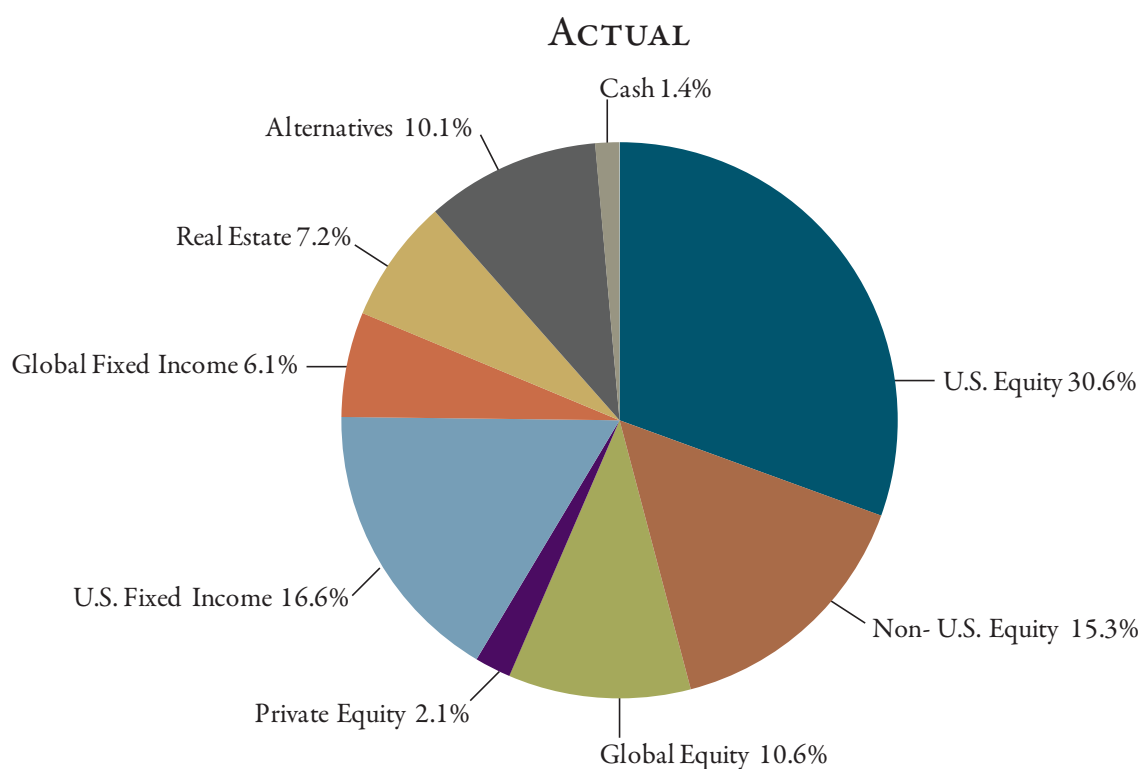
A systematic rebalancing procedure, implemented monthly, or when significant cash flow occurs, is used to maintain asset allocations within their appropriate ranges.

PROXIES

Voting of proxies held by VCERA shall be done in a manner that is in the best financial and economic interests of VCERA, and its beneficiaries.

Target Versus Actual Asset Allocation

AS OF JUNE 30, 2014



Note- The Actual asset allocation is based upon the investment summary located on pages 52 and 53.

INVESTMENT SUMMARY

AS OF JUNE 30, 2014

(\$ in Thousands)

Type of investment	Fair Value	Percent of Total Fair Value
U.S. EQUITY		
BlackRock - Equity Index	\$1,150,559	27.0%
BlackRock - Extended Equity Market	45,958	1.1%
Western Asset Management Index Plus	104,791	2.5%
Total U.S. Equity	1,301,308	30.6%
NON-U.S. EQUITY		
BlackRock ACWI ex-US IMI Index	273,964	6.4%
Hexavest	83,678	2.0%
Sprucegrove Investment Management	197,088	4.6%
Walter Scott	96,416	2.3%
Total Non-U.S. Equity	651,146	15.3%
GLOBAL EQUITY		
BlackRock - ACWI Equity Index	226,327	5.3%
Grantham, Mayo, Van Otterloo & Company	224,315	5.3%
Total Global Equity	450,642	10.6%
PRIVATE EQUITY		
Adams Street Partners	55,262	1.3%
Harbourvest	22,333	0.5%
Pantheon	10,168	0.3%
Total Private Equity	87,763	2.1%
FIXED INCOME - U.S.		
BlackRock - U.S Debt	136,435	3.2%
Loomis, Sayles & Company	68,270	1.6%
Reams Asset Management	248,814	5.8%
Western Asset Management	254,999	6.0%
Total Fixed Income - U.S.	708,518	16.6%
FIXED INCOME - GLOBAL		
Loomis, Sayles & Company	96,234	2.2%
Loomis, Sayles & Company	41,750	1.0%
PIMCO	123,547	2.9%
Total Fixed Income - Global	\$261,531	6.1%

INVESTMENT SUMMARY - *CONTINUED*

AS OF JUNE 30, 2014

(\$ in Thousands)

Type of investment	Fair Value	Percent of Total Fair Value
REAL ESTATE		
Prudential Real Estate Investors	\$100,717	2.4%
RREEF America III	9,290	0.2%
UBS Realty Investors	196,833	4.6%
Total Real Estate	306,840	7.2%
ALTERNATIVES		
Bridgewater	275,609	6.5%
Tortoise Capital Advisors	152,464	3.6%
Total Alternatives	428,073	10.1%
SHORT TERM INVESTMENTS/CASH/CASH EQUIVALENTS		
Ventura County Treasury Investment Pool	8,351	0.2%
Commercial Account	19	0.0%
Parametric Clifton	15,363	0.3%
STIF - State Street Corporation	39,871	0.9%
Total Short Term Investments	63,604	1.4%
Total Investments	\$4,259,425	100.0%

SCHEDULE OF INVESTMENT RESULTS BASED ON FAIR VALUE

AS OF JUNE 30, 2014

	Annualized		
	Current Year	Three-Year	Five-Year
U.S. Equity	26.0%	16.8%	20.0%
Benchmark: Dow Jones US Total Stock Index	25.0%	16.4%	19.4%
U.S. Fixed Income	5.0%	5.3%	8.2%
Benchmark: Barclays Capital Aggregate Bond Index	4.4%	3.7%	4.9%
Non-U.S. Equity	20.7%	6.4%	11.9%
Benchmark: MSCI ACWIEXUS	21.8%	5.7%	11.1%
Global Equity	22.9%	10.2%	13.8%
Benchmark: MSCI ACWI	22.9%	10.3%	14.3%
Private Equity	22.1%	-	-
Benchmark: Dow Jones Total Stock Index + 3%	28.7%	-	-
Global Fixed Income	7.5%	-	-
Benchmark: Barclays Capital Global Aggregate Bond Index	7.4%	-	-
Real Estate	10.7%	10.1%	8.7%
Benchmark: NCREIF Open End Fund Index	12.7%	12.4%	10.0%
Alternatives	23.9%	-	-
Benchmark: CPI + 4% (Unadjusted)	6.1%	-	-
Total Fund	18.8%	10.9%	14.3%
VCERA Policy*	17.9%	10.3%	13.0%

*30% Total U.S. Equity Benchmark Index, 14% MSCI ACWIEXUS Index, 10% MSCI ACWI Index, 19% Barclays Aggregate Index, 5% Barclays Global Aggregate Index, 5% Dow Jones U.S. Total Stock Index + 3%, 10% CPI + 4% Index, and 7% NCREIF ODCE Real Estate Index.

Asset Class Returns were prepared using the time-weighted rate of return based on the market rate of return. Total Fund performance is calculated based on the weighted average returns of the asset classes.

LARGEST EQUITY HOLDINGS (BY FAIR VALUE)

AS OF JUNE 30, 2014

(\$ in Thousands)

	Units	Fund Name	Fair Value
1	8,621,221	Blackrock U.S. Equity Market Fund	\$1,150,558
2	21,679,242	Blackrock ACWI EXUS IMI Index Fund	273,963
3	14,727,585	Blackrock MSCI ACWI Equity Index Fund	226,327
4	22,431,529	Grantham Mayo Van Otterloo (GMO) Group Trust	224,315
5	3,065,231	Sprucegrove Investment Management Group Trust	197,088
6	3,611,703	Walter Scott	96,416
7	59,585	Hexavest EAFE Equity Fund	83,678
8	120,503	Blackrock Extended Equity	45,958
9	16,520,458	Harbourvest	22,252
10	15,349,705	Adams Street 2010 US Fund	22,118

Note - All VCERA Equity Investments at June 30, 2014 were held in index funds and commingled investment vehicles.

LARGEST FIXED INCOME HOLDINGS (BY FAIR VALUE)

AS OF JUNE 30, 2014

(\$ in Thousands)

	Par	Bonds	Fair Value
1	100,000,000	Mexican Cetes Bills 07/14 0.00000	\$7,702
2	6,210,000	USTreasury N/B 11/43 3.75	6,707
3	6,000,000	FNMA TBA Jul 15 Single Family	6,359
4	5,500,000	US Treasury N/B 05/21 2	5,459
5	420,000,000	Japan (20 Year Issue) Sr Unsecured 09/32 1.7	4,433
6	4,260,000	US Treasury N/B 11/23 2.75	4,366
7	4,000,000	US Treasury N/B 08/23 2.5	4,024
8	3,860,000	US Treasury N/B 12/18 1.5	3,862
9	3,840,000	US Treasury N/B 06/21 2.125	3,839
10	3,000,000	FNMA TBA Jul 30 Single Fam	3,249

Note - A complete list of portfolio holdings is available upon request.

SCHEDULE OF INVESTMENT FEES

FOR THE YEAR ENDING JUNE 30, 2014 (WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2013)

(\$ in Thousands)

	June 30, 2014	June 30, 2013
INVESTMENT MANAGEMENT FEES		
U.S. Equity	\$463	\$463
Non-U.S. Equity	1,872	1,702
Global Equity	1,412	1,456
Fixed Income - U.S.	1,302	1,485
Fixed Income - Global	820	451
Real Estate	2,715	2,754
Private Equity	1,852	1,042
Alternatives	1,788	134
Total Investment Management Fees	\$12,224	\$9,487
OTHER INVESTMENT FEES		
Cash Overlay	150	74
Custodian	213	98
Investment Consultant	290	242
Total Other Investment Fees	\$653	\$414
Total Investment Management and Other Investment Expenses	\$12,877	\$9,901
SECURITY LENDING EXPENSES		
Security Lending Fees and Borrower Rebates	14	126
Total Investment Fees and Expenses	\$12,891	\$10,027

INVESTMENT MANAGERS

EQUITIES - U.S.

BlackRock

Western Asset Management

EQUITIES - NON U.S.

Sprucegrove Investment Management

BlackRock

Hexavest, Inc.

Walter Scott

GLOBAL EQUITY

Grantham, Mayo, Van Otterloo & Co.

BlackRock

PRIVATE EQUITY

Adams Street Partners

HarbourVest

Pantheon

FIXED INCOME

BlackRock

Loomis, Sayles & Company

Reams Asset Management

Western Asset Management

GLOBAL FIXED INCOME

Loomis, Sayles & Company

PIMCO

REAL ESTATE

Prudential Real Estate Investors

UBS Realty Investors

RREEF America III

ALTERNATIVES

Bridgewater

Tortoise Capital Investors

INVESTMENT CONSULTANT

Hewitt ennisknupp

NEPC, LLC

CASH OVERLAY

Parametric Clifton

Actuarial Section





100 Montgomery Street Suite 500 San Francisco, CA 94104-4308
T 415.263.8200 www.segalco.com

VIA E-MAIL

December 9, 2014

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

**Re: Ventura County Employees' Retirement Association
June 30, 2014 Actuarial Valuation for Funding Purposes**

Dear Members of the Board:

Segal Consulting (Segal) prepared the June 30, 2014 annual actuarial valuation of the Ventura County Employees' Retirement Association (VCERA). We certify that the Retirement Association valuation was performed in accordance with generally accepted actuarial principles and practices and VCERA's funding policy that was last reviewed with the Board in 2012. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters set by Actuarial Standards of Practice (ASOPs).

As part of the June 30, 2014 actuarial valuation, Segal received participant data from the Association's staff. This information has not been audited by us, but it has been reviewed and found to be reasonable, both internally and with prior year's information. We did not audit the Association's financial statements. For actuarial valuation purposes, Plan assets are valued at Actuarial Value. Under this method, the assets used to determine employer contribution rates take into account market value by recognizing the differences between the total return at market value and the expected investment return over ten semi-annual accounting periods. Deferred gains and losses as of June 30, 2011 have been combined and will be recognized in equal semi-annual amounts over a period of four and a half years from that date.

One of the general goals of an actuarial valuation is to establish contribution rates which are expected to fully fund the Association's liabilities and which, as a percentage of payroll, remain as level as possible for each generation of active members. Actuarial funding is based on the Entry Age Cost Method. Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize any unfunded actuarial accrued liability (UAAL).

In 2004, the Board elected to amortize the Association's Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2004 over a declining (or closed) 15-year period. Any change in the

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Board of Retirement
Ventura County Employees' Retirement Association
December 9, 2014
Page 2

UAAL after June 30, 2004 is amortized over separate 15-year declining amortization periods. Effective with the June 30, 2012 valuation, any change in the UAAL that arises due to assumption changes is amortized over separate 20-year declining amortization periods. In addition, any change in the UAAL that arises due to retirement incentives is amortized over a separate declining period of up to 5 years. The progress being made towards meeting the funding objective through June 30, 2014 is illustrated in the Actuarial Solvency Test.

Certain information found in the Notes to Basic Financial Statements and the Required Supplementary Information (RSI) included in the Financial Section was prepared by the Association based on the results of the Governmental Accounting Standards (GAS) 67 actuarial valuation as of June 30, 2014 prepared by Segal. For the Financial Section of the Comprehensive Annual Financial Report (CAFR), Segal provided the Schedule of Changes in Net Pension Liability and Schedule of Employer Contributions as shown in the RSI. A listing of the other schedules prepared by the Association based on the results of the actuarial valuation as of June 30, 2014 for funding purposes is listed below.

1. Summary of Actuarial Assumptions and Methods as of June 30, 2014
2. Active Member Valuation Data
3. Schedule of Retirees and Beneficiaries Added to and Removed from the Rolls
4. Actuarial Analysis of Financial Experience
5. Actuary Solvency Test
6. Probability of Occurrence

The valuation assumptions included in the Actuarial Section were adopted by the Retirement Board based on our recommendations following the June 30, 2011 Experience Analysis. It is our opinion that the assumptions used in the June 30, 2014 valuation produce results which, in the aggregate, anticipate the expected future experience of the Plan. Actuarial valuations are performed on an annual basis. An experience analysis is performed every three years. The June 30, 2014 Experience Analysis is due to be performed during the first half of 2015.

The Board approved a three-year phase-in for the change in the employer contribution rate due to changes in the economic actuarial assumptions as of June 30, 2012 and the new individual Entry Age Actuarial Cost Method. For the June 30, 2014 valuation, the phase-in has been completed.

In the June 30, 2014 valuation, the ratio of the valuation value of assets to actuarial accrued liabilities increased from 79.2% to 82.7% and the aggregate employer contribution rate decreased from 29.03% of payroll to 28.11% of payroll.

Board of Retirement
Ventura County Employees' Retirement Association
December 9, 2014
Page 3

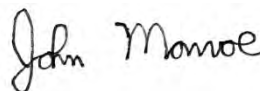
The valuation value of assets included \$310 million in deferred investment gains, which represented about 7.3% of the market value of assets. If these deferred investment gains were recognized immediately in the valuation value of assets, the funded percentage would have increased from 82.7% to 89.2% and the aggregate employer contribution rate, expressed as a percent of payroll, would have decreased from 28.11% to about 23.90%.

We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Sincerely,



Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary



John Monroe, ASA, MAAA, EA
Vice President and Actuary

AW/bqb

Summary of Actuarial Assumptions and Methods

AS OF JUNE 30, 2014

ACTUARIAL ASSUMPTIONS AND METHODS

Recommended by the Actuary and adopted by the Board of Retirement.

ACTUARIAL COST METHOD

Entry age normal actuarial cost method

ACTUARIAL ASSET VALUATION METHOD

Five-year smoothing of fair value.

AMORTIZATION OF GAINS AND LOSSES

Experience gains and losses are amortized over 15 years. Effective June 30, 2012, any changes in Unfunded Actuarial Accrued Liability (UAAL) due to actuarial gains or losses or due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 15-year closed period effective with that valuation (up to a 5-year closed period for retirement incentives). Any change in UAAL due to changes in actuarial assumptions or methods will be amortized over a 20-year closed period effective with that valuation.

INVESTMENT RATE OF RETURN

7.75% per annum; 4.50% real rate of return and 3.25% inflation.

PROJECTED SALARY INCREASES

4.50% – 12.50% varying by service. Includes inflation at 3.25%, “across the board” increases of .75% plus merit and longevity increases.

TERMINATIONS OF EMPLOYMENT RATES

0% to 16.0%

COST-OF-LIVING ADJUSTMENTS

0% to 3% for General Tier 1 and Safety members tied to the change in Consumer Price Index. 2% cost-of-living for eligible General Tier 2 members.

EXPECTATION OF LIFE AFTER RETIREMENT

RP-2000 Combined Healthy Mortality Table projected with scale AA to 2025 setback one year.

EXPECTATION OF LIFE AFTER DISABILITY

General Members: RP-2000 Combined Healthy Mortality Table projected with Scale AA 2025 set forward five years for males and seven years for females. Safety Members: RP-2000 Combined Healthy Mortality Table projected with Scale AA 2025 setback one year.

DATE OF ADOPTION

May 21, 2012

ACTIVE MEMBER VALUATION DATA

Valuation Date	Plan Type	Member Count	Annual Salary	Average Annual Salary	Percent Increase/ (Decrease) In Average Salary	Average Age	Average Service
JUNE 30, 2014	General	6,672	\$484,378,825	\$72,599	-0.01%	46.2	10.5
	Safety	1,538	\$163,878,217	\$106,553	-1.17%	41.4	14.0
	Total	8,210	\$648,257,042	\$78,959	-0.27%	45.3	11.2
JUNE 30, 2013	General	6,563	\$476,507,030	\$72,605	-0.21%	46.4	10.6
	Safety	1,505	162,256,156	\$107,811	1.16%	41.2	13.9
	Total	8,068	\$638,763,186	\$79,172	0.16%	45.4	11.2
JUNE 30, 2012	General	6,529	\$475,042,839	\$72,759	0.42%	46.4	10.5
	Safety	1,490	158,804,521	\$106,580	-1.51%	41.4	13.9
	Total	8,019	\$633,847,360	\$79,043	-0.24%	45.4	11.1
JUNE 30, 2011	General	6,516	\$472,121,275	\$72,456	-3.01%	46.1	10.3
	Safety	1,524	164,916,105	108,213	-5.26%	40.7	13.6
	Total	8,040	\$637,037,380	\$79,234	-81.87%	45.1	10.9
JUNE 30, 2010	General	6,505	\$483,722,608	\$74,702	3.34%	46.0	9.9
	Safety	1,498	171,105,613	114,223	7.00%	40.8	13.8
	Total	8,003	\$654,828,221	\$81,823	3.70%	45.0	10.6
JUNE 30, 2009	General	6,501	\$469,960,577	\$72,291	4.81%	45.7	9.6
	Safety	1,544	164,817,315	106,747	3.90%	40.5	13.4
	Total	8,045	\$634,777,892	\$78,903	4.40%	44.7	10.3
JUNE 30, 2008	General	6,378	\$439,929,857	\$68,976	4.63%	45.4	9.4
	Safety	1,550	159,243,261	102,738	5.83%	40.1	12.9
	Total	7,928	\$599,173,118	\$75,577	4.79%	44.4	10.1
JUNE 30, 2007	General	6,130	\$404,122,312	\$65,925	2.62%	45.5	9.4
	Safety	1,523	147,845,787	97,075	4.08%	40.0	12.9
	Total	7,653	\$551,968,099	\$72,124	2.85%	44.4	10.1
JUNE 30, 2006	General	5,902	\$379,143,257	\$64,240	6.43%	45.5	9.5
	Safety	1,501	140,001,403	93,272	6.38%	40.0	12.8
	Total	7,403	\$519,144,660	\$70,126	6.28%	44.4	10.2
JUNE 30, 2005	General	5,753	\$347,232,675	\$60,357	5.75%	45.7	9.7
	Safety	1,492	130,820,053	87,681	5.00%	40.3	12.9
	Total	7,245	\$478,052,728	\$65,984	5.73%	44.6	10.2

RETIRES AND BENEFICIARIES ADDED TO AND REMOVED RETIREE PAYROLL

Fiscal Year Ended June 30	Retirees and Beneficiaries					Total Retiree Payroll (in 000s)	Percent Increase in Payroll	Average Annual Allowance
	At Beginning of Year	Added	Removed	At End of Year	Added to Payroll (in 000s)	Removed from Payroll (in 000s)		
2014	5,888	394	(161)	6,121	\$17,698	\$(4,832)	6.27%	\$35,632
2013	5,658	378	(148)	5,888	18,164	(4,257)	7.27%	34,857
2012	5,481	327	(150)	5,658	13,054	(1,792)	6.25%	33,816
2011	5,267	358	(144)	5,481	16,502	(2,461)	8.46%	32,853
2010	5,041	350	(124)	5,267	15,885	(2,945)	8.45%	31,522
2009	4,914	252	(125)	5,041	13,508	(3,088)	7.30%	30,369
2008	4,770	300	(156)	4,914	16,102	(5,641)	7.91%	29,033
2007	4,570	300	(100)	4,770	16,472	(5,491)	9.06%	27,717
2006	4,314	366	(110)	4,570	16,431	(4,938)	10.47%	26,527
2005	4,031	382	(99)	4,314	11,643	(3,018)	8.53%	25,437

ACTUARIAL ANALYSIS OF FINANCIAL EXPERIENCE

(\$ in Thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Prior Valuation Unfunded (Excess Funded) Accrued Liability	\$953,354	\$975,867	\$774,964	\$761,459	\$573,553	\$290,048	\$376,025	\$481,870	\$368,676	\$323,444
Salary Increases Greater (Less) Than Expected	(56,617)	(49,186)	(93,786)	(131,928)	(19,314)	(9,590)	19,961	(5,589)	28,116	5,431
Asset Return (Greater) Less Than Expected	(13,827)	25,512	72,404	127,192	202,739	213,344	(90,891)	(113,656)	(44,188)	(3,375)
Other Experience Factors	(62,695)	1,161	(5,030)	18,241	4,481	(11,501)	(15,047)	13,400	26,476	43,176
Change In Actuarial Assumptions	—	—	227,315	—	—	91,252	—	—	102,790	—
Ending Valuation Unfunded (Excess Funded) Accrued Liability	\$820,215	\$953,354	\$975,867	\$774,964	\$761,459	\$573,553	\$290,048	\$376,025	\$481,870	\$368,676

ACTUARY SOLVENCY TEST
(\$ in Thousands)

Aggregate Actuarial Accrued Liabilities for:

Valuation Date	Active Member Contrib.	Retired Member Contrib.	Active Members (Employer Financed Portion)	Total Liabilities	Actuarial Value of Assets	Active Member Contrib.	Retired Member Contrib.	Active Member Employer Financed
6/30/2014	\$611,921	\$2,150,677	\$1,968,418	\$4,731,016	\$3,910,801	100%	100%	58%
6/30/2013	584,474	2,051,529	1,939,060	4,575,063	3,621,709	100%	100%	51%
6/30/2012	569,893	1,919,116	1,884,218	4,373,227	3,397,360	100%	100%	48%
6/30/2011	549,207	1,810,062	1,636,083	3,995,352	3,220,388	100%	100%	53%
6/30/2010	525,190	1,674,735	1,677,518	3,877,443	3,115,984	100%	100%	55%
6/30/2009	499,205	1,545,347	1,619,149	3,663,701	3,090,148	100%	100%	65%
6/30/2008	466,332	1,470,874	1,408,598	3,345,804	3,055,756	100%	100%	79%
6/30/2007	431,860	1,391,914	1,288,809	3,112,583	2,736,558	100%	100%	71%
6/30/2006	400,315	1,309,873	1,201,730	2,911,918	2,430,048	100%	100%	60%
6/30/2005	381,911	1,189,870	1,013,116	2,584,905	2,216,229	100%	100%	64%

SCHEDULE OF FUNDING PROGRESS

(\$ in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Overfunded) AAL (UALL) (b-a)	Funded Ratio (a/b)	Covered Payroll ¹ (c)	UAAL as an Unfunded (Overfunded) Percentage of Covered Payroll ((b-a)/c)
06/30/14	\$3,910,801	\$4,731,016	\$820,215	82.66%	\$648,257	126.53%
06/30/13	3,621,709	4,575,063	953,354	79.16%	638,763	149.25%
06/30/12	3,397,360	4,373,227	975,867	77.69%	633,848	153.96%
06/30/11	3,220,338	3,995,352	775,014	80.60%	637,037	121.66%
06/30/10	3,115,984	3,877,443	761,459	80.36%	654,828	116.28%
06/30/09	3,090,148	3,663,701	573,553	84.34%	634,777	90.36%
06/30/08	3,055,756	3,345,804	290,048	91.33%	589,173	49.23%
06/30/07	2,736,558	3,112,583	376,025	87.92%	551,968	68.12%
06/30/06	2,430,048	2,911,918	481,870	83.45%	519,145	92.82%
06/30/05	2,216,229	2,584,905	368,676	85.74%	478,053	77.12%

Note ¹ - Based on the expected covered-employee payroll.

Summary of Plan Benefits

Summarized below are some of the more significant provisions of the County Employees' Retirement Law of 1937 that are presently applicable to the Ventura County Employees' Retirement Association (VCERA).

MEMBERSHIP

All permanent employees of the County of Ventura or contracting district who work a regular schedule of 64 or more hours per bi-weekly pay period become members of VCERA upon appointment. There are separate retirement plans for safety and general member employees. Safety membership is extended to those involved in active law enforcement, fire suppression, and probation. Any new Safety Member who becomes a member on or after January 1, 2013 is designated PEPRA Safety and is subject to the provisions of California's Public Employees' Pension Reform Act of 2013 (PEPRA), California Government Code 7522 et seq. and Assembly Bill (AB) 197. All other employees are classified as general members. There are four tiers applicable to general members. Those hired prior to June 30, 1979, and certain management personnel who entered service prior to October 16, 2001, are included in Tier I. Those hired after that date are included in Tier II. New Members employed after January 1, 2013 are designated as PEPRA Tier I or II and are subject to the provisions of California Government Code 7522 et seq. and AB 197.

VESTING

A member is fully vested upon accruing five years of retirement service credit under VCERA, or combined service under VCERA and a reciprocal retirement system.

EMPLOYER CONTRIBUTIONS

The County of Ventura and contracting districts contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from VCERA's actuary after the completion of the annual actuarial valuation.

MEMBER CONTRIBUTIONS

All members are required to make contributions to VCERA regardless of the retirement plan or tier in which they are included. The contribution rate applicable to the member is applied to total compensation earnable. The employer, as a result of provisions contained in individual collective bargaining agreements, may pay a portion of the member contribution.

Contributions are deducted from the member's bi-weekly payroll check and credited to the member's account. Interest is credited to the member's account semiannually on June 30 and December 31, based upon the total contributions on deposit. Upon separation from service, a member may elect a refund of all accumulated contributions and interest credited.

Summary of Plan Benefits - *CONTINUED*

SERVICE RETIREMENT BENEFIT

General members prior to January 1, 2013, are eligible to retire once they attain the age of 50 and have acquired 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General members who are first hired on or after January 1, 2013, are eligible to retire once they have attained the age of 52, and have acquired five years of retirement service credit.

Safety members prior to January 1, 2013, are eligible to retire once they attain the age of 50 and have acquired 10 or more years of retirement service credit. A member with 20 years of service is eligible to retire regardless of age. Safety members who are first hired on or after January 1, 2013, are eligible to retire once they have attained the age of 50, and have acquired five years of retirement service credit.

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

Safety member benefits are calculated pursuant to the provisions of California Government Code Section 31664. The monthly allowance is equal to 1/50th of final compensation times years of accrued retirement service credit times age factor from Section 31664. For those Safety member first hired on or after January 1, 2013, benefits are calculated pursuant to the provision California Government Code Section 7522.25(d). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from section 7522.25(d).

General member benefits for Tier I and Tier II are calculated pursuant to the provisions of sections 31676.11 and 31676.1, respectively. The monthly allowance is equal to 1/90th of the first \$350 of final compensation, plus 1/60th of the excess final compensation times years of accrued retirement service credit times age factor from either section 31676.11 (Tier I) or 31676.1 (Tier II). General member benefits for those who are first hired on or after January 1, 2013, are calculated pursuant to the provision California Government Code Section 7522.25(d). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from section 7522.20(a).

The maximum monthly retirement allowance is 100% of final compensation.

Final average compensation consists of the highest 12 consecutive months for a Safety or Tier I General member and the highest 36 consecutive months for a Tier II, PEPRA Tier I and II, General and PEPRA Safety member.

The member may elect an unmodified retirement allowance, or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse. An eligible surviving spouse is one married to the member one year prior to the effective retirement date. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse or named beneficiary having an insurable interest in the life of the member.

Summary of Plan Benefits - *CONTINUED*

COST-OF-LIVING

VCERA provides an annual cost-of-living benefit to safety and Tier I general member retirees. The cost-of-living adjustment, based upon the Consumer Price Index for the Los Angeles, Riverside, Orange County area, is capped at 3.0%.

Certain Tier II general member retirees receive a fixed 2% cost-of-living adjustment pursuant to collective bargaining agreements.

DISABILITY RETIREMENT BENEFITS

VCERA provides disability retirement benefits for service-connected and non-service-connected injury or disease. To qualify for a disability retirement the member must be permanently incapacitated for the performance of duty.

A member may be retired with a service-connected disability regardless of years of retirement service credit. The monthly allowance for a service-connected disability retirement is equal to 50% of final average compensation, but not less than the member would have received for a regular service retirement, if eligible. Upon the death of a member receiving a service-connected disability allowance, the surviving spouse married to the member at the time of retirement, or eligible minor children, shall receive a 100% continuance of the benefit unless the member elected an optional retirement allowance.

A member must have a minimum of five years of retirement service credit to qualify for a non-service-connected disability retirement. The benefit payable for a non-service-connected disability is equal to 1.8% of final compensation for each year of service not to exceed 1/3rd of final compensation.

ACTIVE MEMBER DEATH BENEFITS

If the member has less than five years of retirement service credit, the death benefit consists of the member's accumulated retirement contributions, plus one month's salary for each completed year of service, not to exceed one-half of annual compensation earnable.

If the member has completed five years of service, an eligible surviving spouse of minor child(ren) may elect (a) a refund of the member's accumulated contributions, plus one month's salary for each year of completed service to a maximum of six month's salary, (b) a monthly retirement allowance equal to 60% of the earned benefit to an eligible surviving spouse, or (c) a combined benefit consisting of a lump sum payment plus a reduced monthly allowance. If there is no eligible surviving spouse or minor child(ren) the benefit paid to the named beneficiary will be that described in (a) above.

If a member dies in service as the result of a job-related injury or illness, an eligible surviving spouse or minor child(ren) would be eligible for a monthly benefit equal to 50% of final compensation.

RETIRED MEMBER DEATH BENEFITS

If the member retired from service, or with a nonservice-connected disability, the benefit payable to an eligible surviving spouse would be an amount equal to 60% of the member's unmodified retirement allowance. If the member retired with a service-connected disability retirement, the surviving spouse would receive a 100% continuance of the unmodified retirement allowance. If there is no eligible surviving spouse, benefits may be payable to a minor child(ren).

A lump sum death benefit of \$5,000 is also payable to the named beneficiary of a deceased retired member.

PROBABILITY OF OCCURRENCE

GENERAL MEMBERS - MALE

Age Nearest	Rates of Withdrawal						Rates of Mortality	Rates of Disability	Rates of Retirement Non PEPRA	Rates of Retirement PEPRA
	0<X<1	1<X<2	2<X<3	3<X<4	4<X<5	X>5				
25	0.1500	0.1000	0.0800	0.0700	0.0600	0.0600	0.0003	0.0002	0.0000	0.0000
30	0.1500	0.1000	0.0800	0.0700	0.0600	0.0570	0.0004	0.0004	0.0000	0.0000
35	0.1500	0.1000	0.0800	0.0700	0.0600	0.0490	0.0006	0.0008	0.0000	0.0000
40	0.1500	0.1000	0.0800	0.0700	0.0600	0.0390	0.0009	0.0013	0.0000	0.0000
45	0.1500	0.1000	0.0800	0.0700	0.0600	0.0290	0.0010	0.0021	0.0000	0.0000
50	0.1500	0.1000	0.0800	0.0700	0.0600	0.0220	0.0013	0.0040	0.0300	0.0000
55	0.1500	0.1000	0.0800	0.0700	0.0600	0.0170	0.0019	0.0056	0.0600	0.0500
60	0.1500	0.1000	0.0800	0.0700	0.0600	0.0120	0.0040	0.0069	0.1400	0.1000
65	0.1500	0.1000	0.0800	0.0700	0.0600	0.0100	0.0079	0.0090	0.3500	0.2500

GENERAL MEMBERS - FEMALE

Age Nearest	Rates of Withdrawal						Rates of Mortality	Rates of Disability	Rates of Retirement Non PEPRA	Rates of Retirement PEPRA
	0<X<1	1<X<2	2<X<3	3<X<4	4<X<5	X>5				
25	0.1500	0.1000	0.0800	0.0700	0.0600	0.0600	0.0001	0.0002	0.0000	0.0000
30	0.1500	0.1000	0.0800	0.0700	0.0600	0.0570	0.0002	0.0004	0.0000	0.0000
35	0.1500	0.1000	0.0800	0.0700	0.0600	0.0490	0.0003	0.0008	0.0000	0.0000
40	0.1500	0.1000	0.0800	0.0700	0.0600	0.0390	0.0004	0.0013	0.0000	0.0000
45	0.1500	0.1000	0.0800	0.0700	0.0600	0.0290	0.0007	0.0021	0.0000	0.0000
50	0.1500	0.1000	0.0800	0.0700	0.0600	0.0220	0.0010	0.0040	0.0300	0.0000
55	0.1500	0.1000	0.0800	0.0700	0.0600	0.0170	0.0019	0.0056	0.0600	0.0500
60	0.1500	0.1000	0.0800	0.0700	0.0600	0.0120	0.0039	0.0069	0.1400	0.1000
65	0.1500	0.1000	0.0800	0.0700	0.0600	0.0100	0.0076	0.0090	0.3500	0.2500

PROBABILITY OF OCCURRENCE - *CONTINUED*

SAFETY MEMBERS - MALE

Age Nearest	Rates of Withdrawal						Rates of Mortality	Rates of Disability	Rates of Retirement Non PEPRA	Rates of Retirement PEPRA
	0<X<1	1<X<2	2<X<3	3<X<4	4<X<5	X>5				
25	0.1200	0.0600	0.0550	0.0500	0.0400	0.0400	0.0003	0.0014	0.0000	0.0000
30	0.1200	0.0600	0.0550	0.0500	0.0400	0.0340	0.0004	0.0026	0.0000	0.0000
35	0.1200	0.0600	0.0550	0.0500	0.0400	0.0240	0.0006	0.0048	0.0000	0.0000
40	0.1200	0.0600	0.0550	0.0500	0.0400	0.0140	0.0009	0.0090	0.0100	0.0000
45	0.1200	0.0600	0.0550	0.0500	0.0400	0.0070	0.0010	0.0116	0.0100	0.0000
50	0.1200	0.0600	0.0550	0.0500	0.0400	0.0020	0.0013	0.0198	0.0200	0.0400
55	0.1200	0.0600	0.0550	0.0500	0.0400	0.0000	0.0019	0.0340	0.2500	0.2000
60	0.1200	0.0600	0.0550	0.0500	0.0400	0.0000	0.0040	0.0460	0.2500	0.3000
65	0.1200	0.0600	0.0550	0.0500	0.0400	0.0000	0.0079	0.0000	1.0000	1.0000

SAFETY MEMBERS - FEMALE

Age Nearest	Rates of Withdrawal						Rates of Mortality	Rates of Disability	Rates of Retirement Non PEPRA	Rates of Retirement PEPRA
	0<X<1	1<X<2	2<X<3	3<X<4	4<X<5	X>5				
25	0.1200	0.0600	0.0550	0.0500	0.0400	0.0400	0.0001	0.0014	0.0000	0.0000
30	0.1200	0.0600	0.0550	0.0500	0.0400	0.0340	0.0002	0.0026	0.0000	0.0000
35	0.1200	0.0600	0.0550	0.0500	0.0400	0.0240	0.0003	0.0048	0.0000	0.0000
40	0.1200	0.0600	0.0550	0.0500	0.0400	0.0140	0.0004	0.0090	0.0100	0.0000
45	0.1200	0.0600	0.0550	0.0500	0.0400	0.0070	0.0007	0.0116	0.0100	0.0000
50	0.1200	0.0600	0.0550	0.0500	0.0400	0.0020	0.0010	0.0198	0.0200	0.0400
55	0.1200	0.0600	0.0550	0.0500	0.0400	0.0000	0.0019	0.0340	0.2500	0.2000
60	0.1200	0.0600	0.0550	0.0500	0.0400	0.0000	0.0039	0.0460	0.2500	0.3000
65	0.1200	0.0600	0.0550	0.0500	0.0400	0.0000	0.0076	0.0000	1.0000	1.0000

Statistical Section



Statistical Information Overview

The objective of the Statistical Section is to provide historical perspective, **context**, and detail in order to provide a more comprehensive understanding of the Financial Statements, Notes to the Financial Statements, and supplementary information, which cover the Pension Plan. This section also includes multi-year trend of financial and operating information to facilitate comprehensive understanding of how the organization's financial position and performance has changed over time. More specifically, the financial and operating information provides contextual data of VCERA's changes in fiduciary net position, benefits, refunds, contribution rates and retirement benefits. The financial and operating trend information is located on the following pages.

Financial Trends Information is intended to assist readers in understanding how VCERA's financial position have changed over time. The *Changes in Pension Plan Fiduciary Net Position* presents additions by source, deductions by type, and the total change in fiduciary net position for each year. The *Schedule of Pension Benefit Expenses by Type* presents benefit and refunds deductions by type of benefit and by member type.

Operating Information is intended to provide contextual information about VCERA's operations and membership to assist readers in using financial statement information to comprehend and evaluate VCERA's fiscal condition. The *Active and Deferred Members* provides membership statistics for active vested and non-vested members as well as deferred members. The *Retired Members by Type of Pension Benefit* reflects the number of retired members, average monthly benefit, and type of benefit as of June 30, 2014. The *Schedule of Average Monthly Benefit Payments* reflects the number of newly retired members with average monthly benefit and average final salary, shown in five-year increments. The *Participating Employers and Active Members* and *Active Members* presents the employers and their corresponding covered employees. The Employer Contribution Rates are also provided as additional information.

