

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD OF RETIREMENT

### BUSINESS MEETING

December 16, 2013

#### AGENDA

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

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

**ITEM:**

- |             |   |                 |
|-------------|---|-----------------|
| <b>I.</b>   | <b><u>CALL TO ORDER</u></b>   | Master Page No. |
| <b>II.</b>  | <b><u>APPROVAL OF AGENDA</u></b>  | 1 - 4           |
| <b>III.</b> | <b><u>APPROVAL OF MINUTES</u></b>   |                 |
|             | A. Disability Meeting of December 2, 2013.  | 5 - 11          |
| <b>IV.</b>  | <b><u>CONSENT AGENDA</u></b>  |                 |
|             | A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of November 2013.  | 12 - 13         |
|             | B. Receive and File Report of Checks Disbursed in November 2013.  | 14 - 22         |
|             | C. Receive and File Asset Allocation as of November 30, 2013.   | 23              |
|             | D. Receive and File Statement of Plan Net Position, Statement of Changes in Plan Net Position, Investments & Cash Equivalents, and Schedule of Investment Management Fees October 31, 2013. | 24 - 29         |

**IV. CONSENT AGENDA (continued)**

- E. Receive and File Budget Summary for FY 2013-14  
Month ending November 2013. 30

**END OF CONSENT AGENDA**

**V. STANDING ITEM**

- A. Receive an Oral Update on Pensionable  
Compensation and PEPRA.

**VI. INVESTMENT INFORMATION**

- A. Receive Annual Investment Presentation, RREEF  
America III – Jay Miller, Portfolio Manager. (30  
Minutes) 31 - 95
- B. Receive Annual Investment Presentation, Blackrock –  
Anthony Freitas, CFA. (30 Minutes) 96 - 166
- C. NEPC – Don Stracke, Senior Consultant.
1. Receive and File NEPC Investment Summary  
Report as of November 30, 2013. 167 - 172
2. Receive and File 2014 Investment Work Plan. 173
3. Consider Investment in Western TRU Bond  
Portfolio. 174 - 175
4. Consider SACRS Peer Comparison Report (RV  
Kuhns). 176 - 245

**VII. OLD BUSINESS**

- A. Consider Approval of Custodial Fee Proposal. 246 - 253
1. Custodial Fee Proposal – Yolanda Diaz, State  
Street Bank and Trust.
- B. Receive and File Corrected 2014 Calendar for  
Investment Manager Presentations. 254 - 256
1. 2014 Investment Manager Presentation Calendar.

**VIII. NEW BUSINESS**

- |  |           |
|--|-----------|
| A. Consider VCERA Authorization Signatures and Investment Management Authorization Letter.   | 257 - 262 |
| 1. Clifton Investment Group.   |           |
| A. Clifton Authorization Form.   |           |
| 2. Resolution of the Board of Retirement Delegating Authority to the Chief Financial Officer and Interim Retirement Administrator to Provide Investment Instructions to Blackrock Asset Management.    |           |
| A. Blackrock Asset Management Specimen Signature Form.   |           |
| 3. Investment Manager Memorandum; Appointment of Interim Retirement Administrator and Authorization to Provide Instruction.  |           |
| 4. Consider Authorization for Subpoena Signature Authority.  |           |
| B. Distribution of June 30, 2013 Actuarial Valuation Report with Supporting Letters; The Segal Company.  | 263       |
| 1. June 30, 2013 Actuarial Valuation Report.   | 264 - 353 |
| 2. Three-year Phase-in of Employer Contribution Rates.   | 354 - 359 |
| 3. Options for Allocating the Cost Associated with Cessation of Member Contributions After 30 Years of Service for Non-PEPRA Tiers.  | 360 - 371 |
| C. Request for Authorization to Request Publication of Decision in Porter v. Board of Retirement of the Orange County Employees' Retirement System Concerning Effective Date of Disability Retirement. | 372 - 375 |

**IX. PUBLIC COMMENT**

**X. STAFF COMMENT**

**XI. BOARD MEMBER COMMENT**

**XII. ADJOURNMENT**

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD OF RETIREMENT

### DISABILITY MEETING

December 2, 2013

### MINUTES

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

**DIRECTORS** Will Hoag, Alternate Retiree Member  
**ABSENT:**  
**STAFF** Donald C. Kendig, Retirement Administrator  
**PRESENT:** Henry Solis, Chief Financial Officer  
Lori Nemiroff, Assistant County Counsel  
Glenda Jackson, Clerk of the Board  
Angie Tolentino, Retirement Benefits Specialist

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

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

**ITEM:**

#### **I. CALL TO ORDER**

Chairman Wilson called the Disability Meeting of December 2, 2013, to order at 9:01 a.m. and dedicated the meeting to the memory of Ruth Tabarez, VCERA Benefits Manager, who passed away November 26, 2013.

**II. APPROVAL OF MINUTES**

A. Disability Meeting of December 2, 2013.

MOTION: Approve the Minutes.

Moved by Goulet, seconded by Henderson.

Vote: Motion carried

Yes: Foy, Goulet, Henderson, Hintz, T. Johnston, McCormick, Sedell,  
Towner, Wilson

No: -

Absent: Foy, Hoag, Sedell

**III. RECEIVE AND FILE PENDING DISABILITY APPLICATION STATUS REPORT**

Trustees Foy and Sedell arrived at 9:02 a.m.

MOTION: Receive and file the Report.

Moved by Henderson, seconded by T. Johnston.

Vote: Motion carried

Yes: Foy, Goulet, Henderson, Hintz, T. Johnston, McCormick, Sedell, Towner,  
Wilson

No: -

Absent: Hoag

**IV. APPLICATIONS FOR DISABILITY RETIREMENT**

A. Consider Application for Service Connected Disability Retirement; Michael S. Brodie; Case No. 11-029.

Stephen D. Roberson and Wanda Tuttle were present representing the County of Ventura Risk Management. David G. Schumaker, Attorney at Law, was present representing the applicant. The applicant, Michael S. Brodie, was present.

Both parties declined to make statements.

The following Motion was made:

MOTION: Adopt the recommendation of the hearing officer and grant the application for service connected disability retirement.

Moved by Goulet, seconded by T. Johnston.

Vote: Motion carried

Yes: Foy, Goulet, Henderson, Hintz, T. Johnston, McCormick, Sedell,  
Towner, Wilson

No: -

Absent: Hoag

- B. Consider Application for Service Connected Disability Retirement; Esther V. Diaz; Case No. 12-002.

John Gilman and Wanda Tuttle were present representing the County of Ventura Risk Management. The applicant, Esther Diaz, was present.

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

MOTION: Refer the matter back to the Hearing Officer for clarification and explain thoroughly which medical evidence he relied on to draw his conclusion since there is medical evidence that applicant is able to return to work.

Moved by Henderson, seconded by T. Johnston.

Vote: Motion carried

Yes: Foy, Goulet, Henderson, Hintz, T. Johnston, McCormick, Sedell,  
Towner, Wilson

No: -

Absent: Hoag

- C. Consider Application for Service Connected Disability Retirement; Donald G. Hillberg; Case No. 10-028.

Derek Straatsma and Wanda Tuttle were present representing the County of Ventura Risk Management. Laurence Grossman, Attorney at Law, and the applicant, Donald G. Hillberg, were present.

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

MOTION: Send request for job analysis to Human Resources Ventura County Sheriff's Department.

Moved by Towner, seconded by T. Johnston.

Vote: Motion carried

Yes: Foy, Goulet, Henderson, Hintz, T. Johnston, McCormick, Sedell,  
Towner, Wilson

No: -  
Absent: Hoag

- D. Consider Application for Service Connected Disability Retirement; Kristina Lee-Bailey; Case No. 12-015.

Stephen D. Roberson and Wanda Tuttle were present representing the County of Ventura Risk Management. Thomas J. Wicke, Attorney at Law, was present on behalf of the applicant. The applicant, Kristina Lee-Bailey, was not present.

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

MOTION: Adopt the recommendation of the hearing officer and deny the application for service connected disability retirement.

Moved by Foy, seconded by Hintz.

Vote: Motion carried  
Yes: Foy, Goulet, Henderson, Hintz, T. Johnston, McCormick, Sedell, Wilson  
No: -  
Absent: Hoag  
Recused: Towner

- E. Consider Application for Service Connected and Non-Service Connected Disability Retirement; Celia Montoya; Case No. 11-013.

Marshall Graves and Wanda Tuttle were present representing the County of Ventura Risk Management. The applicant, Celia Montoya, was not present.

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

MOTION: Adopt the recommendation of the hearing officer and deny the application for service connected disability retirement.

Moved by Goulet, seconded by Henderson.

Vote: Motion carried  
Yes: Foy, Goulet, Henderson, Hintz, T. Johnston, McCormick, Sedell, Towner, Wilson  
No: -  
Absent: Hoag



V. STANDING ITEM

- A. Review Monthly PAS (VCERIS) Report for October 2013.  
**RECOMMENDED ACTION: Receive and File.**

MOTION: Receive and file the Report.

Moved by Henderson, seconded by McCormick.

Vote: Motion carried

Yes: Foy, Goulet, Henderson, Hintz, T. Johnston, McCormick, Sedell,  
Towner, Wilson

No: -

Absent: Hoag

- B. Review Staff Response to Quarterly VCERIS Report Questions Asked at the November 18, 2013 Board Meeting. **RECOMMENDED ACTION: Receive and File.**

After discussion by the Board and staff, the following Motion was made:

MOTION: Receive and file the Report.

Moved by Henderson, seconded by T. Johnston.

Vote: Motion carried

Yes: Foy, Goulet, Henderson, Hintz, T. Johnston, McCormick, Sedell,  
Towner, Wilson

No: -

Absent: Hoag

Trustee Goulet commented on the Change Order and staff was instructed to have Brian Colker available for questions at the next monthly PAS Report scheduled for January 6, 2014 meeting.

VI. NEW BUSINESS

- A. Appoint Chair and Vice Chair for 2014.

The Chair called for nominations and after Board discussion, the following Motion was made:

MOTION: Appoint Tracy Towner as Chair and William Wilson as Vice Chair.

Moved by Henderson, seconded by Foy.

The Chair asked for further nominations and receiving none, the Motion carried.

Yes: Foy, Goulet, Henderson, Hintz, T. Johnston, McCormick, Sedell, Towner, Wilson

No: -

Absent: Hoag

- B. Consider Authorization to Attend Opal Financial Group Public Funds Summit, January 7-9, 2014, Scottsdale, Arizona – Trustee Chris Johnston.

Trustee Johnston cancelled his request to attend.

**VII. CLOSED SESSION**

It is the Intention of the Board of Retirement to Meet in Closed Session, pursuant to Government Code Section 54957(b)(1), to Discuss the Following Item.

- A. Public Employee Appointment/Employment/Evaluation of Performance/Release.  
Title: Retirement Administrator.

No reportable action taken.

**VIII. PUBLIC COMMENT**

None.

**IX. STAFF COMMENT**

None.

**X. BOARD MEMBER COMMENT**

None.

XI. ADJOURNMENT

The meeting was adjourned at 11:41 a.m.

Respectfully submitted,



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DONALD C. KENDIG, Retirement Administrator

Approved,

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WILLIAM W. WILSON, Chairman

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

NOVEMBER 2013

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	TOTAL SERVICE	OTHER SERVICE	DEPARTMENT	EFFECTIVE DATE
<b>REGULAR RETIREMENTS:</b>							
Sandra A.	Barreras	G	06/13/2013	8.60		County Clerk Recorder (Non Member Spouse)	07/01/13
Wilhelmina	Bautista	G	02/04/2001	12.70		Sheriff's Department	10/26/13
Diane, L.	Bock	G	12/02/2002	9.00		Health Care Agency (From Deferred)	08/23/13
Randall C.	Dalton	G	04/11/1993	18.00		Human Services Agency	10/17/13
Darlene F.	Davidson	G	03/07/1999	12.60		Health Care Agency	08/12/13
Jesse S.	Davidson	G	03/06/2013	2.90		Human Services Agency (Non Member Spouse)	04/01/13
Peggy	Drury	G	09/15/1991	22.10	B= 0.1151	District Attorney	10/26/13
Donna A.	Gicewicz	G	01/06/1991	21.40		Superior Courts	10/11/13
Loretta	Gutierrez	G	02/18/1990	24.00	B=1.0258	Health Care Agency	09/28/13
Scott D.	Hall	S	10/02/1978	35.00		Fire Protection District	10/04/13
Mark S.	Hara	S	07/09/1989	16.40		Sheriff's Department	02/29/12
Karen	Hoffstadt	G	04/16/2001	10.30		Human Services Agency	10/24/13
Paula M.	Hughes	G	01/20/1991	22.70		Sheriff's Department	10/18/13
R Travis	Jones	G	06/10/1990	29.10	B=0.09150 D=6.2462	Air Pollution Control District	09/21/13
Emerlita	Lajom	G	05/10/1981	31.90		Health Care Agency	10/05/13
Theopolist U.	Langford	S	12/04/1994	15.20		Sheriff's Department	10/27/13
Pamela	Lindeman	G	11/29/1987	25.00	B=0.0882	Health Care Agency	10/29/13
David J.	Malmin	G	05/01/2000	17.30	B=0.9929 D=2.9934	Health Care Agency	10/06/13
Alicia	Mendoza	G	04/09/2001	12.40		Health Care Agency	09/28/13
Karen	Monosco	G	01/06/1991	22.50		Health Care Agency	10/10/13
Mary J.	Neale	G	07/02/2006	7.30		Information Systems Department	10/12/13
Laura S.	Norris	G	09/30/1990	23.10		Probation Agency	10/26/13
Lawrence	Older	G	11/29/1987	27.70	A=1.7434 B=0.0943	Fire Protection District	10/26/13
Debra L.	Pence	G	09/21/1998	3.10	C=18.5478	Human Services Agency	10/04/13
Lori L.	Peterson	G	04/18/1999	12.20		Regional Sanitation District (From Deferred)	10/30/13
Anne P.	Pierce	G	08/23/1998	15.00		Superior Courts	10/01/13
Veronica A.	Ramirez	G	06/23/1991	22.30		Human Services Agency	10/13/13
Kathleen S.	Rosenthal	G	09/21/1996	1.90	C=19.152	Public Works	09/21/13
Josefina	Ruelas	G	12/15/1996	10.30	C=9.2217	Child Support Services	10/12/13
Wilford L.	Skinner	G	10/12/2003	7.00		Airports (From Deferred)	10/12/13

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

NOVEMBER 2013

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	TOTAL SERVICE	OTHER SERVICE	DEPARTMENT	EFFECTIVE DATE
<b>DEFERRED RETIREMENTS:</b>							
Brittani	Addison	G	03/23/2008	5.62		CEO	11/01/13
Arlene	Campos	G	02/09/2004	9.44		Health Care Agency	10/22/13
Leslie	Colvin	G	02/26/2006	5.60		Health Care Agency	10/28/13
Cynthia	Estrada	G	07/26/1998	13.87		Health Care Agency	10/31/13
Franciso	Martinez	G	12/16/2007	5.90		District Attorney	11/09/13
Deanna	Naurath	G	12/17/2006	6.28		Sheriff's Department	10/17/13
Claudia	Pariso	G	08/13/2006	7.16		Superior Courts	10/11/13
Michelle	Peterson	G	01/29/1995	14.47		Health Care Agency	09/30/13
Amabel U.	Schiller	G	07/30/2003	6.80		Health Care Agency	10/18/13
Priscilla S.	Valencerina	G	06/03/2007	5.75		Health Care Agency	10/26/13
Michael	Villaraza	G	03/23/2008	5.46		Resource Management Agency	10/25/13
Elisa M.	Weaver	G	12/02/2007	5.55		Health Care Agency	10/25/13
Kyle B.	Young	G	09/21/2008	5.06		Health Care Agency	10/11/13

**SURVIVORS' CONTINUANCES:**

Maria Dowdy  
 Juan M. Sanchez  
 Carol D. Robinson  
 John Vasina

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

Date: Monday, December 02, 2013  
 Time: 07:42AM  
 User: 108359

**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 05-14 As of: 12/2/2013

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 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
<b>Company: VCERA</b>										
Acct / Sub:	1002		00							
023019	CK	11/4/2013	F8533 CYNTHIA COBB	05-14	017825	VO	PENSION PAYMENT	11/4/2013	0.00	601.85
023020	CK	11/7/2013	105647 ELIZABETH L. TELLEZ	05-14	017826	VO	REFUND	11/7/2013	0.00	850.71
023021	CK	11/7/2013	115767 CLAUDIA C. MONTIEL	05-14	017827	VO	REFUND	11/7/2013	0.00	5,296.32
023022	CK	11/7/2013	116127 GARRETT C. JOHNSON	05-14	017828	VO	REFUND	11/7/2013	0.00	19,483.04
023023	CK	11/7/2013	119469 MICHAEL B. BELLAMY	05-14	017829	VO	REFUND	11/7/2013	0.00	13,593.26
023024	CK	11/7/2013	119494 MICHELLE K. MCENTEE	05-14	017830	VO	REFUND	11/7/2013	0.00	8,705.61
023025	CK	11/7/2013	119494R FIDELITY MGMT. TRUST CO	05-14	017831	VO	ROLLOVER	11/7/2013	0.00	16,218.70
023026	CK	11/7/2013	120017 SHAUNTARA R. JONES	05-14	017832	VO	REFUND	11/7/2013	0.00	24,641.06
023027	CK	11/7/2013	122247 MORGAN STANLEY	05-14	017833	VO	ROLLOVER	11/7/2013	0.00	6,845.17
023028	CK	11/7/2013	F0826B1 ESTATE OF DORIS J. KENNEDY	05-14	017834	VO	DEATH BENEFIT	11/7/2013	0.00	60.19
023029	CK	11/7/2013	F0915B1 NEVA FELINO	05-14	017835	VO	DEATH BENEFIT	11/7/2013	0.00	3,720.70
023030	CK	11/7/2013	F0924B1 KELLI L. AYALA	05-14	017836	VO	DEATH BENEFIT	11/7/2013	0.00	1,762.31
023031	CK	11/7/2013	F0924B2 ERIN HIGHTOWER	05-14	017837	VO	DEATH BENEFIT	11/7/2013	0.00	1,762.30

Date: Monday, December 02, 2013  
 Time: 07:42AM  
 User: 108359

**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 05-14 As of: 12/2/2013

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 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period		Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
				To Post	Closed						
023032	CK	11/7/2013	F1628B1 FRANCIS L. RENNIE TRUST	05-14		017838	VO	DEATH BENEFIT	11/7/2013	0.00	4,642.20
023033	CK	11/7/2013	F3686B1 LESLYE MAEGHAN OWEN	05-14		017839	VO	DEATH BENEFIT	11/7/2013	0.00	3,747.80
023034	CK	11/7/2013	F4167S CAROL D. ROBINSON	05-14		017840	VO	DEATH BENEFIT	11/7/2013	0.00	3,216.70
023035	CK	11/7/2013	F4473B1 SALLY MALISKEY O'BRIEN	05-14		017841	VO	DEATH BENEFIT	11/7/2013	0.00	4,939.82
023036	CK	11/7/2013	F4800B1 DARRELL JOHNSON	05-14		017842	VO	DEATH BENEFIT	11/7/2013	0.00	4,094.94
023037	CK	11/7/2013	F7723 TRACY S. VAN NATTA	05-14		017843	VO	PENSION PAYMENT	11/7/2013	0.00	1,013.84
023038	CK	11/7/2013	F6475S ALYCE L. HUNTER	05-14		017844	VO	DEATH BENEFIT	11/7/2013	0.00	1,505.23
023039	CK	11/7/2013	F8504B1 THE HELEN WEIR REVOCABLE T	05-14		017845	VO	DEATH BENEFIT	11/7/2013	0.00	105,268.51
023040	CK	11/7/2013	ANTHONY RICHARD C. ANTHONY	05-14		017846	VO	ADMIN EXP	11/7/2013	0.00	2,712.50
023041	CK	11/7/2013	BARNEY ABU COURT REPORTING INC	05-14		017847	VO	ADMIN EXP	11/7/2013	0.00	315.00
023042	CK	11/7/2013	CORPORATE STAPLES ADVANTAGE	05-14		017848	VO	ADMIN EXP	11/7/2013	0.00	511.12
023043	CK	11/7/2013	FOLEY FOLEY AND LARDNER LLP	05-14		017849	VO	LEGAL FEES	11/7/2013	0.00	477.00
023044	CK	11/7/2013	GREEN GREENSOURCE INC.	05-14		017850	VO	ADMIN EXP	11/7/2013	0.00	3,900.00