CHANGES IN PENSION PLAN FIDUCIARY NET POSITION

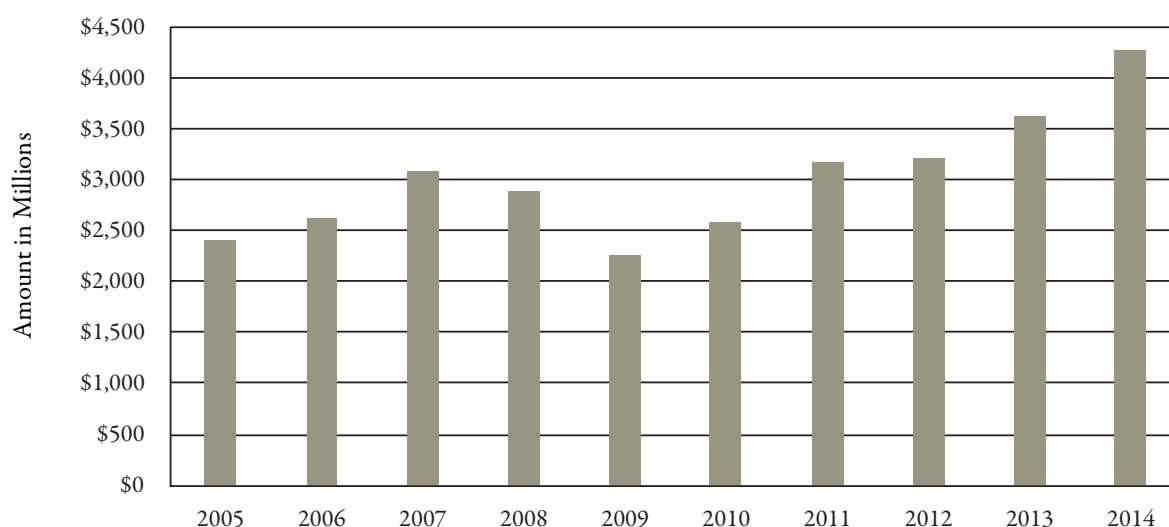
LAST TEN FISCAL YEARS

(\$ in Thousands)

	2014	2013	2012	2011	2010
ADDITIONS					
Employer Contributions	\$169,703	\$150,688	\$140,773	\$120,053	\$105,703
Member Contributions	46,674	44,464	44,487	44,238	42,466
Net Investment Income	658,581	436,638	50,683	627,327	347,087
Total Additions (Declines)	874,958	631,790	235,943	791,618	495,256
DEDUCTIONS					
Benefits	218,105	205,238	191,332	180,070	166,029
Administrative	5,428	3,944	3,536	4,387	3,227
Member Refunds	4,044	4,720	3,783	4,388	4,081
Miscellaneous	—	—	—	—	—
Total Deductions	227,577	213,902	198,651	188,845	173,337
Change in Fiduciary Net Position	\$647,381	\$417,888	\$37,292	\$602,773	\$321,919

	2009	2008	2007	2006	2005
ADDITIONS					
Employer Contributions	\$113,916	\$112,798	\$94,328	\$81,684	\$58,436
Member Contributions	42,326	39,611	36,728	33,335	29,352
Net Investment Income	(625,183)	(208,519)	461,551	241,240	206,019
Total Additions (Declines)	(468,941)	(56,110)	592,607	356,259	293,807
DEDUCTIONS					
Benefits	153,089	142,669	133,208	121,227	109,734
Administrative	3,536	3,268	2,589	3,028	2,939
Member Refunds	3,253	3,960	3,479	4,228	3,536
Miscellaneous	—	—	—	—	—
Total Deductions	159,878	149,917	139,276	128,483	116,209
Change in Fiduciary Net Position	(\$628,819)	(\$206,027)	\$453,331	\$227,776	\$177,598

TOTAL PLAN NET POSITION



SCHEDULE OF PENSION BENEFIT EXPENSES BY TYPE

LAST TEN FISCAL YEARS

(\$ in Thousands)

	2014	2013	2012	2011	2010
SERVICE RETIREMENT					
General	\$110,052	\$103,665	\$96,889	\$91,046	\$83,373
Safety	58,404	54,789	49,706	45,010	39,353
Total	\$168,456	\$158,454	\$146,595	\$136,056	\$122,726
DISABILITY RETIREMENT					
General	\$10,172	\$9,639	\$9,585	\$9,484	\$10,051
Safety	24,332	22,890	21,808	21,331	21,163
Total	\$34,504	\$32,529	\$31,393	\$30,815	\$31,214
SURVIVOR CONTINUANCES					
General	\$9,141	\$8,513	\$8,017	\$7,909	\$7,365
Safety	6,003	5,742	5,328	5,291	4,724
Total	\$15,144	\$14,255	\$13,345	\$13,200	\$12,089
TOTAL RETIRED MEMBERS					
General	\$129,365	\$121,817	\$114,491	\$108,439	\$100,789
Safety	88,739	83,421	76,842	71,632	65,240
Total	\$218,104	\$205,238	\$191,333	\$180,071	\$166,029
MEMBER REFUNDS					
General	\$5,094	\$4,263	\$3,379	\$3,859	\$2,606
Safety	334	457	404	530	622
Total	\$5,428	\$4,720	\$3,783	\$4,389	\$3,228

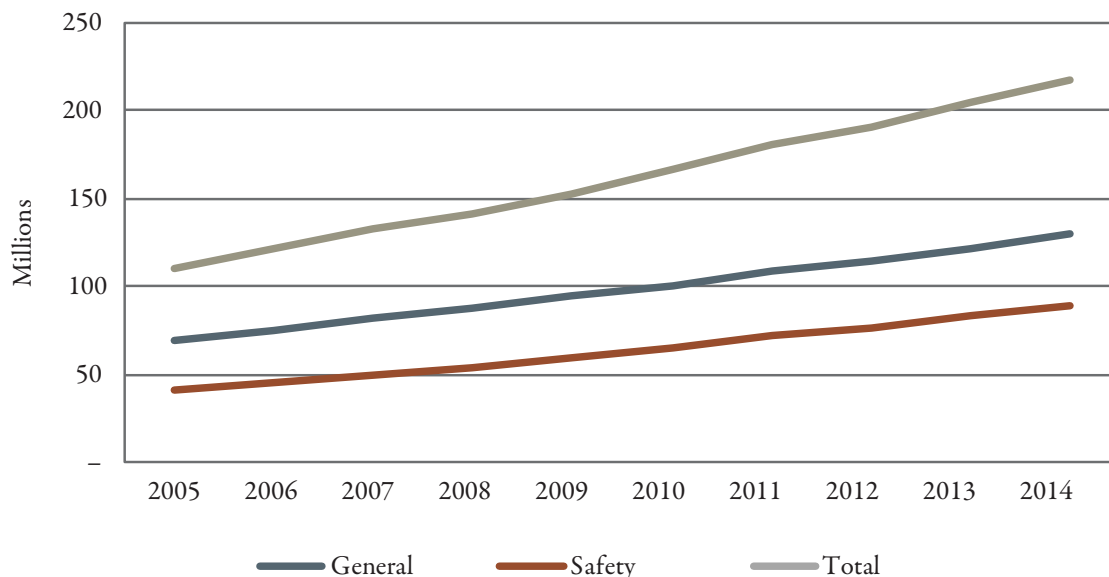
SCHEDULE OF PENSION BENEFIT EXPENSES BY TYPE - *CONTINUED*

LAST TEN FISCAL YEARS

(\$ in Thousands)

	2009	2008	2007	2006	2005
SERVICE RETIREMENT					
General	\$77,662	\$72,278	\$66,939	\$60,587	\$54,330
Safety	35,039	31,145	28,472	26,028	23,606
Total	\$ 112,701	\$103,423	\$95,411	\$86,615	\$77,936
DISABILITY RETIREMENT					
General	\$9,638	\$9,114	\$9,449	\$9,334	\$9,213
Safety	19,265	18,147	17,115	15,941	14,070
Total	\$28,903	\$27,261	\$26,564	\$25,275	\$23,283
SURVIVOR CONTINUANCES					
General	\$6,950	\$6,500	\$6,067	\$5,685	\$5,263
Safety	4,535	4,485	4,165	3,652	3,251
Total	\$11,485	\$10,985	\$10,232	\$9,337	\$8,514
TOTAL RETIRED MEMBERS					
General	\$94,250	\$87,892	\$82,455	\$75,606	\$68,806
Safety	58,839	53,777	49,752	45,621	40,927
Total	\$153,089	\$141,669	\$132,207	\$121,227	\$109,733
MEMBER REFUNDS					
General	\$2,679	\$3,526	\$3,203	\$3,611	\$3,224
Safety	574	435	276	617	312
Total	\$3,253	\$3,961	\$3,479	\$4,228	\$3,536

PENSION BENEFIT PAYMENTS



ACTIVE AND DEFERRED MEMBERS LAST TEN FISCAL YEARS

	2014	2013	2012	2011	2010
ACTIVE VESTED					
General	4,699	4,669	4,516	4,278	4,078
Safety	1,274	1,260	1,221	1,193	1,158
ACTIVE NONVESTED					
General	1,973	1,894	2,013	2,238	2,427
Safety	264	245	269	331	340
TOTAL ACTIVE MEMBERS					
General	6,672	6,563	6,529	6,516	6,505
Safety	1,538	1,505	1,490	1,524	1,498
DEFERRED MEMBERS					
General	2,052	1,978	1,891	1,838	1,780
Safety	287	271	270	259	260
Total	10,549	10,317	10,180	10,137	10,043

	2009	2008	2007	2006	2005
ACTIVE VESTED					
General	4,069	3,970	3,906	3,768	3,650
Safety	1,187	1,188	1,177	1,192	1,172
ACTIVE NONVESTED					
General	2,432	2,408	2,224	2,134	2,103
Safety	357	362	346	309	320
TOTAL ACTIVE MEMBERS					
General	6,501	6,378	6,130	5,902	5,753
Safety	1,544	1,550	1,523	1,501	1,492
DEFERRED MEMBERS					
General	1,795	1,762	1,646	1,555	1,538
Safety	260	245	218	201	175
Total	10,100	9,935	9,517	9,159	8,958

RETIRED MEMBERS BY TYPE OF PENSION BENEFIT AS OF JUNE 30, 2014

Amount of Monthly Benefit	Number of Retirees	Type of Retirement*		
		A	B	C
GENERAL MEMBERS				
\$1 - \$999	1,530	1,122	79	329
\$1,000 - \$1,999	1,491	1,064	254	173
\$2,000 - \$2,999	729	594	77	58
\$3,000 - \$3,999	398	353	25	20
\$4,000 - \$4,999	254	230	7	17
\$5,000 - \$5,999	140	123	4	13
\$6,000 - \$6,999	105	99	4	2
\$7,000 - \$7,999	51	50	—	1
\$8,000 - \$8,999	42	41	1	—
\$9,000 - \$9,999	39	38	1	—
> \$10,000	63	61	1	1
Totals	4,842	3,775	453	614
SAFETY MEMBERS				
\$1 - \$999	70	44	12	14
\$1,000 - \$1,999	138	70	20	48
\$2,000 - \$2,999	172	52	59	61
\$3,000 - \$3,999	141	54	60	27
\$4,000 - \$4,999	165	52	79	34
\$5,000 - \$5,999	108	47	49	12
\$6,000 - \$6,999	86	52	27	7
\$7,000 - \$7,999	78	52	21	5
\$8,000 - \$8,999	66	44	19	3
\$9,000 - \$9,999	64	56	7	1
> \$10,000	191	155	31	5
Totals	1,279	678	384	217
Grand Total	6,121	4,453	837	831

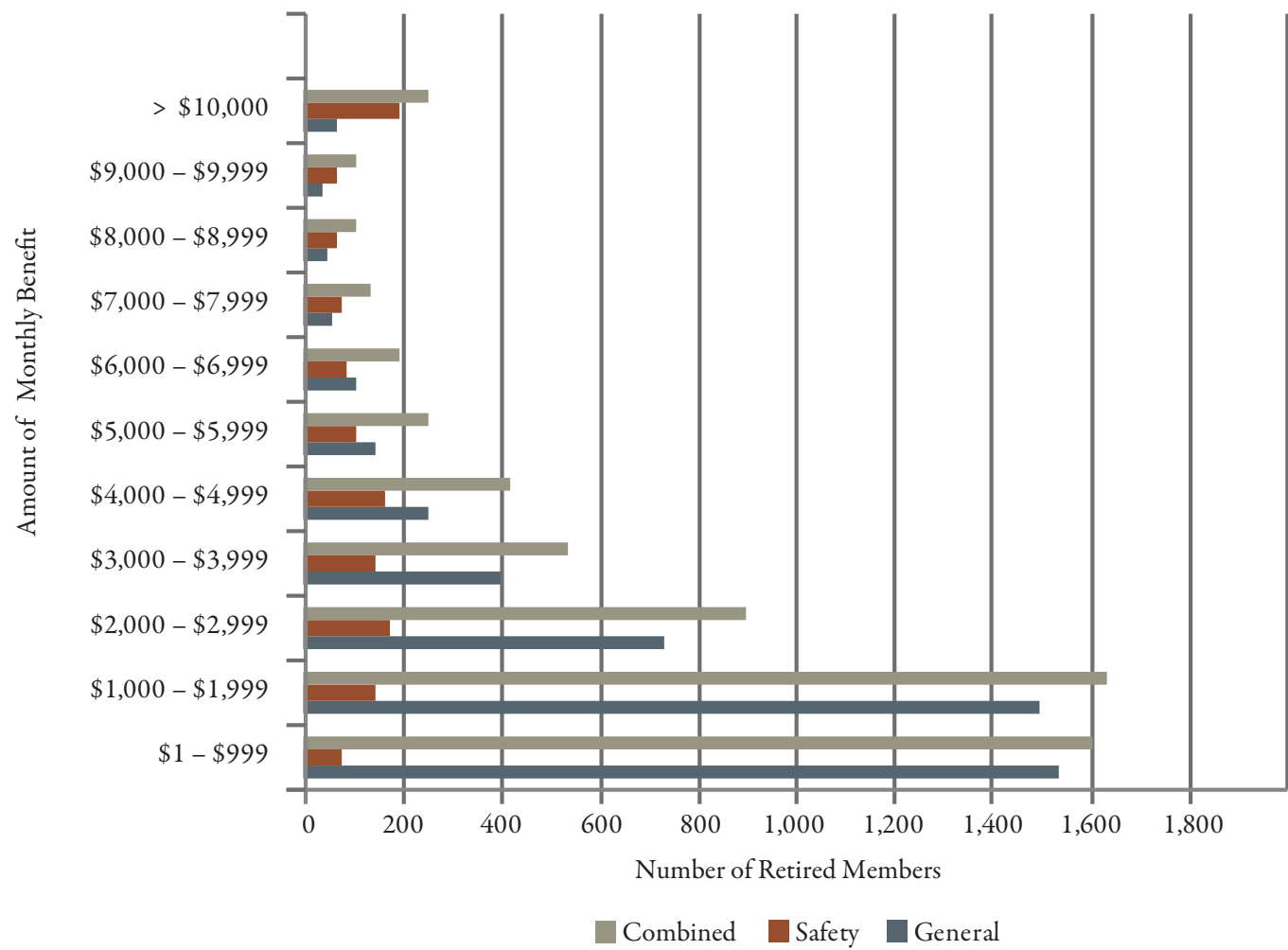
* Type of Retirement:

A - Service Retiree

B - Disability Retiree

C - Beneficiary/Continuant/Survivor

RETIRED MEMBERS RECEIVING BENEFITS



SCHEDULE OF AVERAGE MONTHLY BENEFIT PAYMENTS

2006-2014

Years of Credited Service	5-9	10-14	15-19	20-24	25-29	30+
RETIREES - 2014						
GENERAL MEMBERS						
Average Monthly Benefit	\$1,222	\$1,823	\$2,194	\$3,114	\$4,208	\$5,176
Average Final Average Salary	\$6,626	\$6,614	\$6,219	\$6,737	\$7,475	\$7,127
Number of Active Retirees	40	66	36	48	26	21
SAFETY MEMBERS						
Average Monthly Benefit	\$2,599	\$4,138	\$4,444	\$4,864	\$7,305	\$12,835
Average Final Average Salary	\$8,760	\$10,770	\$10,378	\$9,755	\$11,132	\$14,645
Number of Active Retirees	7	5	2	3	6	13
RETIREES - 2013						
GENERAL MEMBERS						
Average Monthly Benefit	\$1,278	\$1,749	\$2,514	\$3,344	\$4,905	\$5,803
Average Final Average Salary	\$6,614	\$6,741	\$7,147	\$7,061	\$7,821	\$7,886
Number of Active Retirees	27	74	37	39	23	36
SAFETY MEMBERS						
Average Monthly Benefit	\$1,387	\$3,234	\$4,051	\$6,453	\$6,426	\$11,371
Average Final Average Salary	\$10,367	\$8,893	\$8,302	\$11,913	\$10,856	\$12,610
Number of Active Retirees	9	3	4	4	7	26
RETIREES - 2012						
GENERAL MEMBERS						
Average Monthly Benefit	\$950	\$1,831	\$2,653	\$2,996	\$4,065	\$6,683
Average Final Average Salary	\$5,888	\$6,580	\$6,667	\$6,522	\$7,144	\$8,971
Number of Active Retirees	46	57	28	31	22	26
SAFETY MEMBERS						
Average Monthly Benefit	\$1,219	\$2,928	\$2,915	\$7,491	\$9,827	\$10,422
Average Final Average Salary	\$7,910	\$8,631	\$5,263	\$12,690	\$13,347	\$12,150
Number of Active Retirees	9	6	1	14	6	22

SCHEDULE OF AVERAGE MONTHLY BENEFIT PAYMENTS - *CONTINUED*

2006-2014

Years of Credited Service	5-9	10-14	15-19	20-24	25-29	30+
RETIREES - 2011						
GENERAL MEMBERS						
Average Monthly Benefit	\$1,169	\$1,835	\$2,497	\$3,824	\$5,203	\$6,494
Average Final Average Salary	\$6,376	\$6,466	\$6,489	\$8,145	\$9,263	\$8,729
Number of Active Retirees	59	76	34	46	24	28
SAFETY MEMBERS						
Average Monthly Benefit	\$2,599	\$4,138	\$4,444	\$4,864	\$7,305	\$12,835
Average Final Average Salary	\$8,760	\$10,770	\$10,378	\$9,755	\$11,132	\$14,645
Number of Active Retirees	7	5	2	3	6	13
RETIREES - 2010						
GENERAL MEMBERS						
Average Monthly Benefit	\$1,146	\$1,765	\$2,372	\$3,694	\$4,368	\$5,674
Average Final Average Salary	\$6,540	\$6,376	\$6,356	\$8,000	\$8,063	\$7,409
Number of Active Retirees	42	47	36	33	19	31
SAFETY MEMBERS						
Average Monthly Benefit	\$2,889	\$3,231	\$2,919	\$6,632	\$7,520	\$11,226
Average Final Average Salary	\$13,166	\$8,312	\$8,033	\$12,022	\$11,082	\$13,032
Number of Active Retirees	5	9	11	9	8	23
RETIREES - 2009						
GENERAL MEMBERS						
Average Monthly Benefit	\$1,708	\$2,053	\$3,271	\$3,681	\$4,226	\$5,416
Average Final Average Salary	\$4,460	\$8,125	\$8,094	\$7,599	\$7,883	\$7,190
Number of Active Retirees	29	23	13	11	9	23
SAFETY MEMBERS						
Average Monthly Benefit	\$2,613	\$2,754	\$4,605	\$5,595	\$10,741	\$11,951
Average Final Average Salary	\$9,309	\$7,503	\$11,038	\$11,809	\$13,642	\$14,329
Number of Active Retirees	11	4	2	3	1	14

SCHEDULE OF AVERAGE MONTHLY BENEFIT PAYMENTS - *CONTINUED*
2006-2014

Years of Credited Service	5-9	10-14	15-19	20-24	25-29	30+
RETIREES - 2008						
GENERAL MEMBERS						
Average Monthly Benefit	\$968	\$1,445	\$2,003	\$3,886	\$4,010	\$5,879
Average Final Average Salary	\$6,221	\$5,638	\$5,659	\$8,256	\$6,745	\$7,693
Number of Active Retirees	36	44	35	20	30	14
SAFETY MEMBERS						
Average Monthly Benefit	\$3,527	\$4,053	\$4,672	\$6,663	\$8,934	\$10,340
Average Final Average Salary	\$9,730	\$12,444	\$10,888	\$11,394	\$11,897	\$11,398
Number of Active Retirees	7	5	4	6	10	11
RETIREES - 2007						
GENERAL MEMBERS						
Average Monthly Benefit	\$961	\$1,410	\$1,877	\$2,533	\$3,354	\$6,589
Average Final Average Salary	\$5,423	\$5,575	\$5,856	\$6,045	\$5,847	\$8,961
Number of Active Retirees	34	50	43	35	26	22
SAFETY MEMBERS						
Average Monthly Benefit	\$2,404	\$3,149	\$4,050	\$6,294	\$7,964	\$9,409
Average Final Average Salary	\$7,670	\$10,390	\$7,976	\$10,438	\$10,889	\$10,931
Number of Active Retirees	6	11	2	6	9	7
RETIREES - 2006						
GENERAL MEMBERS						
Average Monthly Benefit	\$909	\$1,376	\$1,574	\$3,033	\$4,255	\$6,239
Average Final Average Salary	\$5,121	\$5,239	\$5,337	\$9,703	\$7,186	\$8,679
Number of Active Retirees	28	55	33	31	24	26
SAFETY MEMBERS						
Average Monthly Benefit	\$3,417	\$2,919	\$4,935	\$4,044	\$6,377	\$9,037
Average Final Average Salary	\$7,716	\$10,390	\$10,338	\$9,976	\$8,910	\$10,256
Number of Active Retirees	5	11	8	10	11	14

SCHEDULE OF AVERAGE MONTHLY BENEFIT PAYMENTS - *CONTINUED* 2005

RETIREES - 2005

GENERAL MEMBERS

Service Retirements	\$1,744
Disability Retirements	\$1,641
Survivor Continuances	\$1,075
Number General Retirees	3,064
Number General Continuances	408

SAFETY MEMBERS

Service Retirements	\$4,752
Disability Retirements	\$3,608
Survivor Continuances	\$2,630
Number General Retirees	739
Number General Continuances	103

PARTICIPATING EMPLOYERS AND ACTIVE MEMBERS
LAST TEN FISCAL YEARS

	2014	2013	2012	2011	2010
COUNTY OF VENTURA					
General Members	6,212	6,104	6,031	6,069	6,057
Safety Members	1,538	1,505	1,490	1,524	1,498
Total	7,750	7,609	7,521	7,593	7,555

PARTICIPATING AGENCIES (GENERAL MEMBERSHIP)

Ventura Regional Sanitation District	69	61	60	60	61
Courts	345	350	387	387	387
Air Pollution Control District	46	48	51	—	—
Total	460	459	498	447	448

TOTAL ACTIVE MEMBERSHIP

General Members	6,672	6,563	6,529	6,516	6,505
Safety Members	1,538	1,505	1,490	1,524	1,498
Total	8,210	8,068	8,019	8,040	8,003

	2009	2008	2007	2006	2005
COUNTY OF VENTURA					
General Members	6,044	5,932	6,066	5,836	5,688
Safety Members	1,544	1,550	1,523	1,501	1,492
Total	7,588	7,482	7,589	7,337	7,180

PARTICIPATING AGENCIES (GENERAL MEMBERSHIP)

Ventura Regional Sanitation District	69	65	64	66	65
Courts	388	381	—	—	—
Air Pollution Control District	—	—	—	—	—
Total	457	446	64	66	65

TOTAL ACTIVE MEMBERSHIP

General Members	6,501	6,378	6,130	5,902	5,753
Safety Members	1,544	1,550	1,523	1,501	1,492
Total	8,045	7,928	7,653	7,403	7,245

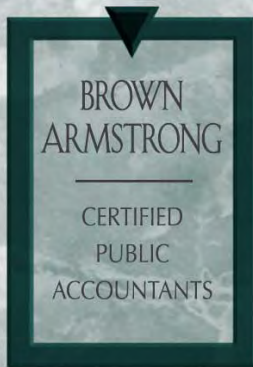
EMPLOYER CONTRIBUTION RATES LAST TEN FISCAL YEARS

COUNTY OF VENTURA

Year	Tier 1	Tier 2	PEPRA Tier 1	PEPRA Tier 2	Safety	PEPRA Safety
2014	37.35%	18.42%	28.36%	16.15%	54.57%	48.99%
2013	171.83%	10.15%	13.99%	14.67%	46.63%	43.16%
2012	114.29%	10.16%	N/A	N/A	43.86%	N/A
2011	79.92%	8.82%	N/A	N/A	37.94%	N/A
2010	46.89%	7.70%	N/A	N/A	31.06%	N/A
2009	49.29%	8.47%	N/A	N/A	32.78%	N/A
2008	50.69%	9.61%	N/A	N/A	35.25%	N/A
2007	32.75%	9.09%	N/A	N/A	32.01%	N/A
2006	25.27%	8.77%	N/A	N/A	30.37%	N/A
2005	14.79%	7.73%	N/A	N/A	28.27%	N/A

OTHER PARTICIPATING AGENCIES

2014	37.35%	18.42%	28.36%	16.15%	N/A	N/A
2013	171.83%	10.15%	13.99%	14.67%	N/A	N/A
2012	114.29%	10.16%	N/A	N/A	N/A	N/A
2011	79.92%	8.82%	N/A	N/A	N/A	N/A
2010	46.89%	7.70%	N/A	N/A	N/A	N/A
2009	49.29%	8.47%	N/A	N/A	N/A	N/A
2008	50.69%	9.61%	N/A	N/A	N/A	N/A
2007	32.75%	9.09%	N/A	N/A	N/A	N/A
2006	25.27%	8.77%	N/A	N/A	N/A	N/A
2005	14.79%	7.73%	N/A	N/A	N/A	N/A



BROWN ARMSTRONG
Certified Public Accountants

Ventura County Employees' Retirement Association
Board of Retirement presentation of the June 30, 2014 audit results
By: Andrew J. Paulden, CPA
Brown Armstrong Accountancy Corporation

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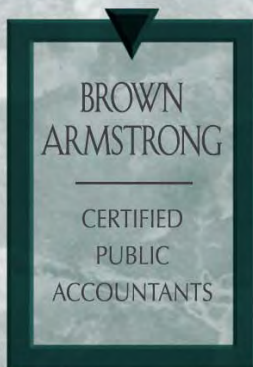
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1. Purpose of the Audit
2. The Audit Process
 - a. Timeline coordination with VCERA staff
 - b. Understanding and evaluation of VCERA internal controls through inquiry and observation
 - c. Confirmation of account balances, legal, active and retired participants, and actuary
 - d. Interim testing
 - e. Final fieldwork
 - f. Report presentation
3. Significant Audit Areas/Scope of Audit Work
 - a. Risk based approach
 - b. Investments and related earnings
 - c. Participant data and actuarial information
 - d. Employee and employer contributions
 - e. Benefit payments
 - f. GASB 67
4. Audit Reports
 - a. Independent Auditor's Report (opinion) on financial statements – unqualified ("clean") opinion
 - b. Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
 - c. Required Communication to the Board of Retirement in Accordance with Professional Standards – SAS 114
5. Questions and/or Comments?



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Retirement
Ventura County Employees' Retirement Association
Ventura, California

Report on the Financial Statements

We have audited the accompanying Statement of Fiduciary Net Position of Ventura County Employees' Retirement Association (VCERA) as of June 30, 2014 and 2013, and the related Statement of Changes in Fiduciary Net Position for the years then ended, and the related notes to the financial statements, which collectively comprise VCERA's basic financial statements as listed in the table of contents. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows or resources, total deferred inflows of resources, and total pension expense (\$ in thousands, \$553,154, \$597, \$342,395, and \$70,043, respectively) included in the Governmental Accounting Standards Board (GASB) Statement No. 67 schedules listed as other information in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to VCERA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of VCERA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the fiduciary net position of VCERA as of June 30, 2014 and 2013, and the changes in fiduciary net position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2014, VCERA implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, which revises existing guidance for the financial reports of most pension plans.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplemental information, as noted in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on these financial statements. The other supplementary information and the introductory, investment, actuarial, and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

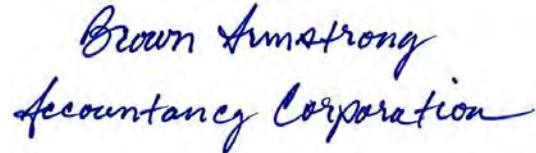
The other supplementary information, as noted in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, investment, actuarial, and statistical sections, as noted in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2014, on our consideration of VCERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering VCERA's internal control over financial reporting on compliance and should be considered in assessing the results of our audit.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

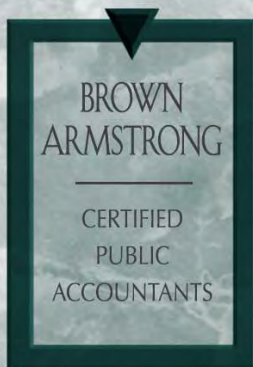
Bakersfield, California
December 31, 2014

**VENTURA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION
REPORT TO MANAGEMENT
FOR THE YEAR ENDED JUNE 30, 2014**

**VENTURA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION**

TABLE OF CONTENTS

	<u>Page</u>
I. Required Communication to the Board of Retirement in Accordance with Professional Standards	1
II. Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3



BROWN ARMSTRONG

Certified Public Accountants

REQUIRED COMMUNICATION TO THE BOARD OF RETIREMENT IN ACCORDANCE WITH PROFESSIONAL STANDARDS

Board of Retirement
Ventura County Employees' Retirement Association
Ventura, California

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We have audited the financial statements of Ventura County Employees' Retirement Association (VCERA) for the year ended June 30, 2014, and have issued our report thereon dated December 31, 2014. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 31, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Ventura County Employees' Retirement Association are described in Note 1 to the financial statements. VCERA implemented the following standard in 2014: Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. The objective of GASB Statement No 67 is to improve financial reporting by state and local government pension plans, such as VCERA.

We noted no transactions entered into by Ventura County Employees' Retirement Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the fair market value of investments:

Management's estimate of the fair market value of investments is derived by various methods as detailed in Note 1 to the financial statements. We evaluated the key factors and assumptions used to develop the fair market value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosures for deposits and investments in Notes 1 and 3 to the financial statements, Summary of Significant Accounting Policies and Deposits and Investment Risk Disclosures, respectively, were derived from Ventura County Employees' Retirement Association's investment policy. Management's estimate of the fair market value of investments was derived by various methods as detailed in the notes.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the Management Representation Letter dated December 31, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Ventura County Employees' Retirement Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Ventura County Employees' Retirement Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

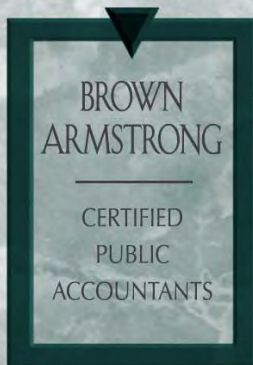
This information is intended solely for the use of the Board of Retirement and management of the Ventura County Employees' Retirement Association and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong

Accountancy Corporation

Bakersfield, California
December 31, 2014



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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Ventura, California

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We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ventura County Employees' Retirement Association (VCERA), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise VCERA's basic financial statements, and have issued our report thereon dated December 31, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered VCERA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinions on the effectiveness of VCERA's internal control. Accordingly, we do not express an opinion on the effectiveness of VCERA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

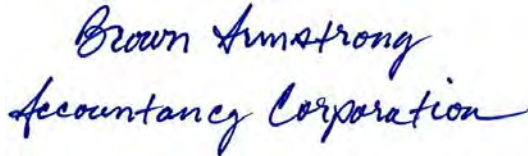
Compliance and Other Matters

As part of obtaining reasonable assurance about whether VCERA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of VCERA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering VCERA's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California
December 31, 2014



NEPC, LLC

YOU DEMAND MORE. *So do we.*SM



Ventura County Employees' Retirement Association

Performance Report
Month Ending December 31, 2014

Dan LeBeau, Consultant
Allan Martin, Partner
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BOSTON | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | SAN FRANCISCO

Ventura County Employees' Retirement Association

Total Fund Performance Detail Net of Fees

Performance Summary

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Fund	4,319,618,032	100.0	-1.0	0.8	6.1	-0.4	6.1	12.6	10.5	6.4	8.2	Apr-94
Policy Index			<u>-0.7</u>	<u>1.6</u>	<u>6.6</u>	<u>0.8</u>	<u>6.6</u>	<u>12.2</u>	<u>9.9</u>	<u>6.6</u>	<u>8.2</u>	<u>Apr-94</u>
Over/Under			-0.3	-0.8	-0.5	-1.2	-0.5	0.4	0.6	-0.2	0.0	
Total Fund ex Clifton	4,285,438,523	99.2	0.0	1.8	7.3	0.7	7.3	12.8	10.6	6.5	8.3	Apr-94
Total Fund ex Private Equity	4,209,529,613	97.5	-1.0	0.7	5.9	-0.5	5.9	11.7	--	--	11.7	Jan-12
Policy Index			<u>-0.7</u>	<u>1.6</u>	<u>6.6</u>	<u>0.8</u>	<u>6.6</u>	<u>12.2</u>	<u>9.9</u>	<u>6.6</u>	<u>12.2</u>	<u>Jan-12</u>
Over/Under			-0.3	-0.9	-0.7	-1.3	-0.7	-0.5			-0.5	
Total US Equity	1,396,193,063	32.3	0.0	5.2	12.5	5.1	12.5	20.8	16.1	7.5	9.2	Dec-93
Total U.S. Equity Benchmark			<u>0.0</u>	<u>5.2</u>	<u>12.4</u>	<u>5.1</u>	<u>12.4</u>	<u>20.4</u>	<u>15.7</u>	<u>8.0</u>	<u>9.5</u>	<u>Dec-93</u>
Over/Under			0.0	0.0	0.1	0.0	0.1	0.4	0.4	-0.5	-0.3	
BlackRock Extended Equity Index	46,580,017	1.1	0.9	6.4	7.5	1.3	7.5	20.7	17.0	9.4	12.6	Oct-02
Dow Jones U.S. Completion Total Stock Market			<u>1.0</u>	<u>6.4</u>	<u>7.6</u>	<u>1.3</u>	<u>7.6</u>	<u>20.5</u>	<u>16.7</u>	<u>9.3</u>	<u>12.6</u>	<u>Oct-02</u>
Over/Under			-0.1	0.0	-0.1	0.0	-0.1	0.2	0.3	0.1	0.0	
Western U.S. Index Plus	139,063,476	3.2	-0.5	4.7	14.2	6.0	14.2	22.4	18.2	--	3.6	May-07
S&P 500			<u>-0.3</u>	<u>4.9</u>	<u>13.7</u>	<u>6.1</u>	<u>13.7</u>	<u>20.4</u>	<u>15.5</u>	<u>7.7</u>	<u>6.3</u>	<u>May-07</u>
Over/Under			-0.2	-0.2	0.5	-0.1	0.5	2.0	2.7		-2.7	
BlackRock Equity Market Fund	1,210,549,570	28.0	0.0	5.3	12.5	5.2	12.5	20.5	15.7	--	7.7	Dec-07
Dow Jones U.S. Total Stock Market			<u>0.0</u>	<u>5.2</u>	<u>12.5</u>	<u>5.2</u>	<u>12.5</u>	<u>20.4</u>	<u>15.7</u>	<u>8.1</u>	<u>7.6</u>	<u>Dec-07</u>
Over/Under			0.0	0.1	0.0	0.0	0.0	0.1	0.0		0.1	

Policy Index: Uses an estimated CPI+4% index due to CPI monthly lag

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

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

CPI+4% is estimated for latest month.

Report is Preliminary, and subject to change.



December 31, 2014

Ventura County Employees' Retirement Association

Total Fund Performance Detail Net of Fees

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Non-US Equity	597,996,832	13.8	-3.1	-3.3	-3.6	-8.3	-3.6	9.7	5.3	5.2	6.5	Mar-94
Total Non-US Equity Benchmark			<u>-3.6</u>	<u>-3.9</u>	<u>-3.9</u>	<u>-8.9</u>	<u>-3.9</u>	<u>9.0</u>	<u>4.4</u>	<u>5.1</u>	<u>5.3</u>	Mar-94
Over/Under			0.5	0.6	0.3	0.6	0.3	0.7	0.9	0.1	1.2	
BlackRock ACWI ex-U.S. Index	249,106,026	5.8	-3.3	-3.9	-3.8	-9.1	-3.8	9.4	4.9	--	1.4	Mar-07
MSCI ACWI ex USA Gross			<u>-3.6</u>	<u>-3.8</u>	<u>-3.4</u>	<u>-8.8</u>	<u>-3.4</u>	<u>9.5</u>	<u>4.9</u>	<u>5.6</u>	<u>1.4</u>	Mar-07
Over/Under			0.3	-0.1	-0.4	-0.3	-0.4	-0.1	0.0		0.0	
Sprucegrove	180,309,142	4.2	-2.8	-2.8	-3.2	-8.7	-3.2	9.9	7.1	5.7	8.0	Mar-02
MSCI EAFE Gross			<u>-3.4</u>	<u>-3.5</u>	<u>-4.5</u>	<u>-9.2</u>	<u>-4.5</u>	<u>11.6</u>	<u>5.8</u>	<u>4.9</u>	<u>6.7</u>	Mar-02
Over/Under			0.6	0.7	1.3	0.5	1.3	-1.7	1.3	0.8	1.3	
MSCI ACWI ex USA Gross			-3.6	-3.8	-3.4	-8.8	-3.4	9.5	4.9	5.6	7.4	Mar-02
Hexavest	77,396,658	1.8	-3.9	-4.1	-4.3	-7.7	-4.3	9.3	--	--	4.3	Dec-10
MSCI EAFE Gross			<u>-3.4</u>	<u>-3.5</u>	<u>-4.5</u>	<u>-9.2</u>	<u>-4.5</u>	<u>11.6</u>	<u>5.8</u>	<u>4.9</u>	<u>5.2</u>	Dec-10
Over/Under			-0.5	-0.6	0.2	1.5	0.2	-2.3			-0.9	
Walter Scott	91,185,006	2.1	-2.1	-2.1	-3.5	-5.8	-3.5	9.1	--	--	4.2	Dec-10
MSCI ACWI ex USA Gross			<u>-3.6</u>	<u>-3.8</u>	<u>-3.4</u>	<u>-8.8</u>	<u>-3.4</u>	<u>9.5</u>	<u>4.9</u>	<u>5.6</u>	<u>3.3</u>	Dec-10
Over/Under			1.5	1.7	-0.1	3.0	-0.1	-0.4			0.9	
Total Global Equity	430,311,722	10.0	-2.6	-0.9	1.9	-4.5	1.9	12.4	8.7	--	5.5	May-05
MSCI ACWI Gross			<u>-1.9</u>	<u>0.5</u>	<u>4.7</u>	<u>-1.7</u>	<u>4.7</u>	<u>14.7</u>	<u>9.7</u>	<u>6.6</u>	<u>7.2</u>	May-05
Over/Under			-0.7	-1.4	-2.8	-2.8	-2.8	-2.3	-1.0		-1.7	
GMO Global Equity	207,898,270	4.8	-3.2	-2.3	-0.9	-7.3	-0.9	11.3	8.3	--	6.6	Apr-05
MSCI ACWI Gross			<u>-1.9</u>	<u>0.5</u>	<u>4.7</u>	<u>-1.7</u>	<u>4.7</u>	<u>14.7</u>	<u>9.7</u>	<u>6.6</u>	<u>7.2</u>	Apr-05
Over/Under			-1.3	-2.8	-5.6	-5.6	-5.6	-3.4	-1.4		-0.6	
BlackRock MSCI ACWI Equity Index	222,413,451	5.1	-1.9	0.5	4.6	-1.8	4.6	--	--	--	--	May-12
MSCI ACWI Gross			<u>-1.9</u>	<u>0.5</u>	<u>4.7</u>	<u>-1.7</u>	<u>4.7</u>	<u>14.7</u>	<u>9.7</u>	<u>6.6</u>	<u>16.8</u>	May-12
Over/Under			0.0	0.0	-0.1	-0.1	-0.1					

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

Ventura County Employees' Retirement Association

Total Fund Performance Detail Net of Fees

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total US Fixed Income	759,621,510	17.6	-0.3	0.1	3.0	0.0	3.0	4.1	6.0	5.9	6.3	Feb-94
Barclays Aggregate			<u>0.1</u>	<u>1.8</u>	<u>6.0</u>	<u>2.0</u>	<u>6.0</u>	<u>2.7</u>	<u>4.4</u>	<u>4.7</u>	<u>5.8</u>	Feb-94
Over/Under			-0.4	-1.7	-3.0	-2.0	-3.0	1.4	1.6	1.2	0.5	
Western	266,362,313	6.2	0.0	1.4	7.4	1.7	7.4	5.2	6.8	5.5	6.6	Dec-96
Barclays Aggregate			<u>0.1</u>	<u>1.8</u>	<u>6.0</u>	<u>2.0</u>	<u>6.0</u>	<u>2.7</u>	<u>4.4</u>	<u>4.7</u>	<u>5.7</u>	Dec-96
Over/Under			-0.1	-0.4	1.4	-0.3	1.4	2.5	2.4	0.8	0.9	
BlackRock U.S. Debt Fund	139,244,770	3.2	0.2	1.8	6.2	2.0	6.2	2.8	4.6	4.8	5.7	Nov-95
Barclays Aggregate			<u>0.1</u>	<u>1.8</u>	<u>6.0</u>	<u>2.0</u>	<u>6.0</u>	<u>2.7</u>	<u>4.4</u>	<u>4.7</u>	<u>5.6</u>	Nov-95
Over/Under			0.1	0.0	0.2	0.0	0.2	0.1	0.2	0.1	0.1	
Reams	282,260,049	6.5	-0.8	-2.0	-3.6	-2.4	-3.6	2.8	5.3	6.1	5.9	Sep-01
Reams Custom Index			<u>0.0</u>	<u>0.1</u>	<u>0.2</u>	<u>0.1</u>	<u>0.2</u>	<u>1.3</u>	<u>3.6</u>	<u>4.3</u>	<u>4.6</u>	Sep-01
Over/Under			-0.8	-2.1	-3.8	-2.5	-3.8	1.5	1.7	1.8	1.3	
Barclays Aggregate			<u>0.1</u>	<u>1.8</u>	<u>6.0</u>	<u>2.0</u>	<u>6.0</u>	<u>2.7</u>	<u>4.4</u>	<u>4.7</u>	<u>5.0</u>	Sep-01
Loomis Sayles Multi Strategy	71,754,377	1.7	-0.9	0.0	6.8	-0.7	6.8	8.1	8.4	--	7.2	Jul-05
Loomis Custom Index			<u>-0.4</u>	<u>0.8</u>	<u>4.6</u>	<u>0.3</u>	<u>4.6</u>	<u>4.3</u>	<u>5.7</u>	--	<u>5.7</u>	Jul-05
Over/Under			-0.5	-0.8	2.2	-1.0	2.2	3.8	2.7		1.5	
Barclays Aggregate			<u>0.1</u>	<u>1.8</u>	<u>6.0</u>	<u>2.0</u>	<u>6.0</u>	<u>2.7</u>	<u>4.4</u>	<u>4.7</u>	<u>4.8</u>	Jul-05
Total Global Fixed Income	259,940,590	6.0	-0.6	-0.5	1.5	-2.9	1.5	--	--	--	1.1	Jun-12
Barclays Global Aggregate			<u>-0.7</u>	<u>-1.0</u>	<u>0.6</u>	<u>-4.1</u>	<u>0.6</u>	<u>0.7</u>	<u>2.6</u>	<u>3.6</u>	<u>0.3</u>	Jun-12
Over/Under			0.1	0.5	0.9	1.2	0.9				0.8	
Loomis Sayles Global Fixed Income	92,140,718	2.1	-0.8	-1.4	0.4	-4.4	0.4	--	--	--	0.7	Jun-12
Barclays Global Aggregate			<u>-0.7</u>	<u>-1.0</u>	<u>0.6</u>	<u>-4.1</u>	<u>0.6</u>	<u>0.7</u>	<u>2.6</u>	<u>3.6</u>	<u>0.3</u>	Jun-12
Over/Under			-0.1	-0.4	-0.2	-0.3	-0.2				0.4	
PIMCO Global Fixed Income	125,823,520	2.9	-0.5	-0.1	2.1	-2.9	2.1	--	--	--	-0.7	Sep-12
Barclays Global Aggregate			<u>-0.7</u>	<u>-1.0</u>	<u>0.6</u>	<u>-4.1</u>	<u>0.6</u>	<u>0.7</u>	<u>2.6</u>	<u>3.6</u>	<u>-1.1</u>	Sep-12
Over/Under			0.2	0.9	1.5	1.2	1.5				0.4	
Loomis Strategic Alpha	41,976,351	1.0	-0.3	0.0	2.4	0.3	2.4	--	--	--	2.7	Jul-13
Barclays Global Aggregate			<u>-0.7</u>	<u>-1.0</u>	<u>0.6</u>	<u>-4.1</u>	<u>0.6</u>	<u>0.7</u>	<u>2.6</u>	<u>3.6</u>	<u>1.2</u>	Jul-13
Over/Under			0.4	1.0	1.8	4.4	1.8				1.5	

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

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

Loomis Sayles is Preliminary at time of report, and subject to change

Ventura County Employees' Retirement Association

Total Fund Performance Detail Net of Fees

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Real Estate	313,736,471	7.3	0.0	0.0	8.3	3.0	8.3	9.3	11.5	5.1	7.6	Mar-94
<i>Total Real Estate Benchmark</i>			<u>0.0</u>	<u>0.0</u>	<u>8.9</u>	<u>3.2</u>	<u>8.9</u>	<u>11.3</u>	<u>13.2</u>	<u>6.6</u>	<u>8.7</u>	<i>Mar-94</i>
Over/Under			0.0	0.0	-0.6	-0.2	-0.6	-2.0	-1.7	-1.5	-1.1	
Prudential Real Estate	103,915,047	2.4	0.0	0.0	8.6	3.0	8.6	10.4	13.2	6.8	4.8	Jun-04
UBS Real Estate	202,620,814	4.7	0.0	0.0	7.6	2.9	7.6	8.6	10.7	6.3	7.1	Mar-03
RREEF	7,200,610	0.2	0.0	0.0	23.5	5.3	23.5	20.6	23.7	--	-6.8	Sep-07
Total Liquid Alternatives	417,549,917	9.7	-2.4	-3.0	10.2	-4.2	10.2	--	--	--	12.8	Apr-13
<i>CPI + 4% (Unadjusted)</i>			<u>-0.2</u>	<u>-0.3</u>	<u>4.8</u>	<u>0.5</u>	<u>4.8</u>	<u>5.4</u>	<u>5.8</u>	<u>6.2</u>	<u>4.6</u>	<i>Apr-13</i>
Over/Under			-2.2	-2.7	5.4	-4.7	5.4	--	--	--	8.2	
Bridgewater All Weather Fund	274,286,699	6.3	-2.0	0.1	7.6	-1.7	7.6	--	--	--	8.3	Aug-13
<i>CPI + 5% (Unadjusted)</i>			<u>-0.1</u>	<u>-0.1</u>	<u>5.8</u>	<u>1.0</u>	<u>5.8</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>5.3</u>	<i>Aug-13</i>
Over/Under			-1.9	0.2	1.8	-2.7	1.8	--	--	--	3.0	
Tortoise Energy Infrastructure	143,263,217	3.3	-3.0	-8.3	15.6	-8.5	15.6	--	--	--	17.1	Apr-13
<i>Wells Fargo MLP Index</i>			<u>-5.1</u>	<u>-11.9</u>	<u>6.0</u>	<u>-9.9</u>	<u>6.0</u>	<u>13.3</u>	<u>--</u>	<u>--</u>	<u>7.4</u>	<i>Apr-13</i>
Over/Under			2.1	3.6	9.6	1.4	9.6	--	--	--	9.7	

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

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

Total Liquid Alternatives index, the CPI+4% is estimated by carrying the last available month forward

CPI+5% and CPI+4% are estimated by carrying the last available month forward

Real Estate Valuation is as of 9/30/2014.

Ventura County Employees' Retirement Association

Total Fund Performance Detail Net of Fees

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Overlay	34,179,509	0.8										
Clifton	34,179,509	0.8										
Total Private Equity	110,088,420	2.5	0.5	1.5	19.0	7.5	19.0	15.7	--	--	--	Jul-10
DJ U.S. Total Stock Market Index + 3%			<u>0.2</u>	<u>6.0</u>	<u>15.8</u>	<u>6.7</u>	<u>15.8</u>	<u>24.0</u>	--	--	--	Jul-10
Over/Under			0.3	-4.5	3.2	0.8	3.2	-8.3				
Adams Street Partners	71,314,433	1.7	1.0	2.8	19.6	7.1	19.6	15.3	--	--	--	Jul-10
DJ U.S. Total Stock Market Index + 3%			<u>0.2</u>	<u>6.0</u>	<u>15.8</u>	<u>6.7</u>	<u>15.8</u>	<u>24.0</u>	--	--	--	Jul-10
Over/Under			0.8	-3.2	3.8	0.4	3.8	-8.7				
Panteon Ventures	8,083,286	0.2	-2.3	-2.4	16.7	3.3	16.7	10.6	--	--	--	Aug-10
DJ U.S. Total Stock Market Index + 3%			<u>0.2</u>	<u>6.0</u>	<u>15.8</u>	<u>6.7</u>	<u>15.8</u>	<u>24.0</u>	--	--	--	Aug-10
Over/Under			-2.5	-8.4	0.9	-3.4	0.9	-13.4				
Harbourvest	30,690,701	0.7	0.0	-0.3	18.5	10.4	18.5	--	--	--	--	May-13
DJ U.S. Total Stock Market Index + 3%			<u>0.2</u>	<u>6.0</u>	<u>15.8</u>	<u>6.7</u>	<u>15.8</u>	<u>24.0</u>	--	--	<u>21.4</u>	May-13
Over/Under			-0.2	-6.3	2.7	3.7	2.7					

Performance for Clifton Overlay is not meaningful on an individual account basis

Please Note:

Private Equity performance is shown on a time-weighted return basis. Values are cash adjusted with current month cash flows.

Ventura County Employees' Retirement Association

Total Fund

Cash Flow Summary

Month Ending December 31, 2014

	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Fees	Net Investment Change	Ending Market Value
Adams Street Partners	\$68,396,089	\$0	\$2,189,500	\$2,189,500	\$0	\$728,843	\$71,314,433
BlackRock ACWI ex-U.S. Index	\$257,598,978	\$0	\$0	\$0	-\$22,426	-\$8,492,952	\$249,106,026
BlackRock Equity Market Fund	\$1,210,681,406	\$0	\$0	\$0	-\$22,259	-\$131,836	\$1,210,549,570
BlackRock Extended Equity Index	\$46,144,931	\$0	\$0	\$0	-\$3,105	\$435,086	\$46,580,017
BlackRock MSCI ACWI Equity Index	\$226,711,461	\$0	\$0	\$0	-\$9,080	-\$4,298,010	\$222,413,451
BlackRock U.S. Debt Fund	\$139,018,227	\$0	\$0	\$0	-\$7,975	\$226,544	\$139,244,770
Bridgewater All Weather Fund	\$279,943,611	\$0	\$0	\$0	-\$90,476	-\$5,656,912	\$274,286,699
Clifton	\$53,120,636	-\$21,303,824	\$2,228,783	-\$19,075,041	-\$3,890	\$133,915	\$34,179,509
GMO Global Equity	\$214,873,695	\$0	\$0	\$0	-\$95,287	-\$6,975,425	\$207,898,270
Harbourvest	\$26,999,388	-\$1,033,701	\$4,725,000	\$3,691,299	\$0	\$14	\$30,690,701
Hexavest	\$80,507,997	\$0	\$0	\$0	-\$29,966	-\$3,111,339	\$77,396,658
Loomis Sayles Global Fixed Income	\$92,837,434	\$0	\$0	\$0	-\$23,035	-\$696,716	\$92,140,718
Loomis Sayles Multi Strategy	\$72,355,722	\$0	\$0	\$0	-\$23,772	-\$601,345	\$71,754,377
Loomis Strategic Alpha	\$42,089,698	\$0	\$0	\$0	-\$13,992	-\$113,347	\$41,976,351
Panteon Ventures	\$9,775,115	-\$1,470,000	\$0	-\$1,470,000	\$0	-\$221,829	\$8,083,286
PIMCO Global Fixed Income	\$126,407,924	\$0	\$0	\$0	-\$35,623	-\$584,404	\$125,823,520
Prudential Real Estate	\$103,915,047	\$0	\$0	\$0	\$0	\$0	\$103,915,047
Reams	\$284,526,572	\$0	\$0	\$0	-\$41,533	-\$2,266,523	\$282,260,049
RREEF	\$7,200,610	\$0	\$0	\$0	\$0	\$0	\$7,200,610
Sprucegrove	\$185,512,984	\$0	\$0	\$0	-\$57,148	-\$5,203,842	\$180,309,142
Tortoise Energy Infrastructure	\$147,636,461	\$0	\$0	\$0	-\$85,033	-\$4,373,244	\$143,263,217
UBS Real Estate	\$202,620,814	\$0	\$0	\$0	\$0	\$0	\$202,620,814
Walter Scott	\$93,072,416	\$0	\$0	\$0	-\$67,468	-\$1,887,411	\$91,185,006
Western	\$266,187,093	\$0	\$0	\$0	-\$45,795	\$175,221	\$266,362,313
Western U.S. Index Plus	\$139,719,013	\$0	\$0	\$0	-\$29,883	-\$655,537	\$139,063,476
Total	\$4,377,853,324	-\$23,807,525	\$9,143,283	-\$14,664,242	-\$707,745	-\$43,571,049	\$4,319,618,032



NEPC, LLC

YOU DEMAND MORE. *So do we.*SM



Ventura County Employees' Retirement Association

2015 Outlook and Capital Market Observations

January 26, 2015

Dan LeBeau, Consultant

Tim McCusker, FSA, CFA, CAIA, Partner

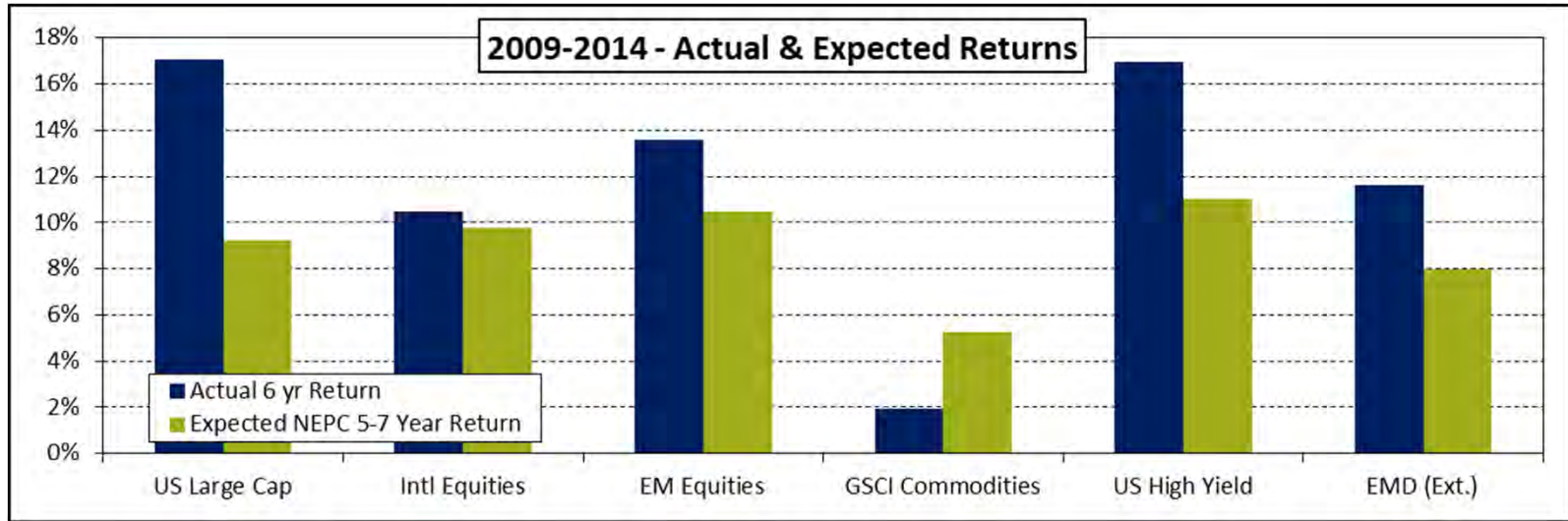
255 State Street, Boston, MA 02109 | TEL: 617.374.1300 | FAX: 617.374.1313 | www.nepc.com

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

Background

- **Returns have been exceptional since the global financial crisis**
 - Results dramatically outpaced expectations during a period of elevated uncertainty
 - Volatility spiked at times but overall experience well below expectations
- **Low realized volatility fuels shortsighted view for long-term investors**
 - Benefits of diversification are questioned but should be a cornerstone of success
- **NEPC's capital market forecasts cover a 5-7 year horizon which is unlikely to look like most recent trailing periods**
 - End point sensitivity pronounced; annualized returns for diversified investors show an 11.9% return for 3 years, 9.2% return for 5 years and 4.7% for 7 years
 - Last three years' results unlikely to continue for the next 5-7 years
- **Easy monetary policy supports near-term returns beyond what fundamentals may otherwise indicate**
 - Europe and Japan may provide further stimulus but effectiveness of extended easy monetary policy wanes in today's low yield environment
 - US strength can spur consumption and buoy global growth but profit margins may compress impacting valuations
 - Timing is key, but difficult to pinpoint; risk balance is encouraged
- **30 year forecasts are lower, challenging feasibility of success**
 - Extension of easy monetary policy has stymied expectations of higher yields
 - Low long term rates drive return expectations back towards levels seen prior to 2013
 - Conventional approaches may fall short going forward

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



Source: Bloomberg and NEPC as of 11/30

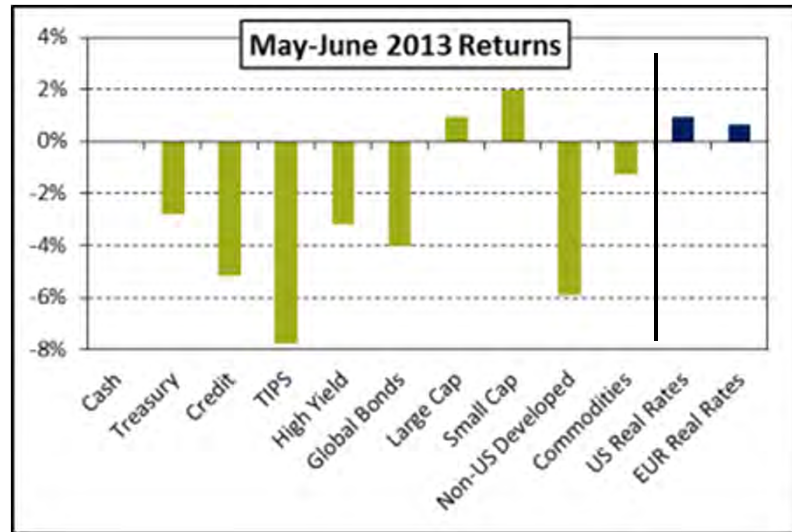
- **NEPC's 2009 5-7 assumptions were eye-popping relative to previous years**
 - Result of significant sell-off in the midst of the global financial crisis
- **Most fundamental forecasting models suggested even higher returns**
 - We discounted original expectations heavily given tremendous path uncertainty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

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

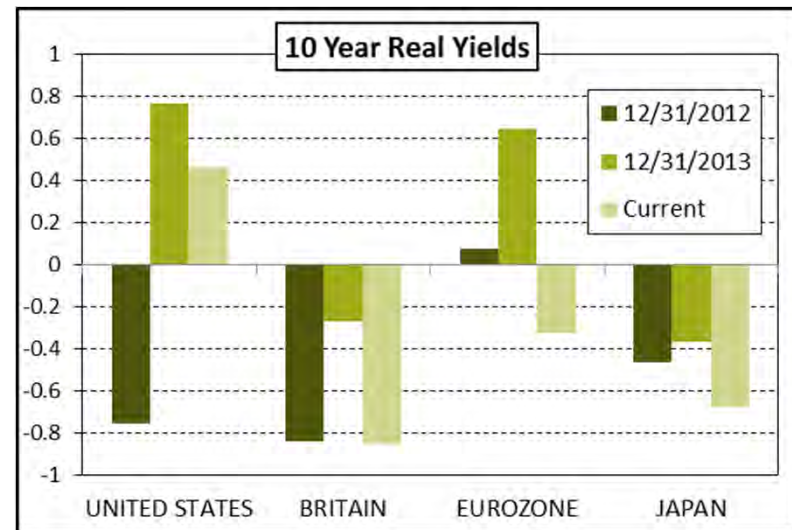
- **Balance potential for short term strength with an acknowledgement of lofty recent returns relative to global growth**
 - Reallocate risk as appropriate while maintaining downside protection as a counterweight
- **US equity and credit similarly valued vs. history; near-term favors stocks**
 - Credit's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

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

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



Source: Bloomberg as of 11/30



Source: Bloomberg as of 11/30

NEPC 2015 Observations and Actions

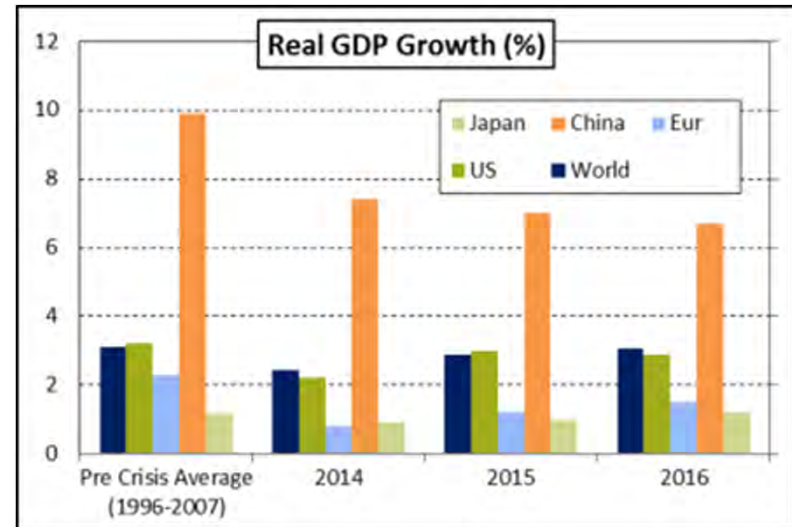
- **Protracted bull market, slow growth, and low interest rates persist**
 - Cautious optimism for US economy, but length and strength of rally warrants inquiry
 - Negative real interest rates have supported elevated valuations and low volatility
 - Investor complacency, coupled with lower liquidity, may leave market more vulnerable
- **Global monetary policies and capital markets continue to diverge**
 - The US successfully navigated the end of quantitative easing in 2014, while Europe pondered and Japan pursued further aggressive monetary policy
 - Regional equity market valuation divergence grew as US P/E ratios expanded
- **The US economy shows strength relative to other developed markets**
 - Improving labor markets, increasing confidence, and expected rise in interest rates are supportive of a stronger dollar, which has been a headwind for foreign exposures
 - Meaningful structural reform and continued aggressive monetary policy are required in Europe & Japan to propel assets higher
- **Fed rate hikes are on the horizon but markets expect a slow pace**
 - High US growth may spur accelerated hike, decoupling rates from market expectations
 - Fed tightening is a first step in a multi-year policy normalization process
- **Emerging Market fatigue tangible; low valuations cannot be ignored**
 - Short- and medium-term challenges camouflage long-term economic growth prospects
 - Plummeting energy prices have potential to create challenges for certain economies

- **Confirm alignment of portfolio positioning with long-term objectives**
 - Recognize investment program's tolerance to withstand short-term volatility
 - Some traditional approaches, such as core bonds (particularly indexed core bonds), suboptimal in current environment
- **Balance desire for increased return with recognition of downside risks**
 - Barbell portfolio risk with defensive allocations to withstand range of outcomes
 - Shift judiciously across and within asset classes
 - Stretched liquid credit markets make equities relatively more attractive
 - Recognize potential for non-US developed markets to react to QE programs, both continued (Bank of Japan) and potential (European Central Bank)
- **Evaluate impact of expected US dollar strength on non-US allocations**
 - Consider strategic developed market currency hedging program to mitigate risk
 - Scrutinize allocation to and implementation within emerging markets
 - Attractive fundamentals and secular trends warrant market weight at a minimum
 - Challenging country specific conditions support pursuit of bold active management
- **Remain committed to high conviction active manager exposures**
 - Passive trends and market complacency may ignite dormant alpha opportunities
 - Use non-traditional strategies with reduced constraints across markets to capitalize
 - Global equity, tactical credit strategies, GAA, liquid alternative beta, global macro
- **Seek niche private strategies to mitigate challenge of high valuations**
 - Energy, European Real Estate, sector-focused growth equity, Asia-focused managers and select direct lending markets all provide compelling opportunities

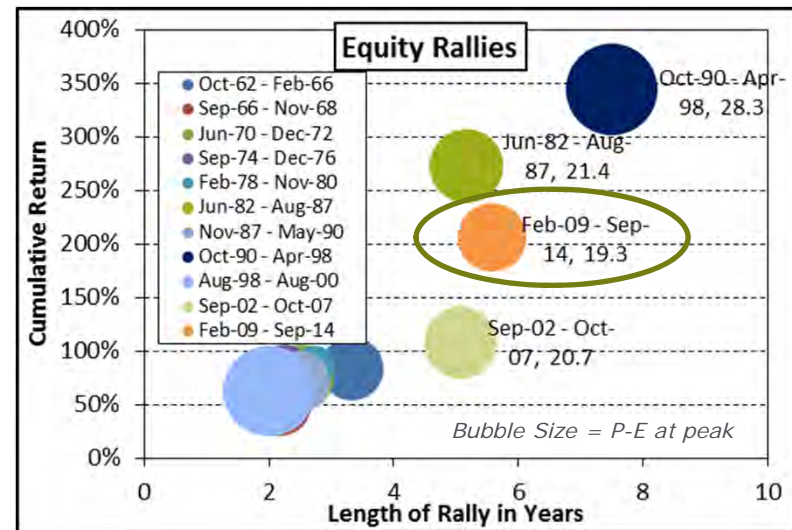
Observations - Detail

5-7 Year Returns Commensurate with Growth; Near-Term Strength Can Persist

- **Global growth forecasts low but approaching pre-crisis levels with less reliance on China**
 - Absolute figures projected to improve for the US and World
 - Europe joins Japan as a drag on global growth
 - China expectations compress but remain quite high
- **S&P rally unlikely to persist for another 5-7 years**
 - Low-for-longer interest rates may provide near term support for higher valuations
 - Tepid growth levels challenge ability to extend outsized returns over this horizon as stimulus wanes
 - While perceived tail-ends of bull markets can be false signs, the current length and magnitude is only outpaced by '82-'87 and '90-'98



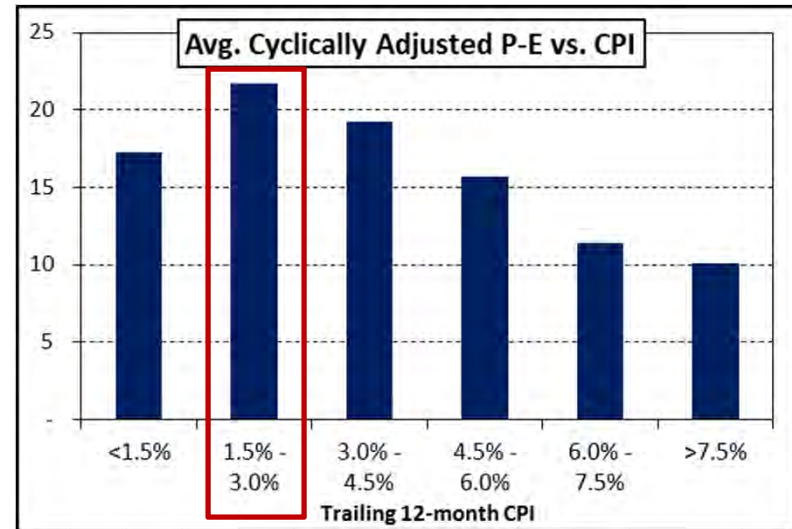
Source: Bloomberg as of 11/30



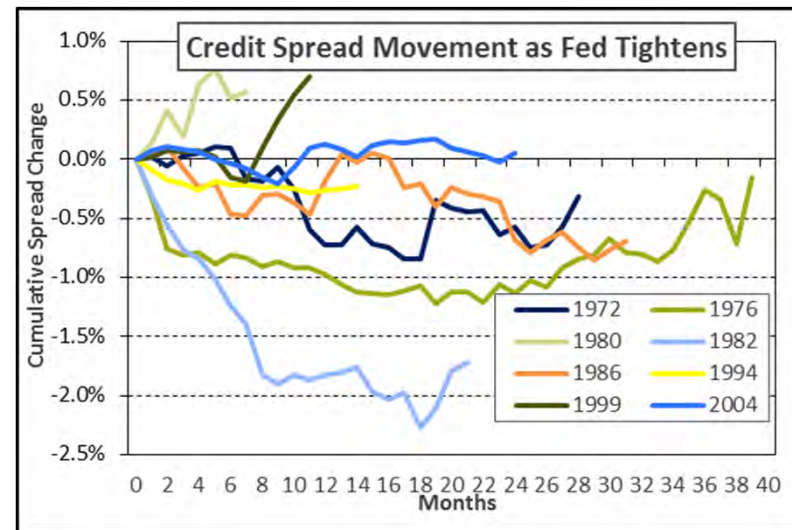
Source: Bloomberg and Shiller Data as of 9/30

Certain Conditions Promote Further Short-Term Optimism

- **While strong performance across most risky asset markets may appear “long in the tooth”, certain conditions may provide underpinning for further strength**
- **Low rate/inflation periods generally support higher valuations**
 - Lower discount rate for valuing future cash flows
 - Equities appear more attractive relative to low yielding fixed income
- **Risk assets, particularly credit, have historically withstood initial impact of rate hikes**
 - Transmission of slowing economic activity through higher rates takes time to impact credit quality
- **These conditions may continue in the short-term but unlikely to continue over 5-7 year horizon**



Source: Bloomberg and Shiller Data as of 11/30

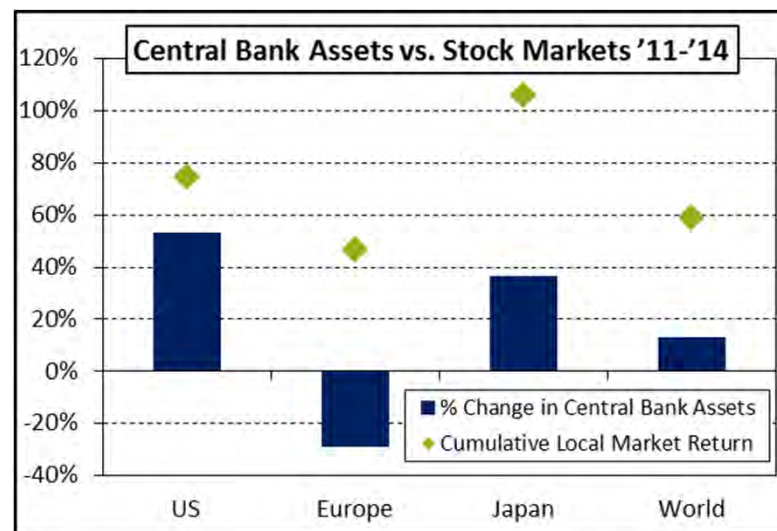


Source: Bloomberg as of 11/30

Policy and Market Divergences Continue to Develop

- **Central bank stimulus has been a key driver of market returns**

- Post crisis monetary policy was first highly stimulative, waned in 2010-2011, then resumed unevenly
- Greater stimulus led to strong *local* market returns
- Continued stimulus in Japan and Europe should be incorporated into outlook but hedging developed market currency exposure is prudent



Source: Bloomberg as of 11/30

- **Policy responses have been key driver of capital market results**

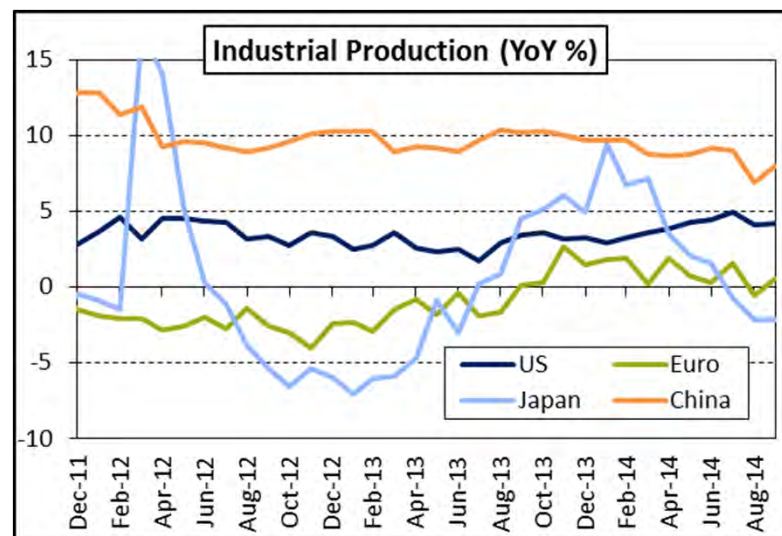
- Distinct economic environments across countries leads to differentiation in market returns
- Evolving monetary policies continue to diverge and likely lead to more independent capital market outcomes among countries



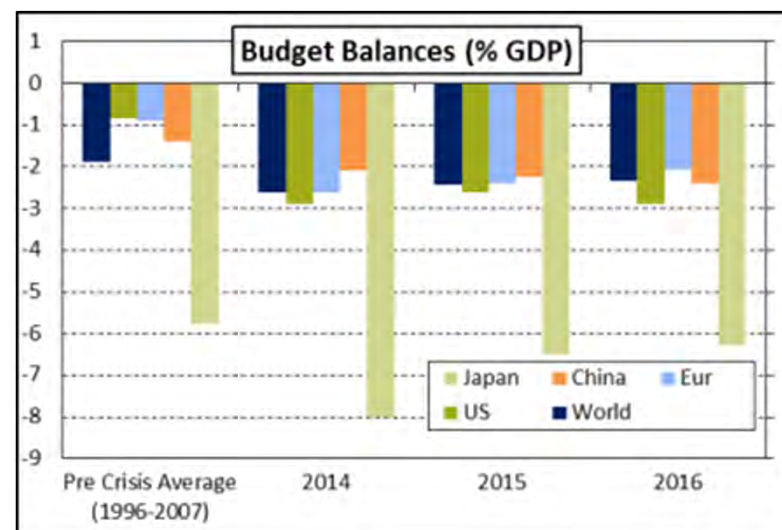
Source: Bloomberg as of 11/30 - Local indices consist of Australia, Europe, UK, Emerging Markets, Japan, New Zealand, US, and Canada

Conditions Present for Elevated Growth in US; Challenges Abroad

- **Fundamental growth prospects more attractive in US and China than Europe and Japan**
 - China continues to remain elevated
 - Euro zone may benefit from recent decline in the Euro and Oil
- **Confidence has improved in US due to a variety of factors**
 - Improved job market, decline in oil and low inflation
- **Fiscal situation is diverse but all major players remain more stimulative than recent history**
 - Japan attacking deflation from all angles; heightened fiscal spending in conjunction with monetary stimulus
 - Europe, notably, expected to further shrink deficits
 - Driven by Germany (not shown) which projects a surplus
 - European policy makers may need to do more



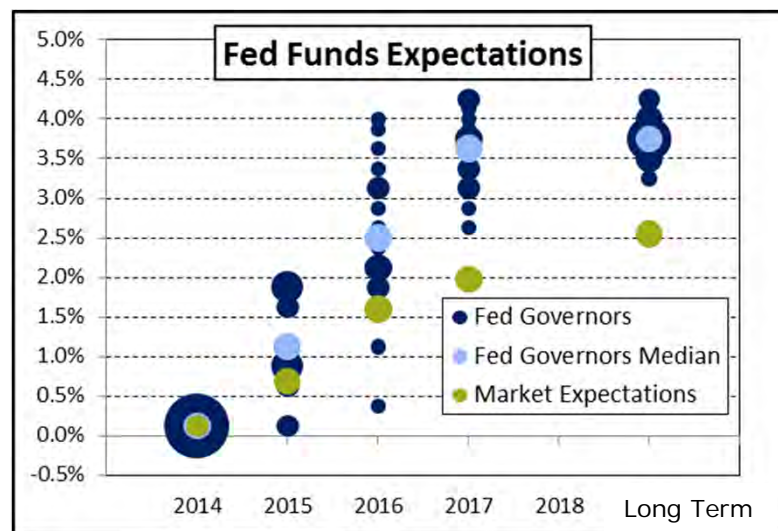
Source: Bloomberg as of 11/30



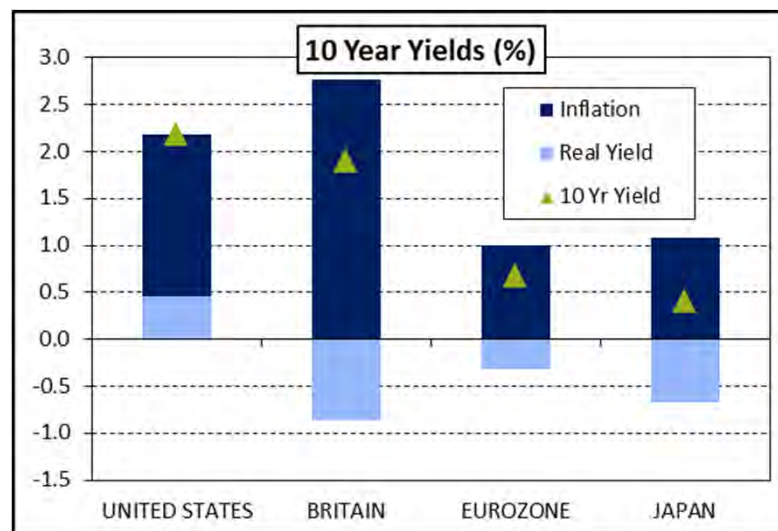
Source: Bloomberg as of 11/30

Fed Rate Hikes Expected in 2015; Timing and Pace Are Uncertain

- **Fed governors (blue dots) project higher rates over the next few years**
 - Market expectations (green dots) are less ambitious with reality likely in-between
 - Upside surprise to pace or level of interest rates supportive of higher USD; negative for US risk assets
- **Low real rates suppressed by central banks squeeze expectations for future returns**
 - UK, Europe & Japan all with negative 10 year real yields
 - US bonds look relatively attractive in this context
 - Real rates moving lower toward peers is bullish for risk assets
 - Long-term normalized monetary policy could reverse the trend



Source: Bloomberg and Federal Open Market Committee as of 11/30

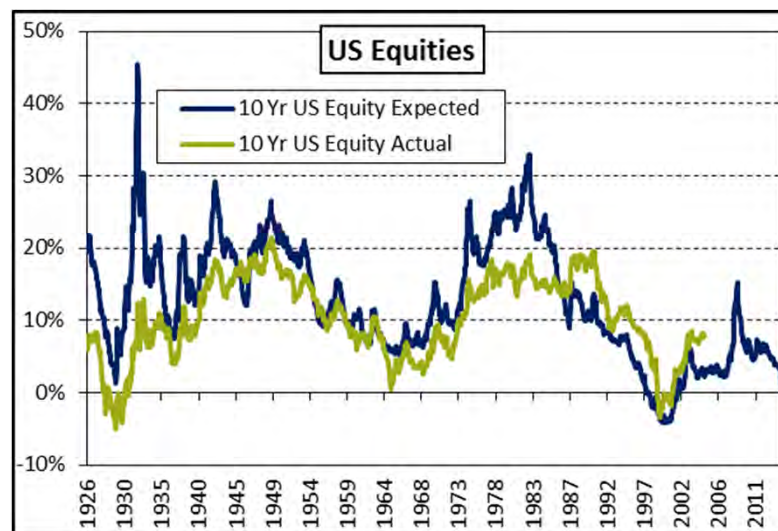


Source: Bloomberg as of 11/30

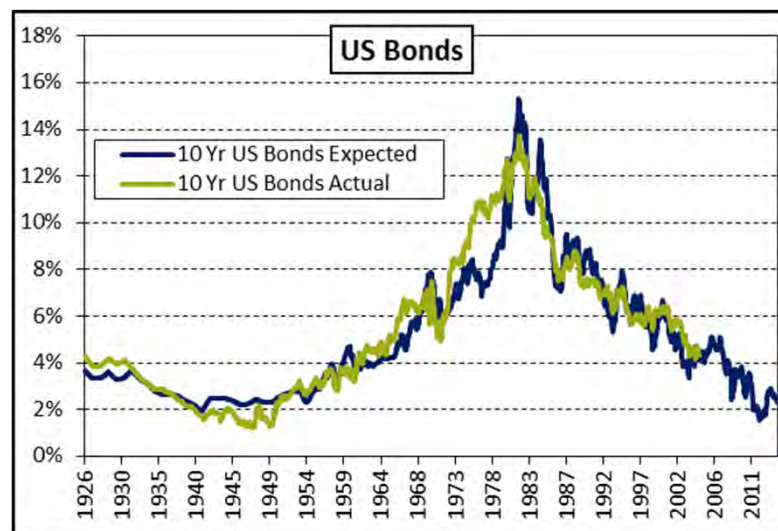
Actions - Detail

Long-term Objectives Unchanged Amidst a Dramatically Changed World

- **Investors must adjust to changing global market environment to meet return objectives**
 - Financialization of markets, secular decline in risk free rates, central bank driven financial repression
- **Low return world creates challenges that investors must address in order to effectively meet and exceed long-term objectives**
 - Take more risk
 - Take risk more efficiently
 - Increase funding/contributions
- **Traditional approaches will likely be challenged**
 - Particularly true of strategies reliant on index construction independent of investor objectives



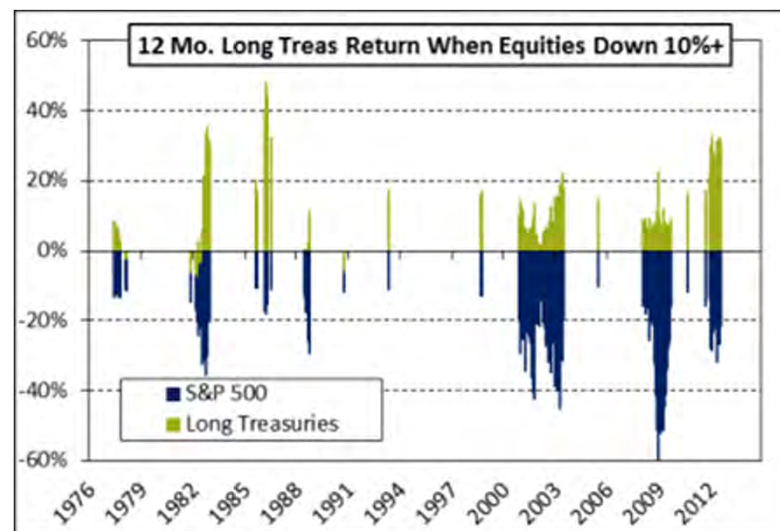
Source: Shiller Data, Morningstar Direct, NEPC as of 11/30



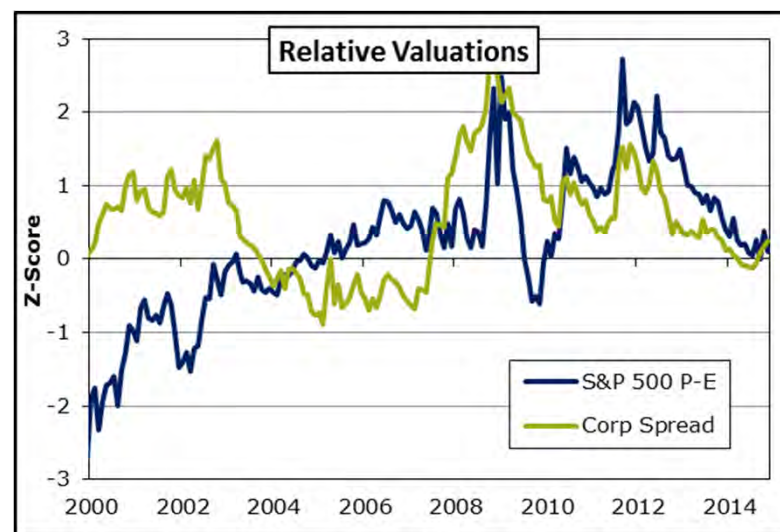
Source: Shiller Data, Morningstar Direct, NEPC as of 11/30

Portfolio Allocations Can Support Higher Risk Balanced by Economic Hedges

- **Consider Long Treasuries to balance structural shift to unconstrained fixed income strategies**
 - Risk parity can provide efficient allocation to sovereign debt and inflation hedges
- **While return outlook remains low relative to history, valuations remain relatively reasonable**
 - Limited undervalued assets but also few exceptionally rich markets
 - Credit attractiveness has dissipated
 - Liquidity constraints in credit is a risk factor not fully incorporated in spread metrics
 - Marginal risk dollar can be implemented in a risk balanced context – equities plus defensive assets



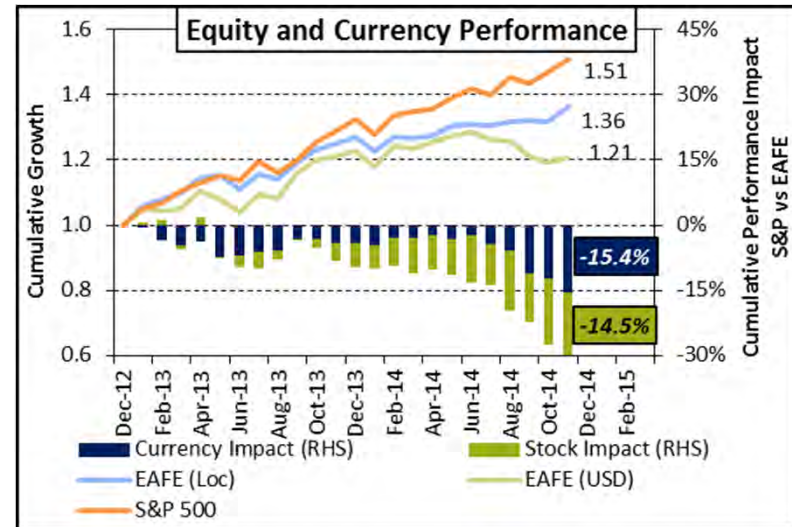
Source: Bloomberg, NEPC as of 11/30 *Returns over cash