Date: Monday, December 02, 2013  
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**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 05-14 As of: 12/2/2013

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 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period		Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
				To Post	Closed						
023045	CK	11/7/2013	HARRIS HARRIS WATER CONDITIONING	05-14		017851	VO	ADMIN EXP	11/7/2013	0.00	343.50
023046	CK	11/7/2013	REAMS REAMS ASSET MANAGEMENT	05-14		017852	VO	INVESTMENT FEES	11/7/2013	0.00	111,311.00
023047	CK	11/7/2013	STATE STATE STREET CORPORATION	05-14		017853	VO	INVESTMENT FEES	11/7/2013	0.00	16,525.27
023048	CK	11/7/2013	VOLT VOLT	05-14		017854	VO	ADMIN/PAS	11/7/2013	0.00	1,315.82
023049	CK	11/7/2013	101602 HENRY SOLIS	05-14		017855	VO	TRAVEL REIMB	11/7/2013	0.00	1,100.54
023050	CK	11/7/2013	104238 TRACY TOWNER	05-14		017856	VO	TRAVEL REIMB	11/7/2013	0.00	404.13
023051	CK	11/7/2013	990007 DEANNA MCCORMICK	05-14		017857	VO	TRAVEL REIMB	11/7/2013	0.00	373.00
023052	CK	11/7/2013	990002BM ARTHUR E GOULET	05-14		017858	VO	BRD MEM FEES	11/7/2013	0.00	200.00
023053	CK	11/7/2013	990003BM JOSEPH HENDERSON	05-14		017859	VO	BRD MEM FEES	11/7/2013	0.00	100.00
023054	CK	11/7/2013	990004BM WILL HOAG	05-14		017860	VO	BRD MEM FEES	11/7/2013	0.00	400.00
023055	CK	11/7/2013	990005BM WILLIAM W WILSON	05-14		017861	VO	BRD MEM FEES	11/7/2013	0.00	200.00
023056	CK	11/7/2013	990006BM MICHAEL SEDELL	05-14		017862	VO	BRD MEM FEES	11/7/2013	0.00	200.00
023057	CK	11/14/2013	102181 LORETTA GUTIERREZ	05-14		017863	VO	REFUND T2 COL	11/14/2013	0.00	10,074.73
023058	CK	11/14/2013	122530 BANK OF AMERICA	05-14		017864	VO	ROLLOVER	11/14/2013	0.00	2,138.02



Date: Monday, December 02, 2013  
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**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 05-14 As of: 12/2/2013

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 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period		Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
				To Post	Closed						
023059	CK	11/14/2013	F2725B1 JOHN R. LESCHOF'S	05-14		017865	VO	DEATH BENEFIT	11/14/2013	0.00	98.88
023060	CK	11/14/2013	F2725B2 STEVEN R. BOLL	05-14		017866	VO	DEATH BENEFIT	11/14/2013	0.00	98.87
023061	CK	11/14/2013	F2725B3 KATHLEEN L. SORENSEN	05-14		017867	VO	DEATH BENEFIT	11/14/2013	0.00	98.88
023062	CK	11/14/2013	F4239 MILDRED ELIZABETH DOVGIN	05-14		017868	VO	PENSION PAYMENT	11/14/2013	0.00	752.88
023063	CK	11/14/2013	F4279B1 RICHARD BLAINE KELLEY	05-14		017869	VO	DEATH BENEFIT	11/14/2013	0.00	2,066.53
023064	CK	11/14/2013	F4334S MARIA P. DOWDY	05-14		017870	VO	DEATH BENEFIT	11/14/2013	0.00	2,065.96
023065	CK	11/14/2013	CLIFTON THE CLIFTON GROUP / PARAMETRIC	05-14		017871	VO	INVESTMENT FEES	11/14/2013	0.00	42,158.00
023066	CK	11/14/2013	CORPORATE STAPLES ADVANTAGE	05-14		017872	VO	ADMIN EXP	11/14/2013	0.00	155.79
023067	CK	11/14/2013	DAILY DAILY JOURNAL CORPORATION	05-14		017873	VO	ADMIN EXP	11/14/2013	0.00	1,941.74
023068	CK	11/14/2013	FEDEX FED EX	05-14		017874	VO	ADMIN EXP	11/14/2013	0.00	228.56
023069	CK	11/14/2013	HANSONBRID HANSON BRIDGETT LLP	05-14		017875	VO	LEGAL FEES	11/14/2013	0.00	126.90
023070	CK	11/14/2013	HEXAVEST HEXAVEST INC	05-14		017876	VO	INVESTMENT FEES	11/14/2013	0.00	86,546.76
023071	CK	11/14/2013	LOOMIS LOOMIS, SAYLES & COMP, LP	05-14		017877	VO	INVESTMENT FEES	11/14/2013	0.00	155,010.56

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023072	CK	11/14/2013	SMARTBEAR SMARTBEAR SOFTWARE, INC	05-14		017878	VO	PAS	11/14/2013	0.00	4,392.00
023073	CK	11/14/2013	TWC TIME WARNER CABLE	05-14		017879	VO	IT/PAS	11/14/2013	0.00	478.23
023074	CK	11/14/2013	VOLT VOLT	05-14		017880	VO	ADMIN EXP	11/14/2013	0.00	769.09
023075	CK	11/14/2013	WESTERN WESTERN ASSET MANAGEMEN	05-14		017881	VO	INVESTMENT FEES	11/14/2013	0.00	170,173.18
023076	CK	11/21/2013	105690 KAREN HOFFSTADT	05-14		017882	VO	REFUND T2 COL	11/21/2013	0.00	8,913.39
023077	CK	11/21/2013	117133 MARY J. NEALE	05-14		017883	VO	REFUND T2 COL	11/21/2013	0.00	9,392.52
023078	CK	11/21/2013	118770 ALMA NOEL FIGUEROA	05-14		017884	VO	REFUND	11/21/2013	0.00	19,743.40
023079	CK	11/21/2013	F3089B1 DAVID BENNETT	05-14		017885	VO	DEATH BENEFIT	11/21/2013	0.00	4,162.02
023080	CK	11/21/2013	F3523S JOHN R. VASINA	05-14		017886	VO	DEATH BENEFIT	11/21/2013	0.00	2,393.29
023081	CK	11/21/2013	F3523S2 JOHN R. VASINA	05-14		017887	VO	DEATH BENEFIT	11/21/2013	0.00	1,037.81
023082	CK	11/21/2013	F4279B2 KAREN K. ZAHN	05-14		017888	VO	DEATH BENEFIT	11/21/2013	0.00	2,066.54
023083	CK	11/21/2013	AT&T AT & T MOBILITY	05-14		017889	VO	IT	11/21/2013	0.00	216.90
023084	CK	11/21/2013	BLACKROCK BLACKROCK INSTL TRUST CO, N	05-14		017890	VO	INVESTMENT FEES	11/21/2013	0.00	189,643.25
023085	CK	11/21/2013	CORPORATE STAPLES ADVANTAGE	05-14		017891	VO	ADMIN EXP	11/21/2013	0.00	567.89

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023086	CK	11/21/2013	STATE STATE STREET CORPORATION	05-14		017892	VO	INVESTMENT FEES	11/21/2013	0.00	8,055.74
023087	CK	11/21/2013	TORTOISE TORTOISE CAPITAL ADVISORS	05-14		017893	VO	INVESTMENT FEES	11/21/2013	0.00	177,001.26
023088	CK	11/21/2013	VOLT VOLT	05-14		017894	VO	ADMIN EXP	11/21/2013	0.00	858.60
023089	CK	11/21/2013	122180 DONALD C KENDIG	05-14		017895	VO	TRAVEL REIMB	11/21/2013	0.00	205.58
023090	CK	11/21/2013	990002 ARTHUR E. GOULET	05-14		017896	VO	TRAVEL REIMB	11/21/2013	0.00	252.94
023091	CK	11/21/2013	990006 MICHAEL SEDELL	05-14		017897	VO	MILEAGE REIMB	11/21/2013	0.00	544.67
023092	CK	11/27/2013	CA SDU CALIFORNIA STATE	05-14		017898	VO	CRT ORDERED PMT	11/27/2013	0.00	1,005.01
023093	CK	11/27/2013	CALPERS CALPERS LONG-TERM	05-14		017899	VO	INSURANCE	11/27/2013	0.00	18,582.42
023094	CK	11/27/2013	CHILD5 STATE DISBURSEMENT UNIT (SI	05-14		017900	VO	CRT ORDERED PMT	11/27/2013	0.00	511.00
023095	CK	11/27/2013	CHILD9 SHERIDA SEGALL	05-14		017901	VO	CRT ORDERED PMT	11/27/2013	0.00	260.00
023096	CK	11/27/2013	CHILD21 OREGON DEPT OF JUSTICE	05-14		017902	VO	CRT ORDERED PMT	11/27/2013	0.00	171.74
023097	CK	11/27/2013	COUNTY2 COUNTY OF VENTURA	05-14		017903	VO	PENSION PAYMENT	11/27/2013	0.00	81,769.72
023098	CK	11/27/2013	CVMP COUNTY OF VENTURA	05-14		017904	VO	INSURANCE	11/27/2013	0.00	580,086.89

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				To Post	Closed						
023099	CK	11/27/2013	FTBCA3 FRANCHISE TAX BOARD	05-14		017905	VO	GARNISHMENT	11/27/2013	0.00	77.11
023100	CK	11/27/2013	IRS6 INTERNAL REVENUE SERVICE	05-14		017906	VO	GARNISHMENT	11/27/2013	0.00	321.00
023101	CK	11/27/2013	SEIU SEIU LOCAL 721	05-14		017907	VO	DUES	11/27/2013	0.00	314.50
023102	CK	11/27/2013	SPOUSE2 KELLY SEARCY	05-14		017908	VO	CRT ORDERED PMT	11/27/2013	0.00	1,874.00
023103	CK	11/27/2013	SPOUSE3 ANGELINA ORTIZ	05-14		017909	VO	CRT ORDERED PMT	11/27/2013	0.00	250.00
023104	CK	11/27/2013	SPOUSE4 CATHY C. PEET	05-14		017910	VO	CRT ORDERED PMT	11/27/2013	0.00	550.00
023105	CK	11/27/2013	SPOUSE5 SUZANNA CARR	05-14		017911	VO	CRT ORDERED PMT	11/27/2013	0.00	829.00
023106	CK	11/27/2013	SPOUSE6 BARBARA JO GREENE	05-14		017912	VO	CRT ORDERED PMT	11/27/2013	0.00	675.00
023107	CK	11/27/2013	VCDSA VENTURA COUNTY DEPUTY	05-14		017913	VO	INSURANCE	11/27/2013	0.00	239,183.29
023108	CK	11/27/2013	VCPFF VENTURA COUNTY PROFESSIO	05-14		017914	VO	INSURANCE	11/27/2013	0.00	75,308.64
023109	CK	11/27/2013	VCREA RETIRED EMPLOYEES' ASSOCIA	05-14		017915	VO	DUES	11/27/2013	0.00	4,270.50
023110	CK	11/27/2013	VRSD VENTURA REGIONAL	05-14		017916	VO	INSURANCE	11/27/2013	0.00	7,136.69
023111	CK	11/27/2013	VSP VISION SERVICE PLAN - (CA)	05-14		017917	VO	INSURANCE	11/27/2013	0.00	6,015.93
023112	CK	11/27/2013	ADP ADP INC	05-14		017918	VO	ADMIN EXP	11/27/2013	0.00	8,265.47

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				To Post	Closed						
023113	CK	11/27/2013	BARNEY ABU COURT REPORTING INC	05-14		017919	VO	ADMIN EXP	11/27/2013	0.00	915.60
023114	CK	11/27/2013	GFOA GOVERNMENT FINANCE	05-14		017922	VO	ADMIN EXP	11/27/2013	0.00	420.00
023115	CK	11/27/2013	LINEA LINEA SOLUTIONS	05-14		017923	VO	IT/PAS	11/27/2013	0.00	77,997.75
023116	CK	11/27/2013	LOWE AL LOWE CONSTRUCTIONS, INC	05-14		017924	VO	IT/PAS	11/27/2013	0.00	23,169.39
023117	CK	11/27/2013	MANATT MANATT, PHELPS, PHILLIPS	05-14		017925	VO	LEGAL FEES	11/27/2013	0.00	122.40
023118	CK	11/27/2013	MEGAPATH MEGAPATH INC.	05-14		017926	VO	IT	11/27/2013	0.00	332.33
023119	CK	11/27/2013	MF M.F. DAILY CORPORATION	05-14		017927	VO	ADMIN EXP	11/27/2013	0.00	13,547.01
023120	CK	11/27/2013	PRUDENTIAL PRUDENTIAL REAL ESTATE	05-14		017928	VO	INVESTMENT FEES	11/27/2013	0.00	189,290.81
023121	CK	11/27/2013	SBS SBS GROUP	05-14		017929	VO	IT	11/27/2013	0.00	43.75
023122	CK	11/27/2013	SPRUCE SPRUCEGROVE INVESTMENT M	05-14		017930	VO	INVESTMENT FEES	11/27/2013	0.00	56,495.03
023123	CK	11/27/2013	VITECH VITECH SYSTEMS GROUP INC	05-14		017931	VO	IT/PAS	11/27/2013	0.00	2,500.00
023124	CK	11/27/2013	VOLT VOLT	05-14		017932	VO	ADMIN/PAS	11/27/2013	0.00	3,378.08
023125	CK	11/27/2013	WRIGHT DAVIS WRIGHT TREMAIN LLP	05-14		017933	VO	ADMIN EXP	11/27/2013	0.00	15.75

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023126	CK	11/27/2013	990005 WILLIAM W WILSON	05-14	017934	VO	TRAVEL REIMB	11/27/2013	0.00	236.10
023127	CK	11/27/2013	CMP CMP & ASSOCIATES, INC	05-14	017935	VO	IT/PAS	11/27/2013	0.00	24,433.75
023128	CK	11/27/2013	CDW GOVERN CDW GOVERNMENT	05-14	017936	VO	IT	11/27/2013	0.00	1,850.00

Check Count: 110

**Acct Sub Total: 2,698,996.16**

Check Type	Count	Amount Paid
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Hand	0	0.00
Electronic Payment	0	0.00
Void	0	0.00
Stub	0	0.00
Zero	0	0.00
Mask	0	0.00
<b>Total:</b>	<b>110</b>	<b>2,698,996.16</b>

<b>Company Disc Total</b>	<b>0.00</b>	<b>Company Total</b>	<b>2,698,996.16</b>
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**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**ASSET ALLOCATION**  
**As of 11/30/2013**