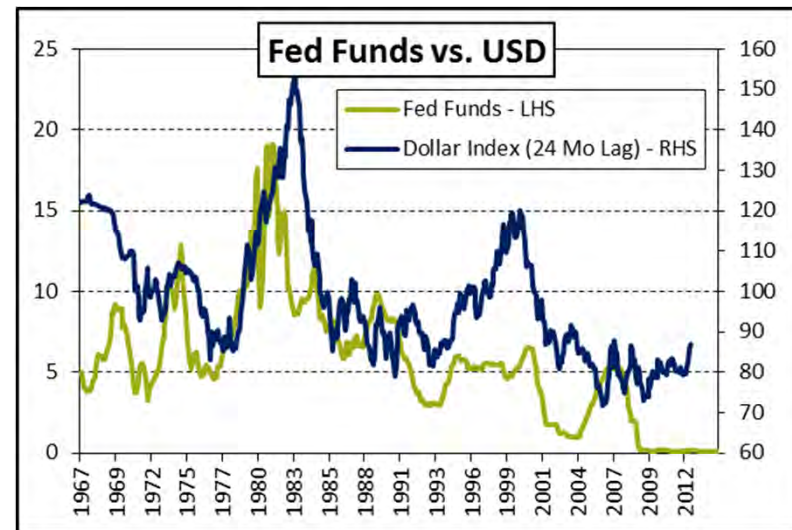
Source: Bloomberg, NEPC as of 11/30
*Calculation history since 6/30/1989

Strength in the US Dollar has Implications for Non-US Markets

- **Currency has been a detractor for US investors allocating abroad over last 2-3 years**
 - Half of recent underperformance is driven by currency
- **Hedging a portion of develop market currency risk a key theme in coming years**
 - Yen and Euro denominated issues make up roughly 50% of MSCI EAFE
- **Dollar strength not necessarily relegated to the recent past**
 - History shows the dollar tends to rally two years after Fed Funds hikes



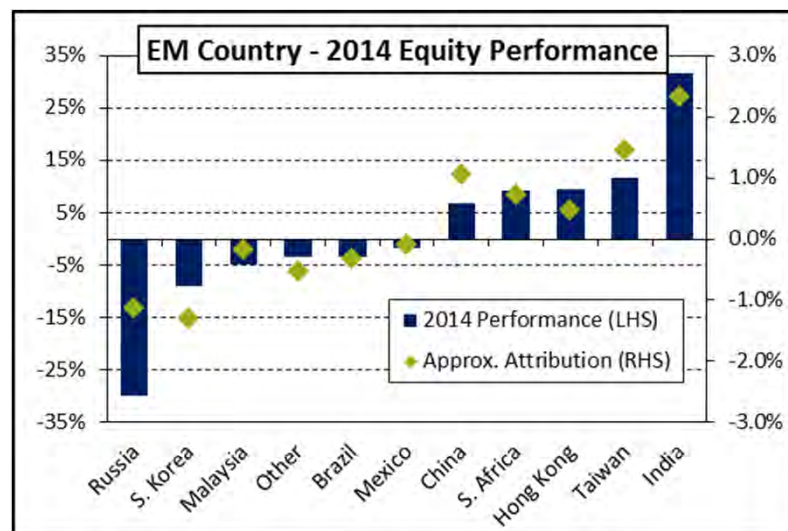
Source: Bloomberg, NEPC as of 11/30



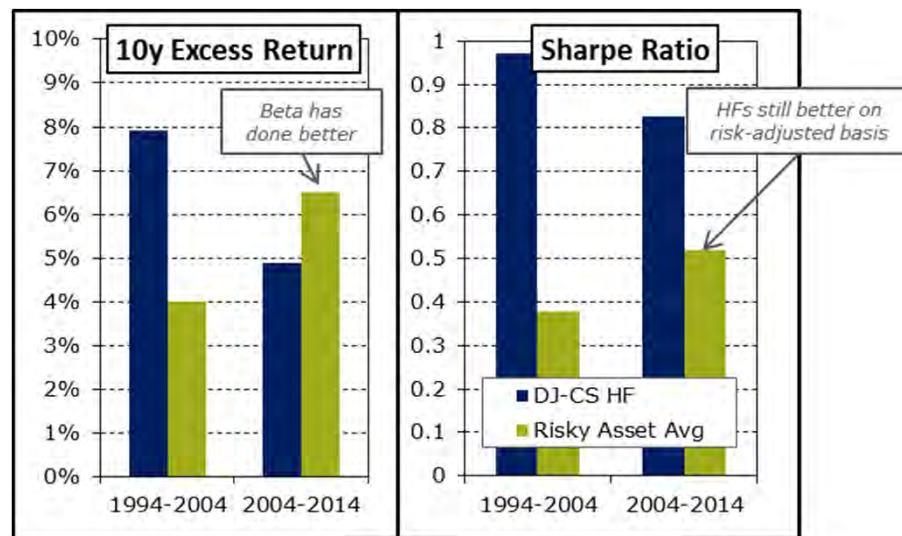
Source: Bloomberg 11/30

Active Management – Grant Flexibility But Scrutinize Costs

- **Divergences across countries are likely to continue**
 - Reduced regional constraints provide more fertile ground for alpha in liquid markets
- **Transmission of divergences and imbalances likely to vary**
 - Benefitting unconstrained strategies able to trade across currencies, rates, equities, and commodities
- **Review unconstrained/alternative mandates and confirm fees reflect skill and complexity**
 - Hedge funds broadly deliver higher Sharpe Ratio despite lower total return
 - Low return/zero cash means high management fee becomes a higher proportional hurdle of total return
- **Fees must align with conviction in alpha generation ability as well as uniqueness of strategy**

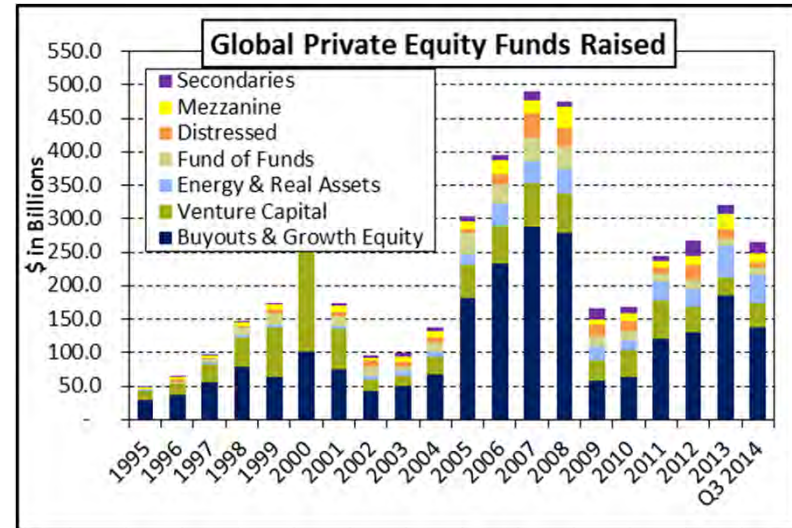


Source: Bloomberg, NEPC as of 11/30

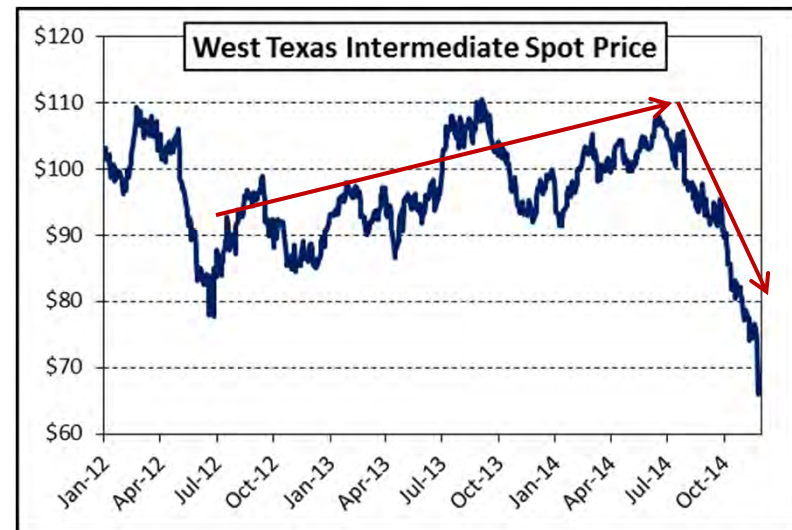


Source: Bloomberg, NEPC as of 11/30
Excess return shown over cash

- **Private markets continue to offer higher expected returns**
 - Illiquidity
 - Complexity
 - Long-term value creation
- **Large traditional buyout funds have had strong performance but transact in markets with large amounts of capital chasing limited deals**
 - Potential factor increasing entry points on prices and hurting future returns
- **Narrow strategies may offer more attractive opportunity**
 - Sector focus
 - Structural themes
 - Geographic specific implementation
- **Collapse in energy prices offers attractive entry point for new deals but may disrupt some existing structures**



Source: Thomson Reuters as of 9/30



Source: FRED as of 11/30

Actions for Public Funds

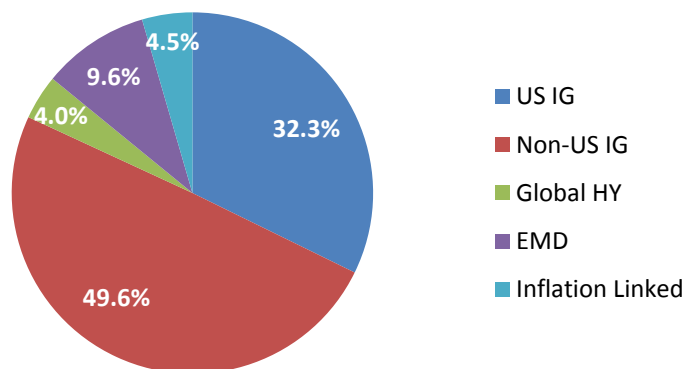
Ventura County Expectations

	Current Target with 2015 Assumptions	Current Target with 2014 Assumptions
Cash	0%	0%
Large Cap Equities	27%	27%
Small/Mid Cap Equities	3%	3%
Int'l Equities (Unhedged)	12%	12%
Emerging Int'l Equities	2%	2%
Global Equity	10%	10%
Total Equity	54%	54%
Core Bonds	12%	12%
Global Bonds (Unhedged)	5%	5%
Absolute Return Fixed Income	7%	7%
Total Fixed Income	24%	24%
Private Equity	5%	5%
Real Estate (Core)	7%	7%
Total Alternatives	12%	12%
Global Asset Allocation	0%	0%
Risk Parity	6%	6%
MLPs	4%	4%
Total Other	10%	10%
<i>Expected Return (5-7 Yr)</i>	<i>6.0%</i>	<i>6.3%</i>
<i>Standard Dev</i>	<i>12.6%</i>	<i>12.5%</i>
<i>Sharpe Ratio</i>	<i>0.34</i>	<i>0.39</i>
<i>Sortino Ratio</i>	<i>0.57</i>	<i>0.62</i>
<i>Expected Return (30 Yr)</i>	<i>7.3%</i>	<i>7.6%</i>
<i>Sharpe Ratio</i>	<i>0.32</i>	<i>0.31</i>
<i>Probability of 1-Yr Return < 0%</i>	<i>31.6%</i>	<i>30.6%</i>
<i>Probability of 5-Yr Return < 0%</i>	<i>14.2%</i>	<i>12.8%</i>
<i>Probability of 1-Yr Return > 7.75%</i>	<i>44.5%</i>	<i>45.4%</i>
<i>Probability of 5-Yr Return > 7.75%</i>	<i>37.8%</i>	<i>39.8%</i>

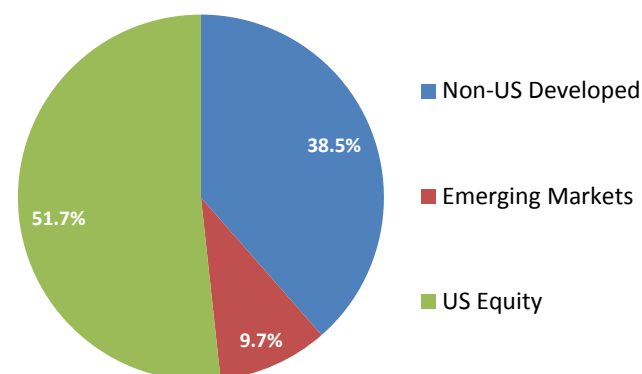
- **Evaluate long-term feasibility of actuarial rate of return assumption**
 - Low yields and risk premiums have reduced long-term (30-year) return expectations
- **Be judicious with risk**
 - Avoid chasing risk for only marginal return enhancements
 - Less liquid opportunities may provide the best risk-adjusted approach, but liquidity needs should be incorporated (e.g., substituting direct lending for high yield)
- **Question the “traditional” approach; different investment environments require different perspectives of risk and return**
 - A low-return environment may require a fresh perspective
 - Continue to remove traditional portfolio constraints by adding active managers with skill to exploit inefficiencies within and across asset classes (e.g., flexible global equity, global asset allocation, absolute return fixed income)
- **Rethink fixed income portfolio structure in light of current market environment**
 - Use of an unconstrained/multi-sector fixed income portfolio may provide sound diversification and enhanced liquidity
 - Examine if alternatives are available to traditional portfolio positions (e.g., combining cash and long treasuries vs. holding core bond portfolio)
- **Review inflation hedging allocations in light of recent market action**
 - Some areas have likely sold off more than is warranted

- **Be patient and keep dry powder**
 - Those with an opportunistic allocation available will be better prepared to take advantage of market dislocations
- **Consider market weight or slightly over-weighted target allocation to developed non-US equity**
 - Consider reducing the risk of the position by allocating to a currency hedged portfolio or implementing a currency hedge overlay
- **Remain committed to emerging markets**
 - Establish (at least) a market weight long-term target allocation (equity and debt) and rebalance toward targets
 - High conviction, active managers will be essential for successful implementation

Global Bond Market Allocations
(as of 12/31/14)

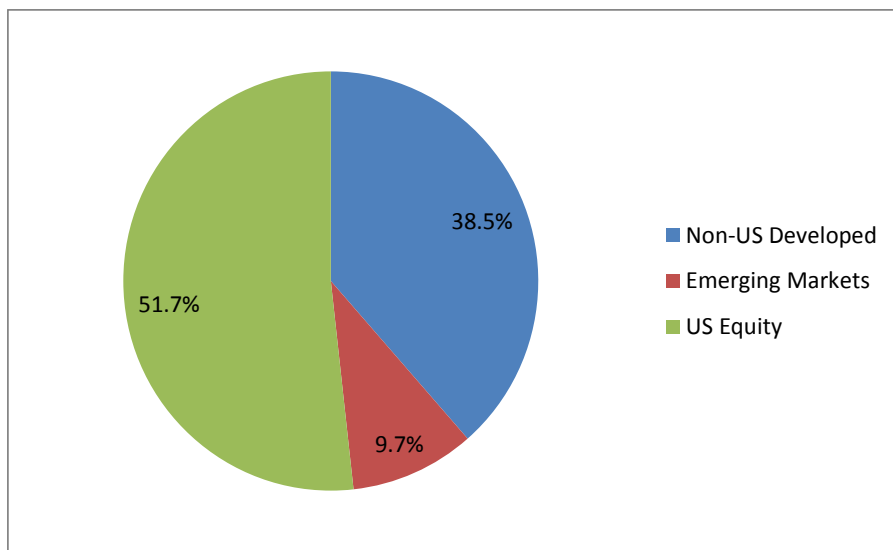


Global Stock Market Allocations
(as of 12/31/14)

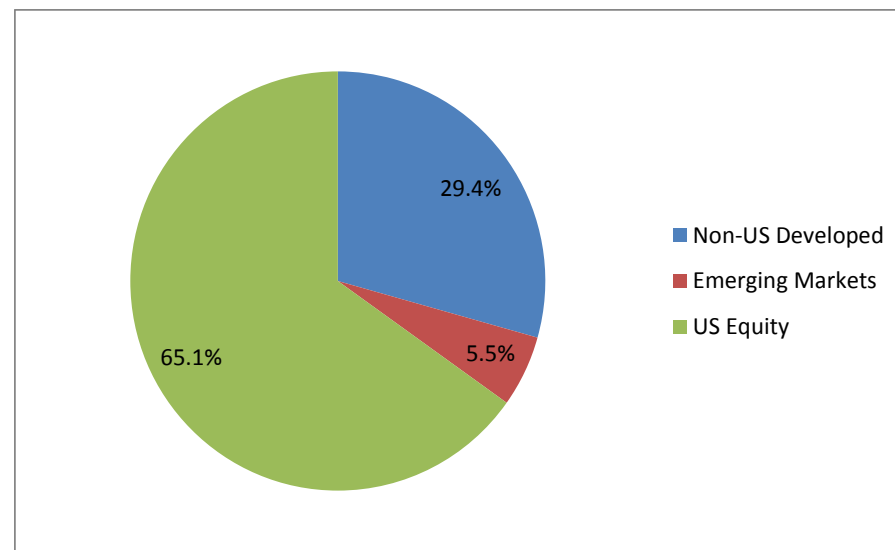


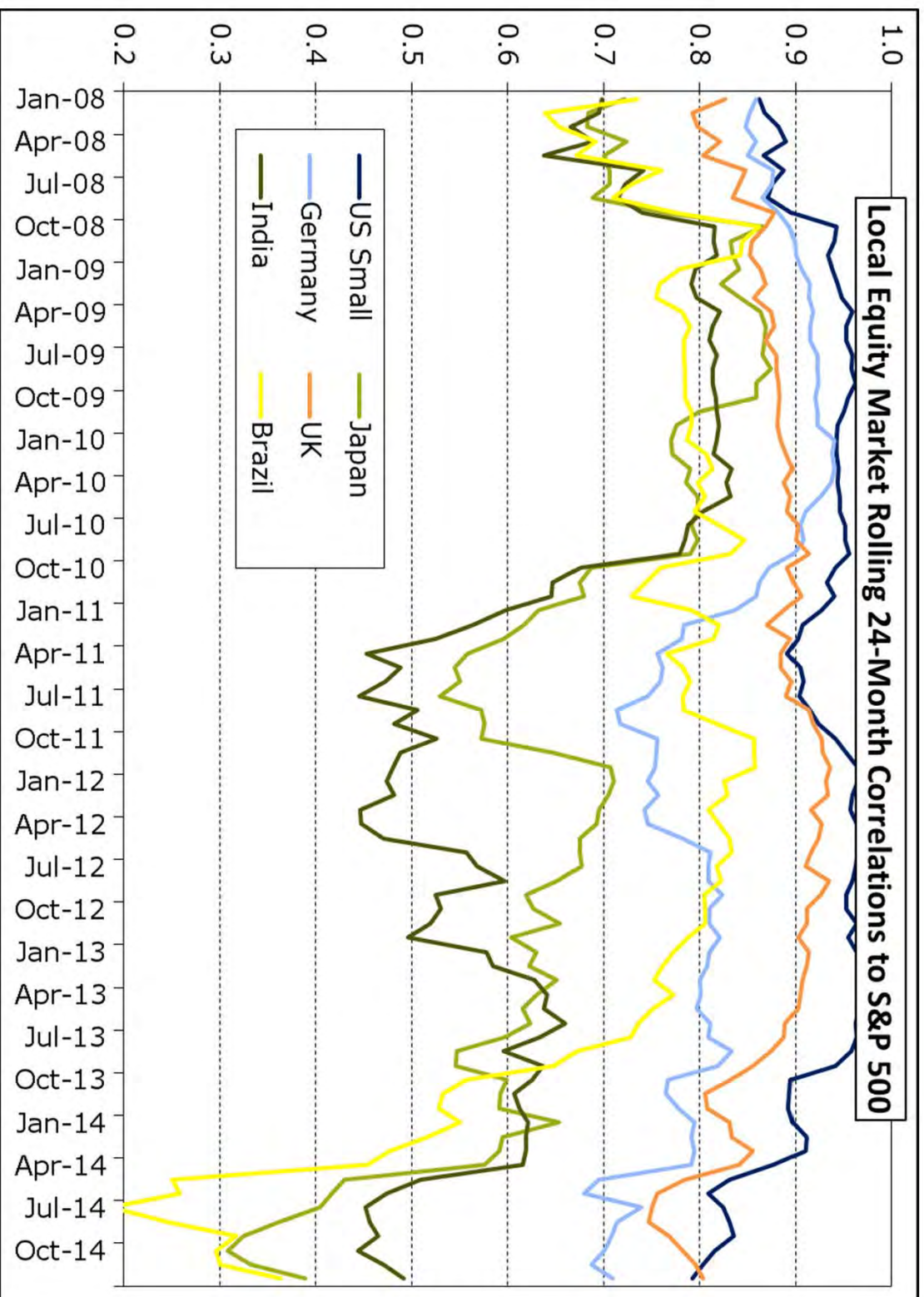
Ventura County – Global Equity Market Allocations

Global Stock Market Allocations
(as of 12/31/14)



Ventura County Stock Market
Allocations (as of 12/31/14)





2015 Asset Class Assumptions

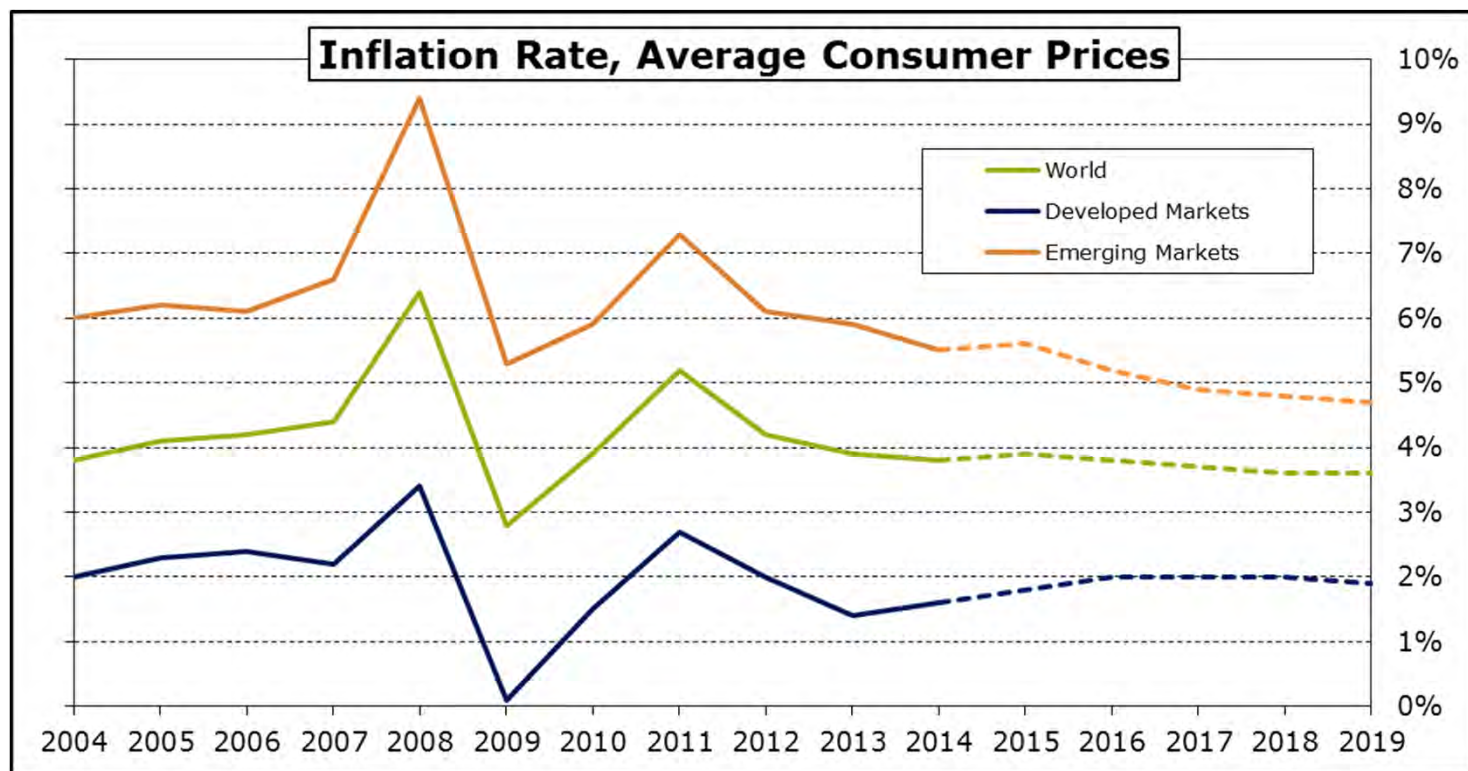
- **Combination of historical data and forward looking analysis**
 - Expected returns based on current market pricing and forward looking estimates
 - Volatility based on history, while recognizing current uncertainty
 - Correlations based on a mix of history and current trend
- **Historical data is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

Themes for 2015 Asset Class Assumptions

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

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

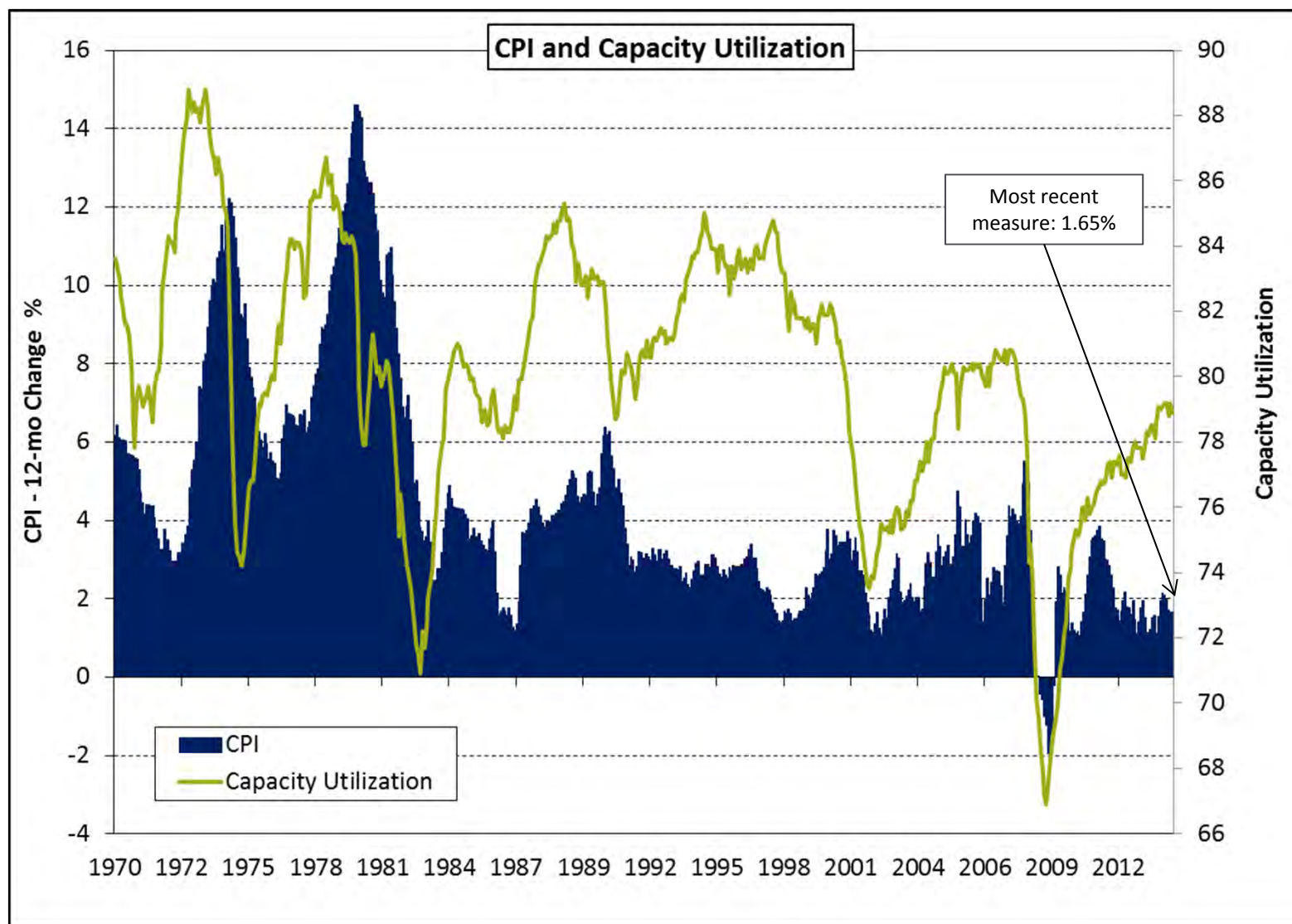
Global Inflation Forecasts



Source: IMF

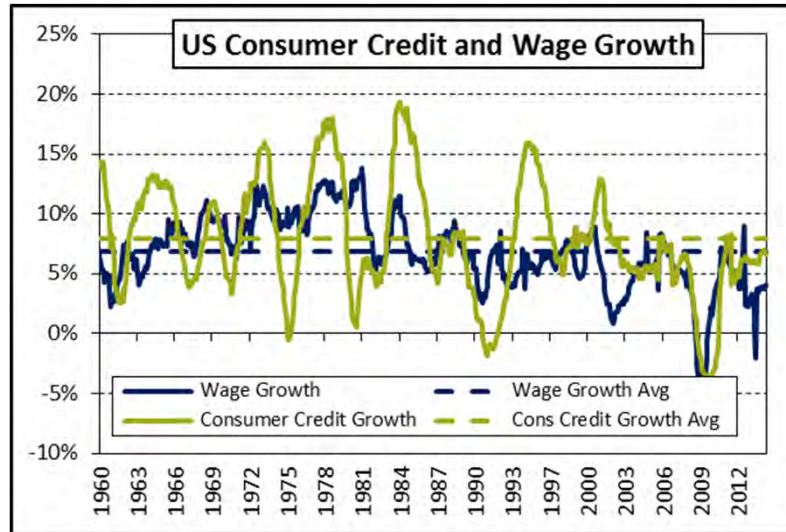
- **World inflation forecasts range from 3.6-3.9% annually over the next five years**
 - Investment programs biased toward developed markets would likely experience something less than the global average

Realized Inflation Has Stayed Low

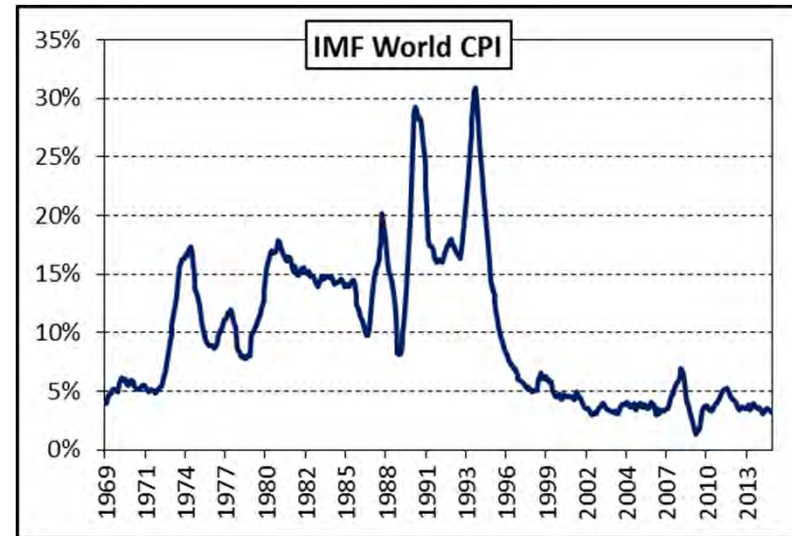


Source: St. Louis Fed as of 11/30

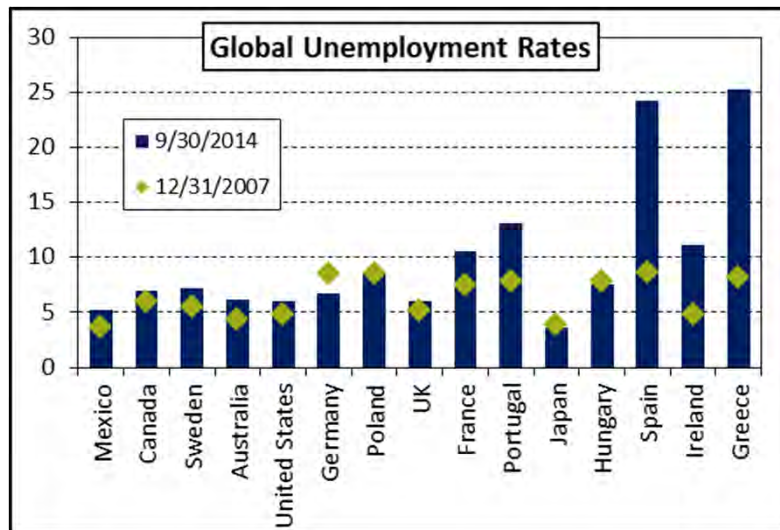
Economic Factors Driving Inflation Remain Subdued



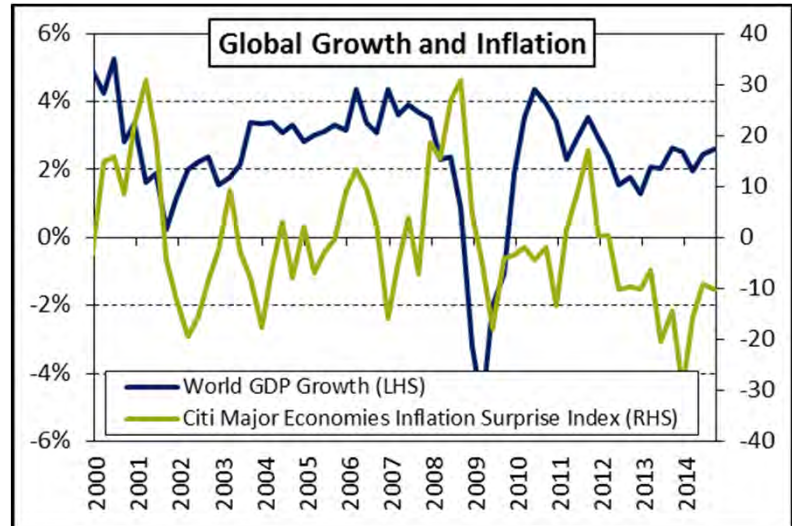
Source: Board of Governors of the Federal Reserve System as of 10/1



Source: Bloomberg as of 9/30



Source: Bloomberg as of 9/30



Source: Bloomberg as of 9/30

2015 5-to-7 Year Return Forecasts

Geometric Expected Return			
Asset Class	2014	2015	2015-2014
Global Inflation	3.00%	3.00%	0.00%
US CPI	n/a	2.25%	
Cash	1.50%	1.75%	0.25%
Treasuries	2.00%	1.75%	-0.25%
IG Corp Credit	3.50%	3.25%	-0.25%
MBS	2.25%	2.00%	-0.25%
<i>Core Bonds*</i>	<i>2.53%</i>	<i>2.30%</i>	<i>-0.23%</i>
TIPS	2.50%	2.25%	-0.25%
High-Yield Bonds	4.50%	4.00%	-0.50%
Bank Loans	5.00%	4.50%	-0.50%
Global Bonds (Unhedged)	1.25%	1.00%	-0.25%
Global Bonds (Hedged)	1.38%	1.17%	-0.21%
EMD External	5.00%	4.50%	-0.50%
EMD Local Currency	5.75%	5.50%	-0.25%
Large Cap Equities	6.25%	6.00%	-0.25%
Small/Mid Cap Equities	6.25%	6.00%	-0.25%
Int'l Equities (Unhedged)	7.25%	7.00%	-0.25%
Int'l Equities (Hedged)	7.50%	7.50%	0.00%
Emerging Int'l Equities	9.50%	9.00%	-0.50%
Private Equity	8.75%	8.50%	-0.25%
Private Debt	8.00%	7.50%	-0.50%
Private Real Assets	7.75%	8.00%	0.25%
Real Estate	6.25%	6.50%	0.25%
Commodities	5.00%	5.25%	0.25%
Hedge Funds	5.50%	5.75%	0.25%

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

2015 30-Year Return Forecasts

Geometric Expected Return			
Asset Class	2014	2015	2015-2014
Global Inflation	3.25%	3.25%	0.00%
Cash	3.75%	3.25%	-0.50%
Treasuries	4.00%	3.50%	-0.50%
IG Corp Credit	5.25%	4.75%	-0.50%
MBS	4.25%	3.75%	-0.50%
<i>Core Bonds*</i>	<i>4.40%</i>	<i>3.98%</i>	<i>-0.42%</i>
TIPS	4.50%	4.00%	-0.50%
High-Yield Bonds	6.00%	5.75%	-0.25%
Bank Loans	6.25%	6.00%	-0.25%
Global Bonds (Unhedged)	3.00%	2.25%	-0.75%
Global Bonds (Hedged)	3.13%	2.42%	-0.71%
EMD External	7.00%	6.00%	-1.00%
EMD Local Currency	7.25%	6.75%	-0.50%
Large Cap Equities	7.75%	7.50%	-0.25%
Small/Mid Cap Equities	8.00%	7.75%	-0.25%
Int'l Equities (Unhedged)	8.25%	8.00%	-0.25%
Int'l Equities (Hedged)	8.50%	8.49%	-0.01%
Emerging Int'l Equities	9.50%	9.25%	-0.25%
Private Equity	9.75%	9.50%	-0.25%
Private Debt	8.25%	8.00%	-0.25%
Private Real Assets	7.75%	7.75%	0.00%
Real Estate	6.50%	6.50%	0.00%
Commodities	6.00%	5.75%	-0.25%
Hedge Funds	7.00%	6.75%	-0.25%

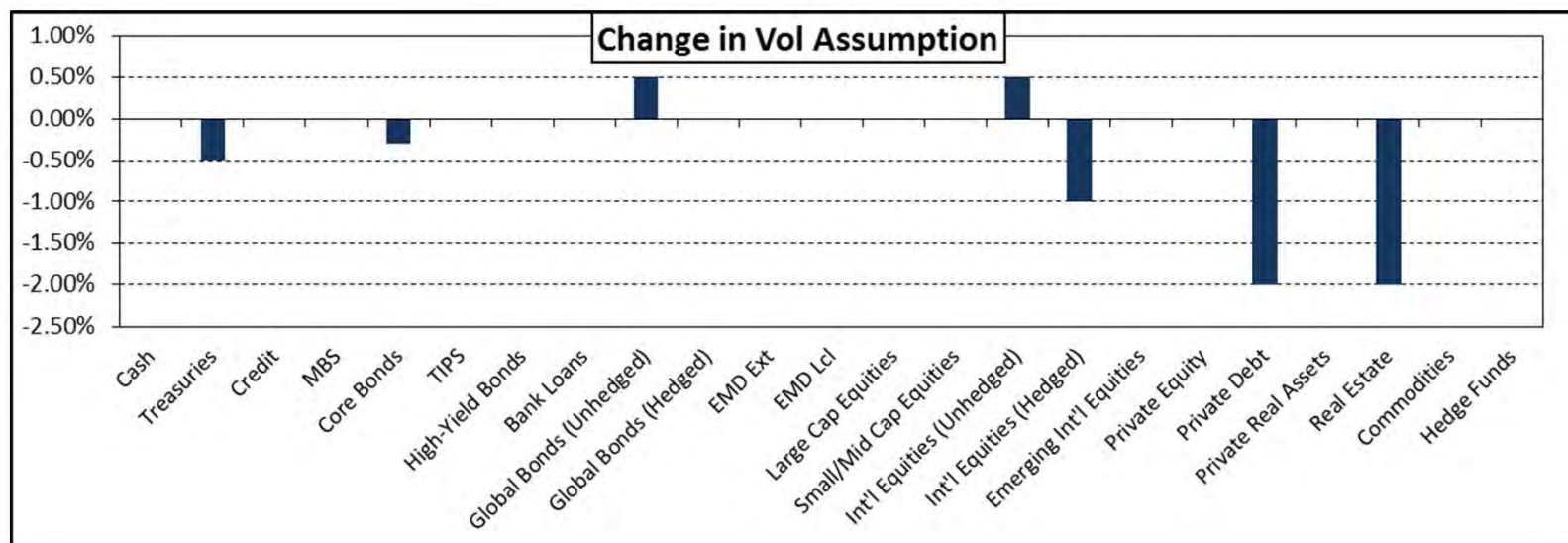
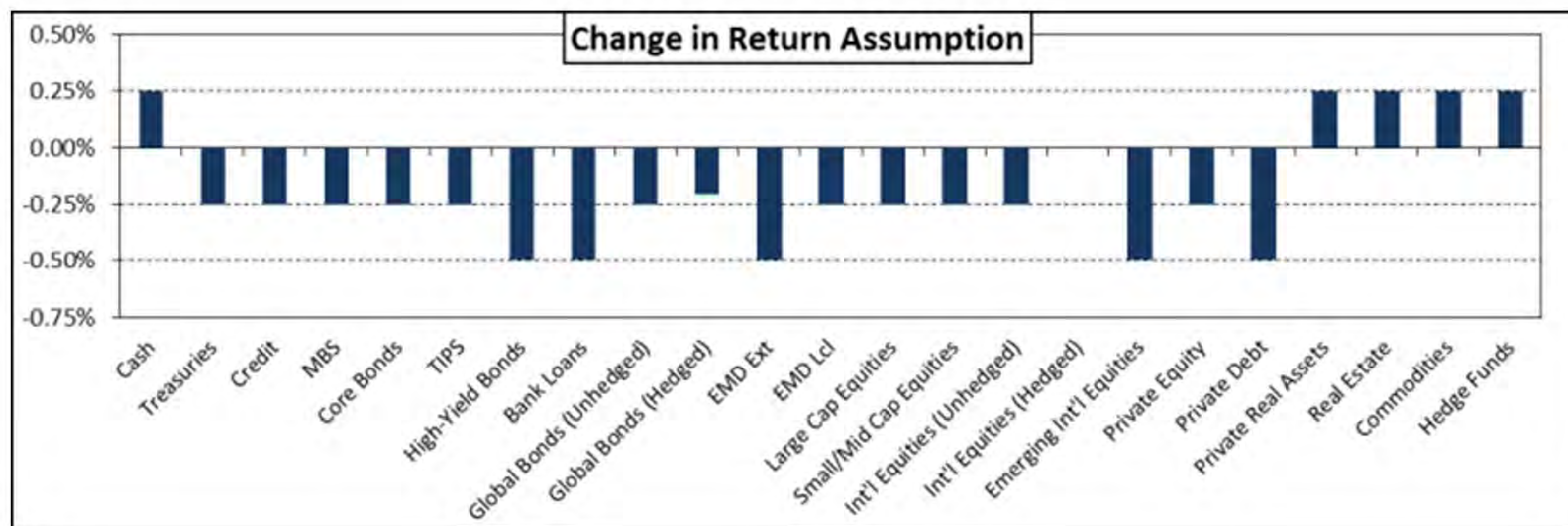
* Core Bonds assumption based on market weighted blend of components of Aggregate Index (Treasuries, IG Corp Credit, and MBS).

2015 Volatility Forecasts

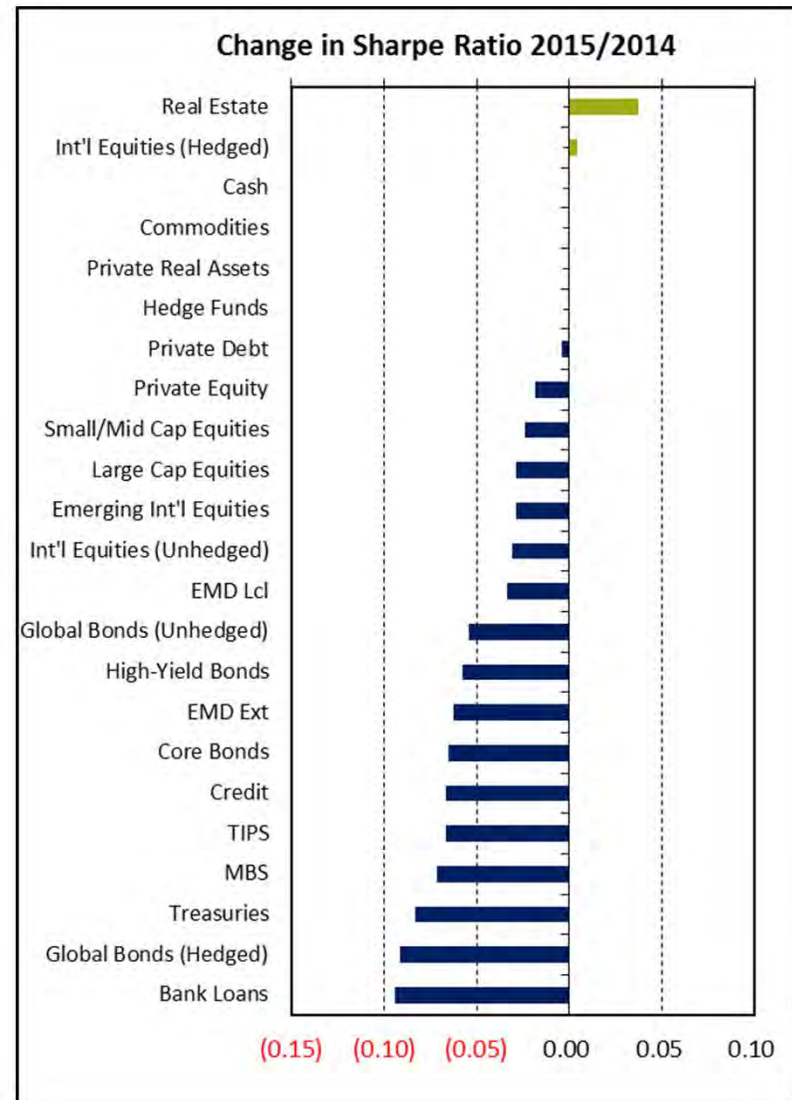
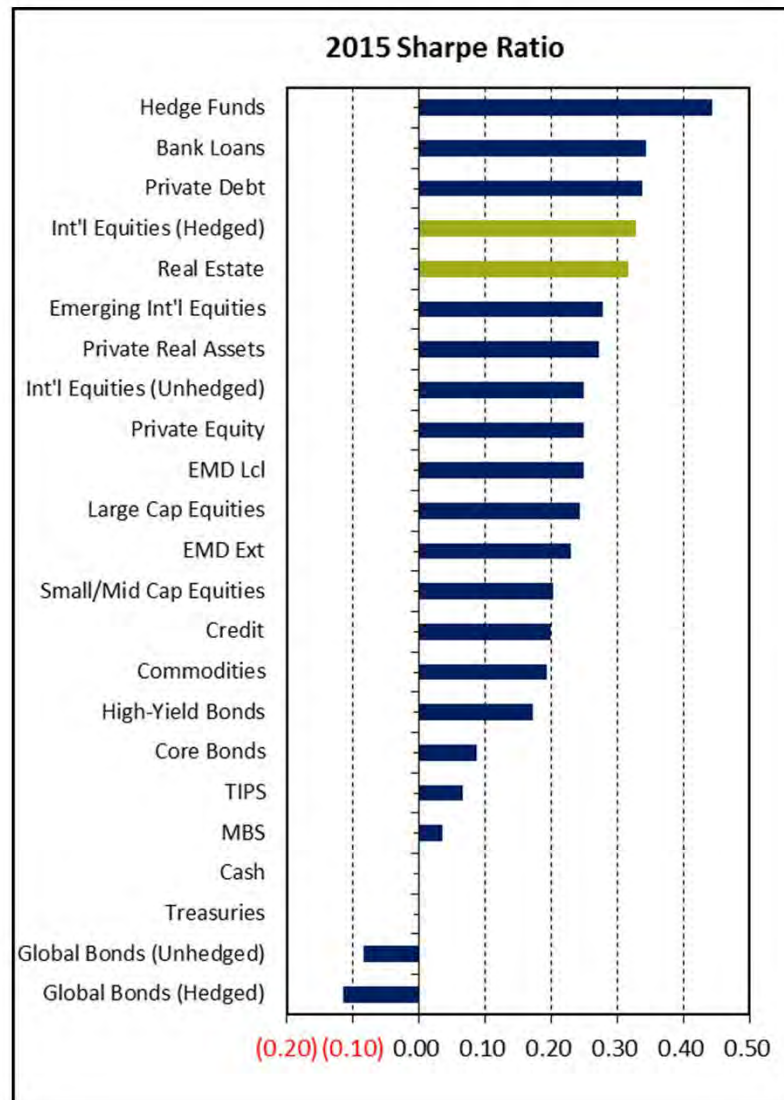
Volatility			
Asset Class	2014	2015	2015-2014
Cash	1.00%	1.00%	
Treasuries	6.00%	5.50%	-0.50%
IG Corp Credit	7.50%	7.50%	
MBS	7.00%	7.00%	
<i>Core Bonds*</i>	<i>6.32%</i>	<i>6.03%</i>	<i>-0.29%</i>
TIPS	7.50%	7.50%	
High-Yield Bonds	13.00%	13.00%	
Bank Loans	8.00%	8.00%	
Global Bonds (Unhedged)	8.50%	9.00%	0.50%
Global Bonds (Hedged)	5.00%	5.00%	
EMD External	12.00%	12.00%	
EMD Local Currency	15.00%	15.00%	
Large Cap Equities	17.50%	17.50%	
Small/Mid Cap Equities	21.00%	21.00%	
Int'l Equities (Unhedged)	20.50%	21.00%	0.50%
Int'l Equities (Hedged)	18.50%	17.50%	-1.00%
Emerging Int'l Equities	26.00%	26.00%	
Private Equity	27.00%	27.00%	
Private Debt	19.00%	17.00%	-2.00%
Private Real Assets	23.00%	23.00%	
Real Estate	17.00%	15.00%	-2.00%
Commodities	18.00%	18.00%	
Hedge Funds	9.00%	9.00%	

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

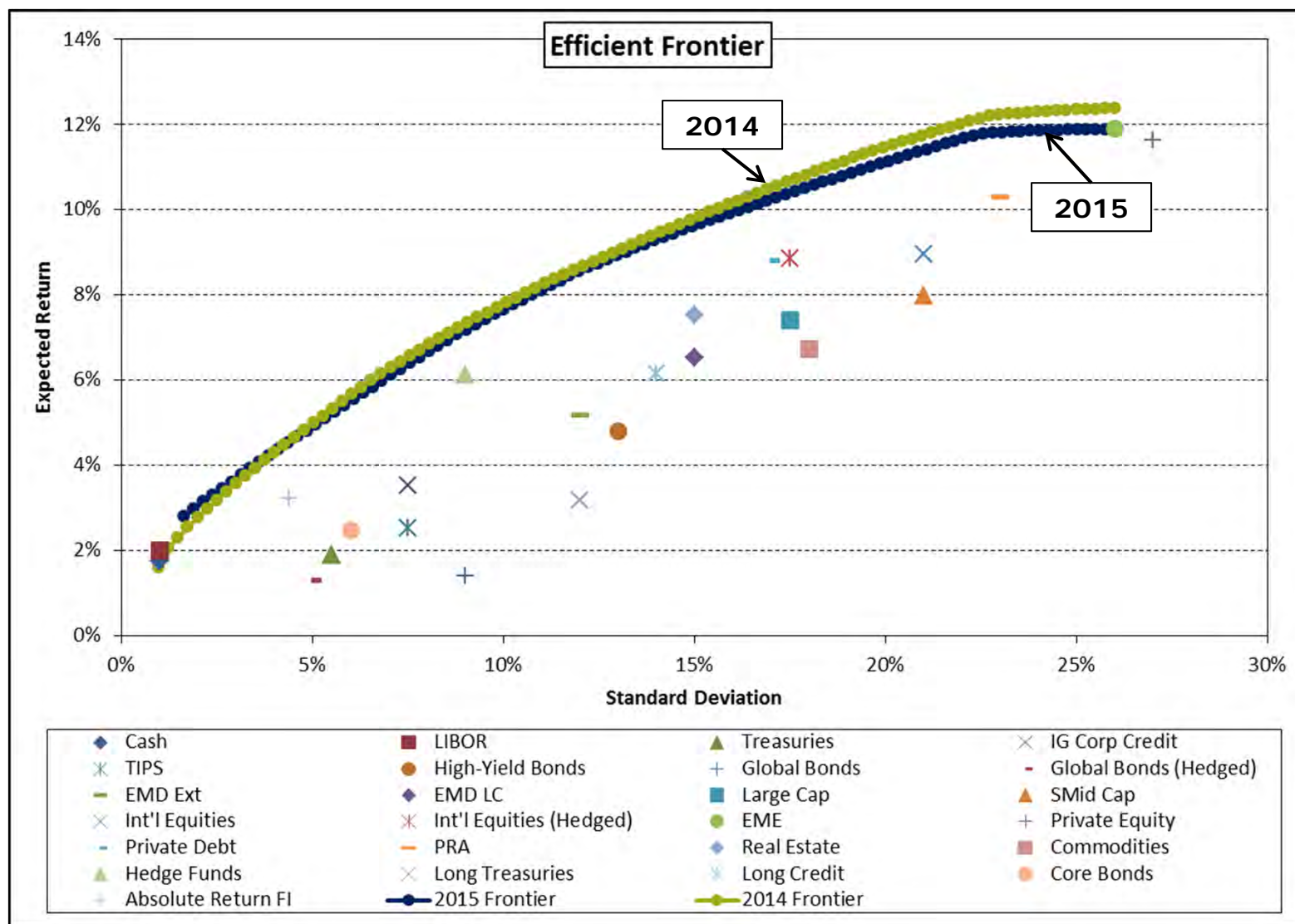
Summary of Changes to 2015 Return and Volatility Expectations



Relative Asset Class Attractiveness



Efficient Frontier Comparison



2015 Correlations

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

- **Expected returns over the next 5-7 years have moved lower as yields have compressed**
 - Strong recent performance and valuation expansion leads to a decline in equity assumptions
 - Dispersion within global markets increases opportunities for hedge funds
- **Expectations are also lower over a 30-year period**
 - Likely still able to support investor long-term targets for well diversified portfolios
- **On a Sharpe ratio basis, 2015 outlook has decreased for most asset classes due to the improved outlook for cash**
 - Only Hedged International Equities and Real Estate have improved Sharpe ratios relative to prior year expectations
- **Outlook is generally constructive near-term but cognizant of downside risks over the 5-7 year horizon**

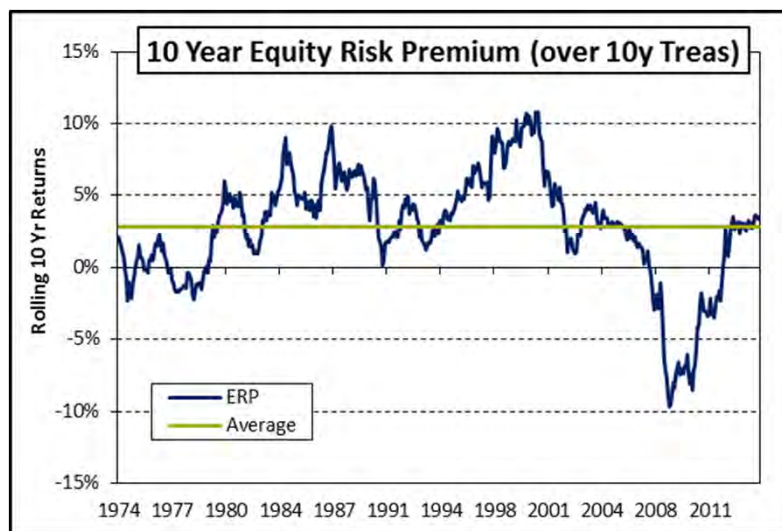
Appendix: Assumption Development

Assumption Development – US Large Cap Equity

• Sources of Return

- Valuation
- Earnings growth
 - Adjusted for changes in margin
- Dividend yield
- Inflation

Return Source	Starting Value	Expected Forecast Values	Return Contribution
Real Earnings Growth	2.5%	2.5%	-
Profit Margin Adjustment		-1.5%	1.0%
Dividend Yield	1.9%	2.0%	2.0%
Inflation	3.0%	3.0%	3.0%
Valuation & Other*	17	17	-
Total Expected Return			6.00%

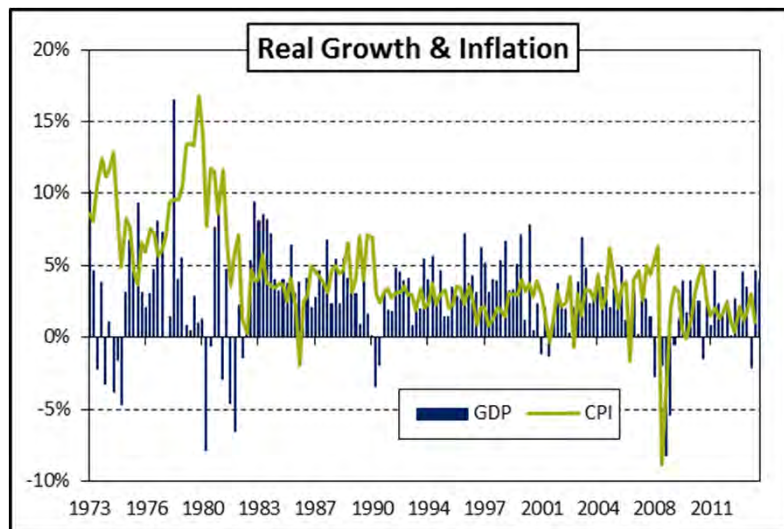


Source: Morningstar Direct as of 11/30

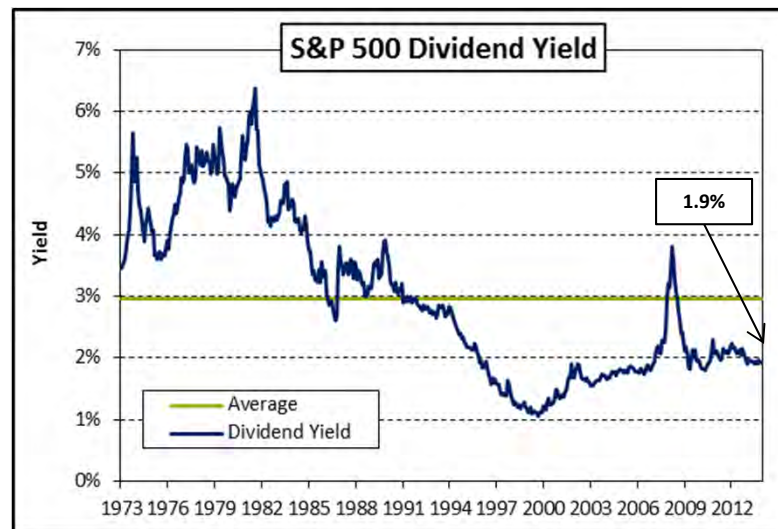
* - Valuation & Other incorporates adjustment for P-E ratios as well as other factors such as rounding, geometric compounding, etc.

- **Equity Risk Premium over 10 year Treasury is volatile**
 - Long-term average of 2.8%
 - Stock and bond forecasts imply an Equity Risk Premium of 4.0%
 - While above relative to the long-term average, almost 40% of observations exceed this level over the last 50 years
- **Low interest rates still supportive of an elevated equity risk premium**

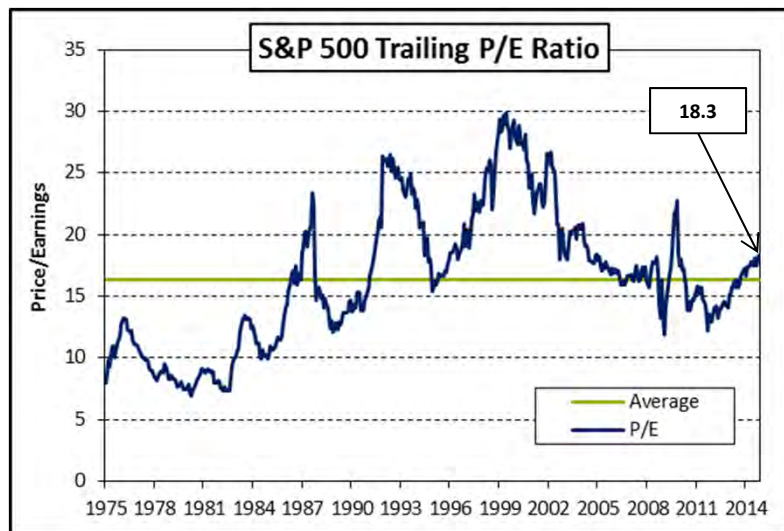
US Large Cap Equity Building Blocks



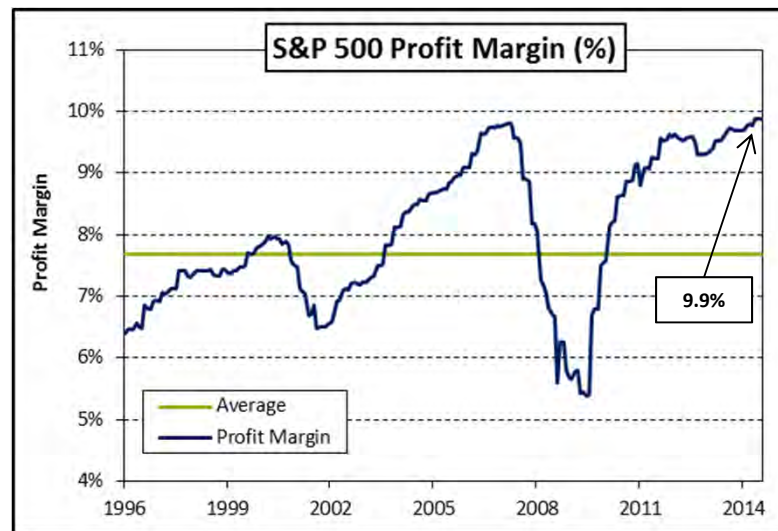
Source: Bloomberg as of 11/30



Source: Bloomberg as of 11/30



Source: Bloomberg as of 11/30



Source: Bloomberg as of 11/30

Assumption Development – International Equities

- **Developed Markets**

- Low growth prospects
 - Earnings and margins remain subdued
- Potential of ECB action to provide a growth catalyst
- Higher dividend yields
- *100 bps premium over US*

Return Source	Starting Value	Expected Forecast Values	Return Contribution
Real Earnings Growth	2.0%	2.0%	-
<i>Profit Margin Adjustment</i>		0.5%	2.5%
Dividend Yield	3.3%	3.0%	3.0%
Inflation	3.0%	3.0%	3.0%
Valuation & Other*	15.5	14	-1.5%
Total Expected Return			7.0%

- **Emerging Markets**

- Valuations track long-term average
- Growth differential is less but remains well above developed world
- Conditions and challenges highly varied across regions and countries
- *300 bps premium over US*
- *200 bps premium over Intl Developed*

Return Source	Starting Value	Expected Forecast Values	Return Contribution
Real Earnings Growth	3.5%	3.5%	-
<i>Profit Margin Adjustment</i>		-	3.5%
Dividend Yield	2.6%	2.5%	2.5%
Inflation	3.0%	3.0%	3.0%
Valuation & Other*	12	12	0.0%
Total Expected Return			9.0%

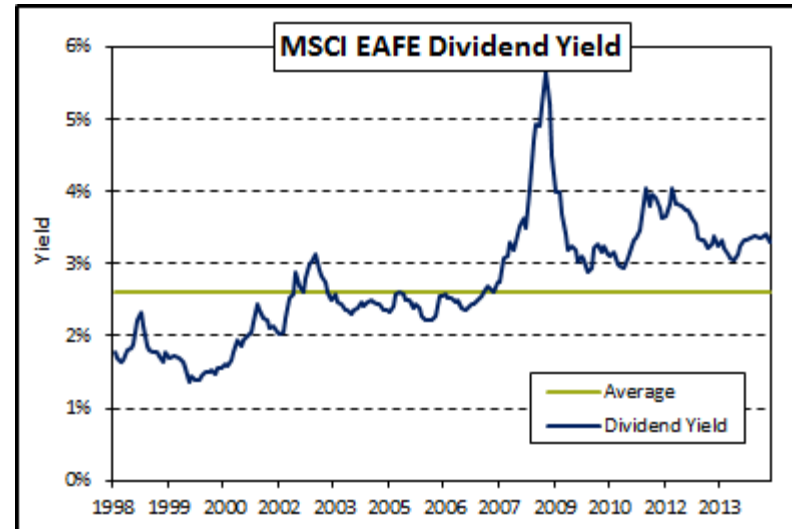
Source: Bloomberg, NEPC

* - Valuation & Other incorporates adjustment for P-E ratios as well as other factors such as rounding, geometric compounding, etc.

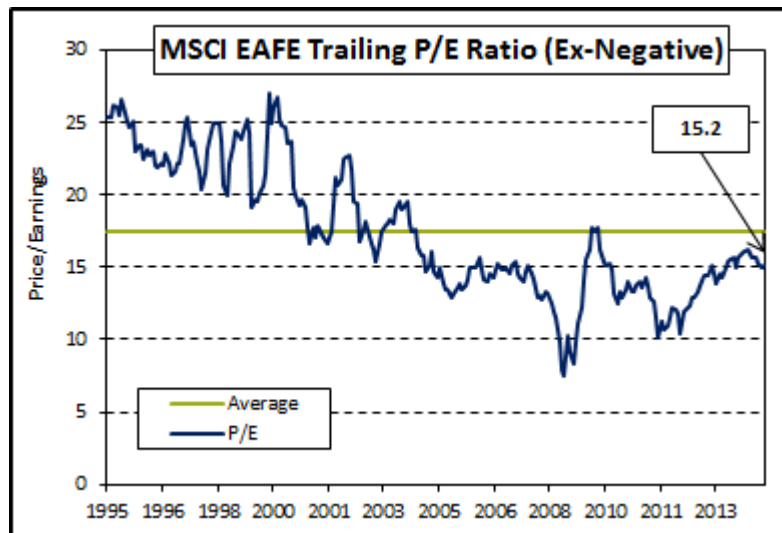
International Developed Equity Building Blocks



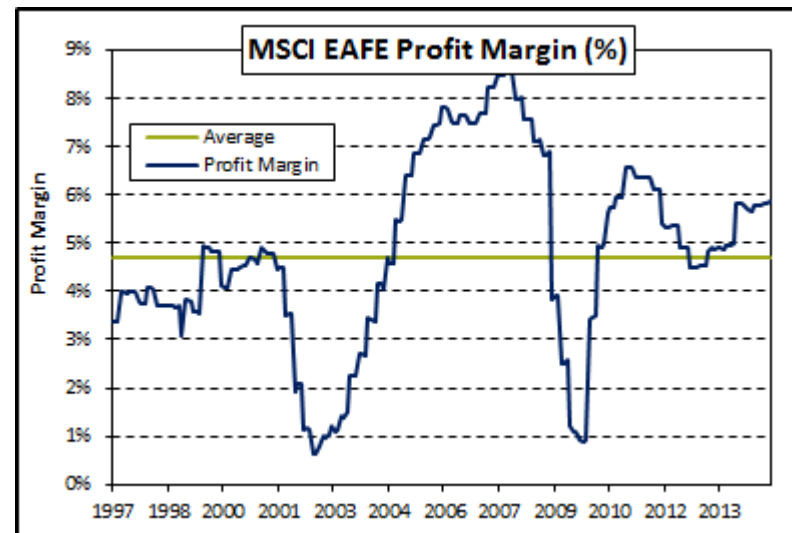
Source: OECD, NEPC as of 11/30



Source: Bloomberg as of 11/30

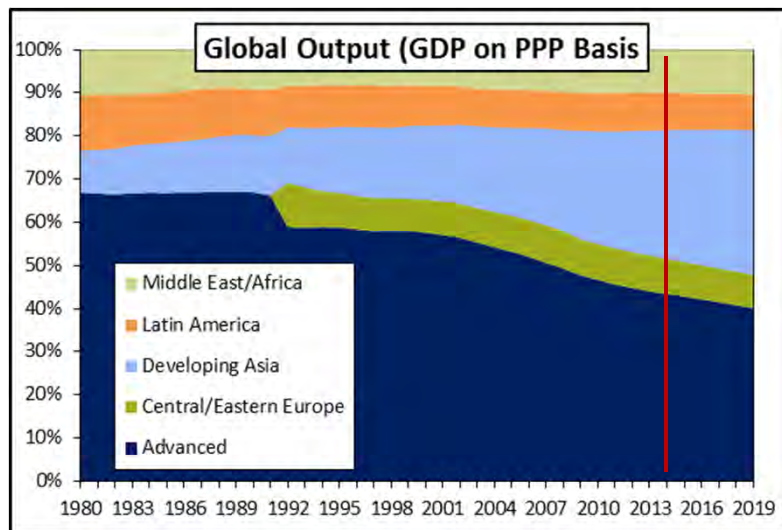


Source: Bloomberg as of 11/30

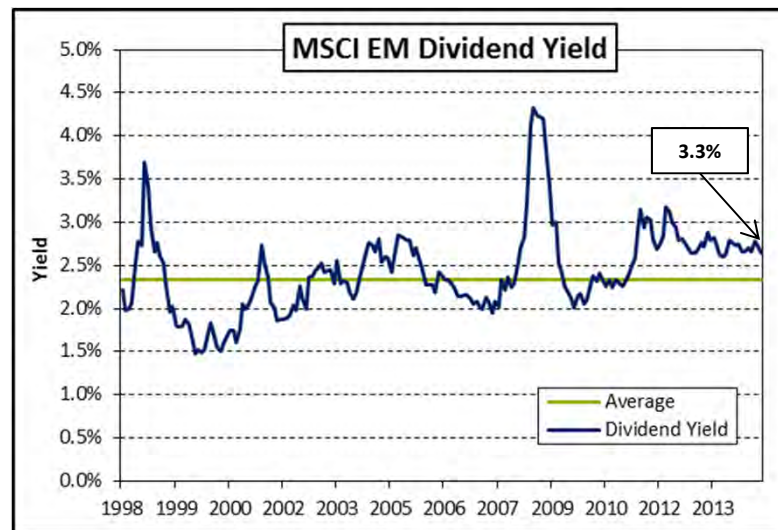


Source: Bloomberg as of 11/30

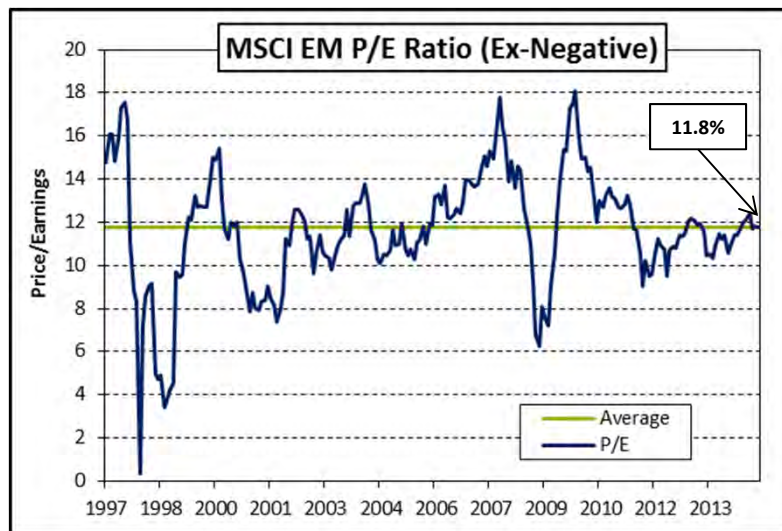
Emerging Equity Building Blocks



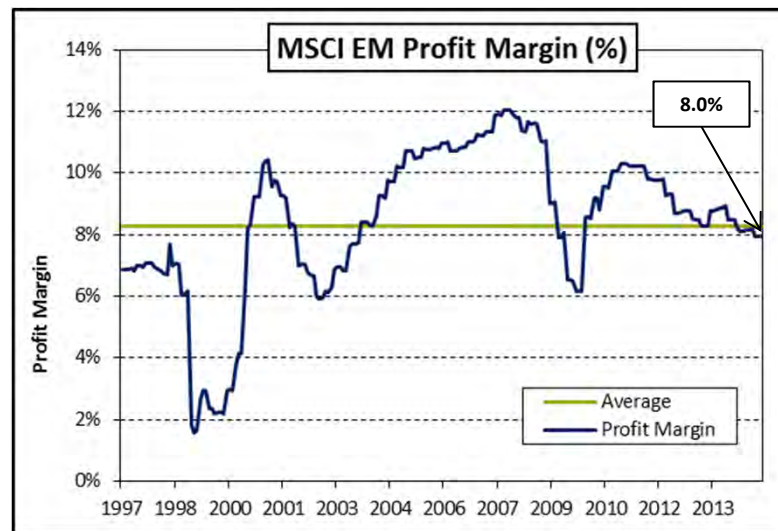
Source: IMF as of 10/31



Source: Bloomberg as of 11/30



Source: Bloomberg as of 11/30



Source: Bloomberg as of 11/30

- **Fixed Income model develops return and volatility assumptions for major global fixed income markets and sectors**
 - Discrete returns for subsectors creates opportunity to build customized allocations across fixed income markets and maturities
- **Assumptions built for:**
 - US Treasury
 - Core, Short and Long Duration buckets
 - US Investment Grade Credit
 - Core, Short and Long Duration buckets
 - US MBS
 - US TIPS
 - US Non-Investment Grade Credit
 - Core and Short Duration High Yield
 - Bank Loans
 - Developed Global Bonds (Sovereign)
 - Hedged and Unhedged
 - Emerging Market Debt (Sovereign)
 - Local and External (USD Denominated)
 - US Municipals

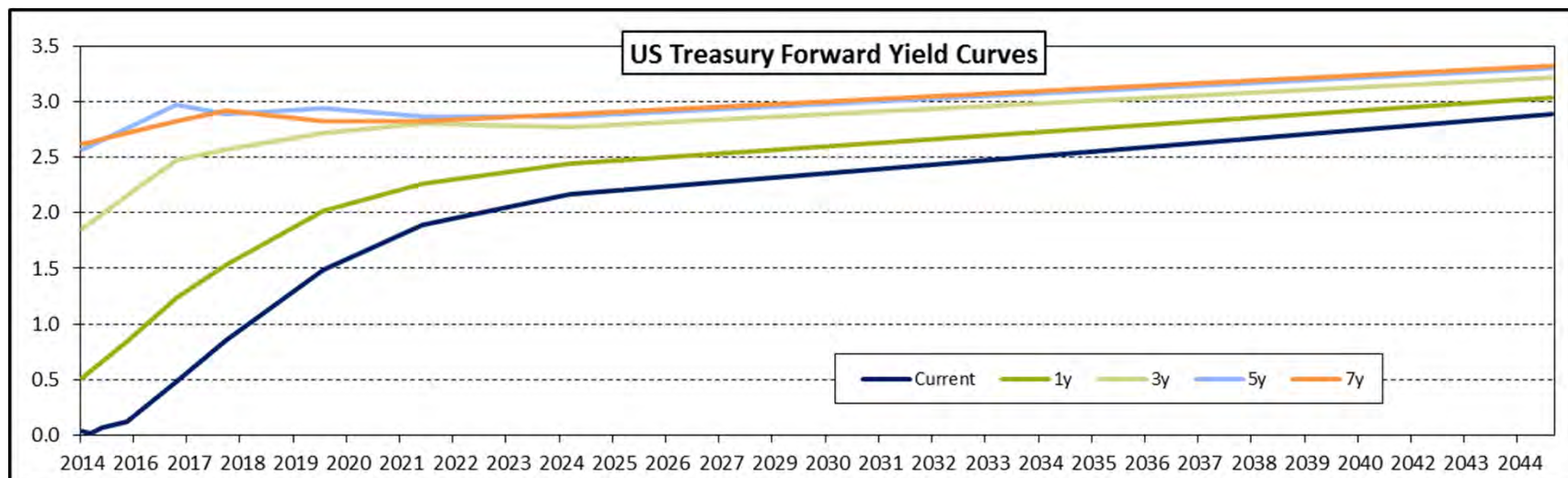
- **Market based inputs**

- 30 years of forward sovereign yield curve assumptions from Bloomberg
 - Developed: US, UK, Europe and Japan
 - Both Nominal and Real for US
 - Emerging: Brazil, South Africa, Indonesia, Malaysia, Poland, Russia, Mexico, Turkey
- Current spreads for IG, MBS, HY & EMD Credit
- Current duration inputs for 1 year through 10 year, 20 year and 30 year Treasury

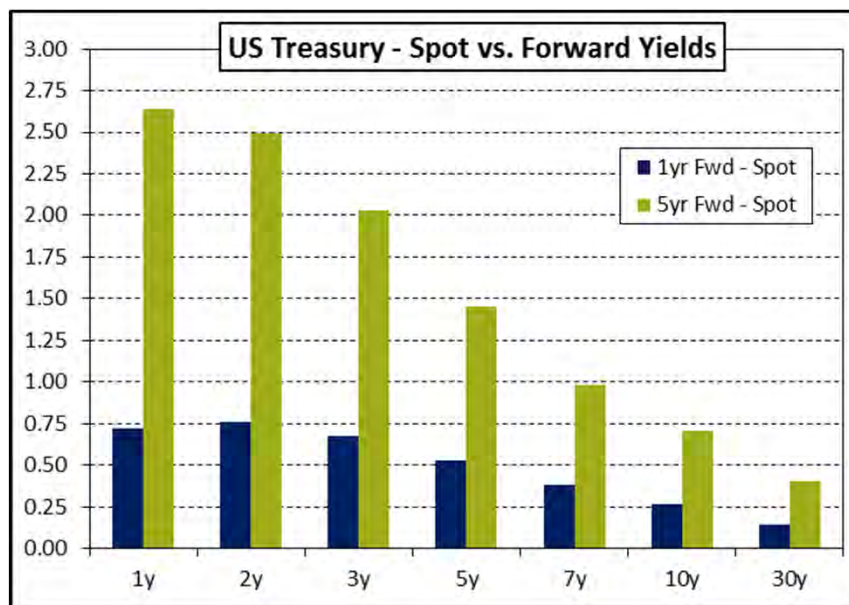
- **Adjusted market based inputs**

- Horizon end point for IG, MBS, HY & EMD Credit spreads
 - Mean reversion from current levels to target spreads
- Volatility figures based on historical medians and adjusted for forward views
 - Higher than current realized volatility generally indicates an expectation for increased volatility from low current levels
 - Informed by a review of periods of rising yields (mid-70s to early-80s; 1993-1994)
- Modified durations calculated based on current and projected yields

US Spot and Forward Rates – Current



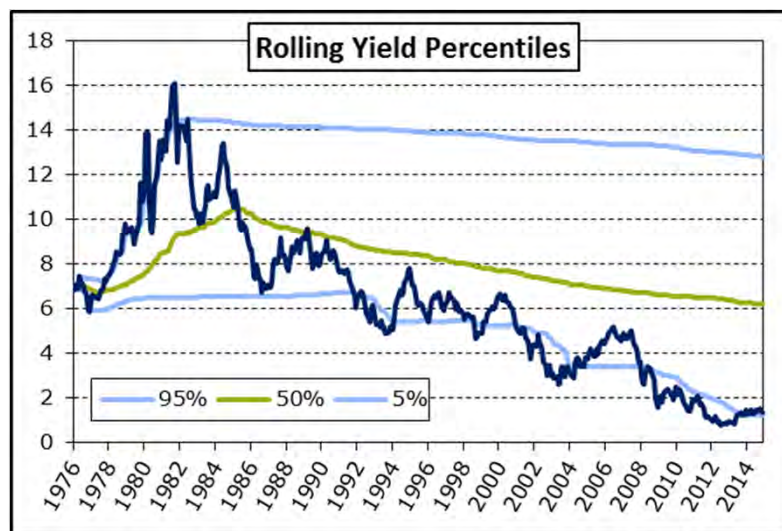
Source: Bloomberg as of 11/30



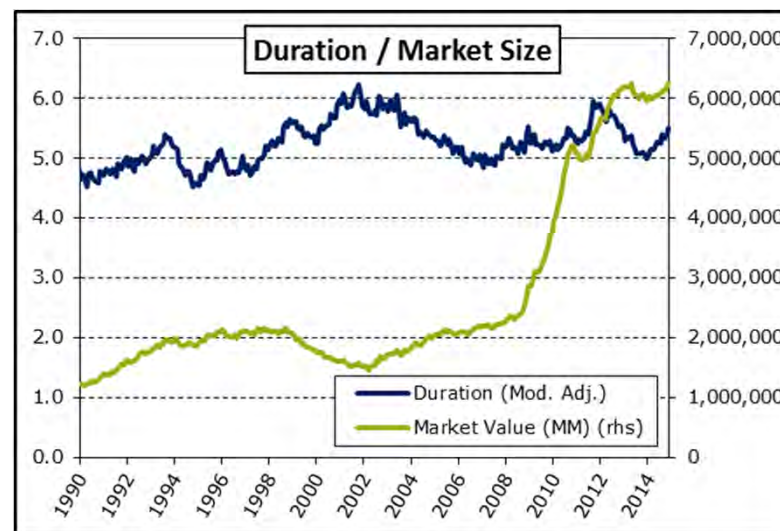
Source: Bloomberg as of 11/30

- **US Treasury expectations reflect lower spot and forward rates relative to prior year**
 - Some principal losses but modestly higher reinvestment rates projected over the horizon
- **Market expectations point to substantial curve flattening over the next 3 years**
 - Increases in short rates acknowledge likelihood of Federal Reserve action
 - Long rates expected to be range bound given growth and demand factors

Assumption Development – US Treasuries



Source: BarCap Live, NEPC as of 11/30



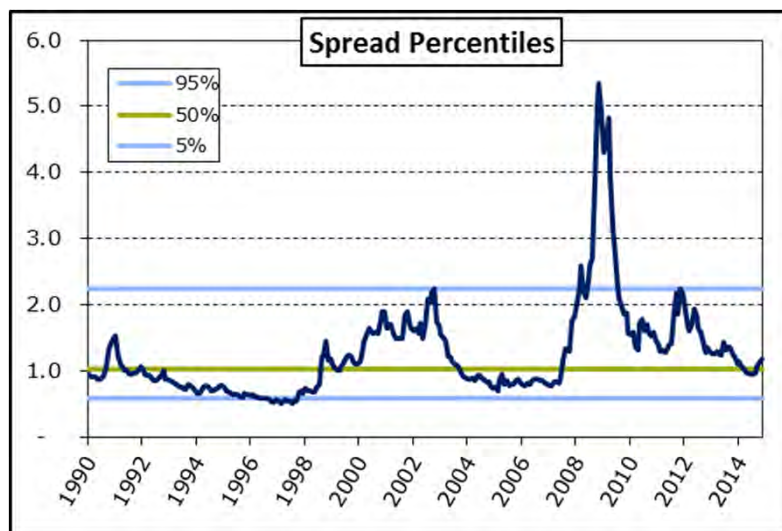
Source: BarCap Live as of 11/30



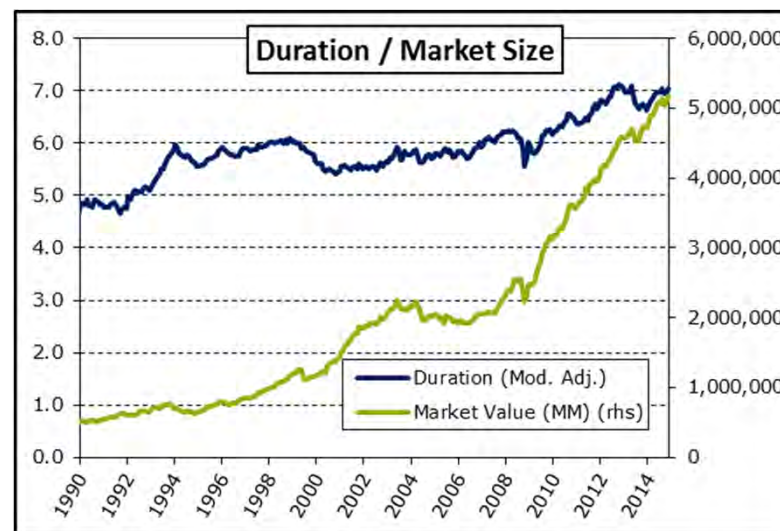
Source: BarCap Live as of 11/30

- **Barclays Treasury index above historic lows but very low at 1.3%**
 - 5.5 year duration similar to history
 - Falling rates drive higher duration; offset by lower long issuance from 2010-2013
- **Treasury return forecast of 1.75% exceeds index yield**
 - Relatively higher short-term issuance raises sensitivity to rising short rates and higher reinvestment rates over 5-7 years