Mandate	\$ Actual	% of Actual	\$ Target	% Target	Permissible Min Max		Outside Permissible	Calculated Adjustments	Proposed Adjustments	Closing Balance	Proposed Allocation	After Rebalancing
<b>BlackRock Extended Equity Index Fund</b>	<b>42,049,047</b>	1.04%	40,574,961	1.00%	0.5%	2.0%	OK	(1,474,086)		42,049,047	1.04%	OK
<b>Western U.S. Index Plus</b>	<b>118,572,579</b>	2.92%	121,724,883	3.00%	2.0%	4.0%	OK	3,152,304		118,572,579	2.95%	OK
<b>BlackRock Equity Market Fund</b>	<b>1,133,646,419</b>	27.94%	1,054,948,984	26.00%	22.0%	30.0%	OK	(78,697,435)	(40,000,000)	1,093,646,419	27.17%	OK
<b>Total U.S. Equities</b>	<b>1,294,268,045</b>	<b>31.90%</b>	<b>1,217,248,828</b>	<b>30.00%</b>	<b>24.5%</b>	<b>36.0%</b>	<b>OK</b>	<b>(77,019,217)</b>	<b>(40,000,000)</b>	<b>1,254,268,045</b>	<b>31.16%</b>	<b>OK</b>
<b>BlackRock ACWI ex-U.S. Index</b>	<b>287,935,509</b>	7.10%	243,449,766	6.00%	4.0%	8.0%	OK	(44,485,743)		287,935,509	7.15%	OK
<b>Sprucegrove</b>	<b>183,349,851</b>	4.52%	162,299,844	4.00%	3.0%	6.0%	OK	(21,050,007)		183,349,851	4.55%	OK
<b>Hexavest</b>	<b>79,483,854</b>	1.96%	81,149,922	2.00%	1.0%	3.0%	OK	1,666,068		79,483,854	1.97%	OK
<b>Walter Scott</b>	<b>93,331,097</b>	2.30%	81,149,922	2.00%	1.5%	4.0%	OK	(12,181,175)		93,331,097	2.32%	OK
<b>Total Non-U.S. Equities</b>	<b>644,100,311</b>	<b>15.87%</b>	<b>568,049,453</b>	<b>14.00%</b>	<b>9.5%</b>	<b>21.0%</b>	<b>OK</b>	<b>(76,050,858)</b>	<b>-</b>	<b>644,100,311</b>	<b>16.00%</b>	<b>OK</b>
<b>GMO (Global)</b>	<b>207,161,388</b>	5.11%	202,874,805	5.00%	3.0%	7.0%	OK	(4,286,583)		207,161,388	5.15%	OK
<b>BlackRock MSCI ACWI Equity Index</b>	<b>209,076,798</b>	5.15%	202,874,805	5.00%	3.0%	7.0%	OK	(6,201,993)		209,076,798	5.19%	OK
<b>Total Global Equities</b>	<b>416,238,186</b>	<b>10.26%</b>	<b>405,749,609</b>	<b>10.00%</b>	<b>6.0%</b>	<b>14.0%</b>	<b>OK</b>	<b>(10,488,577)</b>	<b>-</b>	<b>416,238,186</b>	<b>10.34%</b>	<b>OK</b>
<b>Total Equities</b>	<b>2,354,606,542</b>	<b>58.03%</b>	<b>2,191,047,890</b>	<b>54.00%</b>	<b>44.0%</b>	<b>64.0%</b>	<b>OK</b>	<b>(163,558,652)</b>	<b>(40,000,000)</b>	<b>2,314,606,542</b>	<b>57.50%</b>	<b>OK</b>
<b>Western (Core)</b>	<b>248,345,801</b>	6.12%	243,449,766	6.00%	3.0%	9.0%	OK	(4,896,035)	-	248,345,801	6.17%	OK
<b>BlackRock U.S. Debt Fund</b>	<b>131,853,367</b>	3.25%	121,724,883	3.00%	3.0%	6.0%	OK	(10,128,484)		131,853,367	3.28%	OK
<b>Reams (Core Plus)</b>	<b>251,393,004</b>	6.20%	284,024,727	7.00%	6.0%	9.0%	OK	32,631,723		251,393,004	6.24%	OK
<b>Loomis Sayles (Full Discretion)</b>	<b>66,684,430</b>	1.64%	81,149,922	2.00%	1.0%	4.0%	OK	14,465,492		66,684,430	1.66%	OK
<b>Total Domestic Fixed Income</b>	<b>698,276,602</b>	<b>17.21%</b>	<b>730,349,297</b>	<b>18.00%</b>	<b>13.0%</b>	<b>28.0%</b>	<b>OK</b>	<b>32,072,695</b>	<b>-</b>	<b>698,276,602</b>	<b>17.35%</b>	<b>OK</b>
<b>PIMCO (Global Unhedged)</b>	<b>123,100,091</b>	3.03%	121,724,883	3.00%	2.0%	4.0%	OK	(1,375,208)		123,100,091	3.06%	OK
<b>Loomis Sayles (Strategic Alpha)</b>	<b>40,578,398</b>	1.00%	40,574,961	1.00%	0.0%	4.0%	OK	(3,437)		40,578,398	1.01%	OK
<b>Loomis Sayles (Global)</b>	<b>91,792,360</b>	2.26%	81,149,922	2.00%	1.0%	4.0%	OK	(10,642,438)		91,792,360	2.28%	OK
<b>Total Global Fixed Income</b>	<b>255,470,849</b>	<b>6.30%</b>	<b>243,449,766</b>	<b>6.00%</b>	<b>3.0%</b>	<b>8.0%</b>	<b>OK</b>	<b>(12,021,083)</b>	<b>-</b>	<b>255,470,849</b>	<b>6.35%</b>	<b>OK</b>
<b>Total Fixed Income</b>	<b>953,747,451</b>	<b>23.51%</b>	<b>973,799,062</b>	<b>24.00%</b>	<b>16.0%</b>	<b>36.0%</b>	<b>OK</b>	<b>20,051,611</b>	<b>-</b>	<b>953,747,451</b>	<b>23.69%</b>	<b>OK</b>
<b>Prudential Real Estate</b>	<b>91,872,069</b>	2.26%	121,724,883	3.00%	2.0%	4.0%	OK	29,852,814		91,872,069	2.28%	OK
<b>UBS Real Estate</b>	<b>185,881,917</b>	4.58%	152,156,103	3.75%	3.0%	6.0%	OK	(33,725,814)		185,881,917	4.62%	OK
<b>RREEF</b>	<b>8,369,326</b>	0.21%	10,143,740	0.25%	0.0%	1.0%	OK	1,774,414		8,369,326	0.21%	OK
<b>Real Estate</b>	<b>286,123,312</b>	<b>7.05%</b>	<b>284,024,727</b>	<b>7.00%</b>	<b>5.0%</b>	<b>11.0%</b>	<b>OK</b>	<b>(2,098,585)</b>	<b>-</b>	<b>286,123,312</b>	<b>7.11%</b>	<b>OK</b>
<b>Adams Street Partners</b>	<b>37,792,119</b>	0.93%	121,724,883	3.00%	1.0%	4.0%	LOW	83,932,764		37,792,119	0.94%	LOW
<b>Pantheon Ventures</b>	<b>8,703,475</b>	0.21%	10,143,740	0.25%	0.0%	2.0%	OK	1,440,265		8,703,475	0.22%	OK
<b>HarbourVest</b>	<b>11,100,791</b>	0.27%	71,006,182	1.75%	0.0%	2.0%	OK	59,905,391	-	11,100,791	0.28%	OK
<b>Private Equity</b>	<b>57,596,385</b>	1.42%	202,874,805	5.00%	1.0%	8.0%	OK	145,278,420	-	57,596,385	1.43%	OK
<b>Bridgewater (See Note 1)</b>	<b>256,188,197</b>	6.31%	284,024,727	7.00%	2.0%	8.0%	OK	27,836,530		256,188,197	6.36%	OK
<b>Tortoise Capital Advisors</b>	<b>118,572,892</b>	2.92%	121,724,883	3.00%	1.0%	5.0%	OK	3,151,991		118,572,892	2.95%	OK
<b>Alternatives</b>	<b>374,761,089</b>	<b>9.24%</b>	<b>405,749,609</b>	<b>10.00%</b>	<b>3.0%</b>	<b>13.0%</b>	<b>OK</b>	<b>30,988,520</b>	<b>-</b>	<b>374,761,089</b>	<b>9.31%</b>	<b>OK</b>
<b>Clifton (Cash Overlay)</b>	<b>22,821,284</b>	0.56%	-	0.00%	0.0%	3.0%	OK	(22,821,284)	16,000,000	38,821,284	0.96%	OK
<b>In-House Cash (Treasury)</b>	<b>7,840,030</b>	0.19%	-	0.00%	0.0%	3.0%	OK	(7,840,030)	24,000,000	31,840,030	0.79%	OK
<b>Other Assets</b>	<b>30,661,314</b>	0.76%	-	0.00%	0.0%	3.0%	OK	(30,661,314)	40,000,000	38,821,284	0.96%	OK
<b>Total Investment Portfolio</b>	<b>4,057,496,093</b>	<b>100.00%</b>	<b>4,057,496,093</b>	<b>100.00%</b>				<b>0</b>	<b>-</b>	<b>4,025,656,063</b>	<b>100.00%</b>	

Note 1 - This amount is estimated based on November 2013 performance as reported by Bridgewater.

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**STATEMENT OF PLAN NET POSITION**  
**OCTOBER 31, 2013**

**ASSETS**

**CASH & CASH EQUIVALENTS** **\$83,733,083**

**RECEIVABLES**

ACCRUED INTEREST AND DIVIDENDS	4,319,579
SECURITY SALES	28,569,063
MISCELLANEOUS	916
<b>TOTAL RECEIVABLES</b>	<b>32,889,558</b>

**INVESTMENTS AT FAIR VALUE**

DOMESTIC EQUITY SECURITIES	95,164,620
DOMESTIC EQUITY INDEX FUNDS	1,142,463,447
INTERNATIONAL EQUITY SECURITIES	355,151,987
INTERNATIONAL EQUITY INDEX FUNDS	287,606,058
GLOBAL EQUITY	410,091,386
PRIVATE EQUITY	56,061,932
DOMESTIC FIXED INCOME - CORE PLUS	550,593,515
DOMESTIC FIXED INCOME - U.S. INDEX	132,365,985
GLOBAL FIXED INCOME	257,644,495
REAL ESTATE	286,383,864
ALTERNATIVES	367,504,397
CASH OVERLAY - CLIFTON	(9,922)
<b>TOTAL INVESTMENTS</b>	<b>3,941,021,763</b>

**PENSION SOFTWARE DEVELOPMENT COSTS** **3,443,718**

**TOTAL ASSETS** **4,061,088,122**

**LIABILITIES**

SECURITY PURCHASES PAYABLE	28,371,483
ACCOUNTS PAYABLE	1,309,856
PREPAID CONTRIBUTIONS	115,318,775
	<b>145,000,114</b>

**TOTAL LIABILITIES** **145,000,114**

**NET POSITION HELD IN TRUST FOR PENSION BENEFITS** **\$3,916,088,008**



**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
STATEMENT OF CHANGES IN PLAN NET POSITION  
FOR THE FOUR MONTHS ENDED OCTOBER 31, 2013**

**ADDITIONS**

**CONTRIBUTIONS**

EMPLOYER	\$44,549,354
EMPLOYEE	13,191,119
<b>TOTAL CONTRIBUTIONS</b>	<u>57,740,473</u>

**INVESTMENT INCOME**

NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	296,036,606
INTEREST INCOME	4,463,152
DIVIDEND INCOME	5,084,333
REAL ESTATE OPERATING INCOME, NET	3,670,505
SECURITY LENDING INCOME	38,008
<b>TOTAL INVESTMENT INCOME</b>	<u>309,292,604</u>

**LESS INVESTMENT EXPENSES**

MANAGEMENT & CUSTODIAL FEES	3,143,549
SECURITIES LENDING BORROWER REBATES	(15,826)
SECURITIES LENDING MANAGEMENT FEES	19,907
<b>TOTAL INVESTMENT EXPENSES</b>	<u>3,147,630</u>

**NET INVESTMENT INCOME** **306,144,973**

**TOTAL ADDITIONS** **363,885,446**

**DEDUCTIONS**

BENEFIT PAYMENTS	71,279,806
MEMBER REFUNDS	1,453,383
ADMINISTRATIVE EXPENSES	2,569,717
<b>TOTAL DEDUCTIONS</b>	<u>75,302,905</u>

**NET INCREASE/(DECREASE)** **288,582,541**

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

**BEGINNING OF YEAR** 3,627,505,467

**ENDING BALANCE** \$3,916,088,008

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**INVESTMENTS AND CASH EQUIVALENTS**  
**OCTOBER 31, 2013**

<b>EQUITY</b>		
<b>DOMESTIC EQUITY</b>		
WESTERN ASSET INDEX PLUS	\$95,164,620	\$17,797,092
<b>TOTAL DOMESTIC EQUITY</b>	<b>95,164,620</b>	<b>17,797,092</b>
<b>DOMESTIC INDEX FUNDS</b>		
BLACKROCK - US EQUITY MARKET	1,101,436,878	0
BLACKROCK - EXTENDED EQUITY	41,026,568	1
<b>TOTAL EQUITY INDEX FUNDS</b>	<b>1,142,463,447</b>	<b>1</b>
<b>INTERNATIONAL EQUITY</b>		
SPRUCEGROVE	182,600,708	0
HEXAVEST	79,226,957	0
WALTER SCOTT	93,324,322	0
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>355,151,987</b>	<b>0</b>
<b>INTERNATIONAL INDEX FUNDS</b>		
BLACKROCK - ACWIXUS	287,606,058	0
<b>TOTAL INTERNATIONAL INDEX FUNDS</b>	<b>287,606,058</b>	<b>0</b>
<b>GLOBAL EQUITY</b>		
GRANTHAM MAYO AND VAN OTTERLOO (GMO)	204,189,811	0
BLACKROCK - GLOBAL INDEX	205,901,575	0
<b>TOTAL GLOBAL EQUITY</b>	<b>410,091,386</b>	<b>0</b>
<b>PRIVATE EQUITY</b>		
ADAMS STREET	36,720,617	0
PANTHEON	8,604,232	0
HARBOURVEST	10,737,083	0
<b>TOTAL PRIVATE EQUITY</b>	<b>56,061,932</b>	<b>0</b>
<b>FIXED INCOME</b>		
<b>DOMESTIC</b>		
LOOMIS SAYLES AND COMPANY	63,325,359	3,177,077
REAMS	249,494,355	0
WESTERN ASSET MANAGEMENT	237,773,801	10,062,667
<b>TOTAL DOMESTIC</b>	<b>550,593,515</b>	<b>13,239,745</b>
<b>DOMESTIC INDEX FUNDS</b>		
BLACKROCK - US DEBT INDEX	132,365,985	0
<b>TOTAL DOMESTIC INDEX FUNDS</b>	<b>132,365,985</b>	<b>0</b>
<b>GLOBAL</b>		
LOOMIS SAYLES AND COMPANY	92,489,076	0
LOOMIS ALPHA	40,389,486	0
PIMCO	124,765,933	771,599
<b>TOTAL GLOBAL</b>	<b>257,644,495</b>	<b>771,599</b>



**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
SCHEDULE OF INVESTMENT MANAGEMENT FEES  
FOR THE FOUR MONTHS ENDED OCTOBER 31, 2013**

**EQUITY MANAGERS**

**DOMESTIC**

BLACKROCK - US EQUITY	\$58,000
BLACKROCK - EXTENDED EQUITY	4,000
WESTERN ASSET INDEX PLUS	52,000
<b>TOTAL</b>	<b>114,000</b>

**INTERNATIONAL**

BLACKROCK - ACWIXUS	90,000
SPRUCEGROVE	164,815
HEXAVEST	86,547
WALTER SCOTT	198,021
<b>TOTAL</b>	<b>539,383</b>

**GLOBAL**

GRANTHAM MAYO VAN OTTERLOO (GMO)	266,348
BLACKROCK - GLOBAL INDEX	14,000
<b>TOTAL</b>	<b>280,348</b>

**PRIVATE EQUITY**

ADAMS STREET	382,292
HARBOURVEST	113,302
PANTHEON	37,500
<b>TOTAL</b>	<b>533,094</b>

**FIXED INCOME MANAGERS**

**DOMESTIC**

BLACKROCK - US DEBT INDEX	23,000
LOOMIS, SAYLES AND COMPANY	71,175
REAMS ASSET MANAGEMENT	111,000
WESTERN ASSET MANAGEMENT	118,000
<b>TOTAL</b>	<b>323,175</b>

**GLOBAL**

LOOMIS, SAYLES AND COMPANY	49,566
LOOMIS ALPHA	34,270
PIMCO	88,169
<b>TOTAL</b>	<b>172,005</b>

**REAL ESTATE**

PRUDENTIAL REAL ESTATE ADVISORS	189,291
RREEF	24,975
UBS REALTY	452,174
<b>TOTAL</b>	<b>666,440</b>

**ALTERNATIVES**

BRIDGEWATER	170,422
TORTOISE	177,001
<b>TOTAL</b>	<b>347,423</b>

**CASH OVERLAY - CLIFTON**

21,000

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
SCHEDULE OF INVESTMENT MANAGEMENT FEES  
FOR THE FOUR MONTHS ENDED OCTOBER 31, 2013**

<b>SECURITIES LENDING</b>	
BORROWERS REBATE	(15,826)
MANAGEMENT FEES	19,907
<b>TOTAL</b>	<u>4,081</u>
<b>OTHER</b>	
INVESTMENT CONSULTANT	122,100
INVESTMENT CUSTODIAN	24,581
<b>TOTAL</b>	<u>146,681</u>
<b>TOTAL INVESTMENT MANAGEMENT FEES</b>	<u><u>\$3,147,630</u></u>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**BUDGET SUMMARY FISCAL YEAR 2013-2014**  
**November 2013 - 41.67% of Fiscal Year Expended**

EXPENDITURE DESCRIPTIONS	Adopted 2013/2014 Budget	Adjusted 2013/2014 Budget	Nov-13	Year to Date Expended	Available Balance	Percent Expended
<b>Salaries &amp; Benefits:</b>						
Salaries	\$ 1,725,600.00	\$ 1,725,600.00	\$ 119,184.80	\$ 665,074.47	\$ 1,060,525.53	38.54%
Extra-Help	25,000.00	25,000.00	3,945.92	16,363.44	8,636.56	65.45%
Overtime	1,500.00	1,500.00	156.41	207.66	1,292.34	13.84%
Supplemental Payments	53,700.00	53,700.00	3,700.76	19,899.30	33,800.70	37.06%
Vacation Redemption	87,500.00	87,500.00	16,094.67	53,373.48	34,126.52	61.00%
Retirement Contributions	424,800.00	424,800.00	30,713.26	154,190.08	270,609.92	36.30%
OASDI Contributions	107,800.00	107,800.00	5,909.74	39,517.31	68,282.69	36.66%
FICA-Medicare	27,000.00	27,000.00	1,973.42	10,452.10	16,547.90	38.71%
Retiree Health Benefit	16,200.00	16,200.00	1,351.56	6,757.80	9,442.20	41.71%
Group Health Insurance	170,800.00	170,800.00	12,558.00	64,347.08	106,452.92	37.67%
Life Insurance/Mgmt	1,000.00	1,000.00	74.39	404.79	595.21	40.48%
Unemployment Insurance	2,200.00	2,200.00	143.99	788.46	1,411.54	35.84%
Management Disability Insurance	4,200.00	4,200.00	287.71	1,567.21	2,632.79	37.31%
Worker' Compensation Insurance	10,900.00	10,900.00	856.35	4,570.32	6,329.68	41.93%
401K Plan Contribution	33,800.00	33,800.00	1,880.74	10,569.25	23,230.75	31.27%
Transfers In	60,800.00	60,800.00	5,778.51	26,744.29	34,055.71	43.99%
Transfers Out	(60,800.00)	(60,800.00)	(5,778.51)	(26,744.29)	(34,055.71)	43.99%
<b>Total Salaries &amp; Benefits</b>	<b>\$ 2,692,000.00</b>	<b>\$ 2,692,000.00</b>	<b>\$ 198,831.72</b>	<b>\$ 1,048,082.75</b>	<b>\$ 1,643,917.25</b>	<b>38.93%</b>
<b>Services &amp; Supplies:</b>						
Telecommunication Services - ISF	\$ 46,600.00	\$ 46,600.00	\$ 3,044.87	\$ 13,584.47	\$ 33,015.53	29.15%
General Insurance - ISF	12,300.00	12,300.00	0.00	0.00	12,300.00	0.00%
Office Equipment Maintenance	1,000.00	1,000.00	0.00	165.84	834.16	16.58%
Membership and Dues	9,300.00	9,300.00	0.00	4,350.00	4,950.00	46.77%
Education Allowance	6,000.00	6,000.00	0.00	2,000.00	4,000.00	33.33%
Cost Allocation Charges	57,300.00	57,300.00	0.00	0.00	57,300.00	0.00%
Printing Services - Not ISF	6,000.00	6,000.00	0.00	216.17	5,783.83	3.60%
Books & Publications	2,000.00	2,000.00	420.00	470.00	1,530.00	23.50%
Office Supplies	20,000.00	20,000.00	1,234.80	6,701.03	13,298.97	33.51%
Postage & Express	55,000.00	55,000.00	3,366.10	16,586.27	38,413.73	30.16%
Printing Charges - ISF	12,500.00	12,500.00	0.00	0.20	12,499.80	0.00%
Copy Machine Services - ISF	7,100.00	7,100.00	0.00	622.05	6,477.95	8.76%
Board Member Fees	11,000.00	11,000.00	1,100.00	4,100.00	6,900.00	37.27%
Professional Services	960,400.00	960,400.00	19,120.11	354,916.60	605,483.40	36.96%
Storage Charges	4,000.00	4,000.00	0.00	1,634.16	2,365.84	40.85%
Equipment	15,000.00	15,000.00	0.00	468.69	14,531.31	3.12%
Office Lease Payments	186,400.00	186,400.00	13,547.01	73,955.85	112,444.15	39.68%
Private Vehicle Mileage	8,300.00	8,300.00	1,367.91	4,588.70	3,711.30	55.29%
Conference, Seminar and Travel	65,000.00	65,000.00	1,749.05	35,891.95	29,108.05	55.22%
Furniture	11,200.00	11,200.00	0.00	9,169.76	2,030.24	81.87%
Facilities Charges	62,200.00	62,200.00	23,583.89	26,488.79	35,711.21	42.59%
Transfers In	11,300.00	11,300.00	1,041.96	4,822.43	6,477.57	42.68%
Transfers Out	(11,300.00)	(11,300.00)	(1,041.96)	(4,822.43)	(6,477.57)	42.68%
<b>Total Services &amp; Supplies</b>	<b>\$ 1,558,600.00</b>	<b>\$ 1,558,600.00</b>	<b>\$ 68,533.74</b>	<b>\$ 555,910.53</b>	<b>\$ 1,002,689.47</b>	<b>35.67%</b>
<b>Total Sal, Ben, Serv &amp; Supp</b>	<b>\$ 4,250,600.00</b>	<b>\$ 4,250,600.00</b>	<b>\$ 267,365.46</b>	<b>\$ 1,603,993.28</b>	<b>\$ 2,646,606.72</b>	<b>37.74%</b>
<b>Technology:</b>						
Computer Hardware	\$ 22,200.00	\$ 15,200.00	\$ -	1,592.86	\$ 13,607.14	10.48%
Computer Software	46,200.00	36,700.00	6,242.00	22,879.80	13,820.20	62.34%
Systems & Application Support	419,900.00	451,400.00	35,478.52	135,971.97	315,428.03	30.12%
Pension Administration System	2,494,400.00	2,692,100.00	80,652.17	1,195,407.84	1,496,692.16	44.40%
<b>Total Technology</b>	<b>\$ 2,982,700.00</b>	<b>\$ 3,195,400.00</b>	<b>\$ 122,372.69</b>	<b>\$ 1,355,852.47</b>	<b>\$ 1,839,547.53</b>	<b>42.43%</b>
Contingency	\$ 695,900.00	\$ 483,200.00	\$ -	\$ -	\$ -	0.00%
<b>Total Current Year</b>	<b>\$ 7,929,200.00</b>	<b>\$ 7,929,200.00</b>	<b>\$ 389,738.15</b>	<b>\$ 2,959,845.75</b>	<b>\$ 4,969,354.25</b>	<b>37.33%</b>



# RREEF America REIT III Review

## Third Quarter 2013

Ventura County Employees' Retirement Association  
December 16, 2013

*Passion to Perform*



# Confidential – Not for public distribution



The following is presented for informational purposes by RREEF America L.L.C. on behalf of RREEF America REIT III, Inc. (the “Fund”). This information may not be distributed, circulated, quoted, or otherwise disseminated without the prior consent of RREEF America L.L.C. The information should be read and reviewed in conjunction with the important disclosure information entitled “Important Information” and “Performance Notes” later in these materials. The disclosure information under “Important Information” is applicable to all performance data throughout this presentation. This presentation contains forward-looking statements which should be considered in connection with the statements contained in “Important Information”. These forward-looking statements include, but are not limited to, management’s plans, projections, objectives, expectations, and intentions, and other similar statements. These statements are based on the current beliefs or expectations of management which are inherently subject to significant uncertainties and changes in circumstances, many of which are beyond management’s control. The ability of the Fund to successfully achieve the objectives set forth in the business plans and the initiatives described herein will be dependent, in many cases, upon the availability of financing and a market for real estate assets, each of which is uncertain in the current environment.