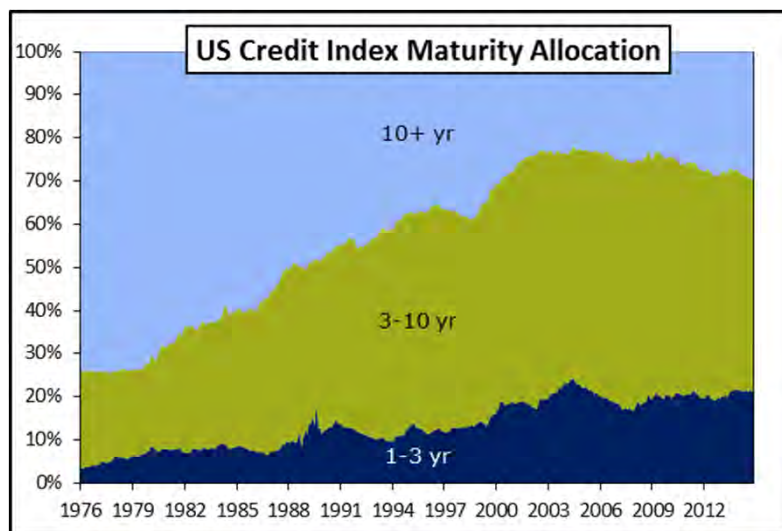
Assumption Development – Investment Grade Credit



Source: BarCap Live, NEPC as of 11/30



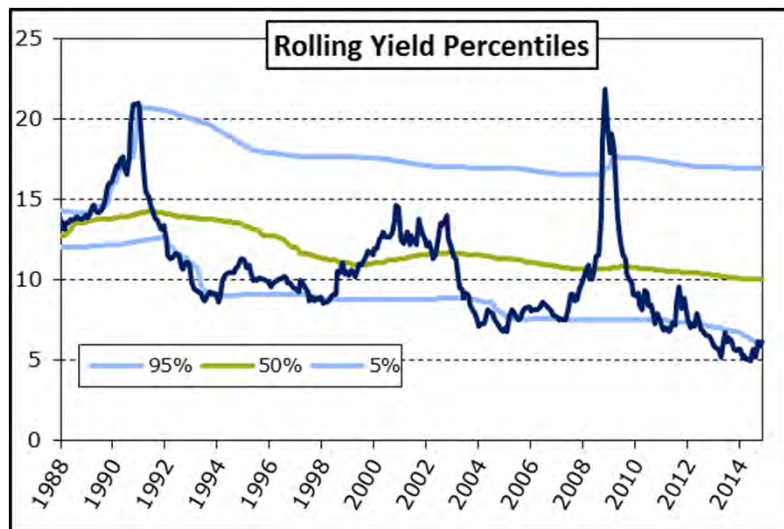
Source: BarCap Live as of 11/30



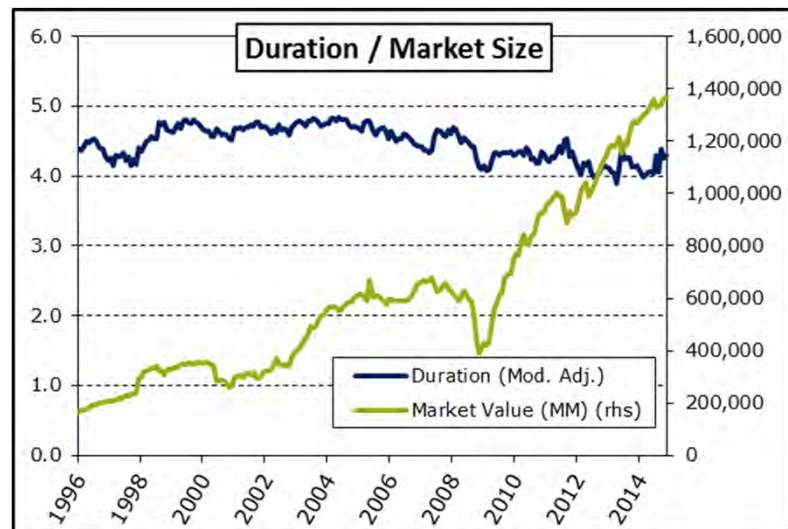
Source: BarCap Live as of 11/30

- **IG spreads flat in 2014 vs. last year**
 - 118 bps, slightly above median promotes some compression over horizon
 - Long credit spreads far more attractive at 1.78 compared to median of 1.25
- **Duration higher than index history**
 - Core bond exposures much more sensitive to rising interest rates relative to history
- **Increased long issuance continued**
 - Demand remained high from LDI players

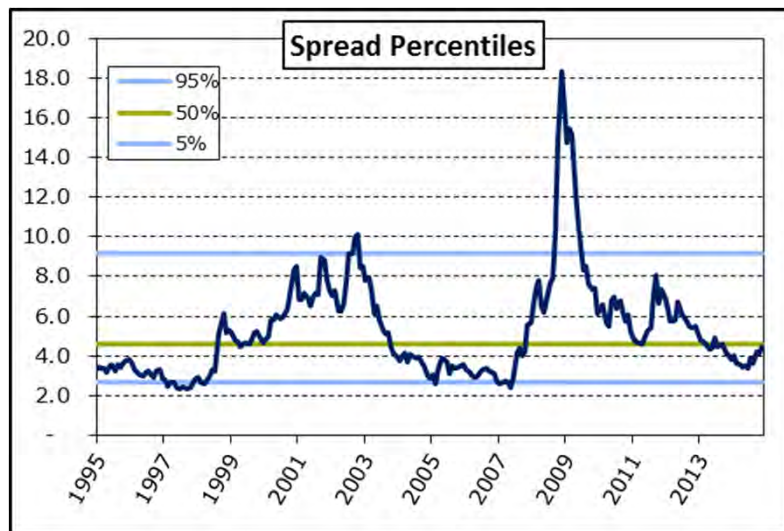
Assumption Development – High Yield



Source: BarCap Live, NEPC as of 11/30



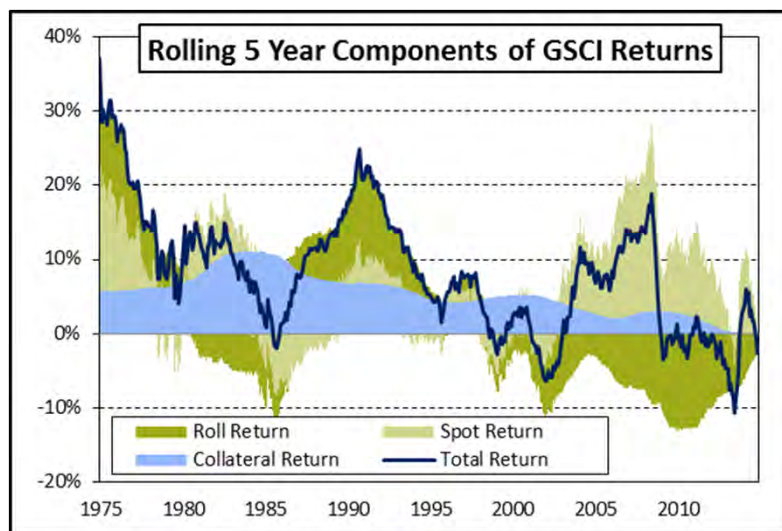
Source: BarCap Live as of 11/30



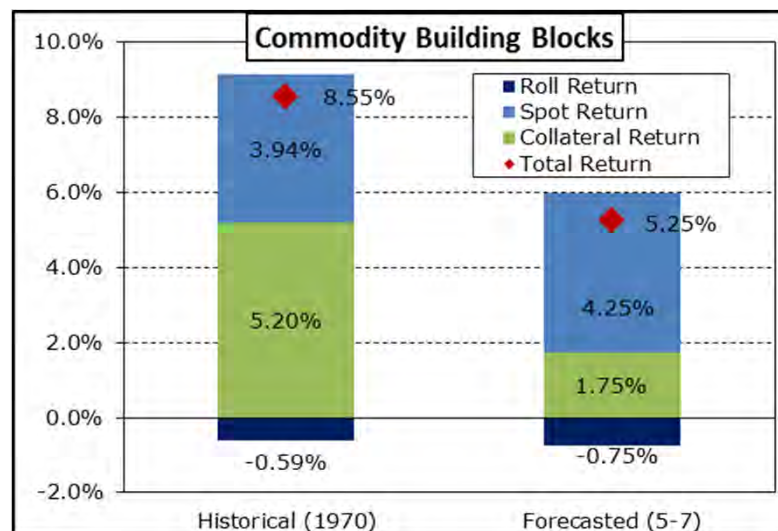
Source: BarCap Live, NEPC as of 11/30

- **Spreads (449 bps) modestly higher versus 2013 and near median levels**
 - Market can support spread compression as demand for high yields entices many fixed income investors
- **Energy represents largest index sector (~20%)**
 - Depressed price of oil may expose weakness in an otherwise higher quality, lower leverage high yield segment

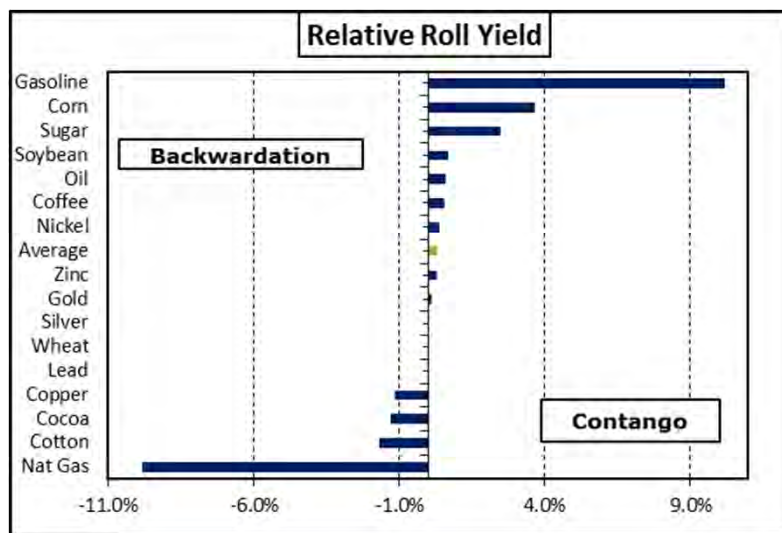
Assumption Development – Commodities



Source: Morningstar Direct as of 11/30



Source: Morningstar Direct, NEPC as of 11/30



Source: Bloomberg as of 11/30

- **History of blended GSCI and GSCI non-energy index used to approximate 40+ year history for Bloomberg Commodity Index**
 - Bloomberg Commodity Index history begins in 1994
- **Increased collateral return from prior year but low relative to history**
 - In line with cash assumption of 1.75%
 - Spot return expectation higher than history
 - Reflects lower entry point after recent energy sell-off
 - Roll yield expectation less negative than recent history
 - Financialization of markets likely to persist

- Past performance is no guarantee of future results.
- The goal of this report is to provide a basis for substantiating asset allocation recommendations. The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.
- Information on market indices was provided by sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.
- This report is provided as a management aid for the client's internal use only. This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

It is important that investors understand the following characteristics of non-traditional investment strategies including hedge funds and private equity:

- 1. Performance can be volatile and investors could lose all or a substantial portion of their investment**
- 2. Leverage and other speculative practices may increase the risk of loss**
- 3. Past performance may be revised due to the revaluation of investments**
- 4. These investments can be illiquid, and investors may be subject to lock-ups or lengthy redemption terms**
- 5. A secondary market may not be available for all funds, and any sales that occur may take place at a discount to value**
- 6. These funds are not subject to the same regulatory requirements as registered investment vehicles**
- 7. Managers may not be required to provide periodic pricing or valuation information to investors**
- 8. These funds may have complex tax structures and delays in distributing important tax information**
- 9. These funds often charge high fees**
- 10. Investment agreements often give the manager authority to trade in securities, markets or currencies that are not within the manager's realm of expertise or contemplated investment strategy**

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>

January 26, 2015

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

SUBJECT: RECOMMENDATION TO APPROVE UPDATED AND REVISED CONTRACT FOR CUSTODIAL SERVICES WITH STATE STREET BANK & TRUST

Dear Board Members:

I have been apprised that following the last update presented to the Board of Retirement on October 29, 2014, the Legal Counsel and Interim Retirement Administrator successfully negotiated a mutual indemnity provision they deem sufficient. As this was the last unresolved issue, it clears the way to approve the updated and revised contract, last updated January 16, 2015, which is provided.

Also provided is the update from Interim Retirement Administrator Tim Thonis from October 29, 2014 for your reference.

Recommendation:

Approve the updated and revised contract for custodial services with State Street Bank & Trust.

Sincerely,



Linda Webb
Retirement Administrator

CUSTODIAN CONTRACT

Between

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

And

STATE STREET BANK AND TRUST COMPANY

TABLE OF CONTENTS

	<u>PAGE</u>
1. EMPLOYMENT OF CUSTODIAN AND PROPERTY TO BE HELD BY IT	1
2. DUTIES OF THE CUSTODIAN WITH RESPECT TO PROPERTY OF THE FUND HELD BY THE CUSTODIAN.....	1
2.1 Holding Securities.....	1
2.2 Delivery of Securities.....	2
2.3 Registration of Securities	3
2.4 Bank Accounts	3
2.5 Income Crediting.....	4
2.6 Contractual Settlement Services (Purchases/Sales)	4
2.7 Payment of VCERA Moneys.....	8
2.8 Appointment of Agents and Subcustodians.	9
2.9 Proxies	9
2.10 Communications Relating to VCERA Securities	10
2.11 Proper Instructions	10
2.12 Actions Permitted Without Express Authority	11
2.13 Evidence of Authority.....	11
2.14 Securities Litigation	12
3. REPORTING	13
4. COMPENSATION OF CUSTODIAN	15
5. RESPONSIBILITY OF CUSTODIAN.....	15
6. SECURITY CODES	18
7. TAX LAW	18
8. INVESTMENT MANAGER.....	20
8.1 Appointment and Termination of Appointment	20
8.2 Authority	20
9. EFFECTIVE PERIOD, TERMINATION AND AMENDMENT	20
9.1 Term.....	20
9.2 Termination for Convenience	20
9.3 Termination for Cause	21
9.4 Survival of Terms: Payment	22

10.	ACTION ON TERMINATION	22
11.	REPRESENTATIONS AND WARRANTIES.....	23
12.	INSURANCE.....	24
13.	DISCLOSURE.....	25
14.	NOTICES.....	25
15.	INDEMNIFICATION OF VCERA AND INDEMNIFICATION PROCEDURES	27
15.1	Indemnification by Custodian	27
15.2	Indemnification Procedures	27
16.	NO WAIVER OF BOARD’S LEGAL RIGHTS	29
17.	CONFIDENTIALITY AND PRIVACY	29
17.1	Confidentiality	29
17.2	Data Privacy Measures.....	30
18.	CALIFORNIA LAW TO APPLY	30
19.	COUNTERPARTS	31
20.	SEVERABILITY	31
21.	REPRODUCTION OF DOCUMENTS.....	31
22.	PRIOR CONTRACT	31

CUSTODIAN CONTRACT

This Contract between THE VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION hereinafter called "VCERA", and STATE STREET BANK AND TRUST COMPANY, a Massachusetts trust company, having its principal place of business at Boston, Massachusetts, USA, hereinafter called the "Custodian".

WITNESSETH:

That in consideration of the mutual covenants and agreements contained herein the Board for the Ventura County Employees' Retirement Association ("VCERA Board") and the Custodian agree as follows:

1. EMPLOYMENT OF CUSTODIAN AND PROPERTY TO BE HELD BY IT.

The VCERA Board hereby appoints the Custodian as the custodian of the assets of the Ventura County Employees' Retirement Association, hereinafter called "VCERA". All property delivered to the Custodian, its agents or its subcustodians shall be held and dealt with as hereinafter provided. The Custodian shall not be responsible for any property of VCERA not delivered to the Custodian, its agents or its subcustodians.

2. DUTIES OF THE CUSTODIAN WITH RESPECT TO PROPERTY
HELD BY THE CUSTODIAN

2.1 Holding Securities. The Custodian shall hold, or direct its agents or its subcustodians to hold, for the account of VCERA all securities and other noncash property other than securities which are held by the Custodian, its agents or subcustodians in the Federal Reserve book-entry system, in a clearing agency which acts as a securities depository

or in another book-entry system for the central handling of securities collectively referred to herein as "Securities System".

2.2 Delivery of Securities. The Custodian shall release and deliver, or direct its agents or its subcustodians to release, securities of VCERA held by the Custodians, its agents or its subcustodians or in a Securities System account of the Custodian, its agents or its subcustodians only upon receipt of Proper Instructions (as defined in Section 2.11 herein), which may be standing instructions, in the following cases:

- (a) Upon sale of such securities for VCERA, unless otherwise directed by Proper Instructions; (i) in accordance with the customary or established practices and procedures in the jurisdiction or market where the transactions occur, including, without limitation, delivery to the purchaser thereof or to a dealer therefor (or an agent of such purchaser or dealer) against expectation of receiving later payment; or (ii) in the case of a sale effected through a Securities System, in accordance with the rules governing the operations of the Securities System;
- (b) Upon the receipt of payment in connection with any repurchase agreement related to such securities;
- (c) To the depository agent in connection with tender or other similar offers for securities of VCERA;
- (d) To the issuer thereof or its agent when such securities are called, redeemed, retired or otherwise become payable; provided that, unless otherwise directed by Proper Instructions, the cash or other consideration is to be delivered to the Custodian, its agents or its subcustodians;
- (e) To the issuer thereof, or its agent, for transfer into the name of the Custodian or of any nominee of the Custodian or into the name of any of its agents or subcustodians or their nominees or for exchange for a different number of bonds, certificates or other evidence representing the same aggregate face amount or number of units;
- (f) To brokers, clearing banks or other clearing agents for examination in accordance with "street delivery" custom;

- (g) For exchange or conversion pursuant to any plan of merger, consolidation, recapitalization, reorganization or readjustment of the securities of the issuer of such securities, or pursuant to provisions for conversion contained in such securities, or pursuant to any deposit agreement; provided that, unless otherwise directed by Proper Instructions, the new securities and cash, if any, are to be delivered to the Custodian, its agents or its subcustodians;
- (h) In the case of warrants, rights or similar securities, the surrender thereof in the exercise of such warrants, rights or similar securities or the surrender of interim receipts or temporary securities; provided that, unless otherwise directed by Proper Instructions, the new securities and cash, if any, are to be delivered to the Custodian, its agents or its subcustodians;
- (i) For delivery as security in connection with any borrowings by VCERA requiring a pledge of assets by VCERA;
- (j) In connection with trading in options and futures contracts, including delivery as original margin and variation margin;
- (k) In connection with securities lending by VCERA; and
- (l) For any other purpose, but only upon receipt of Proper Instructions specifying the securities to be delivered and naming the person or persons to whom delivery of such securities shall be made.

2.3 Registration of Securities. Securities held by the Custodian, its agents or its subcustodians (other than bearer securities or securities held in a Securities System) shall be registered in the name of the Custodian or in the name of any nominee of the Custodian or in the name of any of its agents or its subcustodians or of their nominees, so long as the Custodian's records clearly indicate that the securities or assets are held as part of VCERA's account. The Custodian, its agents and its subcustodians shall not be obligated to accept securities on behalf of VCERA under the terms of this Contract unless such securities are in "street name" or other good delivery form.

2.4 Bank Accounts. The Custodian, its agents or its subcustodians may open and

maintain a bank account or accounts in the name of the Custodian, subcustodian, their respective nominees or otherwise, in such banks or trust companies as they may in their discretion deem advisable (including a bank of the Custodian), subject only to draft or order by the Custodian, its agents or its subcustodians acting pursuant to the terms of this Contract, and shall hold in such account or accounts, subject to the provisions hereof, cash received by or from or for the account of VCERA. Such accounts shall be subject to the written direction which the VCERA or VCERA's investment manager appointed in accordance with section 8 hereof ("Investment Managers") may give from time to time to the Custodian. Such funds shall be deposited by the Custodian, its agents or its subcustodians in their capacity as Custodian, agent or subcustodian and, except as otherwise provided under this Contract, shall be withdrawable by the Custodian, its agents or its subcustodians only in that capacity.

2.5 Income Crediting. With respect to the securities or other assets held hereunder the Custodian shall credit income to VCERA as such income is received or in accordance with Custodian's then current payable date income schedule. Any credit to VCERA in advance of receipt may be reversed when Custodian determines that payment will not occur in due course and amounts credited will be deemed an overdraft. VCERA may be charged at Custodian's applicable overdraft rate set forth in the fee schedule for time credited. In the event VCERA uses a third party securities lending manager, income on securities loaned other than from Custodian's securities lending program shall be credited as received.

2.6 Contractual Settlement Services (Purchase / Sales)

- (a) The Custodian shall, in accordance with the terms set out in this Section 2.6, debit or credit the appropriate cash account of each VCERA investment fund

in connection with (i) the purchase of securities, and (ii) proceeds of the sale of securities, on a contractual settlement basis.

- (b) The services described above (the “Contractual Settlement Services”) shall be provided for such instruments and in such markets as the Custodian may indicate from time to time. The Custodian may terminate or suspend any part of the provision of the Contractual Settlement Services under this Contract at its sole discretion immediately upon notice to VCERA or the Investment Manager, as applicable, including, without limitation, in the event of force majeure events affecting settlement, any disorder in markets, or other changed external business circumstances affecting the markets.
- (c) With respect to settlement of a purchase of securities, the consideration payable in connection with a purchase transaction equal to the amount of the net purchase price (“Purchase Settlement Amount”) shall be debited from the appropriate cash account of VCERA as of the time and date that monies would ordinarily be required to settle such transaction in the applicable market, and held by the Custodian pending delivery of said securities. The Custodian shall promptly recredit such amount at the time that VCERA or the Investment Manager, as applicable, notifies the Custodian by Proper Instruction that such transaction has been canceled.
- (d) With respect to the settlement of a sale of securities, a provisional credit of an amount equal to the net sale price for the transaction (the “Sale Settlement Amount”) shall be made to the account of VCERA as if the Settlement

Amount had been received as of the close of business on the date that monies would ordinarily be available in good funds in the applicable market. Such provisional credit will be conditioned upon the Custodian having received Proper Instructions with respect to, or reasonable notice of, the transaction, as applicable; and the Custodian or its agents having possession of the asset(s) (which shall exclude assets subject to any third party lending arrangement which may be entered into by VCERA) associated with the transaction in good deliverable form and not being aware of any facts which would lead them to believe that the transaction will not settle in the time period ordinarily applicable to such transactions in the applicable market.

- (e) Simultaneously with the making of such provisional credit, the Board agrees that the Custodian shall have, and hereby grants to the Custodian, a security interest in any property at any time held for the account of the Fund, solely to the extent of the credited amount, and the Board hereby pledges, assigns and grants to the Custodian a continuing security interest and a lien on any and all such property under the Custodian's possession, in accordance with the terms of Section 5 of this Contract. In the event that the Fund fails to promptly repay any provisional credit, the Custodian shall have all of the rights and remedies of a secured party under the California Commercial Code. The Custodian shall reimburse itself for any such credited amounts from assets of the applicable investment manager before looking to other assets of the Fund, and from available cash in the Fund prior to liquidating any securities held.

- (f) The Custodian shall have the right to reverse any Sale Settlement Amount given in connection with the Contractual Settlement Services at any time when the Custodian believes, in its reasonable judgment, that such transaction will not settle in accordance with its terms or amounts due pursuant thereto will not be collectable or where the Custodian has not been provided Proper Instructions with respect thereto, as applicable, and amounts credited will be deemed an overdraft. VCERA may be charged at Custodian's applicable overdraft rate set forth in the fee schedule for time credited. Upon such reversal, the amount due to the Custodian shall become immediately payable by VCERA to the Custodian and may be debited from any cash account held for benefit of VCERA.
- (g) In the event that the Custodian is unable to debit an account of VCERA, and VCERA fails to pay any amount due to the Custodian at the time such amount becomes payable in accordance with this Contract and upon giving notice to the applicable investment manager, (i) the Custodian may charge VCERA for costs and expenses associated with providing the provisional credit, including without limitation the cost of funds associated therewith, (ii) the amount of any accrued dividends, interest and other distributions with respect to assets associated with such transaction may be set off against the credited amount, (iii) the provisional credit and any such costs and expenses shall be considered an advance of cash for purposes of the Contract and (iv) the Custodian shall be entitled to collect from the Fund's accounts sufficient cash for reimbursement.

If VCERA's cash account has insufficient cash to cover reimbursement liabilities, the Custodian shall dispose of the assets in VCERA's account in good faith and only to the extent necessary to obtain reimbursement.

2.7 Payment of VCERA Moneys. Upon receipt of Proper Instructions and written agreement as to security procedures for payment orders, which may be standing instructions, or as may be otherwise authorized within this Contract, the Custodian shall pay out, distribute, transfer or direct its agents or its subcustodians to pay out, distribute or transfer moneys of VCERA in the following cases:

- (a) Upon the purchase of securities for VCERA, unless directed by Proper Instructions; (i) in accordance with the customary or established practices and procedures in the jurisdiction or market where the transactions occur, including, without limitation, delivering money to the seller thereof or to a dealer therefor (or an agent for such seller or dealer) against expectation of receiving later delivery of such securities; or (ii) in the case of a purchase effected through a Securities System, in accordance with the rules governing the operation of such Securities System;
- (b) In connection with conversion, exchange or surrender of securities of VCERA as set forth in Section 2.2 hereof;
- (c) For the payment of any expense or liability including but not limited to the following payments: interest, taxes, management, accounting, transfer agent fees, legal fees and operating expenses;
- (d) To the trustee, including the Custodian, of any collective investment fund maintained for the investment of the assets of employee benefit plans qualified under Section 401(a) and exempt from tax under Section 501(a) of the Internal Revenue Code;
- (e) For the purchase or sale of foreign exchange or foreign exchange contracts for the account of VCERA, including transactions executed with or through the Custodian, its agents or its subcustodians;
- (f) In connection with trading in options and futures contracts, including delivery

as original margin and variation margin;

- (g) In connection with securities borrowing by VCERA; and
- (h) For any other purpose, but only upon receipt of Proper Instructions specifying the amount of such payment and naming the person or persons to whom such payment is to be made.

2.8 Appointment of Agents and Subcustodians. The Custodian may at its discretion appoint and remove agents or subcustodians to carry out such of the provisions of this Contract as the Custodian may from time to time direct; provided, however, that such agents and subcustodians have the necessary experience and skill to perform the services and their appointment shall not relieve the Custodian of its responsibilities or liabilities under this Contract. The Custodian shall be responsible and liable for any and all actions of any agent or subcustodian it appoints to the same extent it would be responsible if the Custodian held the assets and performed the services. Regardless of whether assets are maintained in the custody or banking department of a foreign subcustodian or a Securities System, the Custodian shall not be liable for any loss, damage, cost, expense, liability or claim resulting from nationalization, expropriation, currency restrictions, or acts of war or terrorism, or any other loss where the foreign subcustodian has otherwise acted with reasonable care, or any loss, damage, cost, expense, liability or claim resulting from the insolvency of any foreign subcustodian, provided that the Custodian has exercised due care in the selection and monitoring of such foreign subcustodian.

2.9 Proxies. Except in cases where VCERA's investment managers vote proxies on VCERA's behalf, the Custodian will, with respect to the securities held hereunder, cause to be promptly executed by the registered holder of such securities proxies received by the

Custodian from its agents or its subcustodians or from issuers of the securities being held for VCERA, without indication of the manner in which such proxies are to be voted, and, upon receipt of Proper Instructions, shall promptly deliver such proxies, proxy soliciting materials and other notices relating to such securities.

2.10 Communications Relating to VCERA Securities. The Custodian shall transmit promptly to VCERA or Investment Manager (as defined in Section 8 herein) written information (including, without limitation, pendency of calls and maturities of securities and expirations of rights in connection therewith) received by the Custodian from its agents or its subcustodians or from issuers of the securities being held for VCERA. With respect to tender or exchange offers, the Custodian shall exercise reasonable care and transmit promptly to VCERA or Investment Manager written information received by the Custodian from its agents or its subcustodians or from issuers of the securities whose tender or exchange is sought and from the party (or his agents) making the tender or exchange offer. The Custodian shall not be liable for any untimely exercise of any tender, exchange or other right or power in connection with securities or other property, of VCERA at any time held by it unless (i) it or its agents or subcustodians are in actual or effective possession of such securities or property and (ii) it receives Proper Instructions with regard to the exercise of any such right or power and both (i) and (ii) occur at least three (3) business days prior to the Custodian's deadline to exercise such right or power, unless the Custodian negligently failed to transmit the information set forth above.

2.11 Proper Instructions. The term "Proper Instructions" shall mean instructions received by the Custodian from VCERA, the Investment Manager, or any person duly

authorized by either of them. Such instructions may be in writing signed by the authorized person or may be in a tested communication or in a communication utilizing access codes effected between electro-mechanical or electronic devices or may be by such other means as may be agreed to from time to time by the Custodian and the party giving such instructions. The VCERA Board shall cause its duly authorized officer, or the duly authorized officer of any Investment Manager, to certify to the Custodian in writing the names and specimen signatures of persons authorized to give Proper Instructions. The Custodian shall be entitled to rely upon the identity and authority of such persons until it receives notice from VCERA or the Investment Manager to the contrary.

2.12 Actions Permitted without Express Authority. The Custodian may, at its discretion, without express authority from VCERA or the Investment Manager:

- (a) make payments to itself or others for minor expenses of handling securities or other transaction related items incurred in the execution of Proper Instructions of VCERA or an Investment Manager under this Contract, provided that all such payments shall be accounted for to VCERA;
- (b) surrender securities in temporary form for securities in definitive form;
- (c) endorse for collection checks, drafts, and other negotiable instruments; and
- (d) in general attend to all nondiscretionary details in connection with the sale, exchange, substitution, purchase, transfer and other dealings with the securities and assets of VCERA.

2.13 Evidence of Authority. The Custodian shall be protected in acting upon any instructions, notice, request, consent, certificate, instrument or paper reasonably believed by it to be genuine and to have been properly executed or otherwise given by or on behalf of VCERA or an Investment Manager. The Custodian may receive and accept a certificate from

VCERA or an Investment Manager as conclusive evidence (i) of the authority of any person to act in accordance with such certificate or (ii) of any determination or of any action by VCERA or the Investment Manager as described in such certificate, and such certificate may be considered as in full force and effect until receipt by the Custodian of written notice to the contrary.

2.14 Securities Litigation. The VCERA Board delegates to Custodian responsibility for the monitoring, reporting, and filing of proofs of claims for class action securities litigation in connection with U.S. securities currently or previously held by the Custodian for VCERA. Custodian shall maintain records of all such litigation documentation received by Custodian on behalf of VCERA and all documents generated by Custodian relating to such litigation. Custodian shall review all U.S. class action securities litigation notices received by Custodian and shall not opt out of any U.S. class action securities litigation, but rather take whatever action is necessary to include VCERA in the class, unless otherwise instructed by VCERA. Custodian shall timely submit claims on VCERA's behalf in all U.S. class action securities litigation in which VCERA is a member of the class. Custodian will send any monies recovered in class action securities litigation on VCERA's behalf to VCERA, or as otherwise instructed by VCERA from time to time. Custodian shall make available to VCERA quarterly reports that provide for each class action, at a minimum:

- a. the name of the action;
- b. the class period;
- c. the filing deadline;
- d. the date a claim was submitted on VCERA's behalf;

- e. claims administrator;
- f. the amount received, and;
- g. the date monies were sent to VCERA.

Quarterly reports shall include U.S. class actions in which VCERA has not opted out of the class for which funds under a judgment or settlement have not been received. Custodian shall make available the quarterly reports via mystatestreet.com within two (2) weeks of the last day of each month.

3. REPORTING.

Custodian shall keep accurate and detailed accounts of all investments, receipts, disbursements, and other actions hereunder. Its books and records relating thereto shall be open to inspection and audit with reasonable notice by VCERA or its duly authorized representatives upon written notice in advance to the Custodian. Upon closing the books on the sixth (6th) business day following the beginning of each month, Custodian shall send to VCERA's Accounting Department an itemized statement of all monies received or paid on behalf of VCERA and an itemized statement of the securities for which it is accountable under this Contract as of the end of the prior month, as well as a list of all securities transactions during the preceding month and all transactions that remain unsettled at that time. If Custodian does not receive all of the necessary information from applicable Investment Managers in a timely manner in order to send VCERA timely reports as described above, Custodian will notify VCERA that it is unable to produce such timely reports due to non-receipt of necessary information from the applicable Investment Manager, and shall send said incomplete report unless instructed otherwise by VCERA. In lieu of sending such

statements and reports, Custodian may make such statements, reports and accounting information available to VCERA on its Internet website, at mystatestreet.com.

Custodian shall cause such monthly reports and statements to be audited and made available to VCERA via mystatestreet.com. In addition, Custodian shall work with Investment Managers in good faith to promptly resolve any open issues identified by any Investment Manager's reconciliation report. .

Custodian shall make available to VCERA a written accounting of all purchases and sales that failed to settle during the previous three months on their contractual settlement date (the Failed Trades Report) via mystatestreet.com. Such report shall report failed trade activity in all VCERA's accounts as listed on **Exhibit C** of this Contract whose Asset Class is designated as U.S. Equity, Fixed Income or International Equity.

Within forty-five (45) days after the close of each fiscal year of VCERA and at more frequent intervals if agreed to by the Parties hereto, and within forty-five (45) days after the removal or resignation of Custodian as provided hereunder, Custodian shall make available to VCERA via mystatestreet.com reporting showing in reasonable summary the investments, receipts, disbursements and other transactions engaged in during the preceding fiscal year or period. Custodian will provide such additional reports as reasonably requested by VCERA or required by government or legal entities, which may be subject to additional fees as may be agreed between the parties.

At the direction of VCERA, Custodian agrees to provide to VCERA's Performance Measurement Consultant (Consultant), if any, access via mystatestreet.com to monthly data for each Investment Managers' account sufficient to allow Consultant to calculate rate of

returns that are in compliance with the Global Investment Performance Standards created and administered by the Chartered Financial Analyst Institute. The data will be provided via electronic media, including mystatestreet.com. The data will be consistent in all respects with the data that is provided to VCERA's Accounting Department as described in paragraph 1 of this Section 5.

Custodian agrees to provide VCERA, on an annual basis, with its SSAE 16 (or successor) report.

Custodian has no duty to verify reports it incorporates regarding securities or cash held outside its custody submitted by third Parties, including but not limited to brokers, other banks or trust companies, except where such reports contain errors or omissions that are manifestly evident. Notwithstanding the foregoing, Custodian shall be responsible for the accuracy of information provided by Custodian's agents and subcustodians.

4. COMPENSATION OF CUSTODIAN. The Custodian shall be entitled to reasonable compensation for its services and expenses as Custodian set forth in a written Fee Schedule between the parties hereto, attached hereto and incorporated herein as Exhibit A, until a different compensation shall be in writing agreed upon between the VCERA Board and the Custodian.

5. STANDARD OF CARE; RESPONSIBILITY OF CUSTODIAN; LIABILITY. The Custodian acknowledges and agrees that this Contract places it in a fiduciary relationship with the VCERA Board and VCERA with respect to the safekeeping and custody of assets under this Contract. As a fiduciary, the Custodian shall discharge its custodial duties and exercise each of its powers with respect to the safekeeping and custody of assets under the

Contract in the interest of the participants and beneficiaries of VCERA with the competence, care, skill, prudence and diligence under the circumstances then prevailing and that a prudent person who acting in a like capacity as a professional safekeeping custodian and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, in conformance with Article XVI of Section 17 of the California Constitution (“Fiduciary Care”). The Custodian shall discharge its other duties and exercise all other powers hereunder with the customary standard of care of a professional safekeeping custodian providing services for hire (“Due Care”).

Notwithstanding anything to the contrary in this Contract, VCERA agrees that, notwithstanding its status as a fiduciary with respect to the safekeeping and custody of assets under this Contract or any other provision of this Contract, the Custodian or its affiliates may enter into any principal transactions with VCERA as may be directed or initiated by VCERA or its Investment Managers as a non-fiduciary counterparty and to which the Custodian or its affiliates will earn a profit.

The Custodian shall not be responsible for the title, validity or genuineness, including good deliverable form, of any property or evidence of title thereto received by it or delivered by it pursuant to this Contract and shall be held harmless in acting upon any Proper Instruction, notice, request, consent, certificate or instrument reasonably believed by it to be genuine and to be signed or otherwise given by the proper party or parties. The Custodian shall be held to the standard of reasonable care in carrying out the provisions of this Contract, except that with respect to the safekeeping and custody of assets, the Custodian will be held to the standard of care set forth in this Section 5, and subject to the California Government

Claims Act (California Government Code Section 810 et. seq.). Subject to the procedures set forth in Section 15.2, the Custodian shall be indemnified by VCERA against third parties and be without liability to VCERA for any action taken or omitted by Custodian in good faith under the applicable standard of care and without negligence, and not in related breach of this Contract. The Custodian shall be without liability to VCERA for any loss resulting from or caused by: (i) events or circumstances beyond its reasonable control including nationalization, expropriation, currency restrictions, act of war or terrorism, riot, revolution, acts of God or other similar events or acts; (ii) errors by VCERA or any Investment Manager in its Proper Instructions to the Custodian or (iii) acts or omissions by a Securities System.

If the Custodian advances cash or securities for any purpose, including the purchase or sale of foreign exchange or of contracts for foreign exchange, or in the event that the Custodian shall incur or be assessed taxes, interest, charges, expenses, assessments, or other liabilities including, without limitation, unpaid fees in connection with the performance of this Contract, except such as may arise from its own negligent act or negligent omission, any assets at any time held for the account of VCERA shall be security therefor and, should VCERA fail to pay or reimburse the Custodian promptly, the Custodian shall be entitled to utilize available cash. If the cash account has insufficient funds to cover reimbursement liabilities, the Custodian shall dispose of VCERA assets in good faith and only to the extent necessary to affect its right of setoff and make itself whole, and shall provide notice of same to VCERA and applicable investment manager as soon as practicable.

The Custodian may any time decline to follow Proper Instructions to deliver out cash or securities if the Custodian determines in its reasonable discretion that, after giving effect to the Proper Instructions, the cash or securities remaining will not have sufficient value fully to secure the Company's payment or reimbursement obligations, whether contingent or otherwise, and shall provide notice of same to VCERA and applicable investment manager as soon as practicable.

6. SECURITY CODES. If the Custodian has issued to VCERA, or to any Investment Manager, security codes or passwords in order that the Custodian may verify that certain transmissions of information, including Proper Instructions, have been originated by VCERA or the Investment Manager, as the case may be, the Custodian shall be indemnified by VCERA against third parties and be without liability to VCERA for any action taken or omitted by Custodian in reliance upon receipt by the Custodian of transmissions of information with the proper security code or password, including instructions purporting to be Proper Instructions, which the Custodian reasonably believes to be from VCERA or Investment Manager in good faith under the applicable standard of care and without negligence, and not in material breach of this Contract. In the event Custodian seeks indemnification under this provision it shall follow the indemnification procedures set forth in Section 15.2.

7. TAX LAW. For purposes of this Contract, "Tax Obligation" shall mean taxes, withholding, certificates and reporting requirements, claims for exemptions or refund, interest, penalties, additions to tax and other related expenses. The Custodian shall have no

responsibility or liability for any “Tax Obligations” now or hereafter imposed on VCERA or the Custodian as custodian of VCERA’s assets by the tax law of the United States of America or any state or political subdivision thereof. It shall be the responsibility of VCERA to notify the Custodian of the obligations imposed on VCERA or the Custodian as custodian of VCERA by the tax law of jurisdictions other than those mentioned in the above sentence, including responsibility for withholding and other taxes, assessments or other governmental charges, certifications and governmental reporting. The sole responsibility of the Custodian with regard to such tax law shall be to use commercial best efforts to perform the following services:

(a) assist VCERA with respect to any claim for exemption or refund under the tax law of jurisdictions for which VCERA has provided such information.

(b) provide VCERA or other authorized party such information received by the Custodian which could, in the Custodian’s reasonable belief, assist VCERA or other authorized party to submit any report or returns with respect to its Tax Obligations. VCERA will inform the Custodian in writing as to which party or parties shall receive information from the Custodian;

(c) the Custodian may provide such other services with respect to the Tax Obligations, including preparation and filing of tax returns and reports and payment of amounts due (to the extent funded), as requested by VCERA and agreed to by the Custodian in writing. The Custodian shall have no independent obligation to determine the existence of any information with respect to, or to the extent of, any Tax Obligations now or hereafter imposed on VCERA by any taxing authority. Except as specifically provided herein or

agreed to in writing by the Custodian, the Custodian shall have no obligations or liability with respect to the Tax Obligations, including, without limitation, any obligation to file or submit returns or reports with any taxing authority.

8. INVESTMENT MANAGER(S).

8.1 Appointment and Termination of Appointment. VCERA at any time may appoint one or more Investment Managers to manage the investment of all or any portion of VCERA's assets. In such event, VCERA shall notify the Custodian in writing of the appointment of such Investment Manager, and of the portion of the assets over which the Investment Manager may exercise its authority. VCERA similarly shall notify the Custodian of the termination of the appointment of any Investment Manager.

8.2 Authority. The Custodian, in performing its duties under this Contract, shall be entitled to rely upon Proper Instructions from the Investment Manager, with such limitations as the VCERA Board and the Custodian by written agreement provide. In the absence of such limitations, the Custodian shall accept Proper Instructions from the Investment Manager to the same extent as the Custodian would be entitled to accept such Proper Instructions from VCERA if no Investment Manager has been appointed.