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A1	Statement of Account
A2	Fund Details
A3	Biographies
A4	GIPS Composite Reports and Summary of Base Case Assumptions



01

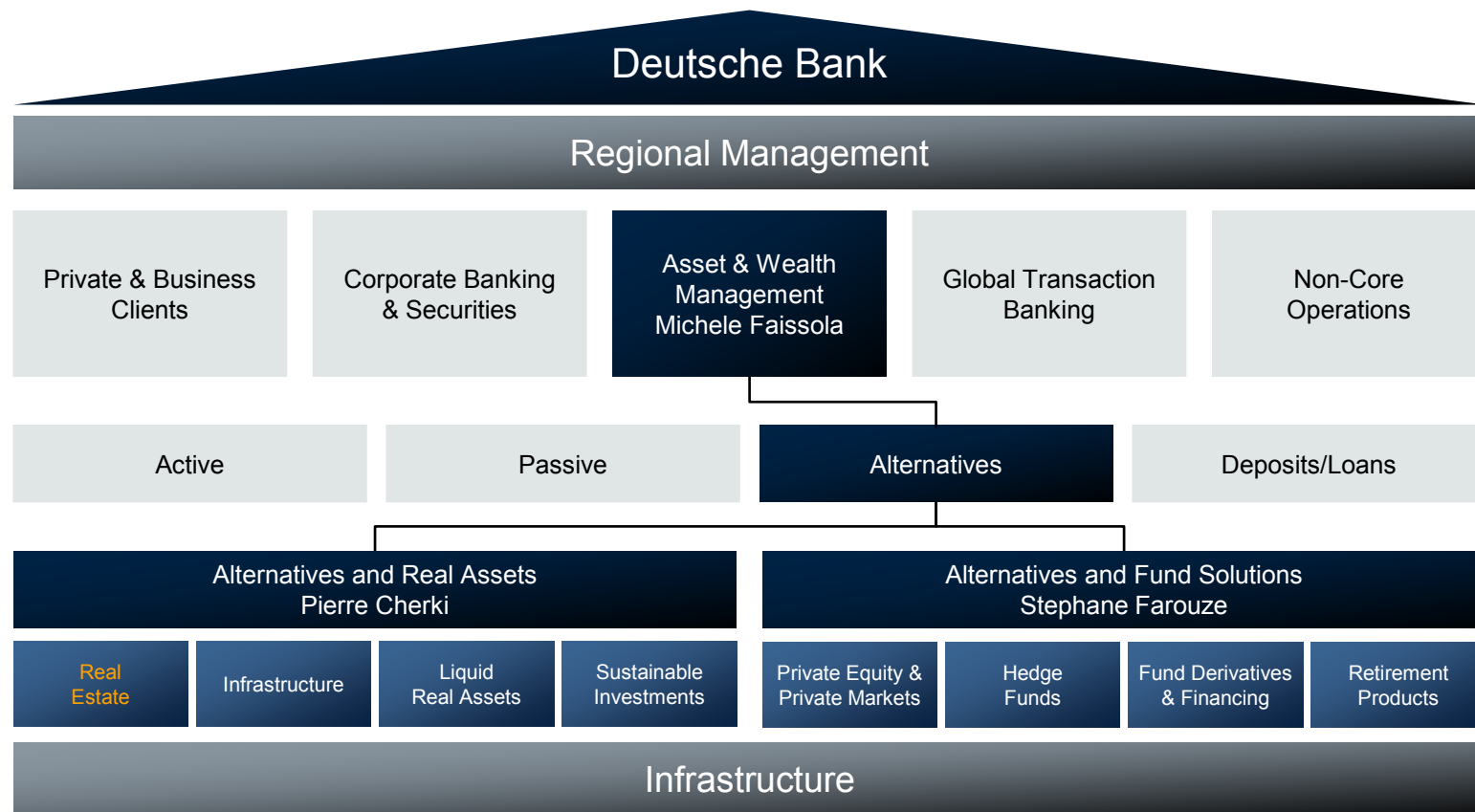
# Firm Update

# Alternatives investment business

Part of Deutsche Bank's Asset & Wealth Management (AWM) division



- Strong, demonstrated commitment from DB Group to the alternatives investment business
- Alternatives identified as a key component of growth strategy for AWM



Not all DeAWM products and services are offered in all jurisdictions and availability is subject to local regulatory restrictions and requirements. As of November 2013.

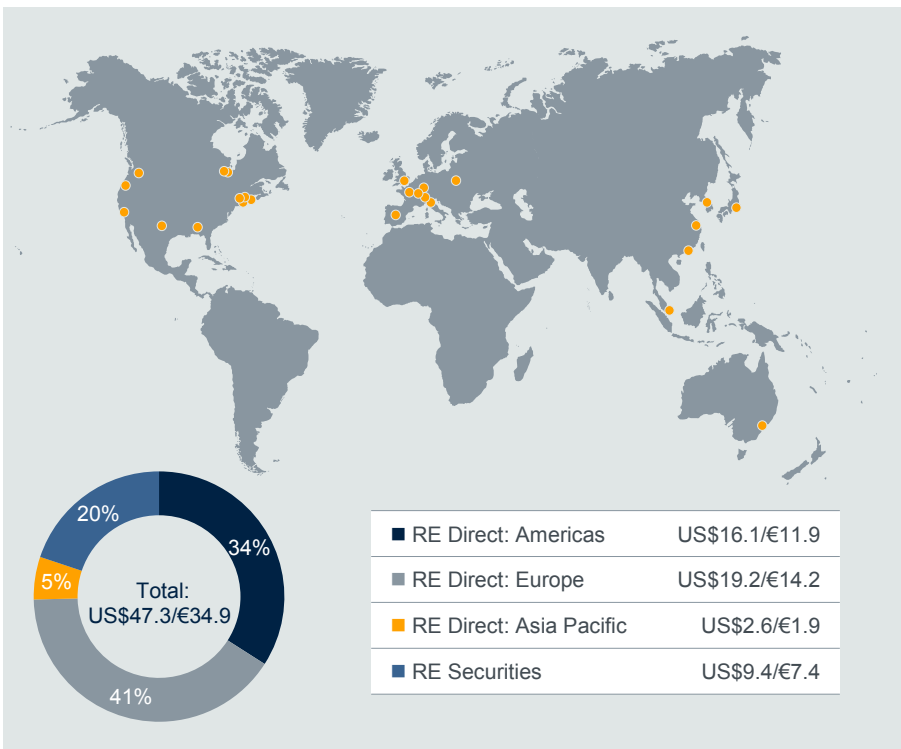
# Global real estate business

Long tenured manager of real estate assets across the private and public investment spectrum and around the globe



Our mission is to provide real estate investment management services consistent with our clients' objectives for diversification, preservation of capital and superior long-term risk-adjusted performance.

## Global footprint and AUM by strategy (billions)



## Real estate business at a glance

- A 40-year investment heritage
- Committed to local market expertise with more than 450 employees in 24 cities worldwide
- A full service real estate manager with US\$47.3/€34.9 billion in assets under management
- Approximately 460 institutional clients
- Deutsche Asset & Wealth Management is an indirect wholly-owned subsidiary of Deutsche Bank AG. The real estate investment business is part of the Alternatives and Real Assets platform of Deutsche Asset & Wealth Management

There is no guarantee the investment objective can be achieved.  
Source: Deutsche Asset & Wealth Management.  
As of September 30, 2013.

# Private Real Estate – Americas

## Overview



- Creating value through active management since 1975.
- Long tenured senior professionals averaging 13 years with the firm and 26 years of industry experience.
- US\$16.3 billion in total AUM<sup>1</sup>.
- Nearly 300 institutional clients, including public, corporate, union and foundations/endowments.
- Approximately 200 professionals and staff in 9 offices.
- Dedicated teams closed more than \$40 billion (1,300+ properties) in purchase and sales transactions over the last 10 years.
- Regional asset management organization with more than 30 asset managers.

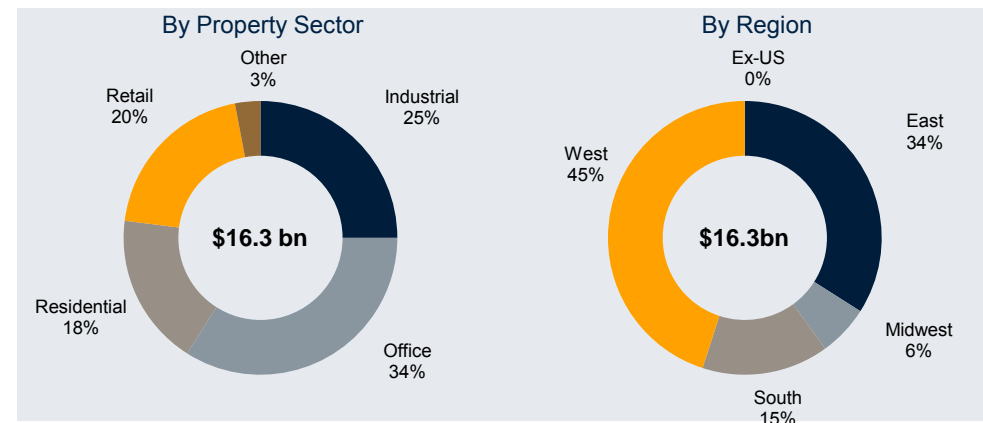
### Key Distinctions

- Four decades of experience in U.S. markets
- Long-term outperformance for core real estate
- Seasoned local teams and hands-on approach
- Industry thought leadership

### Americas Office Locations



### Property Diversification by Sector & Region



<sup>1</sup> Includes core, value add and opportunistic direct real estate investments in the Americas. Excludes real estate securities.

Source: Deutsche Asset & Wealth Management. Diversification based on gross asset value by primary use. Numbers may not sum due to rounding. As of June 30, 2013.

# Private Real Estate leadership team – Americas

Senior leaders average 13 years with the firm and 27 years total experience



Head of Real Estate, Americas Todd Henderson						
Marc Feliciano CIO and Portfolio Management 8 21	Tim Ellsworth Transactions 15 30	Al Diaz Asset Management 19 29	Laura Gaylord Global Client Group 11 29	Jim Carbone Retail Products 18 33	Kevin Howley RREEF America REIT II 11 33	Aimee Samford COO 15 20
Investment Functions						
Asset Management 64 employees	Central Functions & Administration 22 employees	Fund Finance 31 employees	Global Client Group 22 employees	Portfolio Management 44 employees	Research & Strategy 12 employees	Transactions 12 employees
				Years with firm #	Years with industry #	

As of September 30, 2013.

# Americas Real Estate – 2013 Highlights

Strong results for performance, capital raising and transaction activity



1

## Performance Results

- **RREEF America REIT III:** 1-year net return of 14.6%; 3-year net return of 28.4%
- **RREEF America II:** Total gross and net return performance exceeds NFI-ODCE for trailing 1, 3, and 5 years; continues to deliver top-tier income performance
- **U.S. Core Private Real Estate Composite:** Outperforming NFI-ODCE on gross basis 1, 3, 5, 10, 20 and 30 years

2

## Capital Formation

- More than \$4 billion raised year to date across our real estate products:
  - **RREEF America REIT II:** \$760 million in capital raised year to date from new and existing fund investors; strong pipeline with approximately \$200 million additional active prospects
  - **Separate accounts:** Over \$500 million in additional allocations from existing clients
  - **Real estate & infrastructure securities:** Significant net inflows (est. \$3.3 billion) year to date
  - **Successful new product launches** for mezzanine debt, our first U.S. core vehicle for retail investors, as well as a new U.S. energy retrofit strategy

3

## Transaction Activity

- **Acquisitions:** \$1.1 billion in new acquisitions closed year to date with more than \$300 million in additional transactions currently under contract or offer pending
- **Dispositions:** \$1.2 billion in closed transactions year to date, comprised of 22 property sales

Performance results as of September 30, 2013. Past performance is not indicative of future results. See "Performance Notes" and "Important Information" for more details. As of October 2013.

# RREEF America REIT III

## Management team



### RREEF America REIT III Board of Directors Five Independent Directors



Todd Henderson

10 22

### Americas Real Estate Investment Committee

### Portfolio Management Team



Jay Miller  
Lead Portfolio Manager  
and Western Region

7 17



Norton O'Meara  
Portfolio Manager  
Midwest/Eastern Region

20 29



Mike Nigro  
Head of Real Estate  
Value Add and Development ,  
Americas

9 17



Joe Cappelletti  
Chief Financial Officer

28 28



Megan Martin  
Controller

3 7

Portfolio Management Support  
3 investment professionals

Fund Operations  
3 investment professionals

Fund Finance  
3 investment professionals

Years with firm # Years with industry #

As of September 30, 2013.





# 02

## Real Estate Market Outlook: 2013 Mid-Year House View

*Certain information in this research report constitutes forward-looking statements. Due to various risks, uncertainties and assumptions made in our analysis, actual events or results or the actual performance of the markets covered by this research report may differ materially from those described. The information herein reflects our current view only, is subject to change and is not intended to be promissory or relied upon by the reader. There can be no certainty that events will turn out as we have opined herein.*

# 2013 – 2018 U.S. economic outlook

## Key drivers and risks



- Employment growth +/- 2 million in 2013; GDP growth around 2%
- Treasury forecast of 4.5% in 2018
- Household balance sheets are in great shape
- Corporate profits ahead of peak levels from 2007
- House price increases now a tailwind for growth, but likely to slow
- Inflation risks remain benign and real estate yield spreads remain wide
- Federal government is a strong drag on growth (in addition to the shut down)

### Key risks to the outlook:

- Future of Q.E. on market performance
- Government Debt (& budget)
- Rising dollar value as a headwind

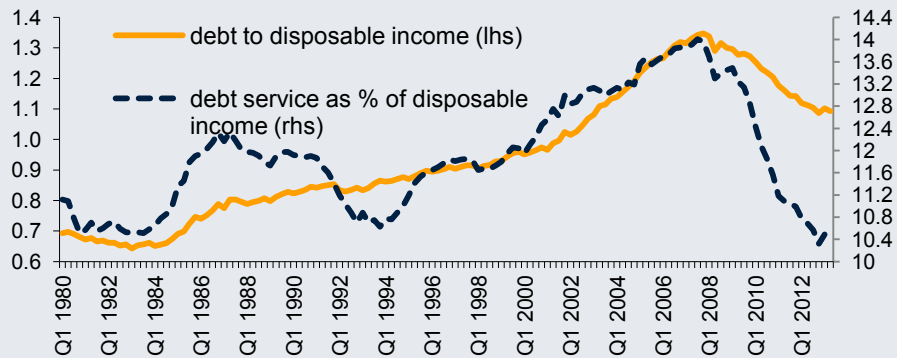
### Global risks are diminishing

- Asia (ex-Japan) is accelerating again, but with risk
- Europe remains on the road to recovery, but with risk

Source: Deutsche Asset & Wealth Management.  
As of September 2013.