9. EFFECTIVE PERIOD, TERMINATION AND AMENDMENT.

9.1 Term. This Contract shall become effective as of January 1, 2014, and shall continue in full force and effect until terminated as hereinafter provided. This Contract may be amended at any time by mutual written agreement of the parties hereto.

9.2. Termination for Convenience. This Contract may be terminated by either VCERA or the Custodian, without cause, upon thirty (30) days' written notice, delivered or

mailed, postage prepaid to the other party.

9.3 Termination for Cause. VCERA may immediately terminate all or any part of this Contract by delivering to Custodian a written Notice of Termination for Default which specifies the extent to which Custodian's performance of work is terminated and the Effective Termination Date, under any one of the following circumstances:

9.3.1 If Custodian or any of its agents materially fails to perform or cause to be performed any of the provisions of this Contract, and fails to cure such default within ten (10) calendar days (or such longer period as VCERA may authorize in writing) after receipt of written notice from VCERA specifying such default;

9.3.2 Upon notice without further cure period, if Custodian or any of its agents repeatedly fails to perform according to this Contract following notice and failure to cure pursuant to paragraph 9.3.1;

9.3.3 Without notice or cure if Custodian or any of its agents materially breaches any of the representations or warranties made in Section 11 below, so as to adversely affect VCERA;

9.3.4 Without notice or cure if Custodian files for bankruptcy, becomes insolvent or generally cannot pay its debts as they become due;

9.3.5 Without notice or cure if Custodian is found civilly or criminally liable by a trial court, jury or administrative panel in connection with any matter involving breach of trust or fiduciary duty, fraud, theft, or moral turpitude; or

9.3.6 Without notice or cure if Custodian attempts or purports to assign this Contract, or any portion thereof without the prior written consent of VCERA.

9.4 Survival of Terms; Payment. The provisions of Sections 5, 6, 7 and 12 of this Contract shall survive termination of this Contract for any reason.

Upon termination of the Contract, VCERA shall pay to the Custodian upon demand such compensation as may be due as of the date of such termination and shall likewise reimburse the Custodian for its costs, expenses and disbursements.

10. ACTION ON TERMINATION. Any termination pursuant to Section 9 shall be subject to the transition provisions in this Section 10. If a successor custodian shall be appointed by the VCERA Board, the Custodian shall, within a reasonable time after termination, deliver to such successor custodian at the office of the Custodian, its agents or its subcustodians or as otherwise agreed, duly endorsed and in the form for transfer, all securities, funds and other property then held by it hereunder and shall transfer to any account of the successor custodian all of VCERA's securities held in a Securities System.

If no such successor custodian shall be appointed, the Custodian shall, in like manner, upon receipt of Proper Instructions from VCERA, deliver at the office of VCERA , its agents or its subcustodians or as otherwise agreed and transfer such securities, funds and other property in accordance with such Proper Instructions.

In the event that securities, funds and other property remain in the possession of the Custodian, its agents or its subcustodians after the date of termination hereof owing to failure of the VCERA Board to appoint a successor custodian or to give the Proper Instructions referred to above, the Custodian shall be entitled to fair compensation for its services during such period as the Custodian retains possession of such securities, funds and other property and the provisions of this Contract relating to the duties and obligations of the Custodian

shall remain in full force and effect.

11. REPRESENTATIONS AND WARRANTIES.

(a) Custodian represents and warrants to VCERA:

- (1) The Custodian is duly organized, validly existing and in good standing under the laws of the state or county of its organization.
- (2) The Custodian has the power and authority to execute and enter into this Contract and to carry out its obligations hereunder.
- (3) Neither the execution of this Contract nor the acts contemplated hereunder will violate any legislative, regulatory or judicial act or order applicable to the Custodian.
- (4) The Custodian has completed, obtained and performed all registrations, filings, approvals, authorizations, consents or examinations required by any government or governmental authority for its acts contemplated by this Contract.
- (5) The personnel of the Custodian responsible for managing the Custodian's duties and obligations hereunder are individuals experienced in the performance of the various functions contemplated by this Contract.

(b) VCERA represents and warrants to the Custodian that:

- (1) The VCERA Board has the requisite power and authority under applicable law and its Governing Documents to enter into and perform this Contract.
- (2) All requisite proceedings have been taken to authorize the VCERA Board to enter into and perform this Contract.
- (3) This Contract constitutes its legal, valid, binding and enforceable agreement of the VCERA Board.
- (4) The VCERA Board's entrance into this Contract shall not cause a material breach or be in material conflict with any other agreement or obligation of the VCERA Board or any law or regulation applicable to it.
- (5) Regulation GG. The VCERA Board hereby represents and warrants that it does not engage in an "internet gambling business," as such term is defined in

Section 233.2(r) of Federal Reserve Regulation GG (12 CFR 233.1-233.7) (“Regulation GG”). The VCERA Board hereby covenants and agrees that it shall not engage in an internet gambling business. In accordance with Regulation GG, the VCERA Board is hereby notified that “restricted transactions,” as such term is defined in Section 233.2(y) of Regulation GG, are prohibited in any dealings with the Custodian pursuant to this Contract or otherwise between or among any party hereto.

12. INSURANCE

During the term of this Contract, Custodian shall pay for and maintain insurance as provided herein if available at commercially reasonable rates:

- (a) Comprehensive Commercial General Liability Insurance. Such Commercial General Liability Insurance will be primary to and not contributing with any other insurance maintained by VCERA and/or the County of Ventura for claims arising from Custodian’s provision of service hereunder. Such insurance provides coverage liability to members of the public arising out of premises and operations including Personal Injury with a per occurrence limit and per location limit of at least two million dollars (\$2,000,000) per occurrence and five million (\$5,000,000) aggregate.
- (b) Workers’ Compensation. A program of Workers’ Compensation Insurance with statutory limits and Employers Liability with limits of at least two million dollars (\$2,000,000) per accident will be secured protecting all Custodian employees.
- (c) In addition, Custodian agrees, if available at commercially reasonable rates, to maintain additional policies in no less than the amounts delineated and in categories of insurance described in Custodian’s Memorandum of Insurance

attached as Exhibit B, which is incorporated herein by reference.

Custodian's Memorandum of Insurance and/or the policies and coverages set forth therein may be amended from time to time by Custodian. Custodian shall provide VCERA a copy of its current Memorandum of Insurance annually or more frequently upon VCERA's request. The provisions of this Section 12 shall survive the termination of this Contract.

13. DISCLOSURE

The Custodian will promptly notify VCERA:

- a. Whenever there are material changes in its financial condition or whenever there are significant changes in its business, including, but not limited to, ownership and key personnel responsible for the management of the VCERA custody relationship.
- b. The Custodian will promptly notify VCERA of any material litigation, regulatory proceedings or governmental investigation to which the Custodian is a named party and that could reasonably be expected to have a material impact on the Custodian's ability to perform its duties hereunder. Notwithstanding the foregoing, information reported in the Custodian's publicly filed SEC disclosures referencing its material litigation and regulatory investigations will be deemed to satisfy the requirements of this Section.

14. NOTICES. Notices and other writings shall be delivered or mailed postage prepaid to:

NOTICES. Notices and other writings shall be delivered or mailed postage prepaid to:

VCERA:

Ventura County Employees' Retirement Association
1190 S Victoria Avenue, Suite 200
Ventura, California 93003
Attention: Retirement Administrator

To the Custodian:

State Street Bank and Trust Company
801 Pennsylvania Avenue
Kansas City, Missouri 64105
ATTN: Julianna Frank

or to such other address as VCERA or the Custodian may hereafter specify in writing.

Telephone and facsimile notices shall be sufficient if communicated to the party entitled to receive such notice at the following numbers:

If to VCERA:

Telephone 805-339-4262 Facsimile 805-339-4269

If to Custodian:

Telephone 816-871-3979 Facsimile 617-769-6630

or to such other numbers as either party may furnish the other party by written notice under this Section.

Electronic notices shall also be sufficient if communicated to the party entitled to receive such notice at the following email address:

If to VCERA:

Email address: Linda.Webb@Ventura.org

If to Custodian:

Email address: JMFrank@statestreet.com

or to such other email addresses as either party may furnish the other party by written notice under this Section. For purposes of the foregoing, electronic notices shall be deemed to include notice given via mystatestreet.com.

15. INDEMNIFICATION OF VCERA AND INDEMNIFICATION PROCEDURES.

15.1. Indemnification by Custodian. The Custodian shall indemnify VCERA, its board members and employees from all direct and foreseeable loss, damage, liability, cost or expense (including reasonable attorneys' fees, judgments and other litigation costs), ("Loss") incurred by VCERA and arising directly from a claim against VCERA brought by a third party as a direct result, and to the extent, of the Custodian's failure to exercise the standard of care set forth in this Agreement; provided, however, that such indemnity shall not apply to any Loss arising out of VCERA's or its agents' action or omission.

15.2. Indemnification Procedures. In connection with any indemnification provided pursuant to this Contract, an indemnified party may make claims for indemnification by giving written notice thereof to the indemnifying party after it receives notice of a third-party claim, but the failure to do so shall not relieve an party from any liability except to the extent that it is materially prejudiced by the failure or delay in giving such notice. Such notice shall summarize the bases for the claim for indemnification and any claim being asserted by the third party. Within fifteen (15) days after receiving any such notice, the indemnifying party shall give written notice to the indemnified party stating whether the indemnifying party

disputes the claim for indemnification and whether it will defend against the third-party claim at its own cost and expense. If the indemnifying party fails to give notice that it disputes an indemnification claim within fifteen (15) days after the receipt of notice thereof, it shall be deemed to have accepted and agreed to indemnify the claim.

The indemnifying party shall be entitled to direct the defense against a third-party claim with counsel selected by it (subject to the consent of the indemnified party, which consent shall not be unreasonably withheld) as long as the indemnifying party is conducting a good faith and diligent defense. The indemnified party shall at all times have the right to fully participate in the defense of a third-party claim at its own expense directly or through counsel; provided, however, that if the named parties to the action or proceeding include both parties, and the indemnified party is advised that representation of both parties by the same counsel would be inappropriate under applicable standards of professional conduct, the indemnified party may engage separate counsel at the expense of the indemnifying party. If no such notice of intent to dispute and defend a third-party claim is given by the indemnifying party, or if such good faith and diligent defense is not being or ceases to be conducted by the indemnifying party, the indemnified party shall have the right, at the expense of the Custodian, to undertake the defense of such claim (with counsel selected by the indemnified party), and to compromise or settle it, exercising reasonable business judgment. If the third-party claim is one that by its nature cannot be defended solely by the indemnifying party, then the indemnified party shall make available such information and assistance as the indemnifying party may reasonably request and shall cooperate with the indemnifying party in such defense, at the expense of the indemnifying party. The

indemnifying party shall have the right to settle any third-party claim without the consent of the indemnified party provided that such settlement (i) fully releases the indemnified party from any liability and provides no admission of wrongdoing, and (ii) does not subject the indemnified party to any additional obligation, whether financial or otherwise. In the event that any such settlement does not meet the requirements of (i) and (ii) above, then the indemnified party must consent to such settlement in writing, which consent shall not be unreasonably withheld, conditioned or delayed. The indemnified party shall use reasonable efforts to mitigate any Loss for which the indemnifying party may be liable under its indemnification.

16. NO WAIVER OF BOARD'S LEGAL RIGHTS

Nothing herein shall in any way constitute a waiver or limitation of any rights that VCERA may have.

17. CONFIDENTIALITY AND PRIVACY.

17.1 CONFIDENTIALITY. The information which VCERA may provide to Custodian, along with that which may be developed by the Custodian with respect to VCERA, shall be regarded as confidential and shall not be disclosed by the Custodian or used by the Custodian for any purpose other than pursuant to this Contract or as required by applicable law, regulation, court order or pursuant to regulatory audit. Except as provided in the sentence above, in the event the Custodian discloses any such information to a third party, the Custodian agrees that it shall obtain a similar confidentiality agreement from the third party, in writing. The foregoing shall not be applicable to any information (i) that is publicly available when provided or thereafter becomes publicly available, other than through a breach

of this Contract, or that is independently derived by any party hereto without the use of any information provided by the other party hereto in connection with this Contract, (ii) that is required in any legal or regulatory proceeding, investigation, audit, examination, subpoena, civil investigative demand or other similar process, or by operation of law or regulation, or (iii) where the party seeking to disclose has received the prior written consent of the party providing the information, which consent shall not be unreasonably withheld. Notwithstanding anything herein to the contrary, Custodian, its subsidiaries and affiliates may report and use nonpublic portfolio holdings information of its clients on an aggregated basis with all or substantially all other client information and without specific reference to VCERA.

17.2 Data Privacy Measures. Custodian will implement and maintain a written information security program that contains appropriate security measures to safeguard the personal information of VCERA's beneficiaries, unit holders, shareholders, employees, directors and/or officers in the event that it receives, stores, maintains, processes or otherwise accesses such personal information in connection with the provision of services hereunder. For these purposes, "personal information" shall mean (i) an individual's name (first initial and last name or first name and last name), address or telephone number plus (a) social security number, (b) drivers license number, (c) state identification card number, (d) debit or credit card number, (e) financial account number or (f) personal identification number or password that would permit access to a person's account or (ii) any combination of the foregoing that would allow a person to log onto or access an individual's account. Notwithstanding the foregoing "personal information" shall not include information that is lawfully obtained from

publicly available information, or from federal, state or local government records lawfully made available to the general public.

18. CALIFORNIA LAW TO APPLY. This Contract shall be construed and the provisions thereof interpreted under and in accordance with the laws of California to the extent not pre-empted by federal law. Custodian agrees to submit to the jurisdiction of the State and Federal courts in California in any action or proceeding arising out of the Contract. Venue for any such action shall be exclusively in Ventura County, if action is in state court, and in Los Angeles County, if the action is in federal court, unless otherwise agreed by the parties. The Custodian acknowledges and agrees that the VCERA Board does not waive its rights to a jury trial.

19. COUNTERPARTS. This Contract may be executed in several counterparts, each of which shall be deemed to be an original, and all such counterparts taken together shall constitute one and the same Contract.

20. SEVERABILITY. If any provision or provisions of this Contract shall be held invalid, unlawful, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

21. REPRODUCTION OF DOCUMENTS. This Contract and all schedules, addenda, exhibits, appendices, attachments and amendments hereto may be reproduced by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process. The parties hereto all/each agree that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding, whether or not the original is in existence and whether or not such reproduction was made by a party in the

regular course of business, and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

22. PRIOR CONTRACT. This Contract supersedes and terminates, as of the date hereof, all prior contracts between the VCERA Board and the Custodian relating to the custody of VCERA's assets.

IN WITNESS WHEREOF, each of the parties has caused this instrument to be executed in its name and behalf by its duly authorized representative as of the ____ day of _____, 2014.

ATTEST: VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BY: _____

TITLE: _____

ATTEST: STATE STREET BANK AND TRUST COMPANY

BY: _____
Vice President

INCUMBENCY CERTIFICATE

THE BOARD OF THE VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION, (the "Board") hereby certifies that the persons whose names appears below are authorized to act on behalf of the Board, including the authorization to give Proper Instructions, with respect to the Custodian Contract between the Board and STATE STREET BANK AND TRUST COMPANY, as Custodian, dated as of _____, 2014. The Board further certifies that the true signature of each such person is set forth below opposite his name, and that the Custodian may rely upon this certificate until such time as it receives another certificate bearing a later date.

NAME	SIGNATURE
_____	_____
_____	_____
_____	_____

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BY: _____

TITLE: _____

DATE: _____

NOTICE OF APPOINTMENT
OF
INVESTMENT MANAGERS

THE BOARD OF THE VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION, (the "Board") certifies to STATE STREET BANK AND TRUST COMPANY (the "Custodian"), through the duly authorized person whose signature appears below, that the firms whose names are set forth below have been appointed as Investment Managers for VCERA with respect to the Custodian Contract between the Board and the Custodian dated as of _____, 2014, with authority over the portions of the Fund indicated opposite their name. The Board further certifies that the Custodian may rely upon this certificate until such time as it receives another certificate bearing a later date.

INVESTMENT MANAGER

PORTION OF FUND

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BY: _____

TITLE: _____

DATE: _____

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>

October 29, 2014

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

SUBJECT: UPDATE ON CONTRACT NEGOTIATIONS WITH STATE STREET BANK AND TRUST COMPANY

Dear Board Members:

VCERA has made significant progress in negotiating an updated custodial agreement with State Street Bank and Trust Company (State Street). As the Board will recall, staff was directed to engage State Street in order to update VCERA's original 1997 custodian bank agreement. A point of emphasis for VCERA in the negotiations was to obtain State Street's acceptance of fiduciary responsibility for the custody of VCERA's assets.

As of today, staff has successfully negotiated State Street's acceptance of fiduciary responsibility within the contract's "Standard of Care" provision. In pertinent part, the provision states "The Custodian acknowledges and agrees that this Contract places it in a fiduciary relationship with the VCERA Board and VCERA....." Other important provisions that have been successfully negotiated include financial reporting requirements, certain operational areas including the management of trade failures, income crediting provisions and what constitutes "proper instruction" for State Street to follow in acting as VCERA's custodial bank. Within the negotiations, there have been two provisions – indemnification and limitations of liability – that have been sticking points and have consumed significant amounts of time.

The indemnification provision was, as originally drafted, not mutual. As a rule, VCERA will not accept an indemnification provision that isn't mutual. State Street has recently proposed changes to the indemnification provision and VCERA is presently evaluating the adequacy of those changes.

In terms of limitations of liability, State Street held for a long period that the agreement must contain language limiting the bank's liability. VCERA countered that it would be unable to recommend approval for any contract where the board waived its rights to recoverable damages caused by negligent action. State Street ultimately acquiesced on this point and removed the language that would limit liability.

The State Street negotiation has taken longer than first anticipated, but staff believes the updated contract, when approved, will contain the fiduciary language requested by

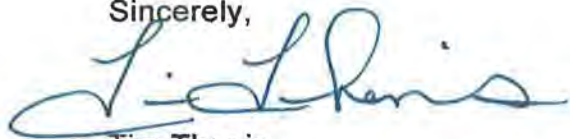
October 29, 2014

Page 2 of 2

the Board and many other sufficient legal protections for this critical area of VCERA operations.

I will be pleased to respond to any questions you may have on this matter at the October 29, 2014 meeting.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tim Thonis", with a stylized flourish at the end.

Tim Thonis
Interim Retirement Administrator

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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December 15, 2014

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

SUBJECT: REINSTATEMENT TO ACTIVE MEMBERSHIP; CYNTHIA CANTLE

Dear Board Members,

Staff recommends that VCERA retired member Ms. Cynthia Cantle be reinstated to active membership pursuant to Government Code Sections 31680.4 & 31680.5. Ms. Cantle has filed her application for reinstatement pursuant to section 31680.4, a medical determination that she is not incapacitated for the duties assigned, and a letter indicating her offer of full-time employment.

VCERA staff members will be pleased to answer any questions you may have on this item at the business meeting of December 15, 2014.

Sincerely,

A handwritten signature in blue ink, appearing to read "T. Thonis".

Tim Thonis
Interim Retirement Administrator

December 15, 2014

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

Dear Members of the Board of Retirement:

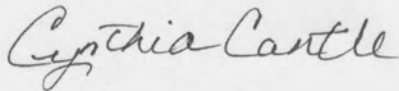
I hereby respectfully request reinstatement as an active employee of the County of Ventura, filling a position as Board of Supervisor's Chief of Staff, effective January 5, 2015.

As instructed by your staff, I have attached a copy of the offer of employment, the draft job description and a letter from my physician stating that I am capable of fulfilling the duties required.

I appreciate your favorable consideration of this request, and I look forward to once again becoming an active and contributing employee serving the citizens of Ventura County.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Cynthia Cantle".

Cynthia Cantle
465 Gridley Road
Ojai, CA
805-640-9598



BOARD OF SUPERVISORS
COUNTY OF VENTURA

GOVERNMENT CENTER, HALL OF ADMINISTRATION
800 SOUTH VICTORIA AVENUE, VENTURA, CALIFORNIA 93009

From the Desk of **STEVE BENNETT**
SUPERVISOR, FIRST DISTRICT
(805) 654-2703
FAX: (805) 654-2226
E-mail: steve.bennett@ventura.org

MEMBERS OF THE BOARD
STEVE BENNETT, Chair
LINDA PARKS
KATHY I. LONG
PETER C. FOY
JOHN C. ZARAGOZA

November 30, 2014

Cynthia Cantle
465 Gridley Road
Ojai, CA 93023

Dear Cynthia,

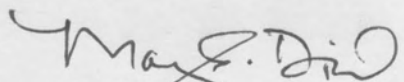
I am pleased to extend to you an offer of employment as my Board of Supervisor's Chief of Staff.

Cordially,

A handwritten signature in cursive script that reads "Steve Bennett".

Steve Bennett
Supervisor, First District

I have read the job description for Board of Supervisors Chief of Staff and confirm that Cynthia S. Cantle is physically capable of performing the job as described.

 MD

Dr. Mary E. Dial, MD

11/24/14

Date

January 26, 2015

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

Re: Reinstatement to Active Membership, postponed from December 15, 2014

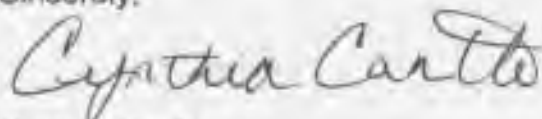
Dear Members of the Board of Retirement:

On December 15, 2014, your Board considered my request for reinstatement as an active employee of the County of Ventura, filling the position of Board of Supervisor's Chief of Staff. At that time you directed staff to postpone the matter and requested that I submit two additional documents.

Herewith, please find the two additional documents you requested including specific language as provided by your staff. The first document is an Attestation that I have not received any Unemployment Insurance compensation during the 12-month period prior to my acceptance of the position. The second document is a statement from my physician clarifying that she did examine me, and that I am not incapacitated for the duties assigned for the Board of Supervisor's Chief of Staff job description.

I respectfully ask for your favorable consideration of my request for reinstatement as an active County of Ventura employee. Please do not hesitate to contact me if you have any questions.

Sincerely,



Cynthia Cantle
805-640-9598

To the Board of the Retirement

Ventura County Employees' Retirement Association

I hereby attest that I have not received any Unemployment Insurance compensation during the 12-month period prior to my acceptance of the position of Board of Supervisors Chief of Staff.

Cynthia S. Cantle
Cynthia S. Cantle

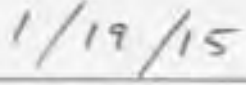
1-19-15
Date

To Whom It May Concern:

I have read the job description for Board of Supervisor's Chief of Staff and confirm that Cynthia S. Cantle is not incapacitated for the duties assigned based on my examination.



Dr. Mary E. Dial, MD



Date

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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January 26, 2015

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

SUBJECT: RECOMMENDATION TO ENGAGE MS. ASHLEY DUNNING FROM NOSSAMAN LLP TO ASSIST IN "PENSIONABLE COMPENSATION" DETERMINATION AND OTHER SUCH MATTERS THAT THE BOARD MAY AUTHORIZE

Dear Board Members:

At the January 5, 2015 meeting, the Board of Retirement approved staff's recommendation to engage Ms. Dunning of Manatt, Phelps & Phillips to assist in determining items of "pensionable compensation" under PEPRA (Public Employees' Pension Reform Act).

On January, 7, 2015, Ms. Dunning forwarded a press release to Ms. Nemiroff to inform VCERA of her move to Nossaman LLP.

Staff believes VCERA will be well served by the public pension group at Nossaman, and will benefit from a fee discount Ms. Dunning is able to provide.

Recommendation:

Engage Ms. Ashley Dunning from Nossaman, LLP to assist VCERA staff in determining items of "pensionable compensation" under PEPRA (Public Employees' Pension Reform Act) and for such other legal services as the Board of Retirement may authorize from time to time and authorize the Chair to sign the Nossaman engagement letter. Authorize the Retirement Administrator to request transfer of files from Manatt, Phelps & Phillips LLP to Nossaman LLP.

Sincerely,



Linda Webb
Retirement Administrator

**Nossaman Expands Public Pensions and Investments Practice in California With
Ashley Dunning and Michael Toumanoff**

San Francisco and Los Angeles, CA (January 6, 2015) – Nossaman LLP is pleased to announce the addition of Ashley Dunning and Michael Toumanoff to the Firm's Public Pensions and Investments Practice Group. Ms. Dunning will be based in the Firm's San Francisco office as a Partner and Co-Chair of the Public Pensions and Investments Group, and Mr. Toumanoff will be based in the Firm's Los Angeles office as Of Counsel. Both join from Manatt Phelps & Phillips.

Ms. Dunning has 17 years of experience representing trustees and public and private entities resolving complex disputes and advising on issues involving fiduciary obligations, governance, and California's public retirement, conflict of interest, open meetings, and public records laws. Over the course of her career, she has represented the majority of public retirement systems throughout California. Ms. Dunning is the immediate past Chair of the Fiduciary and Governance Section of the National Association of Public Pension Attorneys (NAPPA) and recently was elected to its Executive Board.

Mr. Toumanoff has 24 years of experience providing fiduciary advice to California public retirement systems. He has written and co-written formal opinions on numerous issues regarding California public pension systems, including, in 1993, the first comprehensive opinion on the then newly enacted Proposition 162 for the State Association of County Retirement Systems (SACRS).

"We are excited to welcome Ashley and Michael to Nossaman," said Yuliya Oryol, Co-Chair for the Public Pensions and Investments Group and Administrative Partner for the Firm's San Francisco office. "Their extensive experience and comprehensive knowledge of the public pension and investment landscape across California, coupled with their network of contacts in the state allow them to immediately add value for clients and enhance our robust Public Pensions and Investments Group. They are a fantastic addition to the practice and the Firm, and I look forward to working with them."

Nossaman's Public Pensions and Investments Group provides a full range of legal services and strategic advice to clients who manage or advise pension plans on their real estate or alternative investment portfolio, and its public clients include some of the highest capitalized city, county, and state public employee retirement funds in California.

"Nossaman has an outstanding reputation in the marketplace and the Firm's platform will allow me to better serve my public pension clients while working with a deep, talented team of attorneys," said Ms. Dunning. "I am very pleased to be joining the Firm, and look forward to contributing to the continued success of the Group."

In addition to serving on the Executive Board of NAPPA, Ms. Dunning is a member of the State Association of California Retirement Systems Program Committee and sits on the Board of Directors of the Habitot Children's Museum in Berkeley, California. She is a regular speaker at public pension and investment conferences around the country, and has taught the "Ethics for Public Officials" seminar for several years at the Principles of Pension Management for Trustees conference, which is annually sponsored by the California

Association of Public Retirement Systems. She earned her J.D. from the University of California, Hastings College of Law and her B.A, cum laude, from Yale University.

“Nossaman does exceptional work for its public pension clients,” added Mr. Toumanoff. “This is a great opportunity, and I am thrilled to be joining the Firm.”

Mr. Toumanoff has served as Lead Chair of the Fiduciary and Plan Governance Section of NAPPA, as a member of its Executive Board, and is currently a member of the Emeritus Board. Over the course of his career he has spoken before SACRS, the California Association of Public Retirement Systems and the Institutional Investor Institute on various issues, including Proposition 162, system funding and conflicts of interest. He holds a J.D. from the University of California Berkeley, Boalt Hall School of Law and a B.A. from Harvard University.

The addition of Ms. Dunning and Mr. Toumanoff continues Nossaman's momentum in the national market. In September 2014, Artin Shaverdian joined the Firm's Los Angeles office as a partner in the Eminent Domain and Valuation Practice Group. Mr. Shaverdian has 12 years of experience as a litigator concentrating in the eminent domain/inverse condemnation, real estate, municipal, redevelopment and business law practice areas. He joined from Best Best & Krieger. In August 2014, Alex Jackins joined the Firm's Washington, DC, office as a partner in the Real Estate Practice Group. Mr. Jackins has 14 years of experience representing multinational corporations, domestic businesses, real estate investors, developers, landlords and tenants in the sale, acquisition, development and leasing of commercial properties. He joined from Seyfarth Shaw LLP.

About Nossaman:

Nossaman LLP is a national law firm with 160 professionals working seamlessly across the United States with offices in Los Angeles, San Francisco, Orange County, Sacramento, Washington, DC, and Austin. Whether it is working to finance and develop public infrastructure, provide healthcare services, litigate complex matters in unique niches such as land use and environmental, financial services, employment, and eminent domain, entitle private development, manage natural resources, complete real estate and business transactions, or increase business profitability, clients rely on Nossaman to get results.

###



NOSSAMAN LLP

ATTORNEYS AT LAW

50 California Street
34th Floor
San Francisco, CA 94111
T 415.398.3600
F 415.398.2438

Ashley K. Dunning
D 415.438.7228
adunning@nossaman.com

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January 13, 2015

Mr. Tim Thonis
Interim Retirement Administrator
Ventura County Employees' Retirement Association
1190 S Victoria Avenue, Suite 200
Ventura, CA 93003

Re: Engagement Agreement

Dear Mr. Thonis,

We are very pleased to have the opportunity to provide legal services to the Ventura County Employees' Retirement Association and its Board of Retirement (collectively, "VCERA"). (The terms "you," "your" and VCERA as used in this letter shall refer to the Client.) Ashley Dunning will continue to act as your primary service provider, and she will act as your point person at the Firm for any other legal services we may provide to VCERA at your or the Board's request.

1. Client has asked us and we agree to represent Client as special outside counsel on such specified matters as are mutually agreed.

2. Client agrees that VCERA and the VCERA Board of Retirement are our Client for the specific matters on which we are engaged, and that we shall not be deemed to represent any of its plan sponsors, unless we expressly agree to do so in writing. Further, except as described below, our representation of VCERA and its Board does not include a representation of the individuals who, or entities that, are board members, officers, directors, partners, joint ventures, employees or members of such entities or their interests in such entities. There is no attorney-client relationship between the Firm and any such related person or entity. The attorney-client privilege is solely between the Client and the Firm, although communications between VCERA board members, officers and staff with the Firm are privileged vis-à-vis outside persons or entities because of the Firm's representation of VCERA and its Board. Any proposed expansion of the representation to include any such related persons or entities shall be subject to and contingent upon execution of an engagement letter directly with those persons or entities.

3. We understand that we are being retained only by the Client. We have performed our conflict check of all current VCERA plan sponsors. We will perform additional conflict checks as necessary in connection with any specifically agreed matter. You agree that we are not bound to avoid conflicts with any other entities that you have not identified to us.

4. On matters covered by this agreement, we agree to provide such legal services as we determine are reasonably required to represent Client; to take reasonable steps to keep you informed of facts and developments concerning the subject matter of this engagement as they come to our attention; and to respond to your reasonable inquiries. The Firm's lawyers have no obligation to share confidential information of other clients, even information material to the representation. You agree to cooperate with us, to keep us informed of developments, to abide by this agreement and to pay our statements for services in accordance with the provisions below.

5. Our fees for services provided to you pursuant to this agreement will be calculated and billed based upon discounted current standard hourly rates established for each attorney, paralegal and clerk rendering services on your matters for the time period during which the services were performed. In light of your consistent retention of Ms. Dunning on a variety of matters, including litigation, over the years, we will provide VCERA with a 15% discount off Ms. Dunning's standard hourly rate. We will provide a 10% discount off the rate of other attorneys providing services to you. Our statements for services will provide you with a description of the services performed, the date they were performed, the time devoted to your matters and the specific currently applicable hourly rate of the attorney, paralegal or clerk that performed the services on your behalf.

6. The current discounted hourly rates of individuals who are expected to perform the principal services with respect to your matters are set forth on Attachment A hereto and will generally be recorded and billed in one tenth hour increments. If other personnel are asked to perform services, you will be informed of their billing rates on the first statement following their initial service. We expect that the attorneys listed on Attachment A will render the bulk of the services. From time to time, our rate structure in general, or the rates of particular attorneys, paralegals or clerks, may be increased. If so, you will be advised of the new rates. The new rates shall apply to all work performed after you have been advised of the new rates.

7. Our hourly rates apply to all time spent on your behalf, including but not limited to court appearances; motion practice; preparing, analyzing, reviewing and revising correspondence and documents; factual and legal research; consultation and advice; conducting negotiations; engaging in depositions and other discovery; conferences; preparing for and conducting trials and appeals; travel time; conferring with other attorneys in our Firm, or with witnesses or attorneys also involved in the matter; and such other services of a professional nature as this engagement may require.

8. We will ordinarily incur various costs and expenses or will provide certain in-house services while performing legal services. You agree to pay for these items in addition to our fees for legal services. The costs and expenses and in-house services may include, but will not necessarily be limited to, filing fees fixed by law or assessed by courts or other agencies; court reporters' fees; witness fees; experts' fees; consultants' fees; process server fees; investigation expenses; out of town travel expenses; long distance telephone charges; messenger and private courier delivery charges; photocopying and other reproduction services; computerized research charges; and similar items.

Costs and expenses are charged at our cost, including computerized research. Where the Firm maintains a fixed subscription contract with a vendor for computerized research, you will be charged for the actual cost incurred by the Firm during the given month which often results in substantial discounts of the vendor's regular rates. We will not charge you for word processing, overtime expenses associated with administrative or secretarial personnel, telephone calls within the United States and similar items unless these items are unusually large in amount and we obtain your agreement in advance. We will not add a "handling" charge for costs and expenses incurred on your behalf.

9. We are not required to advance payment for any external expenses. If for any reason we advance a payment for external expenses, you agree to promptly pay our invoices with those charges. In addition, we may submit those charges directly to you and ask that you pay such charges directly to the vendors, in a timely manner. If you do not make timely payments to vendors, we reserve the right to pay those vendors on your behalf and include such charges in our statements and require reimbursement from you. It is important that vendors be promptly reimbursed so that we can retain good professional relationships with those vendors.

10. Our files for work prepared pursuant to this agreement are your property. We will release our files for work performed pursuant to this agreement to you or to anyone else you designate upon your written request delivered to the attorney in charge of this matter. However, you agree that we may, in our sole discretion, copy all or any portion of the file and charge the copying costs to you, and that we may have a reasonable period of time before releasing the documents to you or anyone else you designate in order to copy all or any portion of the files you have directed us to surrender. We will, from time to time, send portions of your files that are not currently needed to an off-site storage facility. The cost of this facility will be our sole expense. However, we are not the guarantor of the security of any off-site storage facility. Accordingly, you agree that the Firm will not be responsible for any damages which may occur as a result of the loss of any of your files which we store at an off-site storage facility. You also agree that we may, after the passage of two years without our having performed any work for you pursuant to this engagement for services, forward the files to you or to another person you designate, or, if you then so direct, destroy those files.

11. You agree to keep us informed of any change in your address, telephone numbers, or electronic mail address so that we may effectively communicate with you. We will also advise you promptly of any change in the Firm's business address, electronic mail address or telephone or facsimile numbers, and of any changes with respect to the Firm's key personnel with respect to this retention, who are Ashley Dunning and Michael Toumanoff. You agree that we may communicate with you via electronic mail or wireless telephone even though these media may be less secure than alternative means of communication.

12. To aid in your matters, it may become necessary to hire experts, consultants or investigators. Such persons will be employed by us on your behalf, not by you, so as to protect any privileged work; but we will not hire such persons unless you approve and also agree to pay their fees and charges. The responsibility to pay for their services is solely yours.

13. We will send you monthly statements for fees and costs incurred. Payment is due within 30 days of the date of invoice. If not paid within the 30 days, interest shall accrue at the rate of 12% per annum from said due date. **You agree to read your statements carefully and promptly notify the Firm of any error.**

14. We will not require a retainer in this matter currently given your outstanding and long-term relationship with Ms. Dunning.

The amount of any estimate of our fees or costs does not set a limit on the amount of our legal fees and expenses and is not an estimate of the amount of our fees and expenses on this engagement. You understand that our agreement is based strictly upon hourly rates and that any opinions we provide to you from time to time about what the services we are providing pursuant to this agreement may cost are simply estimates and do not constitute an amendment of this agreement or a limitation on the amount of our legal fees.

It is understood and agreed that the provision of the retainer does not relieve you of your responsibility to pay the Firm's invoices on a timely basis from funds other than the retainer. The retainers are designed to minimize or avoid any credit risk to the Firm. You authorize the Firm to withdraw the principal from any and all retainers to pay legal fees and costs as they are incurred to the extent you do not pay any invoice within 30 days.

15. You may discharge us as your attorneys at any time. We may withdraw as your attorneys with or without your consent, as long as permitted by law.

If you discharge us, or if we elect to withdraw, you agree to secure forthwith other counsel of your own selection to represent you and, if we are your attorneys of record in any litigation, to cooperate fully in substituting such new counsel as your attorneys of record in the litigation.

16. Nothing in this agreement and nothing in our statements to you should be construed as a guarantee or promise about the outcome of your matter or any phase thereof. Comments about the course or outcome of your matter or any phase thereof which we may make from time to time are expressions of opinion only.

17. This agreement is made under and shall be construed in accordance with the substantive laws of the State of California without reference to its choice of law rules.

18. We carry professional liability insurance which would cover the services we will be providing to you under the terms of this agreement. That insurance is subject to a significant self-insured retention.

19. This agreement will take effect when you sign this agreement and return it to us; but its effect will be retroactive to the date we first performed services on your behalf. Client agrees that its performance under this agreement and its payment of the fees and costs required hereunder shall be in San Francisco, California.

20. This agreement constitutes a single, integrated written contract expressing the entire agreement of the Client and our Firm. There is no other agreement, written or oral, express or implied, between the parties with respect to the subject matter of this agreement. This agreement may be modified only in a writing signed by all the parties. This agreement shall be construed by giving effect to the plain meaning of its terms.

We are very proud of our client relationships, and occasionally identify clients to others who ask about our client base, or in institutional materials. Unless you object in writing, we assume that you agree that we may state that we represent you in such matters as we deem appropriate, although of course we would not publish or disseminate any confidential information.

Please understand that your engagement of the Firm will not become final until we advise you that we have cleared potential conflicts and a credit review of this engagement is approved by the Firm's Management.

If these terms are acceptable to you, please sign in the space provided below on both this copy and the enclosed copy and return one copy of this agreement to us in the envelope enclosed for your convenience, together with any retainers required by this agreement and retain the other copy for your files.

We appreciate your confidence in our Firm and look forward to working with you.

Sincerely,

Ashley K. Dunning
of Nossaman LLP

AKD:os

ACCEPTANCE

I have read and understand the foregoing terms and agree to them as of the date that Nossaman LLP first provided services to the Ventura County Employees' Retirement Association and its Board of Retirement.

**VENTURA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION**

Dated: _____

By: _____

Printed Name: _____

Title: _____

**BOARD OF RETIREMENT OF VENTURA
COUNTY EMPLOYEES' RETIREMENT
ASSOCIATION**

Dated: _____

By: _____

Printed Name: _____

Title: _____

FOR ACCOUNTING USE ONLY

Client Name: _____

Matter Name: _____

Client Number: _____

ATTACHMENT A

SCHEDULE/EXPLANATION OF FEES

Billing Rates charged in one-tenth hour increments:

TIMEKEEPER

HOURLY RATE

Attorneys

Partners:

Ashley Dunning	\$489.00
Yuliya Oryol	\$446.00
Michael Toumanoff	\$383.00

Associates:

Jill Jaffe	\$306.00
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Paralegals/Clerks

If needed, hourly rates will be billed between \$95 & \$250 per hour.

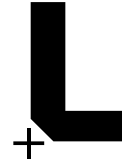
Interest charged on payment past due 12%

**Nossaman Partner
Initials**

Client's Initials



Ventura County Employees' Retirement Information System Project Status Report Month Ending: December 2014



Reporting to: Board of Retirement
Written by: Brian Colker

Report Date:

01/05/15

PROJECT STATUS SUMMARY

Actual Percentage Complete: 73.62%*
Planned Percentage Complete: 78.53%*

*Note: The updated Sprint Schedule went into effect with the approval of the PEPR change order. The completion percentages have been adjusted to take into account the updates and changes per the new sprint schedule.

Scope	Schedule	Cost	Risks	Quality
-------	----------	------	-------	---------

Schedule

The project schedule is 4.91% behind schedule. The two primary factors causing the schedule impacts are:

- VCERA staffing issues – One of VCERA's primary project resources went out on maternity leave this month. The project team planned for this absence and made adjustments to the Sprint schedule in order to minimize any potential negative impacts. Linea and VCERA management will continue to closely monitor on-going resource levels.
- Third party vendor issues –Vitech and County IT have completed the majority of the system testing for the Kofax solution. All issues identified to date have been resolved. Testing is expected to be completed by the end of January.

Cost

The schedule agreed to by the Auditor-Controller's will require a minimum six month extension of the overall project schedule. The cost associated with that extension will exceed the remaining contingency budget.

Risks

There are two project risks that are being closely monitored.

- Plan sponsor payroll transmittal –VCERA and the Auditor-Controller's office agreed to a schedule for completing the transmittal file. The project team prepared a revised project schedule and change orders to present to the Board at the 1/5/15 Board meeting.
- VCERA staffing issues –One of the key project resources is on leave for three months but it is expected that the revised project schedule will prevent any schedule impact due to her absence.

KEY ACCOMPLISHMENTS LAST MONTH

- Signed-off on Segment H delivered functionality:
 - Disability
 - Active Death Processing
 - Retired Death Processing
 - DRO Processing – Alt Payee
 - 1099R Processing
- Wrote 6 test cases and executed 63 tests.

To: SACRS Trustees & SACRS Administrators/CEO's
From: Ray McCray, SACRS Nominating Committee Chair
SACRS Nominating Committee
Re: SACRS Board of Director Elections – Reminder for upcoming 2015-2016 BOD Elections

SACRS BOD 2015-2016 Election process begins in January 2015. Please review the following timeline:

DEADLINE	DESCRIPTION
February 2, 2015	Nominating Committee receives nominations from SACRS membership
March 2, 2015	Nominating Committee submits its recommended ballot to each 1937 Act Board
March 23, 2015	Nominating Committee receives nominations from any 1937 Act Board
April 1, 2015	Nominating Committee submits final ballot to each 1937 Act Board – ballot consists of recommended ballot plus anybody else who is nominated but not recommended by the NC
May 15, 2015	Conduct elections during the SACRS Business Meeting (at end of the May 2015 conference)
May 15, 2015	Board of Directors take office for 1 year

Per SACRS Bylaws, Article VI ~ Section 2 – Election, Qualification and Term of Office

“The officers of SACRS shall be regular members of SACRS. The officers shall be elected by majority vote of the quorum of delegates and alternate delegates present at the first meeting in each calendar year and shall hold office for one (1) year and until a successor is elected.”

Per SACRS Bylaws, Article VI ~Section 4 - Officer Elections

“...The Board of any regular member County Retirement System may submit write-in candidates to be included in the Nominating Committee’s final ballot provided the Nominating Committee receives those write-in candidates prior to March 25th.

Continued

The Nominating Committee will report a final ballot to each regular member County Retirement System prior to April 1.

The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's recommended ballot and final ballot to each trustee and placing the election of SACRS Officers on his or her Board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee..."

The elections will be held at the SACRS Spring Conference May 15, 2015, at the Anaheim Marriott, Anaheim, California. Elections will be held during the Annual Business meeting on Friday, May 15th, 2015 at 10 a.m.

If you have any questions or require assistance, please contact SACRS at sulema@sacrs.org. Thank you for your prompt attention to this timely matter.

Sincerely,

Ray McCray

Ray McCray, San Joaquin CERA
SACRS Nominating Committee Chair

CC: SACRS Board of Directors
SACRS Nominating Committee Members
Sulema H. Peterson, SACRS Administrator



SAVE THE DATE

2015 | ALTERNATIVES INVESTOR DAY

When

Thursday, April 30, 2015

Welcome Dinner

Wednesday, April 29, 2015

Where

Balboa Bay Resort

Newport Beach, CA

Please join us for PIMCO's second annual **Alternatives Investor Day**. We invite you to participate in discussions with PIMCO's hedge fund and private equity portfolio managers as well as other PIMCO senior thought leaders.

Full-day agenda will include:

- Perspectives on public and private market opportunities with implications for key alternative strategies
- Current positioning and views on domestic and international opportunities in the credit, commodity and liquid macro markets
- Detailed reviews of specialized trading strategies used within the volatility, corporate relative value, structured credit and real estate markets
- Opportunities to interact with other institutional alternatives investors

Formal invitation to follow with agenda. Space will be limited.

Note: PIMCO's Alternatives Investor Day is scheduled to follow the Milken Institute Global Conference in Los Angeles on April 26-29.

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MASTER PAGE NO. 380

From: Doug Borths [mailto:dborths@opalgroup.net]
Sent: Tuesday, January 20, 2015 10:10 AM
To: VCERA
Subject: Follow Up Regarding Opal's Real Estate Investors Summit in Miami- March 30-31

I hope everything is going well. I wanted to see if you might be interested and willing to once again attend the Annual Real Estate Investors Summit is being held on March 30-31st at the Eden Roc Hotel in Miami Beach, Florida.

Institutional end investors (pensions, endowments, foundations, family offices, non-discretionary consultants) are granted complimentary registration. If you would like to just attend the event and want to register, please reply to this email or go to:
<http://bit.ly/OpalRegistration>

Network with the industry's leading experts as they analyze the opportunities and challenges in the real estate market! Our 2014 event was a great success, with some of the top industry leaders in attendance. Opal's 2015 real estate investors conference will focus on the latest developments in the marketplace. It will analyze the opportunities and challenges in the real estate market; examine best practices and explore new deal making strategies.

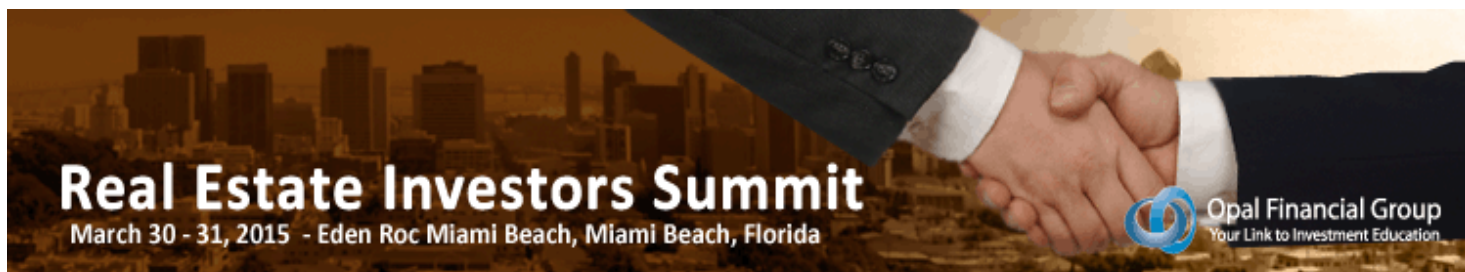
Opal's Annual Real Estate Investors Summit promises to be 2015's leading conference and exposition for real estate professionals, hedge fund managers, private investors, family offices, pension funds and other institutional investors. It will provide various networking opportunities along with an educational platform.

For more information on this event you may also visit:
<http://bit.ly/OpalREISMiami>

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

Best Regards,
Doug

Doug Borths
SVP, Head of Domestic Production
Opal Financial Group
10 East 38th Street
New York, NY 10016
Phone - 212-532-9898 ext 249
Fax - 212-532-7151
Email: Dborths@opalgroup.net



Day 1
Monday
March 30, 2015

7:00 am	EXHIBIT SET-UP
8:00 am- 9:00 am	Continental Breakfast
8:00 am	REGISTRATION OPENS
8:45 am	CO-CHAIR OPENING REMARKS: Ricky Novak, General Counsel; Real Estate & Tax Advisor, THE STRATEGIC GROUP OF COMPANIES
9:00 am - 9:20 am	STANDALONE
9:20 am - 9:40 am	Mark Hammond, Managing Partner, ALIDADE CAPITAL
9:40am – 10:30 am	MARKET UPDATE AND FORECAST IN 2015 <ul style="list-style-type: none"> • Economic Outlook • Hot sectors for growth • Supply & demand • Drivers of demand—commercial and residential • New Trends • Interest Rates <p>Moderator: Bruce Watts, Founder and Senior Managing Director, WATTS GLOBAL FAMILY OFFICE (SFO)</p> <p>Panelist: Brad Hunter, Chief Economist/Director of Consulting, METROSTUDY</p>

	Julian M. Wise, Partner, SCHULTE ROTH & ZABEL LLP
10:30 am–10:45am	<p>Morning Refreshment Break Sponsored by:</p> <p>ALIDADE CAPITAL</p>
10:45am–11:30am	<p>FINANCING & CAPITAL SOURCES</p> <p>Moderator: Keith Danko, Founder and Managing Member, WITHERSPOON PARTNERS</p> <p>Panelists: Dan Farrell, Chairman & CEO, PRIVOS CAPITAL(SFO) Alan Donenfeld, CITYVEST CAPITAL</p>
11:30am-12:15pm	<p>INVESTMENT STYLES AND STRATEGIES</p> <ul style="list-style-type: none"> • What strategies will work best in the next 12 months • Top investment opportunities/hot sectors • Co Investment requirements and structure • Private capital, family office, hedge funds, etc. <p>Moderator: Greg Brothers, Senior Vice President & Chief Financial Officer, SOUTH TEXAS COLLEGE OF LAW (HOUSTON)</p> <p>Panelists: Jay Rollins, Managing Principal, JCR CAPITAL Joel Shapiro, Managing Partner and Chief Executive Officer, TIMBERVEST, LLC</p>
12:15pm-1:00pm	<p>ALTERNATIVE INVESTMENTS</p> <ul style="list-style-type: none"> • Hot Sectors that work • Arable Land / Food / The Scarcity Factor Theory • Student Housing • Small Niches with Oversized returns • Offshore/International projects • Affordable housing • Medical office • Hospitality <p>Moderator:</p>

	<p>Joseph Connolly, Norfolk County Treasurer, NORFOLK COUNTY RETIREMENT BOARD</p> <p>Panelists: Heath Binder, VP, Investor Relations, REALTY MOGUL</p>
1:00pm - 2:15 pm	<p>LUNCHEON Sponsored by:</p>
2:15 pm - 3:00 pm	<p>REAL ESTATE DEVELOPMENT</p> <ul style="list-style-type: none"> • Land & homebuilding <p>Moderator: Renato Alessandro Iregui, Principal, RAIRE FAMILY OFFICE (SFO)</p> <p>Panelists:</p>
3:00 pm – 3:45 pm	<p>DEAL STRUCTURING</p> <p>Moderator:</p> <p>Panelists: Mark Mindick, Partner, CITRIN COOPERMAN</p>
3:45 pm – 4:30 pm	<p>OPPORTUNISTIC DEALS</p> <p>Moderator:</p> <p>Panelists:</p>

4:30 pm – 5:30 pm	THE FAMILY OFFICE & HIGH NET WORTH INVESTOR <ul style="list-style-type: none"> • How to JV with Family Office money? • Direct Investing vs. Funds • Top investment strategies? • Allocations and how to get them? • Income vs. Opportunistic deals • Top property types and geographic hot buttons? • Finding international investors <p>Moderator: Barry Gurland, Managing Director, MADISON FAMILY OFFICE SERVICES, LLC (MFO)</p> <p>Panelists: James Rosebush, Founder and CEO, THE WEALTH & FAMILY MANAGEMENT GROUP Sasha Bernier, Senior Investment Analyst/Vice-President, CHELTENHAM INVESTMENTS (SFO) Beth Steinberg, Managing Director, WESLEY CAPITAL MANAGEMENT (SFO) Jeffrey Hall, Senior Managing Director, MANCHESTER CAPITAL MANAGEMENT, LLC (MFO)</p>
5:30 pm – 6:30 pm	<p style="text-align: center;">WELCOME RECEPTION SPONSORED BY:</p>

Day 2
Tuesday,
March 31, 2015

8:30 am	<p style="text-align: center;">Continental Breakfast Served in Exhibit Hall Sponsored by:</p>
8:30 am- 9:15 am	<p style="text-align: center;"><u>PRIVATE CLOSED DOOR SESSION FOR INVESTORS ONLY</u></p> <p style="text-align: center;">Moderated By: Daniel Goldstein, Senior Managing Director, MANCHESTER CAPITAL MANAGEMENT (MFO)</p>

9:20 am	General Session Begins Opening Remarks:
9:30 am –9:50 am	MORNING KEYNOTE Speaker:
9:50 am– 10:10am	TBA, RIALTO CAPITAL MANAGEMENT
10:10am –10:30am	TBA, TERRACAP MANAGEMENT CORP
10:30am –10:45am	Refreshment Break Sponsored by: RIALTO CAPITAL MANAGEMENT
10:45am-11:30 am	<u>TRACK A</u> SINGLE FAMILY RESIDENTIAL Moderator: Ernest Miller, Senior Vice President, BRIGHT EQUITIES (SFO) Panelists: Jordan Kavana, Founder & CEO, TRANSCENDENT INVESTMENT MANAGEMENT Rael Gorelick, Managing Director, GORELICK BROTHERS CAPITAL
10:45am-11:30 am	<u>TRACK B</u> MULTI FAMILY <ul style="list-style-type: none"> Market outlook for the next 18 months Moderator: Stephen Braun, Senior Vice President, J.I KISLAK INC. (SFO) Panelists: Ken Cope, Vice President of Multifamily, REAL CAPITAL SOLUTIONS

11:30am-12:15pm	<p><u>TRACK A</u></p> <p>OFFICE/INDUSTRIAL</p> <p>Moderator: Chris Roy, Director, Client Advisory Group, WINDROSE ADVISORS</p> <p>Panelists:</p>
11:30am-12:15pm	<p><u>TRACK B</u></p> <p>RETAIL REAL ESTATE & NET LEASE ASSETS</p> <p>Moderator: Howard Cooper, President, COOPER FAMILY OFFICE (SFO)</p> <p>Panelists:</p>
12:15pm-1:00pm	<p><u>TRACK A</u></p> <p>CROWDFUNDING</p> <ul style="list-style-type: none"> • Pros & Cons • Regulatory Issues • Costs? <p>Moderator: Abbas Hashmi, CEO, GREEN CARD CAPITAL</p> <p>Panelists: Heath Binder, VP, Investor Relations, REALTY MOGUL Max Sharkansky, Managing Partner, TRION PROPERTIES Sean Rooney, Assistant Chief Counsel, Enforcement Division, CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT</p>
12:15pm-1:00pm	<p><u>TRACK B</u></p> <p>FOREIGN INVESTORS/CAPITAL</p> <p>Moderator: Paul Kang, President/CIO, Member of the Investment Committee, ALTACAP (SFO)</p> <p>Panelists:</p>

1:00 pm - 2:15 pm	LUNCHEON
2:15 pm – 3:00 pm	OPPORTUNITIES IN DISTRESSED ASSETS Moderator: S. Michael Sury, Executive Director, STRATEGIC INVESTORS (SIFIRM) Panelists: Jim Stinchcomb, CEO, BEACON ASSET MANAGERS
3:00 pm – 3:45 pm	1031 EXCHANGE & REAL ESTATE PRIVATE PLACEMENTS <ul style="list-style-type: none"> • Investment Strategies • Tax benefits • Rules and compliance issues Moderator: Ricky Novak, General Counsel; Real Estate & Tax Advisor, THE STRATEGIC GROUP OF COMPANIES Panelists: Alex Chehansky, Managing Director, COHNREZNICK CAPITAL MARKETS SECURITIES, LLC
3:45 pm – 4:30 pm	EMERGING FUNDS/MANAGERS <ul style="list-style-type: none"> • New Launches • How to get in front of the right investors Moderator: Jim Maloney, Acting CIO, CHICAGO POLICEMEN'S ANNUITY AND BENEFIT FUND Panelists: Nicholas Rotello, Managing Director & Founder, SEVEN TWO PARTNERS
4:30pm –4:45pm	Refreshment Break Sponsored by:

4:45 pm – 5:30 pm	HOTELS & RESORTS <ul style="list-style-type: none"> Investment Opportunities <p>Moderator:</p> <p>Panelists:</p>
5:30 pm – 6:15 pm	INSTITUTIONAL INVESTORS: PENSIONS INVESTING IN REAL ESTATE DISCUSSION <ul style="list-style-type: none"> What classes/assets/locations are favored? Risk levels, market trends & local operators How to get “inside” the pension world Working with Consultants <p>Moderator: Leandro Festino, Managing Principal, MEKETA INVESTMENT GROUP, INC.</p> <p>Panelists: John H. Agenbroad, President, INTER-LOCAL PENSION FUND Richard Hampton, President, LOUISIANA TRUSTEE EDUCATION COUNCIL Mark Flaherty, General Counsel, PENNSYLVANIA STATE ASSOCIATION OF COUNTY CONTROLLERS Justin Rodriguez, Member, TEXAS HOUSE OF REPRESENTATIVES Bobby Deal, Trustee and Board Chairman, JACKSONVILLE POLICE AND FIRE PENSION FUND </p>
6:15 pm – 7:15 pm	<p style="text-align: center;">COCKTAIL RECEPTION SPONSORED BY:</p>

2015 PARTICIPANTS INCLUDE

Single & Multi-Family Offices

Barry Gurland, Managing Director, **MADISON FAMILY OFFICE SERVICES, LLC (MFO)**

Renato Alessandro Iregui, Principal, **RAIRE FAMILY OFFICE (SFO)**

Ernest Miller, Senior Vice President, **BRIGHT EQUITIES (SFO)**

Bruce Watts, Founder and Senior Managing Director, **WATTS GLOBAL FAMILY OFFICE (SFO)**

S. Michael Sury, Executive Director, **STRATEGIC INVESTORS (SIFIRM)**

Stephen Braun, Senior Vice President, **J.I KISLAK INC. (SFO)**

Mitchell Swergold, President, **SWERGOLD ADVISORY (SFO)**

Sasha Bernier, Senior Investment Analyst/Vice-President, **CHELTENHAM INVESTMENTS (SFO)**

Beth Steinberg, Managing Director, **WESLEY CAPITAL MANAGEMENT (SFO)**

Beverly Moore Ben-Lulu, Family Office Administrator, [UPSHER MANAGEMENT COMPANY \(SFO\)](#)
 Daniel Goldstein, Senior Managing Director, [MANCHESTER CAPITAL MANAGEMENT \(MFO\)](#)
 Hema Virani, Family Office Executive, [MODI GLOBAL \(SFO\)](#)
 Selman Yalcin, President, [SNY NEWTOWN \(SFO\)](#)
 Valerie Mukherjee, Managing Principal, [ZEN CAPITAL PARTNERS, LLC \(SFO\)](#)
 Gordon "Grant" Curtis, Director of Investments, [CI INVESTMENTS \(SFO\)](#)
 Maury Maertens, [PRIVATE INVESTOR](#)
 Jeffrey Hall, Senior Managing Director, [MANCHESTER CAPITAL MANAGEMENT, LLC \(MFO\)](#)
 Luis Espinal, Real Estate Associate, [AMZAK CAPITAL MANAGEMENT \(SFO\)](#)
 Ernie Dawal, Chief Investment Officer, [GENSPRING FAMILY OFFICES \(MFO\)](#)
 Jonathan Mirabito, Managing Director, [GANOLIAN INVESTMENTS CO \(MFO\)](#)
 Abigail Laufer, CEO, [FERGUSON FAMILY OFFICE \(SFO\)](#)
 Luis Espinal, Real Estate Associate, [AMZAK CAPITAL MANAGEMENT \(SFO\)](#)
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 Howard Cooper, President, [COOPER FAMILY OFFICE \(SFO\)](#)
 Paul Kang, President/CIO, Member of the Investment Committee, [ALTACAP \(SFO\)](#)
 Tom Patton, Real Estate Director, [MFI REAL ESTATE, LLC \(SFO\)](#)
 Eric Distenfeld, Portfolio Manager, [T5 CAPITAL MANAGEMENT LLC \(SFO\)](#)
 Joe Roskos, President/CEO, [F/B/O SERVICES, INC. \(MFO\)](#)
 Sajjan Agarwal, Chairman & CEO, [GREENHAWK CORP. \(SFO\)](#)
 Sid Malhotra, CIO, [KACTUS CAPITAL \(MFO\)](#)

Pensions & Government

Gerald Garrett, Trustee, [TULSA FIREFIGHTERS HEALTH AND WELFARE TRUST](#)
 Laximidas Chudasama, Manager, [NYC FINANCE](#)
 John H. Agenbroad, President, [INTER-LOCAL PENSION FUND](#)
 Richard Hampton, President, [LOUISIANA TRUSTEE EDUCATION COUNCIL](#)
 Joseph Connolly, Norfolk County Treasurer, [NORFOLK COUNTY RETIREMENT BOARD](#)
 Mark Flaherty, General Counsel, [PENNSYLVANIA STATE ASSOCIATION OF COUNTY CONTROLLERS](#)
 Adam Frankel, Chairman, [DELRAY BEACH POLICE & FIRE RETIREMENT SYSTEM](#)
 Justin Rodriguez, Member, [TEXAS HOUSE OF REPRESENTATIVES](#)
 Ray De Jesus Jr., Trustee, [NORTH MIAMI POLICE PENSION](#)
 Hilliard Hampton, Mayor / Trustee, [INKSTER \(MI\) POLICE & FIREMEN'S PENSION BOARD](#)
 David McConico, Trustee, [CITY OF AURORA \(CO\) GENERAL EMPLOYEES' RETIREMENT PLAN](#)
 Jack Frost, Trustee, [WEST PALM BEACH \(FL\) POLICE PENSION](#)
 Will Buividas, Trustee, [CITY OF PHOENIX POLICE PENSION BOARD](#)
 Lily Cavanagh, Treasurer, [REDFORD \(MI\) POLICE & FIREMEN RETIREMENT SYSTEM](#)
 Dean Crombie, Senior Trustee, [NEW HAMPSHIRE RETIREMENT SYSTEM](#)
 Jim Maloney, Acting CIO, [CHICAGO POLICEMEN'S ANNUITY AND BENEFIT FUND](#)
 Bobby Deal, Trustee and Board Chairman, [JACKSONVILLE POLICE AND FIRE PENSION FUND](#)

James Kottage, Chairman, [NEW HAVEN POLICE AND FIRE RETIREMENT](#)
John Girard, Trustee, [BOCA RATON \(FL\) POLICE & FIRE RETIREMENT ASSOC.](#)
Ed Affolter, Trustee, [CHICAGO PARK EMPLOYEES ANNUITY & BENEFIT FUND](#)

Consultants

Leandro Festino, Managing Principal, [MEKETA INVESTMENT GROUP, INC.](#)
Dan Farrell, Chairman & CEO, [PRIVOS CAPITAL](#)
Ricky Novak, General Counsel; Real Estate & Tax Advisor, [THE STRATEGIC GROUP OF COMPANIES](#)
Brad Hunter, Chief Economist/Director of Consulting, [METROSTUDY](#)
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Chris Roy, Director, Client Advisory GROUP, [WINDROSE ADVISORS](#)
Nicholas Rotello, Managing Director & Founder, [SEVEN TWO PARTNERS](#)
Donovan Johnson, Managing Director, [DON INTERNATIONAL LLC](#)
Natalia Sokolova, Founder and Managing Partner, [SGG WORLD LLC](#)
Keith Danko, Founder and Managing Member, [WITHERSPOON PARTNERS](#)
Abbas Hashmi, CEO, [GREEN CARD CAPITAL](#)

Endowments and Foundations:

Greg Brothers, Senior Vice President & Chief Financial Officer, [SOUTH TEXAS COLLEGE OF LAW \(HOUSTON\)](#)
Yolette Bonnet, CEO, [FOUNDCARE](#)
Jim Schnorf, Investment Committee, [EASTERN ILLINOIS UNIVERSITY FOUNDATION](#)

Other Attendees Include

Drew Butler, Managing Principal, [BUTLER GLOBAL PARTNERS LLC](#)
Maury Maertens, [PRIVATE INVESTOR](#)
Ben Zion Harpaz, CFO, [ISRAEL ANTIQUITIES AUTHORITY](#)
Jordan Kavana, Founder & CEO, [TRANSCENDENT INVESTMENT MANAGEMENT](#)
Rael Gorelick, Managing Director, [GORELICK BROTHERS CAPITAL](#)

PAST PARTICIPANTS INCLUDED

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Peter Farris, PRIVATE INVESTOR
Al Bhatt, Chief Investment Officer, CORAL GABLES TRUST (MFO)
Christy Conners, Family Office Executive, GREENWAY FAMILY OFFICE (MFO)
Frank Marinaro, Relationship Manager, MONTROSE ACCOUNTING COMPANY
Arthur C. Salzer, Chief Executive Officer & Chief Investment Officer, NORTHLAND WEALTH MANAGEMENT (MFO)
Dhruv Sharma, International Development, STRATEGIC ASSETS PARTNERS LLP (MFO)

Sean Deson, Principal, DESON & CO. (SFO)
 Bruce Watts, Senior Managing Director, WATTS GLOBAL LLC (SFO)
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 Maury Maertens, PRIVATE INVESTOR
 Abigail Laufer, CEO, FERGUSON FAMILY INVESTMENTS (SFO)
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 Ricardo Uribe, Manager, AKRO GROUP (MFO)
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 Ramesh Singh, Managing Member, SGV LLC (SFO)
 Renato Alessandro Iregui, Principal, RAIRE FAMILY OFFICE (SFO)
 Michael Durkin, Director, O'BRIEN FAMILY OFFICE (SFO)
 Anthony Ritossa, Chairman, RITOSSA OLIVE OIL & FAMILY OFFICE
 Evan Alexander, Director, LUMA CAPITAL (MFO)
 Carlos Ulloa, Managing Director, HOLDUN FAMILY OFFICE (SFO)
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 Ernest Miller, Senior Vice President, BRIGHT EQUITIES (SFO)
 Stuart Bright, Family Representative, BRIGHT INDUSTRIES (SFO)
 Stefan Miller, Managing Director, OLD CITY INVESTMENT PARTNERS LLC (SFO)
 Darsh Singh, Portfolio Manager, SINGH FAMILY OFFICE/SATORI CAPITAL
 Ken Cope, Vice President, REAL CAPITAL SOLUTIONS
 Nick Leap, Managing Director, NICAS GROUP (SFO)
 Adam Woodard, Investment Analyst, VESTA EQUITY, LLC (SFO)
 Mitch Swergold, President, SWERGOLD CAPITAL MANAGEMENT (SFO)
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 Tom Patton, Real Estate Director, MFI REAL ESTATE, LLC (SFO)
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 Parker Johnson, Investment Analyst, VESTA EQUITY, LLC (SFO)
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 Gian Paolo Amato, Managing Partner, CLUSTER FAMILY OFFICE (MFO)
 Allen Silberstein, CEO & Chief Investment Officer, AGS CAPITAL GROUP, LLC (SFO)
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 Brad Hunter, Chief Economist, METROSTUDY
 James Rosebush, Founder and CEO, THE WEALTH & FAMILY MANAGEMENT GROUP
 Drew Butler, Managing Principal, AVERY CAPITAL ADVISORS LLC
 Chris Roy, Director, Client Advisory, WINDROSE ADVISORS
 Jack McCabe, CEO, MCCABE RESEARCH & CONSULTING

Inge Zoeller, President, ATI REALTY
 Alberto Pagan-Matos, Executive Vice President and Chief Investment Officer, CONSULTIVA INTERNACIONAL, INC.
 Robert Waterston, Principal, INDIGO TOWER PARTNERS
 Rosemary Denney, President, WEALTH MATTERS CONSULTING
 Bryan Pruiett, GH ANDERSON & CO., LLC
 Gene Anderson, GH ANDERSON & CO., LLC
 William McEnroe, Managing Director, CIVITAS
 Marcelo Wekser, CFO, PINFORD
 Jimmy Flowers, Managing Director, STAFFORD FAMILY OFFICE (SFO)
 Patrick Buck, Chief Financial Officer, STAFFORD FAMILY OFFICE (SFO)
 William Siegl, PRIVATE INVESTOR
 Brian M. Stolar, President and CEO, THE PINNACLE COMPANIES
 Jeff Evers, Owner, JEFF EVERS REAL ESTATE
 Samuel Weiss, PARADIGM (MFO)
 Bill Overbay, Managing Director, LAKE RUDD CAPITAL PARTNERS (SFO)
 Wendy Craft, Counsel, DIVERSIFIED CAPITAL (ROSENBAUM FAMILY OFFICE)
 Leandro Festino, Managing Principal, MEKETA INVESTMENT GROUP, INC.
 Adam Frankel, Vice-Chairman, DELRAY BEACH POLICE & FIRE RETIREMENT
 Gerald Garrett, Trustee, OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
 Rodrigo Alexandre Gomes de Oliveira, President & CEO, TOCANTINS STATE DEVELOPMENT BANK
 Jesse Brown, CIO & Chairman of the Board, KRYSTAL FOUNDATION
 Bobby Deal, Trustee and Board Chairman, JACKSONVILLE POLICE AND FIRE PENSION FUND
 Will Buividas, Trustee, CITY OF PHOENIX POLICE PENSION BOARD
 Pete Morin, Chairman, CITY OF AUSTIN POLICE RETIREMENT FUND
 Jim Maloney, Trustee, CHICAGO POLICEMEN'S ANNUITY AND BENEFIT FUND
 Scott Van Horn, Trustee, OKLAHOMA STATE FIREFIGHTERS
 David McConico, Trustee, CITY OF AURORA (CO) GENERAL EMPLOYEES' RETIREMENT PLAN
 Ray DeJesus, Trustee, NORTH MIAMI POLICE PENSION
 James Kottage, Chairman, NEW HAVEN POLICE AND FIRE RETIREMENT
 Rene Nunez, Chairman/Trustee, HISPANIC & BUSINESS ALLIANCE
 Ed Theobald, Trustee, NEW HAMPSHIRE FIREMAN'S FUND
 Anna Zakowska, COO, HOME MEANS NEVADA
 Dean Crombie, Senior Trustee, NEW HAMPSHIRE RETIREMENT SYSTEM
 Charlie Harrison III, Chairman, CITY OF PONTIAC GENERAL EMPLOYEES RETIREMENT SYSTEM
 David Vargas, Trustee, NEW HAVEN POLICE AND FIRE RETIREMENT
 Daniel Wojcik, Trustee, DALLAS POLICE & FIRE PENSION SYSTEM
 Joseph Schutz, Trustee, DALLAS POLICE & FIRE PENSION SYSTEM
 Richard Hampton, President, LOUISIANA TRUSTEE EDUCATION COUNCIL
 Mark Flaherty, General Counsel, PENNSYLVANIA STATE ASSOCIATION OF COUNTY CONTROLLERS
 Justin Rodriguez, Member, TEXAS HOUSE OF REPRESENTATIVES
 Iliana Llaneras, Director, ASIA ECONOMIC INSTITUTE
 Raymond Mobrez, Director, ASIA ECONOMIC INSTITUTE
 Jim Naugle, Trustee, CITY OF FORT LAUDERDALE POLICE & FIRE RETIREMENT SYSTEM
 Shawn Wells, Trustee, CITY OF SOUTHFIELD
 Donald Giancoli, Asst Finance Dir/CRA Director, CITY OF LAUDERHILL (FL) PENSION FUND
 Lily Cavanagh, Treasurer, REDFORD (MI) POLICE & FIREMEN RETIREMENT
 Andrew Reilly, Board Member, STATE INVESTMENT COMMISSION RHODE ISLAND EMPLOYEES RETIREMENT SYSTEM
 Pierre Rolin, Chairman, ROLIN FOUNDATION
 John Girard, Trustee, BOCA RATON (FL) POLICE & FIRE RETIREMENT ASSOC.
 Allan Malina, President, SERVUS CAPITAL MANAGEMENT
 Jack Frost, Trustee, WEST PALM BEACH (FL) POLICE PENSION FUND
 Carroll Robinson, Trustee, HOUSTON FIREFIGHTERS RELIEF & RETIREMENT FUND
 John Agenbroad, Chairman, INTER-LOCAL PENSION FUND
 Toby Athol, Board Chairman, BOYNTON BEACH POLICE PENSION
 Gregory Clark, Vice-President, AKITA INTERNATIONAL UNIVERSITY
 Bob Dorfman, Consultant, TD INTERNATIONAL (TDI)

Alexis Wilmot, Real Estate Consultant, PRIVATE CONSULTANT
 Jim Strouse, Chairman, BURLINGTON (VT) EMPLOYEES' RETIREMENT SYSTEM
 John Quinn, Managing Director, DAVENPORT INVESTMENTS
 James Quinn III, Managing Director, DAVENPORT INVESTMENTS
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 Lacie Flynn, Communications Director, WEALTH MATTERS CONSULTING
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From: Doug Borths [mailto:dborths@opalgroup.net]
Sent: Friday, January 16, 2015 1:08 PM
To: VCERA
Subject: Follow Up Regarding Opal's Investment Consultant Forum in New York City - March 10

I hope everything is going well. I wanted to see if you might be interested to once again attend the 9th Annual Investment Consultant Forum, Tuesday, March 10, 2015 at the Marriott Marquis Times Square, New York, NY. This event is co-located with our Family Office Winter Forum, which you will have full access to attend and network at too.

Institutional end investors (pensions, endowments, foundations, family offices, non-discretionary consultants) are granted complimentary registration. If you would like to just attend the event and want to register, please reply to this email or go to:
<http://bit.ly/OpalRegistration>

The Investment Consultant Forum provides a unique environment for developing dialogue between plan sponsors, managers and consultants. The role of the institutional consultant is more important than ever in making investment decisions, often being asked to take on more than just the evaluation of investment managers. This event will feature panel-driven discussions focused on specific investment techniques of fixed income and hedge fund managers, the evolving role of institutional consultants, the manager evaluation process, transition management, investing in global markets, and more.

UNIQUE CONFERENCE FORMAT

This family office conference will exclusively feature dialogue driven panel discussions led by consultants and family offices. Power Point presentations are prohibited.

For more information on this event you may also visit:
<http://bit.ly/OpalCFNYC>

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

Best Regards,
Doug

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Tuesday, March 10, 2015

7:00 am – 7:45 am	Exhibits Open	Exhibit Setup
7:30 am– 7:00 pm		Hospitality Lounge / Exhibit Hall / Meeting Rooms Open
7:30 am– 7:00 pm		Registration Open
7:30 am – 8::15 am		Networking Continental Breakfast
7:45 am – 7:55 am		Co-Chair Opening Remarks
7:55 am – 8:15 am		Standalone
8:15 am – 9:00 am		The Changing Landscape of Investment Consultants <ul style="list-style-type: none"> • How do consultants differentiate themselves? • What questions should I be asking consultants when I interview them? • What mistakes do investors make when looking for a consultant and actuaries? • What should I be most worried about today with my portfolio? • The new, new thing: what are consultants talking to their clients about? • How do you know which is the right actuary for your plan? <p>Moderator: Abbas Hashmi, CEO, GREEN CARD CAPITAL</p> <p>Panelists: Richard Van Kuren, Managing Partner, LVW ADVISORS John Burns, Managing Director/CFA, PENSION CONSULTING ALLIANCE Steve Charlton, Director of Consulting Services, NEPC, LLC</p>

9:00 am – 9:45 am		What lies ahead in 2015: Market Outlook Moderator: Panelists: Jay Tubianosa, Director of Research, CLEARBROOK INVESTMENT CONSULTING TBA, PRUDENTIAL INVESTMENTS MANAGEMENT, LLC
9:45 am – 10:30 am		Investment Styles and Strategies: Key Investment Opportunities Moderator: Gilbert Garcia, Chairman, HOUSTON METRO Panelists: Timothy Paulson, Client Portfolio Manager, LORD ABBETT
10:30 am – 10:45 am		<p style="text-align: center;">Networking Refreshment Break Sponsored by:</p>
10:45 am – 11:30 am		Asset Allocation and Diversification in a volatile market <ul style="list-style-type: none"> • Diversifying your portfolio with global investments • What asset classes will perform best in the next 12 months • What new asset classes are worth considering? • Latest methodologies for constructing efficient portfolios • Target allocations and risk tolerance • Shelter from the storm...safe investments? Moderator: Chris Solarz, Managing Director, CLIFFWATER LLC Panelists: Aneish Arora, Vice President, Consultant, MEKETA INVESTMENT GROUP Russ Kamp, Managing Partner, KAMP CONSULTING SOLUTIONS, LLC TBA, PRUDENTIAL INVESTMENTS MANAGEMENT, LLC

11:30 am – 12:15 pm		<p>The Role of Alternative Investments In the Asset Allocation Process</p> <ul style="list-style-type: none"> • Critical considerations for hedge fund allocation • Selecting the optimum asset allocation for your alternatives portfolio • The current and prospective global economic trends in asset allocation • What are the costs of implementing alternative allocation? • Risks involved • Understanding the role of due diligence in the alternative allocation process • Incorporating the results of an operational due diligence review into the overall asset allocation process • Ways in which consultants can utilize due diligence consultants to augment allocation strategies for complex alternative investment reviews <p>Moderator: Richard Hampton, President, LOUISIANA TRUSTEE EDUCATION COUNCIL</p> <p>Panelists: Charles Colfer, Vice President – Hedge Fund Research, SEGAL ROGERSCASEY Doug Smith, Senior Investment Consultant, TOWERS WATSON</p>
12:15 pm – 1:00 pm		<p>Investing in Real Estate</p> <p>Moderator: Pete Morin, Chairman, AUSTIN POLICE RETIREMENT SYSTEM</p> <p>Panelists:</p>
1:00 pm – 2:30 pm		<p>Networking Luncheon</p>

2:30 pm – 3:15 pm		<p>Tracking Your Investments - What and How Should You Monitor</p> <ul style="list-style-type: none"> • Evaluating your investment performance • What evaluation criteria is appropriate for you? • Options if your objectives aren't being met • Should you monitor how your investments are affected by corporate fraud? • How can you ensure maximum asset recovery? <p>Moderator: Tim Barron, Senior Vice President and Chief Investment Officer, SEGAL ROGERSCASEY</p> <p>Panelists: Steven Kaye, President, AEPG Steven Glass, President & CEO, ZENO CONSULTING GROUP, LLC</p>
3:15 pm – 4:00 pm		<p>Risk Measurement to Risk Management: Using Proper Risk tools in Your Manager Selection Process</p> <ul style="list-style-type: none"> • Regulatory Issues • Domestic and offshore • Avoiding fraud • Corporate governance • Due diligence considerations for Manager Selection • New disclosure & liability • Measuring and Managing Environmental, Social, and Governance Risk Exposures <p>Moderator: Peter D. Gerlings, CFA, CAIA, Senior Vice President, SEGAL ROGERSCASEY</p> <p>Panelists:</p>

4:00 pm – 4:45 pm	<p>Outsourced CIO/CFO Trends: Pros and Cons of this new Trend</p> <ul style="list-style-type: none"> • Why move to an outsourced CIO model? • Compliance and fiduciary issues when outsourcing • Advantages and disadvantages of outsourcing your endowment • Why outsource your back office? • Transparency and Continuity • Compliance Issues • Fiduciary Duties • Types of outsourcing providers • What have we learned? <p>Moderator: Kathy Boyle, President & Founder, CHAPIN HILL ADVISORS, INC</p> <p>Panelists: Phil Edwards, Principal, CURCIO WEBB, LLC Bruce Myers, Managing Director, CAMBRIDGE ASSOCIATES Tim Ng, Chief Investment Officer, CLEARBROOK GLOBAL ADVISORS</p>
4:45 pm – 5:15 pm	<p>Marketing to Plan Sponsors 101 -- from RFPs to Finals Presentations</p> <ul style="list-style-type: none"> • Building your storyline and differentiating your firm • Strategies to make it through the selling cycle • Understanding your audience -- Dos and Don'ts • What investment committees look for and want to hear <p>Moderator: Stephen Cheek, Senior Vice President, ARTHUR J. GALLAGHER</p> <p>Panelists: Steve Viederman, Finance Committee, CHRISTOPHER REYNOLDS FOUNDATION John Daly, Vice Chairman Investment Committee, CULINARY INSTITUTE OF AMERICA</p>

5:30pm – 6:15 pm		<p>Consultant Roundtable: The Role a Consultant and a Fiduciary plays</p> <ul style="list-style-type: none"> • Choosing a Consultant to consistently Beat the Benchmark • Understanding the Role of Fees in the Manager Selection Process • Understanding the Role of Fees in the Consultant Selection Process • Understanding the downstream cost implications of benchmark selection and the drivers for buy-side benchmark demand • Which is more crucial: individuals, process, or overall performance • How important is the human factor and what role does it play • The top 5 attributes to look for when choosing a manager and a consultant • Track Record: Does it matter how long it is? <p>Moderator: Gerald Garrett, Trustee, Chairman, TULSA FIREFIGHTERS HEALTH AND WELFARE TRUST</p> <p>Panelists: Christopher B. Moore, Managing Partner, Chief Investment Officer, MASSEY QUICK & CO., LLC</p>
6:15 pm – 7:30 pm		<p>Networking Cocktail Reception</p> <p>Join us and unwind with fellow industry professionals for refreshments during our last networking break of the day.</p> <p>Sponsored By:</p>

2015 Participants:

Consultants

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Marcelo Wekser, CFO, **PINFORD**
David Eisenberg, Principal, **MERCER**
Shikha Mittra, President, **RETIRE SMART CONSULTING, LLC**
Charles Colfer, Vice President – Hedge Fund Research, **SEGAL ROGERSCASEY**
David Harmston, Manager, **ALBOURNE AMERICA, LLC**
Kevin Leonard, Partner, **NEPC LLC**
Phil Edwards, Principal, **CURCIO WEBB, LLC**
Aneish Arora, Vice President, Consultant, **MEKETA INVESTMENT GROUP**
Russ Kamp, Managing Partner, **KAMP CONSULTING SOLUTIONS, LLC**
Chris Solarz, Managing Director, **CLIFFWATER LLC**
Steven Kaye, President, **AEPG**

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 Ulf Nofelt, Managing Director, [UNCONSULTING](#)
 Christopher Cutler, Managing Member, [MANAGER ANALYSIS SERVICES, LLC](#)
 Steve Charlton, Director of Consulting Services, [NEPC, LLC](#)
 Tim Barron, Senior Vice President and Chief Investment Officer, [SEGAL ROGERSCASEY](#)
 Abbas Hashmi, CEO, [GREEN CARD CAPITAL](#)
 Monique Miller, Head of Alternatives Strategy, [WILSHIRE ASSOCIATES](#)
 Myrna Rivera, CEO, [CONSULTIVA INTERNACIONAL, INC.](#)
 Michel Kulcsar, Portfolio Manager, [LIONX ADVISORS CORP.](#)
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 Donovan Johnson, Managing Director, [DON INTERNATIONAL LLC](#)
 Victoria Dietz, Research Analyst, [BELLWETHER CONSULTING](#)

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 Lily Cavanagh, Treasurer, [REDFORD \(MI\) POLICE & FIREMEN RETIREMENT SYSTEM](#)
 David McConico, Trustee, Chairman, [CITY OF AURORA \(CO\) GENERAL EMPLOYEES' RETIREMENT PLAN](#)
 Richard Hampton, President, [LOUISIANA TRUSTEE EDUCATION COUNCIL](#)
 Charlie Harrison, Chairman, [CITY OF PONTIAC GENERAL EMPLOYEES RETIREMENT SYSTEM](#)
 Gerald Garrett, Trustee, Chairman, [TULSA FIREFIGHTERS HEALTH AND WELFARE TRUST](#)
 Adam Frankel, Chairman, [DELRAY BEACH POLICE & FIRE RETIREMENT SYSTEM](#)
 Hilliard Hampton, Mayor / Trustee, [INKSTER \(MI\) POLICE & FIREMEN'S PENSION BOARD](#)
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 Reynolds Williams, Chairman, [SOUTH CAROLINA RETIREMENT SYSTEM INVESTMENT COMMISSION](#)
 James Kottage, Chairman, [NEW HAVEN POLICE AND FIRE RETIREMENT](#)

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Abbey Muneer, CIO, [HOTW ENDOWMENT FUND & INVESTMENTS](#)

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S. Michael Sury, Executive Director, [STRATEGIC INVESTORS \(SIFIRM\) US FAMILY OFFICE SYNDICATE](#)
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Julian Morris, VP Research, REASON FOUNDATION

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