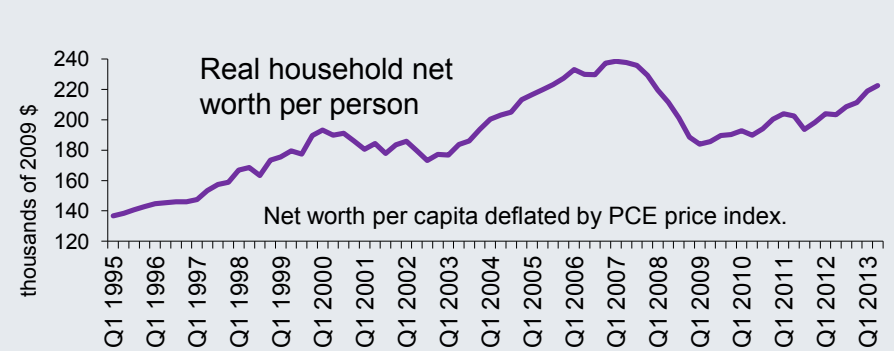
# U.S. Economy – Improving broadly

## Household finance: progress



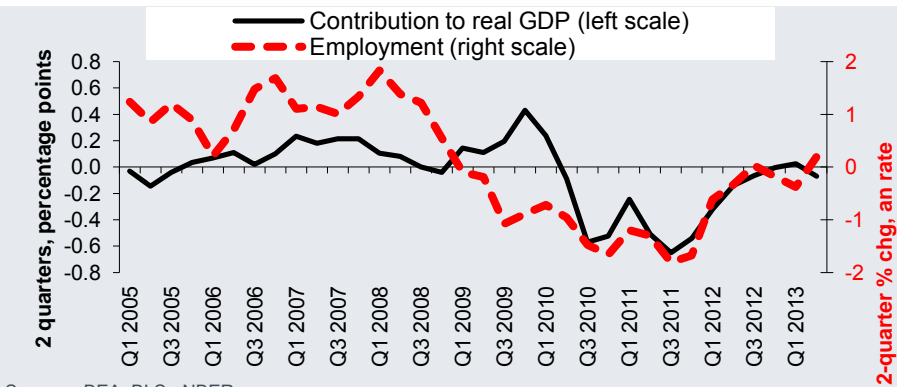
Source: Federal Reserve

## Wealth recovering



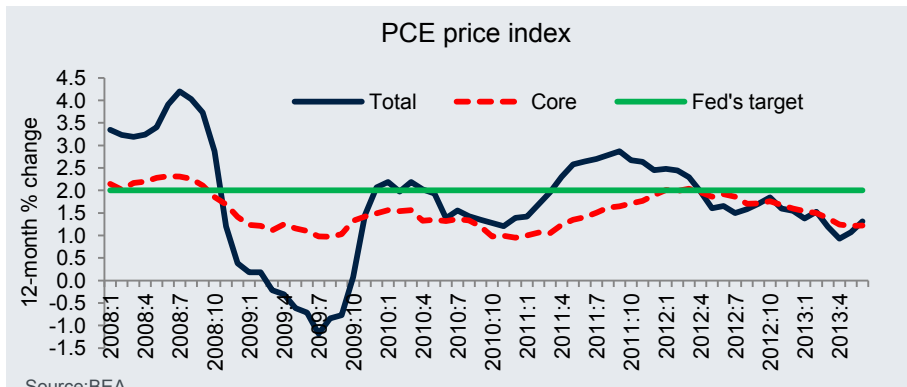
Sources: Federal Reserve, BLS, Census, DeAWM estimate

## State & local gov't: drag diminishing



Sources: BEA, BLS, NBER

## Inflation below target

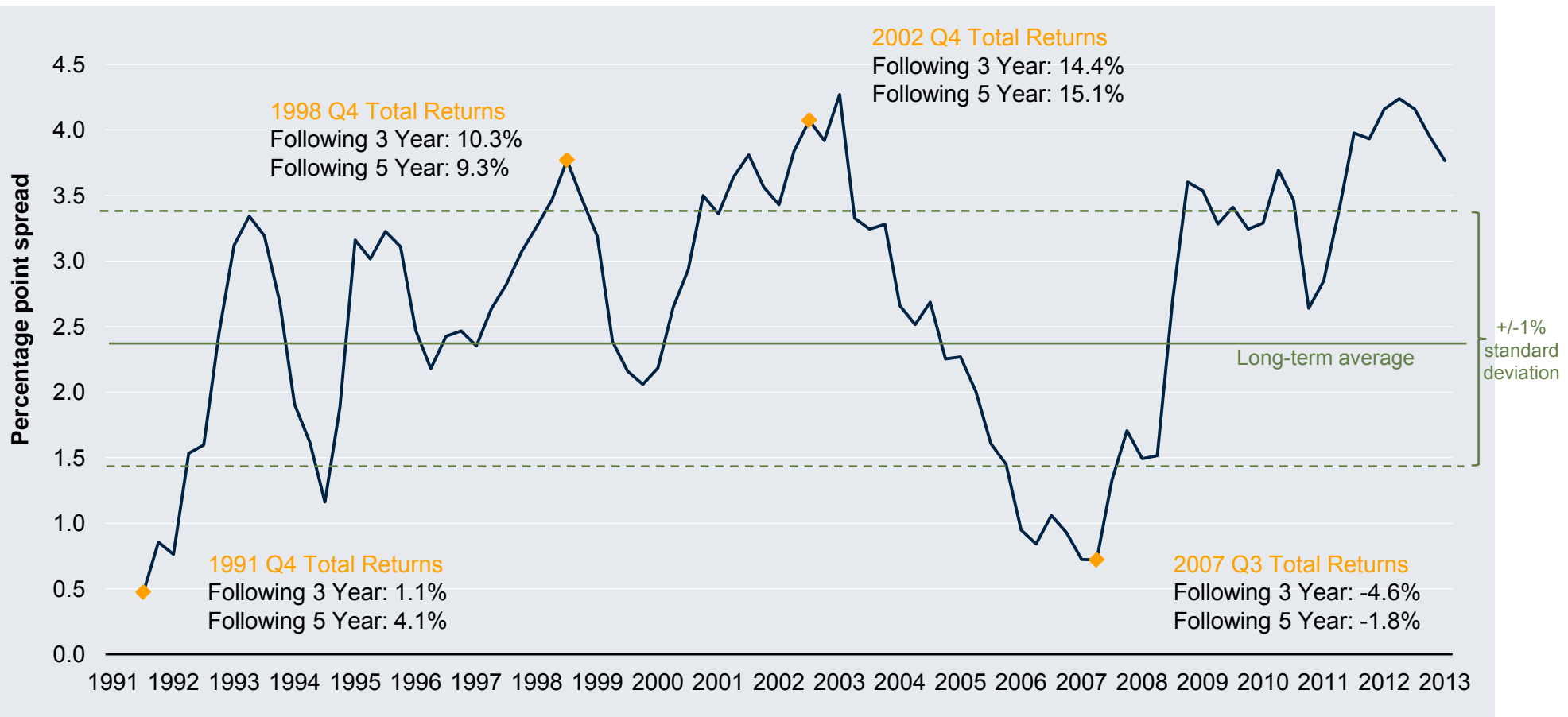


Source: BEA

# Periods of high spreads are usually followed by high performance<sup>1</sup>



## Real Estate Cap Rate Spreads to 10-Year U.S. Treasury Securities



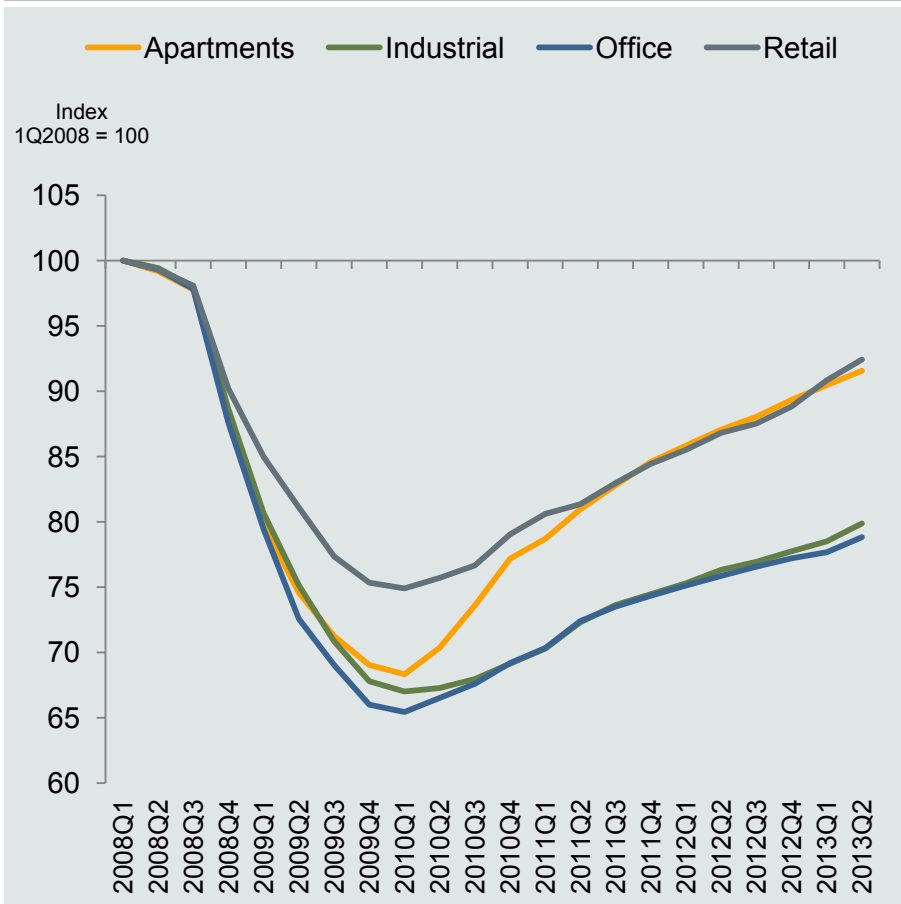
<sup>1</sup> As reflected by the NCREIF Property Index. Past performance is not indicative of future results.  
Sources: NCREIF and Federal Reserve.  
As of June 30, 2013.

# Values remain below peak levels

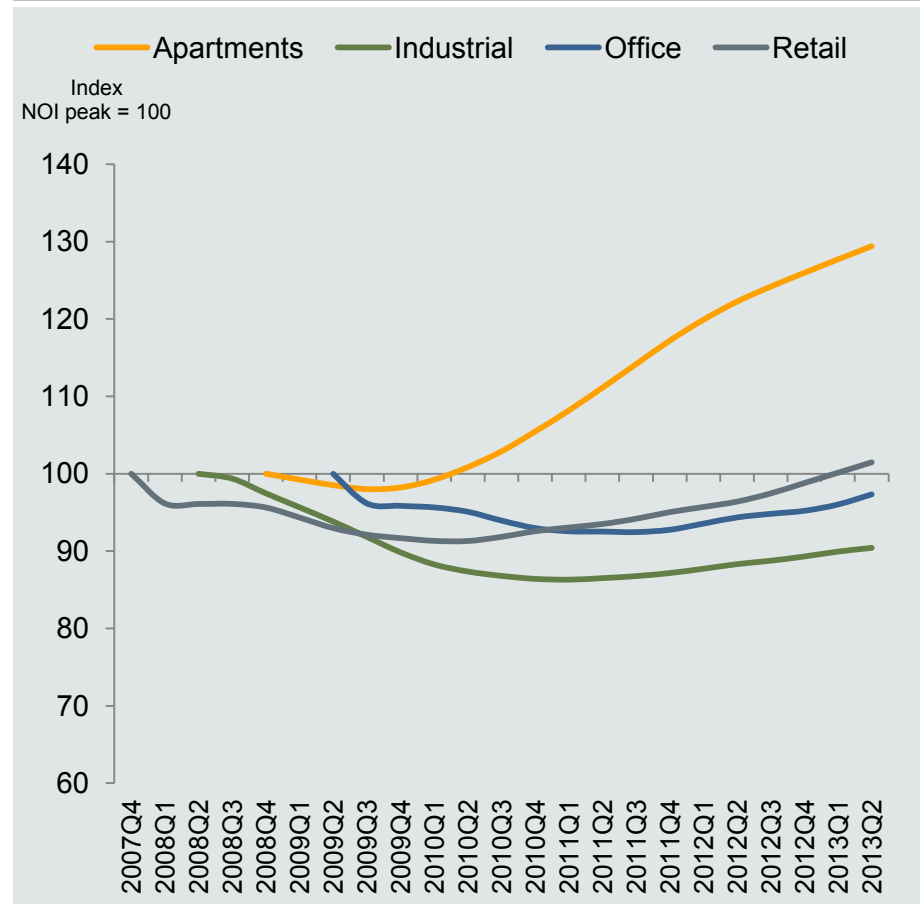
Industrial sector NOI and values and office sector values still well off prior peaks



### Appreciation return – Index to market peak



### NOI growth – Index to peak



Note: NOI growth is seasonally adjusted.

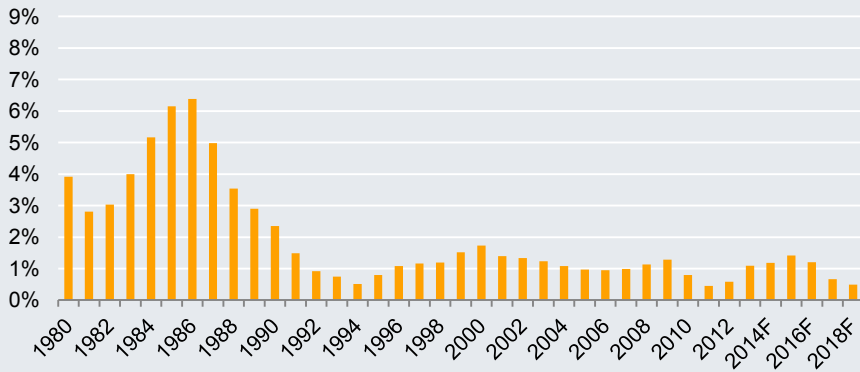
Source: NCREIF. NOI Index Peak, Apartment: 4Q2008, Industrial: 2Q2008, Office: 2Q2009, Retail: 4Q2007

As of June 30, 2013.

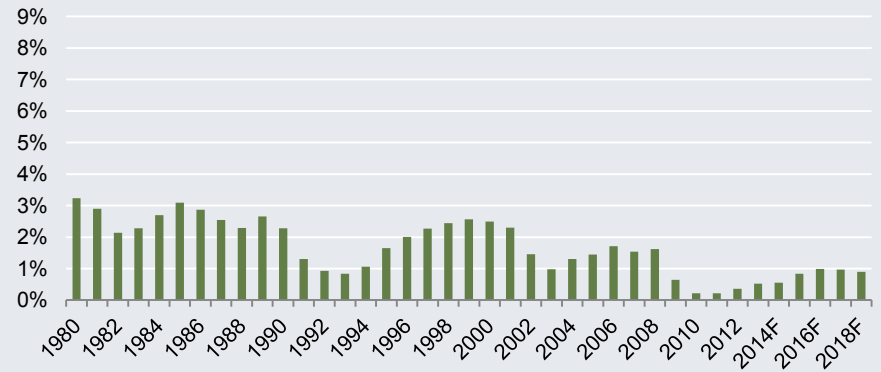
# Supply growth is at a historically low rate



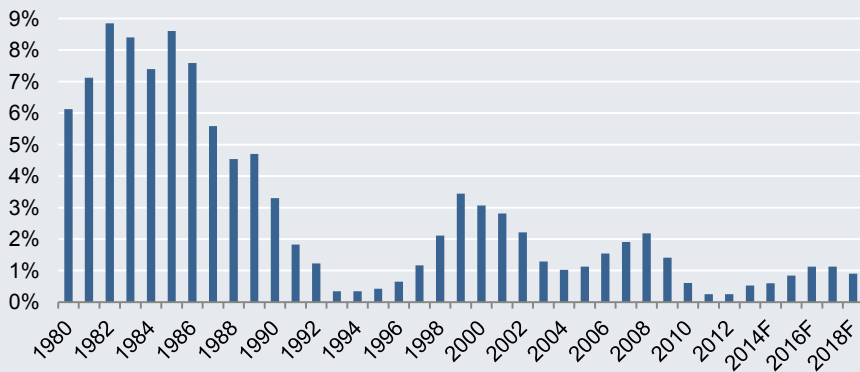
### Apartment Completions as % of Stock



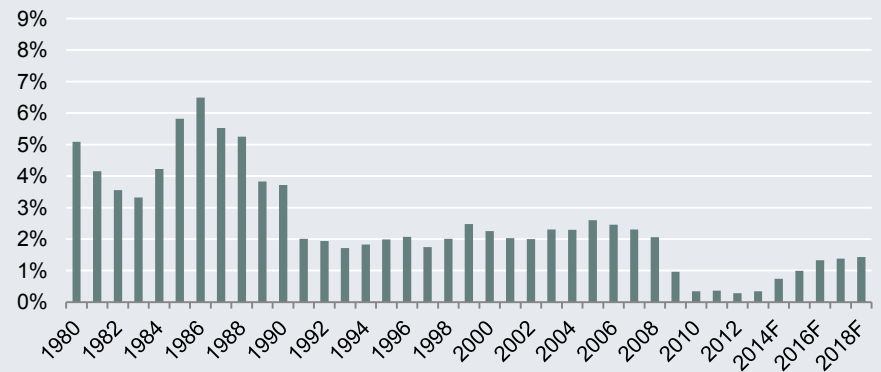
### Industrial Completions as % of Stock



### Office Completions as % of Stock



### Retail Completions as % of Stock

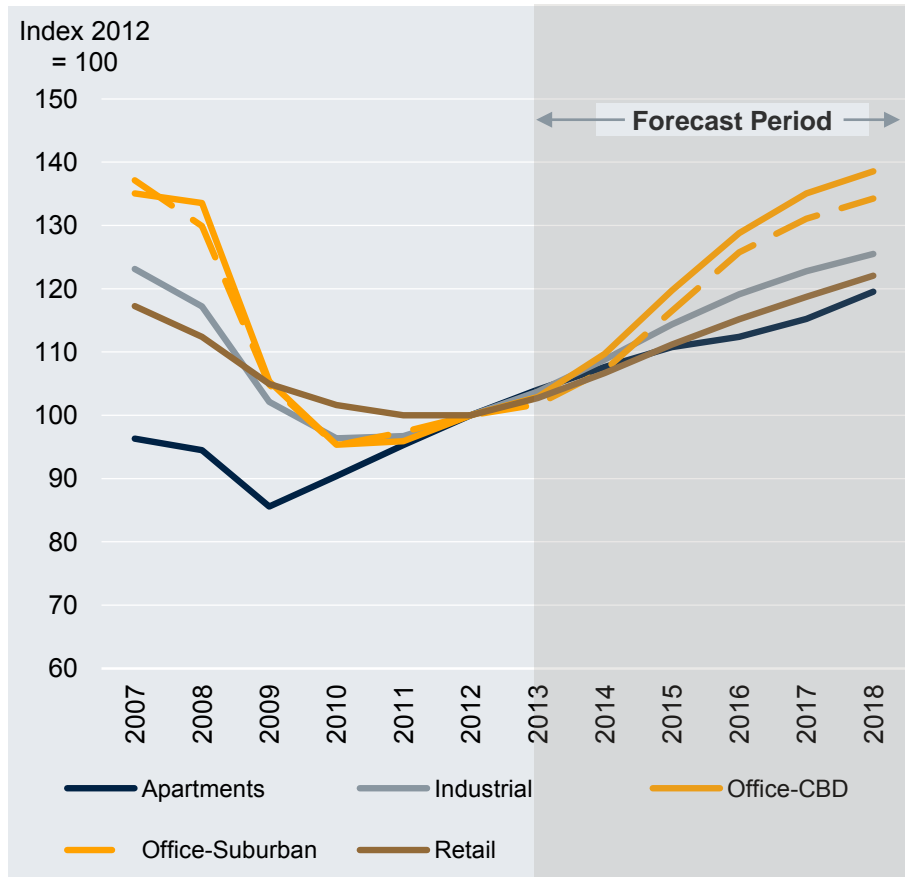


This information is a forecast and due to a variety of uncertainties, and assumptions made in our analysis, actual events or results or the actual performance of the markets covered may differ from those presented.

Sources: REIS, CBRE-EA & Deutsche Asset & Wealth Management. As of August 2013.

# U.S. average rent growth in sum of markets surveyed

Rent growth from market peak: office to outperform in the longer term



Sector <sup>1</sup>	2011	2012	2013	2014	2015	2016	2017	2018
Apartments	5.4%	4.9%	4.1%	3.4%	2.9%	1.5%	2.5%	3.7%
Industrial	0.4%	3.4%	3.7%	4.9%	5.1%	4.1%	3.1%	2.2%
Office-CBD	3.3%	3.3%	2.4%	5.5%	7.8%	6.5%	3.3%	2.3%
Office-Suburb	1.6%	2.1%	1.7%	4.4%	6.4%	5.8%	3.4%	2.3%
Retail	-1.6%	0.0%	2.7%	3.9%	4.2%	3.6%	3.1%	2.8%

- Industrial rents roll up sooner than office
- Office will be top performer
- Retail rents are gaining slowly
- Apartment growth will recede

Note: 2012 = 100. Forecasts from 2013 through 2018.

<sup>1</sup>Data represents the unweighted average of markets surveyed by Deutsche Asset & Wealth Management.

This information is a forecast and due to a variety of uncertainties and assumptions made in our analysis, actual events or results or the actual performance of the markets covered may differ from those presented.

Source: Deutsche Asset & Wealth Management.

Data as of June 2013.

# Cross asset class return forecasts

Real estate has limited downside in interest rate normalization but has higher upside with low volatility



Forecast Total Returns (5-Year Annualized)			
	Downside	Base Case	Upside
<b>Bonds</b>	1.0%	2.8%	6.7%
<b>Stocks</b>	-1.4%	7.5%	9.3%
<b>Real Estate</b>	3.3%	7.1%	9.1%

## Key Scenario Assumptions:

### Bonds:

*Downside: Higher ending yield (5.1%), assuming investor investing in on-the-run 10-year treasury bond indices at 2.8% coupon rate*

*Base Case: Assuming investor buying and hold today's 10-Year treasury until maturity*

*Upside: lower ending yield (0.5%) , assuming investor investing in on-the-run 10-year treasury bond indices at 2.8% coupon rate*

### Stocks:

*Downside: Assume a low P/E ratio of 11x for stock valuation 5 years from now*

*Base Case: Assume a same P/E ratio as current level*

*Upside: Assume a high P/E ratio of 19x for stock valuation 5 years from now*

*Current P/E = 16.4x, Current dividend yield = 2.0%, Annual dividend growth = 5.2%*

### Real Estate:

*Downside: long term average 5-year exit cap rates given current level plus one standard deviation (6.6%)*

*Base Case: House View base case 5-year forecast*

*Upside: long term average 5-year exit cap rates given current level minus one standard deviation (3.9%)*

*Current Going-In Cap Rate: 5.5%*

*Capital Expenditure: 2.3%*

*Baseline Inflation = 2.5%*

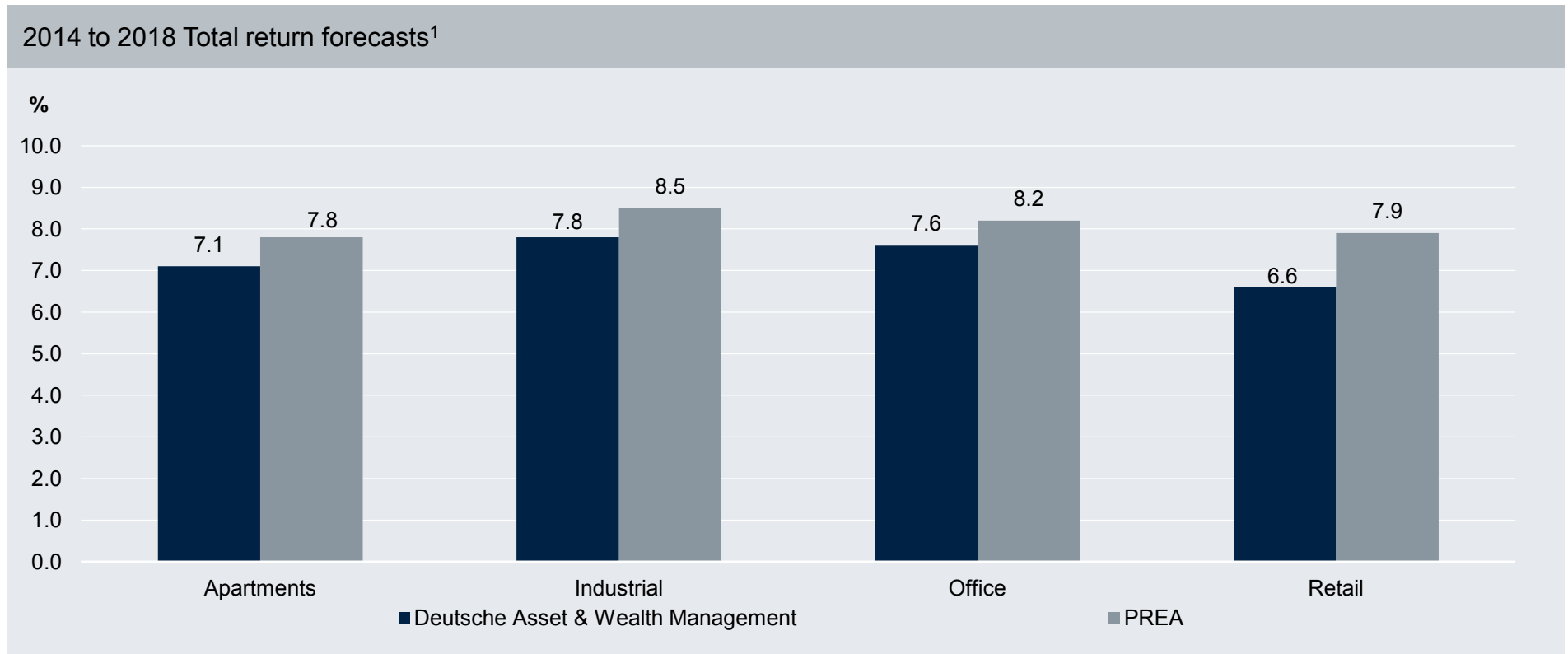
Sources: Deutsche Asset & Wealth Management, NCREIF, Bloomberg, Moody's Analytics. As of August 2013.



# Forecast comparisons vs. Consensus



- Both DeAWM and PREA have lower forecasts going forward.
- Both DeAWM and PREA rank industrial as highest, and office as second highest.
- DeAWM splits with the PREA forecast on apartment and retail.



<sup>1</sup>This information is a forecast and due to a variety of uncertainties and assumptions made in our analysis, actual events or results or the actual performance of the markets covered may differ from those presented.

Note: PREA Forecasts are for 2013 to 2017.

Sources: PREA and Deutsche Asset & Wealth Management.

As of July 2013.



03

## RREEF America REIT III: Fund Update and Performance Highlights

# RREEF America REIT III 3Q13 performance highlights



## Performance Highlights

- Net of fee returns
  - 3Q13 total return of 4.4%
  - Trailing 12-month total return of 14.6%
  - 3-year total return of 28.4%
- Third quarter 2013 Actual to Budget Same Store NOI increase of 2%
- Third quarter 2013 trailing twelve month same store NOI increase of 5% and occupancy which continues to remain at 84%
- Trailing twelve month same store NOI growth was led by *Village at Lake Park* in the residential sector, *Tower Walk* in the retail sector and several properties across the office sector
- \$145M cash balance as of September 30, 2013
- Current LTV of 47%<sup>1</sup>

## Distributions

- Capital distribution of \$25M will be paid pro rata to all Shareholders on October 31, 2013
- Sold eleven assets for gross contract prices totaling \$799.9M, retired debt of \$438.0M, and generated \$280.3M of equity proceeds to the Fund year to date<sup>2</sup>
- Completed two additional condominium sales at Riverside South, leaving only two unsold units
- Projected to sell an additional three assets in 2013 for approximately \$144.4M gross proceeds, retire debt of \$17.1M and generate \$66.3M in net proceeds to the Fund

**RREEF America REIT III continues to execute its Strategic Plan of stabilizing and selling assets generating the best risk adjusted returns possible while balancing the goal to return capital to Shareholders**

<sup>1</sup> Loan to value is debt marked-to-market as a percentage of gross real estate value. Excludes debt held in unconsolidated joint ventures.

<sup>2</sup> Includes the sale of one asset which closed subsequent to quarter end.

Financial summary and performance results are preliminary and unaudited. After fee returns are net of asset management. Individual client returns may vary from the overall fund results. Past performance is not indicative of future results. No assurance can be given as to the actual results. Certain of this information is a forecast and thus subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of Deutsche Asset & Wealth Management or the Fund, including, but not limited to, the acts and conduct of third parties and general economic, financial, and political events and conditions. Actual events, conditions or results may differ from those assumed or presented. See "Performance Notes" and "Important Information" for additional information. As of September 30, 2013.

# Fund profile

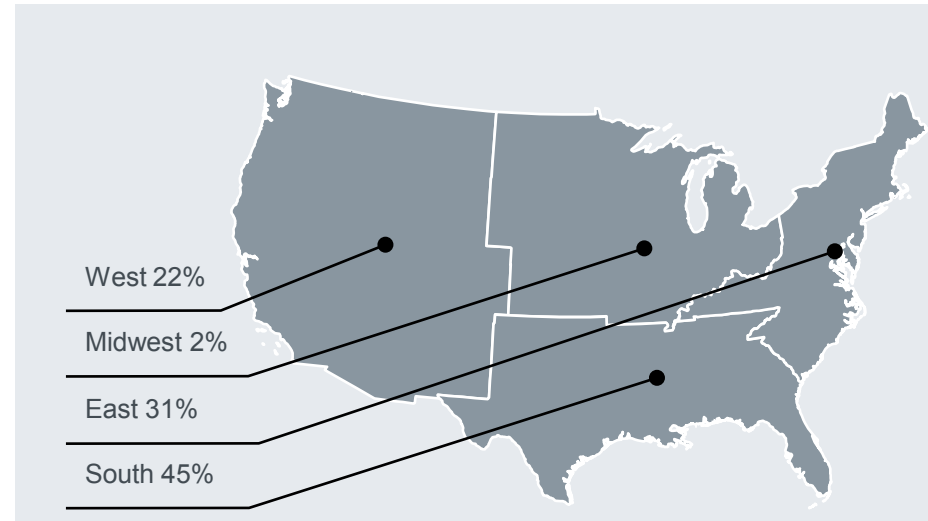
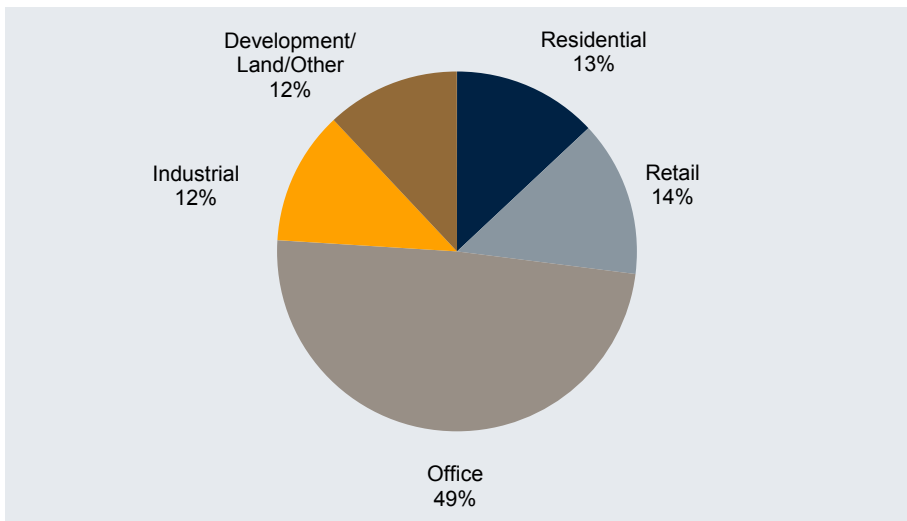


- Open-End Value-Added Fund, Inception March 2003
- \$789M NAV, \$1.2B gross real estate market value<sup>1</sup>
- \$587M total debt<sup>2</sup>
- 47% loan to value<sup>3</sup>
- Cash balance of \$145M<sup>4</sup>

- 61 investments, 13 metros
- 8.6 million square feet, 2,281 apartment units, 2 condominium units
- 84 percent quarter-end occupancy
- 118 institutional investors

## Sector diversification<sup>5</sup>

## Market diversification<sup>5</sup>



<sup>1</sup>Includes the REIT's investments in unconsolidated joint ventures.

<sup>2</sup>Reflects debt marked to market. Excludes debt held in unconsolidated joint ventures.

<sup>3</sup>Loan to value is marked to market debt as a percentage of total gross real estate value. Excludes debt held in unconsolidated joint ventures. Including debt held in unconsolidated joint ventures, Fund LTV is 56%.

<sup>4</sup>Represents unrestricted cash balance.

<sup>5</sup>Diversification based on gross real estate market value and primary use of assets. The above charts reflect the REIT's investment in unconsolidated joint ventures. As of September 30, 2013. Unaudited.

# 3Q13 Performance results (Unaudited)



## Financial Summary as of September 30, 2013

**Fund NAV:** \$789 million

**Share Price:** \$48.96

## Supplemental Information: Performance Results as of September 30, 2013

	<b>RREEF America REIT III Net of Fees</b>	<b>NFI-ODCE Net of Fees</b>
<b>Third Quarter 2013</b>	4.4%	3.3%
<b>Trailing 12-Months</b>	14.6%	12.0%
<b>3-Year</b>	28.4%	13.2%
<b>Since Inception (4/03)</b>	(1.3%)	6.2%

Financial summary and performance results are preliminary and unaudited. After fee returns are net of asset management and incentive fees. Individual client returns may vary from the overall fund results. Past performance is not indicative of future results. The Fund NAV (and accordingly, the Fund Share Price) is calculated based primarily on values from independent appraisals of real estate assets and Management's estimate of Fair Market Value of the Fund's debt obligations. These values include substantial unrealized appreciation and do not purport to present the net realizable, liquidation or fair value of the Fund as a whole. Please note that 19 of the Fund's 61 assets were externally appraised during third quarter 2013, with the remaining assets held at their prior carrying value plus capitalized costs. This may distort the results. Differences in valuation cycles and frequency may make the performance results not comparable. Please refer to "Performance Notes" and "Important Information" for further information.

# Balance sheet snapshot



- \$25M of \$145M cash balance to be distributed October 31, 2013
- Maintaining cash balance required to fund Strategic Plan
- Fund's overall loan to value ratio <50%
- Subsequent distributions dependent on asset sales and Board approval

	September 30, 2013
Total Real Estate Investments	\$1.249B
Cash	145M
Other Assets	48M
<b>Total Assets</b>	<b>\$1.442B</b>
Loans Payable <sup>1</sup>	(\$587M)
Accrued Distribution <sup>2</sup>	(25M)
Other Liabilities	(23M)
<b>Total Liabilities</b>	<b>(\$635M)</b>
Non-controlling Interest in Joint Venture investments	(\$18M)
Net Asset Value <sup>3</sup>	\$789M
Net Asset Value Per Share <sup>4</sup>	\$48.96
Loan-to-Value <sup>5</sup>	47%

<sup>1</sup> Based on September 30, 2013 loan balances.

<sup>2</sup> Distribution accrued as of September 30, 2013 and will be paid on October 31, 2013.

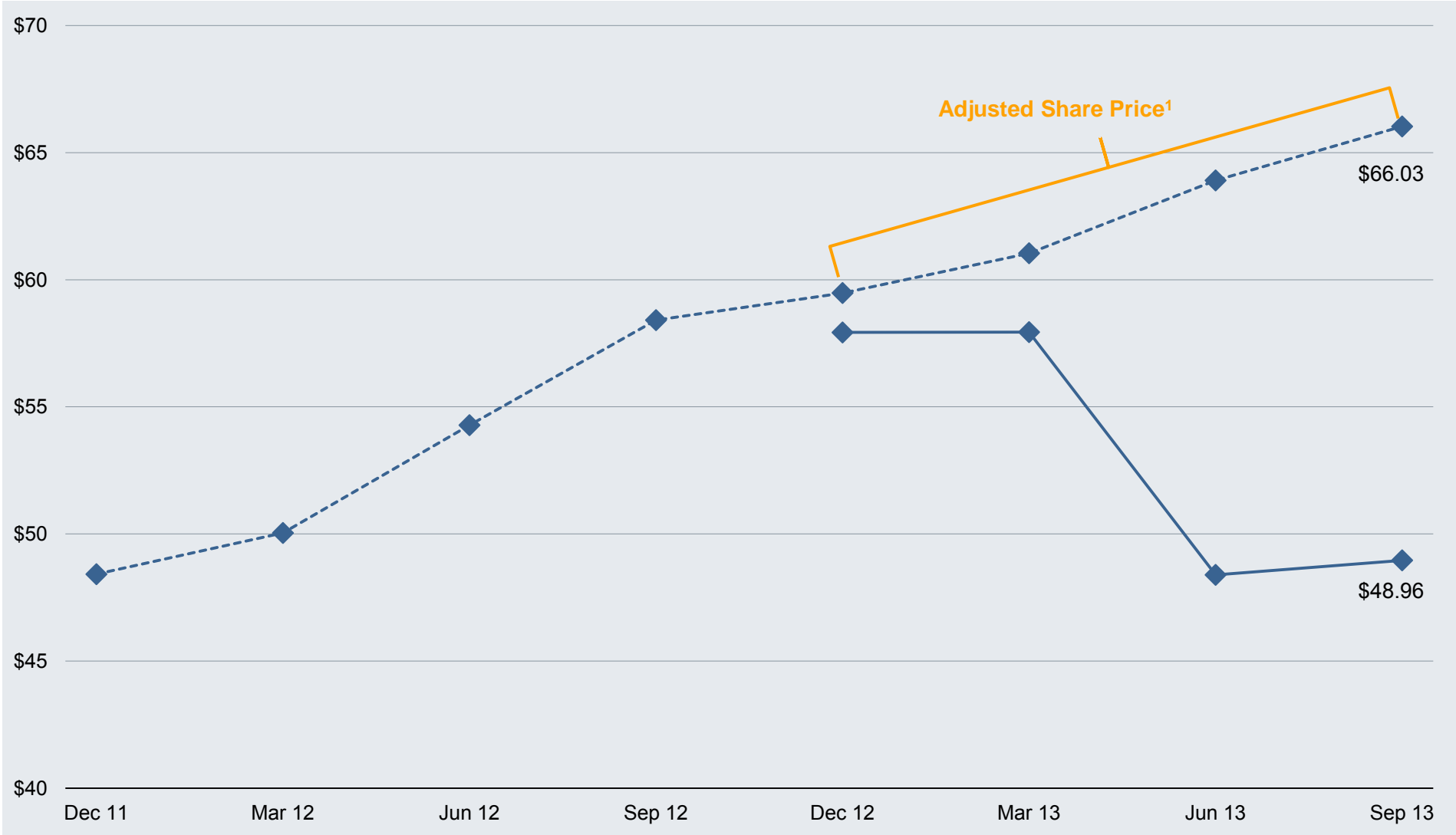
<sup>3</sup> Based upon most recent appraised values adjusted for subsequent capital expenditures which may contain substantial unrealized appreciation and depreciation. See "Performance Notes" for additional information.

<sup>4</sup> NAV divided by number of outstanding shares. The share price does not necessarily represent the price at which a share could be sold. See "Performance Notes."

<sup>5</sup> Loan to value is marked to market debt as a percent of total gross real estate value and excludes debt held in unconsolidated joint ventures. Including debt held in unconsolidated joint ventures, Fund LTV is 56%.

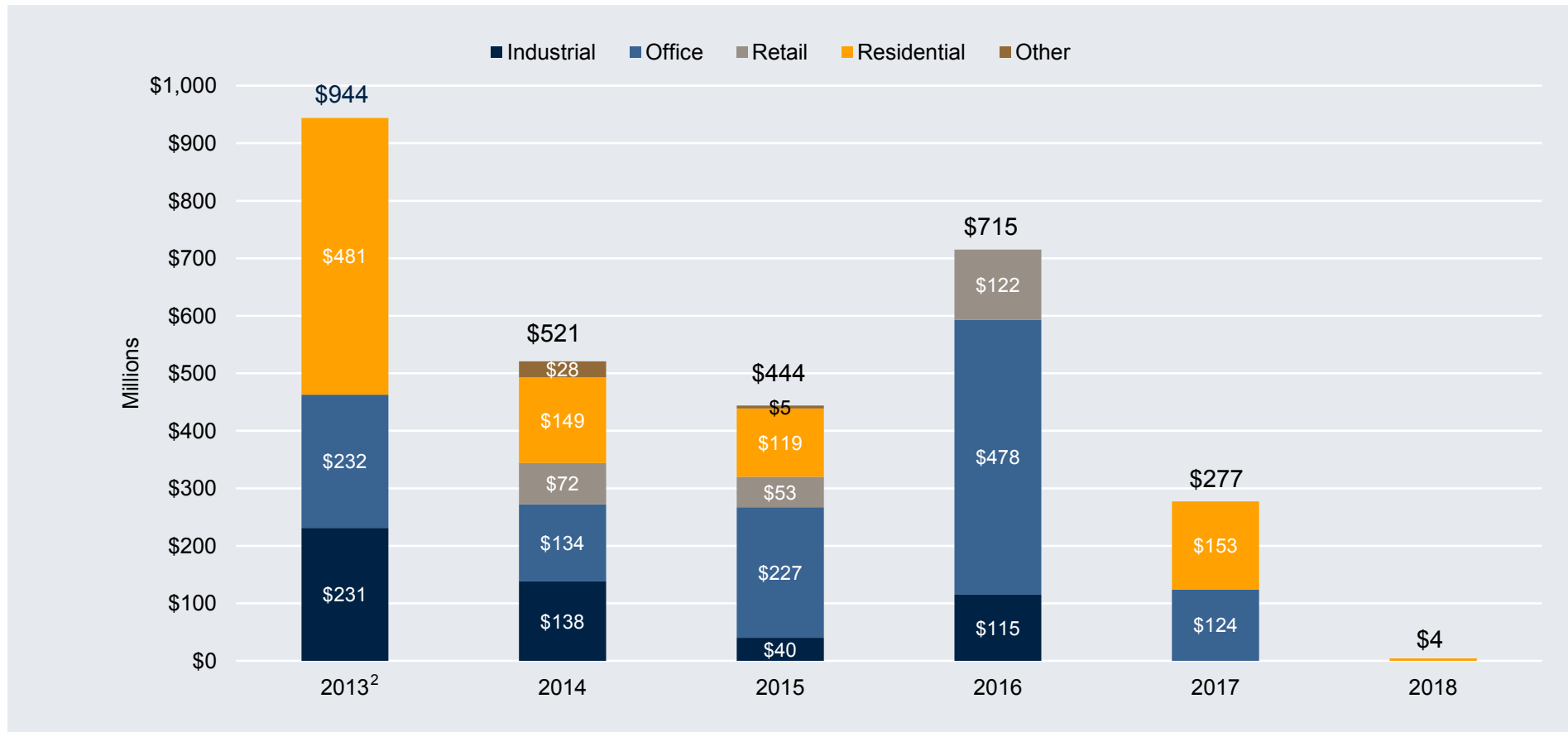
Past performance is not indicative of future results.

# Share price gross of distributions



<sup>1</sup> Share price reflects NAV before the capital distributions that began in 4Q12.  
 Source: Deutsche Asset & Wealth Management. Past performance is not indicative of future results. As of September 30, 2013.

# Projected sale and distribution assumptions<sup>1</sup>



<b>Projected # Sales</b>	14	26	21	18	8	1
<b>Projected Distributions<sup>3</sup></b>	\$275 million	\$225 million	\$130 million	\$350 million	\$100 million	\$98 million

<sup>1</sup>Represents gross sales prices. Unconsolidated joint ventures are shown at 100%.

<sup>2</sup>2013 includes actual activity.

<sup>3</sup>Represents the Fund's share of distributions. Based upon projected sales and expenses as well as an assumption that all other items in the business plan are achieved during the period.

No assurance can be given that any of the events assumed will occur, or that unanticipated events will not occur. Other assets not scheduled to be sold may be sold. Proceeds of sale will be reduced by fees and expenses, as well as debt which is substantial. This information is a forecast and due to a variety of uncertainties, and assumptions made in our analysis, actual events or results or the actual performance of the markets covered may differ from those presented. Disposition values are projected gross sale proceeds.



# 2013 Dispositions



- Sold eleven assets for gross sale proceeds of \$800 million and \$280 million in net proceeds to the Fund year to date<sup>1</sup>.
- Targeting 3 additional assets for disposition which are expected to generate projected gross proceeds of \$144 million and \$66 million in net proceeds to the Fund.
- Assets targeted for disposition include 400 Research, Ten Winthrop and Silicon Valley assets.
- Proceeds generated from dispositions to be used for operating capital, further asset stabilization where accretive to value creation, and Shareholder distribution.

	Strategic Plan YE 2013	Year to Date 2013 <sup>1</sup>	Projected for 4Q 2013	Total
# Dispositions	15	11	3	14
Gross Sale Proceeds	\$881 million	\$800 million	\$144 million	\$944 million
Gross Debt Retirement – From Sales	\$514 million	\$438 million	\$17 million	\$455 million
RREEF America REIT III – Net Sales Proceeds	\$280 million	\$280 million	\$66 million	\$346 million

<sup>1</sup> Includes the sale of one asset which was sold subsequent to quarter end.

Note: Disposition activity occurred at an accelerated rate as compared to approved Strategic Plan. Realized proceeds did not dramatically exceed projected plan amounts.

Certain of this information is a forecast and thus subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of Deutsche Asset & Wealth Management or the Fund, including, but not limited to, the acts and conduct of third parties and general economic, financial, and political events and conditions. Actual events, conditions or results may differ from those assumed or presented. See "Important Information" for additional information.

# Debt expirations – 2014



Blended Interest Rate<sup>1</sup> 4.3%

Loan to Value Ratio<sup>2</sup> 47%

Investment	Maturity Date	Loan Balance (000s) <sup>3</sup>	Loan to Value <sup>4</sup>	DSCR <sup>5</sup>	Comment
Braemar Office Park	Jan-14	\$13,425	62%	1.70	Currently working with a lender to refinance
BCIA Portfolio	Mar-14	73,000	89%	1.84	Two automatic 1-year loan extensions available to 2016
Domain Parkside	Aug-14	23,306	51%	N/A <sup>6</sup>	Has one 9-month extension and one 12-month extension.
Domain Whole Foods	Sep-14	11,023	47%	N/A <sup>6</sup>	Has two 1-year loan extensions.
Sub-Total 2014:		\$120,754			

<sup>1</sup> Weighted average interest rate of fixed and floating rate debt as of quarter end. Excludes loans held in unconsolidated joint ventures.

<sup>2</sup> Fund level Loan to Value is marked to market debt as a percent of total gross asset value. Excludes debt held in unconsolidated joint ventures. Including debt held in unconsolidated joint ventures, Fund LTV is 56%.

<sup>3</sup> Represents September 30, 2013 loan balances and adjusted for the Fund's joint venture interest.

<sup>4</sup> Represents 100% of Loan balance as a percentage of total gross asset value.

<sup>5</sup> Represents trailing 12-month property net operating income divided by annual debt service.

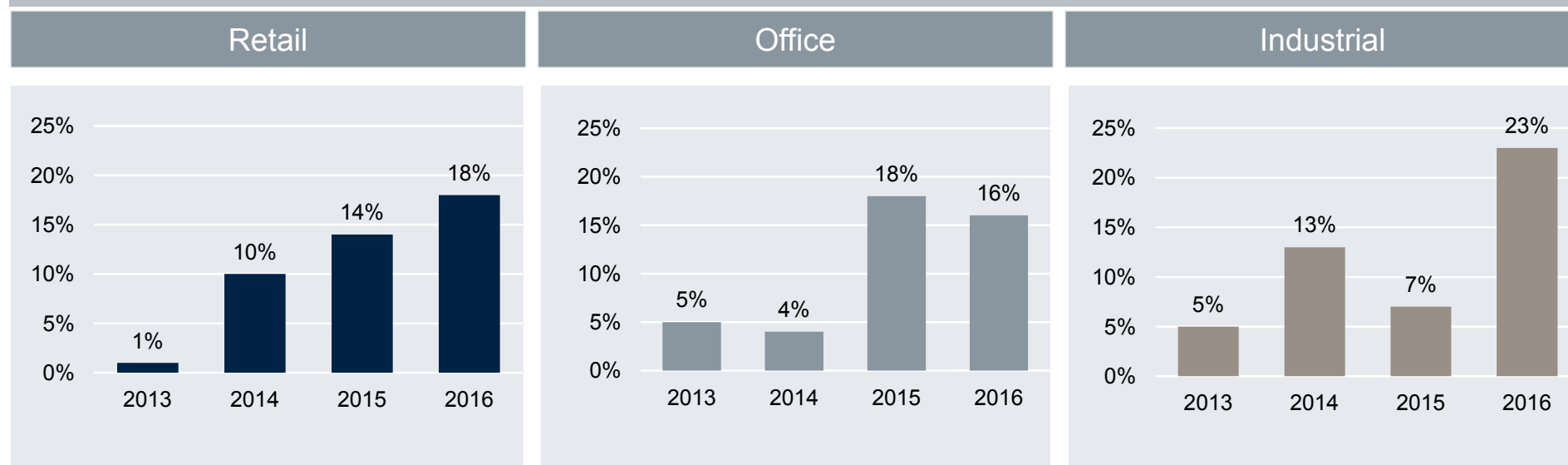
<sup>6</sup> Properties do not have 12 months of stabilized net operating income.

# Leasing activity



- During the quarter, 32 new and renewal leases were executed within the operating portfolio totaling 227,000 square feet or 3 percent of the total commercial net rentable area. Occupancy remained steady at 84 percent from second quarter to third quarter.
- For office and industrial expirations, a renewal rate of 60-65 percent is projected, in line with the Fund's historical performance<sup>1</sup>.
- For 2014, thirty-six percent of the office and industrial lease expirations are in Silicon Valley where properties are seeing strong tenant demand and increasing market rents.

## Future lease maturities



<sup>1</sup>Certain of this information is a forecast and thus subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of Deutsche Asset & Wealth Management or the Fund, including, but not limited to, the acts and conduct of third parties and general economic, financial, and political events and conditions. Actual events, conditions or results may differ from those assumed or presented. See "Performance Notes" and "Important Information" for additional information.  
As of September 30, 2013. Unaudited.

# NOI and occupancy analysis



Trailing 12-Month Same Store NOI <sup>1,2</sup>	Trailing 12 months as of			Quarter End Occupancy <sup>1,3</sup>		
	3Q 2012 (000's)	3Q 2013 (000's)	% Change	3Q 2012	3Q 2013	% Variance
Residential	\$8,011	\$8,487	6%	97%	97%	0%
Industrial	13,081	13,435	3%	75%	77%	2%
Office	50,303	52,297	4%	83%	80%	-3%
Retail	8,020	9,146	14%	88%	92%	4%
<b>Total Same Store Property NOI</b>	<b>\$79,415</b>	<b>\$83,365</b>	<b>5%</b>	<b>84%</b>	<b>84%</b>	<b>0%</b>

Same Store NOI - Actual to Budget <sup>4</sup>	3Q 2013 Actual (000's)	3Q 2013 Budget (000's)	% Change
Residential	\$2,309	\$2,256	2%
Industrial	5,138	5,222	-2%
Office	13,782	13,308	4%
Retail	2,438	2,483	-2%
<b>Total Same Store Property NOI</b>	<b>\$23,667</b>	<b>\$23,269</b>	<b>2%</b>

<sup>1</sup>Excludes assets that were not held from October 1, 2011 through September 30, 2013.

<sup>2</sup>Excludes assets that had a partial acquisition or disposition anytime during the time frame of October 1, 2011 through September 30, 2013.

<sup>3</sup>Occupancy values are NRA weighted and represent the last quarter of the trailing twelve month period.

<sup>4</sup>Excludes assets that were not held from July 1, 2013 through September 30, 2013.

Note: NOI represents income from property operations reduced by expenses from property operations. Silicon Valley Portfolio is represented at 100% ownership. Please see "Performance Notes" and "Important Information" for additional information.



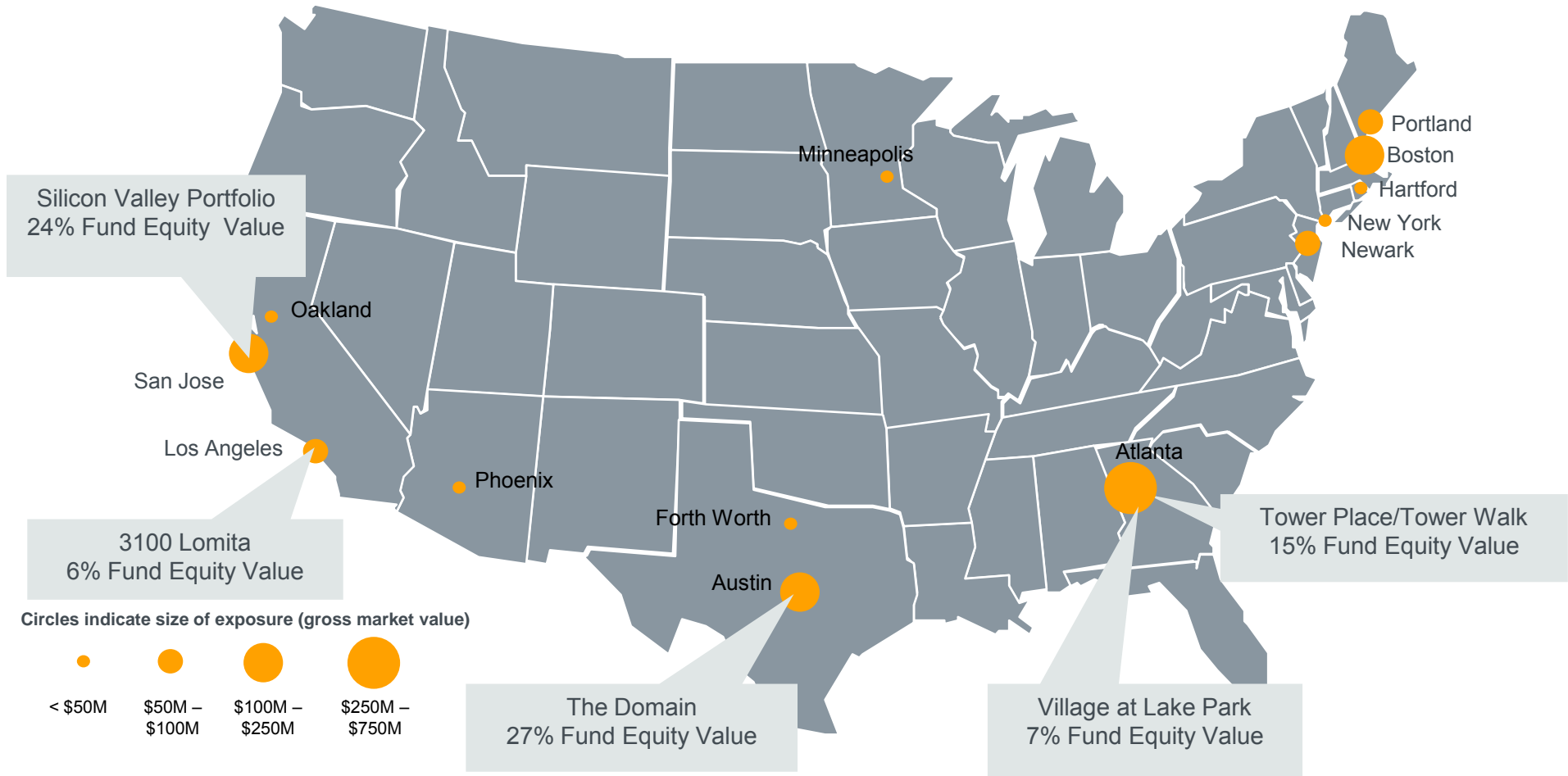
# 04

## RREEF America REIT III: Major Asset Update

*The following pages set forth certain information on assets believed to be important to Fund performance. These assets are not necessarily representative of the Fund as a whole and other assets, not illustrated above, may be important to Fund performance. Information on those assets not presented is available upon request. Certain of the information provided, including expected sales and IRRs, is based on numerous forward-looking assumptions and no assurance can be given that the events assumed will occur. The deduction of fees and expenses will reduce returns. See “Summary of Strategic Plan Cash Flow Assumptions”, “Performance Notes” and “Important Information” for further information.*

# Geographic concentration

Five major assets comprise 79% of Fund's current equity value and the majority of total projected value



Gross Market Value as of September 30, 2013. Gross market value and equity value shown at 100% except unconsolidated joint ventures which are shown at ownership percentage. Determination of those assets that will drive recovery value is based on numerous forward-looking assumptions and no assurance can be given that the events assumed will occur. No representation is made as to the amount that will actually be received with respect to these assets or an investment in the Fund.

# Domain Strategy Update

## Domain, Austin, TX



<b>Property Type:</b>	Mixed-Use
<b>Square Footage:</b>	340,615 square feet
<b>Developable Land:</b>	120 Acres
<b>Acquisition Date:</b>	September 2005
<b>Occupancy:</b>	97.7%
<b>Cost to Date:</b>	\$247.7 million
<b>Carry Value:</b>	\$231.1 million
<b>Equity Value:</b>	\$181.0 million
<b>Debt / Loan-to-Value:</b>	\$50.1 million / 22%
<b>Ownership Percentage:</b>	94.7% (54.1% for Domain Parkside, 59.9% for Domain Parkside II and 47.4% for Domain 2 & 7)



### Highlights:

- Construction of the 55,000 square foot Whole Foods shell is complete and the turnover date to Whole Foods was December 15, 2012. Whole Foods began construction on the interior of the building in late May and began paying rent in September. The estimated opening date is January 2014. The property will be marketed for sale in fourth quarter 2013.
- As of the end of third quarter, occupancy at the 543 unit Domain Parkside I is 95.6 percent.
- Commenced construction on Domain Parkside II in mid July, a development of 212 apartment units and 15,000 square feet of ground floor retail. The joint venture partner will provide all additional equity and assume all completion and recourse obligations for the project.
- Commenced construction on Domain 2, 114,535 square feet of office on top of 25,000 square feet of retail, in July, which is pre-leased to HomeAway for 11.5 years. In September, commenced construction on Domain 7, a 221,973 square foot spec office building. On both Domain 2 & 7, the joint venture partner will contribute all required equity and be responsible for any lender construction completion and recourse obligations.
- In design on a third land contribution joint venture with Columbus that includes building 316 apartment units on 4.5 acres and expected to commence construction in April 2014.

As of September 30, 2013.

# Project Update

## Silicon Valley Portfolio, CA



<b>Property Type:</b>	Office & Industrial
<b>Square Footage:</b>	2,411,251 square feet
<b>Acquisition Date:</b>	September 2006
<b>Occupancy:</b>	81.8%
<b>Cost to Date:</b>	\$568.7 million
<b>Carry Value:</b>	\$500.0 million
<b>Equity Value:</b>	\$208.5 million
<b>Debt / Loan-to-Value:</b>	\$291.5 million / 58%
<b>Ownership Percentage:</b>	51.0%



### Highlights:

- The portfolio team continued to execute the Strategic Plan with the sales of two buildings in Mountain View, California for a total of \$16M, generating \$4M of net proceeds.
- Began marketing a 16-building, 508,946 square foot portfolio in Sunnyvale, California. A buyer has been selected and the transaction is projected to close in 4Q.
- The portfolio ended the quarter at 81.8 percent occupancy, down slightly from 82.5 percent at the end of 2Q primarily due to vacancy in Macara and Zanker / Brokaw.
- Leasing performance in the portfolio remains strong with 107,392 square feet (4.4 percent of the portfolio) of leases signed during 3Q, including 3 new and 4 renewal/expansion leases, highlighted by a 51,000 square foot lease to FireEye at the Tasman Tech Center in Milpitas.
- Leasing for the portfolio through September 2013 totals 519,000 square feet of new and renewal leases -182,000 square feet in renewals and 337,000 square feet in new or expansion leases.

Note: 100% values are represented for Silicon Valley Portfolio. As of September 30, 2013.





# Looking Ahead

# Looking Ahead



- RREEF America REIT III team remains focused on executing the Fund's plan and creating value
  
- Quarterly Highlights
  - 12-month return of 14.6% net of fees
  - 3-year return of 28.4% net of fees
  - Capital distribution of \$25M will be paid pro rata to all investors on October 31, 2013
  
- Near-term objectives
  - Continue stabilization of asset base
  - Complete marketing program for near-term dispositions
  - Explore alternative options to take advantage of existing asset upside potential
  
- Long-term objectives
  - Maximize total shareholder distributions
  - Maintain liquidity by balancing the use of sale proceeds to fund operations, retire debt and continue shareholder distributions as conditions permit

Past performance is not indicative of future results. See also "Performance Notes" and "Important Information." As of September 30, 2013.



01

# Statement of Account

Appendix

# Statement of Account

## Ventura County Employees' Retirement Association



### RREEF America REIT III – As of September 30, 2013

#### Account summary

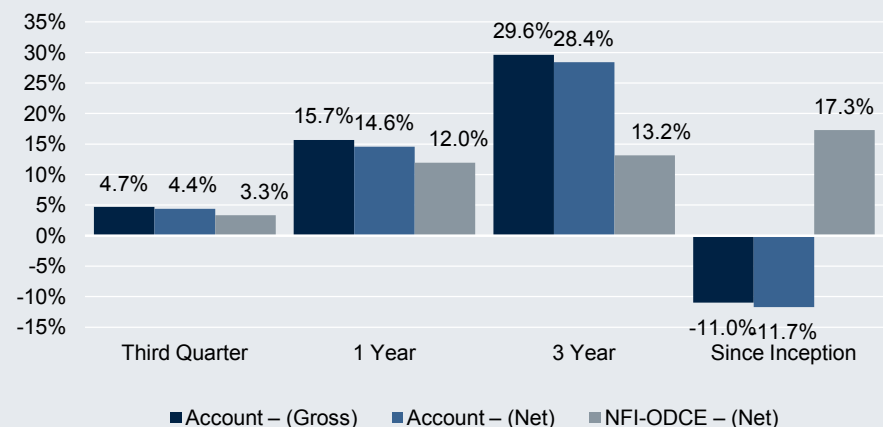
Inception date	10/01/2007
Total investment	\$25,167,104
Change in value <sup>1</sup>	(16,523,822)
<b>Ending net asset value</b>	<b>\$8,643,282</b>

#### Distributions summary

Dividend distributions since inception:

— Income	\$160,764
— Capital and appreciation	3,019,854
<b>Total distributions</b>	<b>\$3,180,617</b>
<b>Total reinvested</b>	<b>\$0</b>

#### Performance summary



Dividend Yield Since Inception: 0.1%

Note: All future distributions will be paid on a pro rata basis to all shareholders in the Fund.

#### Shares outstanding summary

Beginning share balance:	175,328
Shares issued for additional contributions:	1,208
<b>Ending share balance:</b>	<b>176,536</b>

<sup>1</sup> Investment income plus realized and unrealized gain, net of management fees, paid dividends, and dividends declared at, but reinvested after quarter end. Total Returns are time-weighted as of September 30, 2013. Past performance is not indicative of future results.



02

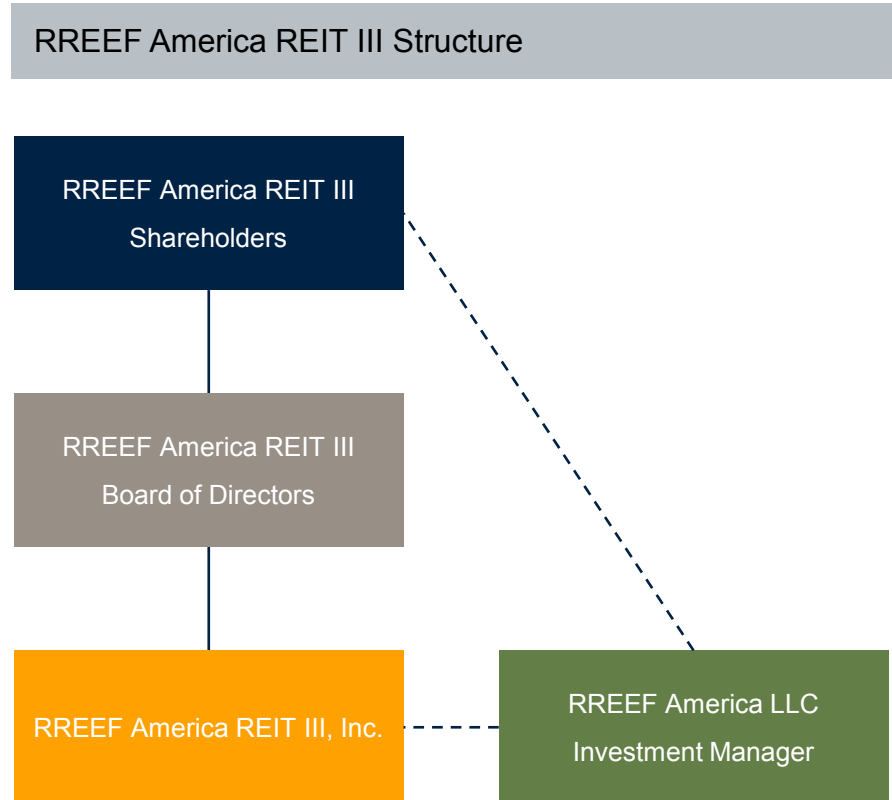
## Fund Details

Appendix

# Fund structure & governance



- Private REIT vehicle
- Overseen by board of directors – five independent and one Deutsche Asset & Wealth Management-related
- All Directors are elected annually by the Fund's Shareholders
- Board Powers include
  - Approve Strategic Plan
  - Approve Valuations, Distributions and Redemptions
  - Approve Quarterly NAV
  - Approve Dispositions/Financings/Joint Ventures
  - Hire and Oversee Auditors
  - Hire/Fire Investment Manager



# List of investments

## Residential



Name	Metro Area	Acquisition Date	Size (sf/units)	Occupancy (%)
Village at Lake Park	Smyrna, GA	8/8/2005	1,738 units	97%
Domain Parkside	Austin, TX	8/26/2011	543 units	96%
<b>Residential Subtotal</b>	<b>2 Assets</b>		<b>2,281 units</b>	<b>97%</b>

As of September 30, 2013.

# List of investments

## Office



Name	Metro Area	Acquisition Date	Size (sf/units)	Occupancy (%)
North Loop 101 - Phase II	Phoenix, AZ	4/8/2004	88,057	64%
Tower Place	Atlanta, GA	5/4/2005	613,604	84%
Domain Existing 2 & 5	Austin, TX	9/29/2005	331,998	100%
One Concord Annex	Concord, CA	10/4/2005	2,572	27%
One Park West	Tewksbury, MA	11/8/2005	140,000	0%
Ten Winthrop Square	Boston, MA	11/8/2005	27,256	90%
15 Trafalgar Square	Nashua, NH	11/8/2005	36,706	66%
Andover Tech	Andover, MA	11/8/2005	333,711	97%
321 Billerica	Chelmsford, MA	11/8/2005	72,050	91%
410 Amherst	Nashua, NH	11/8/2005	68,255	66%
Farmington Office Park	Farmington, CT	11/8/2005	69,525	75%
Federal	Billerica, MA	11/8/2005	217,834	72%
One Portland Square	Portland, ME	11/8/2005	104,938	95%
Southborough Park	South Portland, ME	11/8/2005	106,553	86%
Two Portland Square	Portland, ME	11/8/2005	155,525	85%
Two Robbins	Westford, MA	11/8/2005	59,814	100%
15 Crosby	Bedford, MA	11/8/2005	70,712	100%
175 Paramount	Raynham, MA	11/8/2005	27,278	54%

As of September 30, 2013.



# List of investments

## Office (continued)



Name	Metro Area	Acquisition Date	Size (sf/units)	Occupancy (%)
Somerset Square	Glastonbury, CT	11/8/2005	40,759	100%
35 Parkwood	Hopkinton, MA	11/8/2005	159,796	0%
25 Porter	Littleton, MA	11/8/2005	67,167	9%
Braemar Office Park	Edina, MN	5/4/2006	216,873	90%
Guadalupe	Santa Clara, CA	9/1/2006	128,000	79%
Northpointe Business Park	San Jose, CA	9/1/2006	104,628	54%
Macara	Sunnyvale, CA	9/1/2006	96,066	65%
Quantum	Milpitas, CA	9/1/2006	187,134	100%
Maude	Mountain View, CA	9/1/2006	397,510	100%
3100 Lomita	Torrance, CA	10/12/2006	573,167	84%
<b>Office Subtotal</b>	<b>28 Assets</b>		<b>4,497,488 sf</b>	<b>80%</b>

As of September 30, 2013.

# List of investments

## Industrial



Name	Metro Area	Acquisition Date	Size (sf/units)	Occupancy (%)
North Loop 101 Business Center	Phoenix, AZ	4/8/2004	169,497	100%
400 Research	Wilmington, MA	11/8/2005	109,866	100%
326 Ballardville	Wilmington, MA	11/8/2005	293,980	100%
BC Marlborough	Marlborough, MA	11/8/2005	134,404	100%
12 Parkwood	Hopkinton, MA	11/8/2005	38,979	100%
22 Cotton	Nashua, NH	11/8/2005	153,697	72%
200 Bulfinch	Andover, MA	11/8/2005	82,541	42%
472 Amherst	Nashua, NH	11/8/2005	98,424	63%
Griffin Brook	Methuen, MA	11/8/2005	145,575	73%
375 Paramount	Raynham, MA	11/8/2005	49,770	100%
5 Wentworth	Hudson, NH	11/8/2005	139,657	100%
805 Middlesex Tkp	Billerica, MA	11/8/2005	122,342	0%
Andover Street	Tewksbury, MA	11/8/2005	33,000	0%
Sunnyvale SVP	Sunnyvale, CA	9/1/2006	30,856	100%
Zanker/Brokaw	San Jose, CA	9/1/2006	120,402	65%
San Jose / Santa Clara	Santa Clara, CA	9/1/2006	107,210	100%
Mountainview	Mountain View, CA	9/1/2006	97,076	90%
Sunnyvale	Sunnyvale, CA	9/1/2006	533,401	88%
Milpitas Business Park	Milpitas, CA	9/1/2006	608,968	65%
<b>Industrial Subtotal</b>	<b>19 Assets</b>		<b>3,069,645 sf</b>	<b>79%</b>

As of September 30, 2013.

# List of investments

## Retail



Name	Metro Area	Acquisition Date	Size (sf/units)	Occupancy (%)
Collin Creek Shopping Center	Plano, TX	11/17/2003	481,232	99%
Tower Walk	Atlanta, GA	5/4/2005	163,461	65%
Domain Aloft	Austin, TX	9/29/2005	55,000	100%
Essex Green	West Orange, NJ	7/6/2006	351,430	95%
Domain Whole Foods	Austin, TX	10/14/2009	8,617	100%
<b>Retail Subtotal</b>	<b>5 Assets</b>		<b>1,059,740 sf</b>	<b>92%</b>

As of September 30, 2013.

# List of investments

## Development/Land/Other



Name	Metro Area	Acquisition Date	Size (sf/units)
Three Concord Center	Concord, CA	7/1/2003	N/A
The Domain - Land	Austin, TX	9/29/2005	N/A
Portland Square Parking	Portland, ME	11/8/2005	N/A
Riverside South-Aldyn	New York, NY	7/1/2010	2 condo units
Domain Retail	Austin, TX	3/25/2013	N/A
Domain Parkside II	Austin, TX	6/21/2013	N/A
Domain 2 & 7	Austin, TX	7/3/2013	N/A
<b>Development/Land/Other Subtotal</b>	<b>7 Assets</b>		<b>2 condo units</b>

As of September 30, 2013.

# Contingent liabilities



## Downtown Sunnyvale

- In September 2009, Wells Fargo and Wachovia (the "Banks") foreclosed on the Downtown Sunnyvale mixed-use project (the "Property") owned by a joint venture (the "Venture") between the Fund and developer Peter Pau and obtained a court-appointed Receiver to take control of Property operations all as part of a foreclosure settlement (the "Settlement") between the Banks and the Venture. The Settlement requires the Fund to cooperate with the Banks from any claims by Pau. At foreclosure, the project was partially completed with construction roughly 60% complete. The Banks now own the Property pursuant to an August 2011 Trustee Sale. The Receiver was dismissed in May 2012.
- In June 2011, Peter Pau, purporting to act on behalf of himself as well as the ownership joint venture, began a series of lawsuits against the Banks and the Fund, (i) to invalidate the Banks' acquiring title through the Trustee's Sale and (ii) unspecified damages related to the Banks' foreclosure and the foreclosure settlement negotiated by the Banks and the Fund.
- This matter remains stayed as all issues are on appeal. In May 2013, the City Attorney for the City of Sunnyvale asked for an informal update from all parties as to the status of the litigation and the potential for resolution. All parties responded with their latest arguments to the Court, with no new positions. The City has since proposed that the parties engage in settlement discussions. While all parties have agreed to cooperate, Pau has refused to make any settlement demand making settlement unlikely.
- A mediation took place in September involving all the parties. The plaintiff, Pau, offered to settle in return for the defendant Banks selling the Downtown Sunnyvale Project to any of a list of buyers, or pay him \$55M. The Banks offered \$5M to settle right away, which Pau refused. No demand was made of the Fund. Otherwise, the litigation continues to be stayed pending adjudication of various appeals by the parties.
- On October 17, 2013, the court of appeals denied the first of Pau's appeals. Pau now has until the end of the year to drop this action, petition for rehearing in the court of appeals or petition to the California Supreme Court.

As September 30, 2013.



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# Biographies

Appendix



**James W. Miller, Jr., Director, Portfolio Management**

+1 (415) 262-7730, james-w.miller@db.com

- Lead Portfolio Manager, RREEF America REIT III and Member of the Americas Real Estate Investment Committee: San Francisco
- Joined the Company in 2006 with 10 years of industry experience. Prior to joining, James served as an Executive Vice President in the Corporate Solutions Group at Jones Lang LaSalle. Previously, he worked as an Attorney at Orrick, Herrington & Sutcliffe LLP
- BA in English from University of Virginia; JD from Washington & Lee University; Member of the California State Bar; California Department of Real Estate Broker's License

# RREEF America REIT III

## Management team



### James W. Miller, Jr., Director

- Lead Portfolio Manager, RREEF America REIT III and Member of the Americas Real Estate Investment Committee: San Francisco
- Joined the Company in 2006 with 10 years of industry experience. Prior to joining, James served as an Executive Vice President in the Corporate Solutions Group at Jones Lang LaSalle. Previously, he worked as an Attorney at Orrick, Herrington & Sutcliffe LLP
- BA in English from University of Virginia; JD from Washington & Lee University; Member of the California State Bar; California Department of Real Estate Broker's License

### Norton F. O'Meara, Director

- Portfolio Manager, RREEF America REIT III: Chicago
- Joined the Company in 1994 with 9 years of industry experience. Prior to joining, Norton served as a Portfolio Manager at VMS Realty. Previously, he was a Development Manager at Fordham Company
- BS in Marketing from Boston College; MBA from Loyola University Chicago

### Joseph Cappelletti, CPA, Director

- Chief Financial Officer of RREEF America REIT II & III: Chicago
- Joined the Company in 1985. Prior to his current role, Joseph served as Director of Client Reporting and as Treasurer and Controller of Cabot Industrial Trust (an industrial REIT acquired by Deutsche Bank). Previously, he worked as Asset Management Controller and as a Portfolio Accountant
- BS in Accounting and MBA in Finance from DePaul University; Certified Public Accountant

### Michael J. Nigro, PE, Managing Director

- Head of Real Estate Value Add and Development for the Americas: Chicago
- Joined the Company in 2004 with 8 years of industry experience. Prior to joining, Michael served as a Senior Manager at Mesirow Financial Real Estate, where he was responsible for large public-private partnership projects. He began his career as a Project Manager
- BS in Civil and Environmental Engineering from University of Illinois at Urbana-Champaign; MBA in Finance (with Distinction) from DePaul University; Professional Engineer License

### Tim Leske, Assistant Vice President

- Portfolio Analyst, RREEF America REIT II & III: Chicago
- Joined the Company in 2006. Prior to his current role, Tim served in Residential Accounting
- BS in Accounting from Aurora University; MBA from Northern Illinois University

### Megan Martin, CPA, Assistant Vice President

- Portfolio Accounting Controller, RREEF America REIT III: Chicago
- Joined the Company in 2010 with 4 years of industry experience. Prior to her current role, Megan served as an Assistant Controller. Before joining, she was a Finance Controller at Vestian Group, Inc and a Senior Associate at KPMG, LLP
- BA and MA in Accounting from University of Illinois at Urbana-Champaign; Certified Public Accountant; Real Estate Salesperson License; Women on Wall Street, Deutsche Bank Chapter, Steering Committee Member (2011-2013)



# RREEF America REIT III

## Management team (continued)



### Maria Trinh, Assistant Vice President

- Portfolio Analyst for RREEF America REIT III: San Francisco
- Joined the Company in 2004 with 2 years of industry experience. Prior to joining, Maria served as a Research Intern and Portfolio Analyst at AMB Property Corporation
- BA in Urban and Regional Economics from the University of California, Los Angeles; Graduate level coursework in Economic Development and Real Estate at Cornell University; Chinese Language and Culture Program at Nanjing Normal University in China

### Michelle Frank, Associate

- Portfolio Analyst, RREEF America REIT II & III: Chicago
- Joined the Company in 1999. Prior to her current role, Michelle served as a Senior Fund Accountant for RREEF Global Fund Finance and as a Senior Analyst for RREEF Client Reporting. Previously, Michelle was a Senior Accountant for RREEF Property Management
- BBA in Finance and MS in Accountancy from Loyola University Chicago

### Jas Hodzic, Associate

- Portfolio Analyst, Real Estate Portfolio Management: San Francisco
- Joined the Company in 2008 with 3 years of industry experience. Prior to joining, Jas served as a Real Estate Underwriter at HSBC
- BA in Entrepreneurial Studies and MBA in Finance from The University of New Mexico

### Erin Orr, Associate

- Portfolio Analyst for RREEF America REIT III: Chicago
- Joined the Company in 2007 with 2 years of industry experience. Prior to joining, Erin served as a Senior Portfolio Manager at GMAC Commercial Mortgage
- BS (High Honors) in Finance with a Minor in Economics from DePaul University

### Bradley Tober, Analyst

- Portfolio Analyst, RREEF America REIT II & III: Chicago
- Joined the Company in 2011
- BS in Economics from DePaul University's College of Commerce

# RREEF America REIT III

## Board of Directors



**Daryl J. Carter** – Mr. Carter is the Founder, Chairman and CEO of Avanath Capital Management, LLC, a Southern California based investment firm focused on conventional and affordable multifamily investments. Mr. Carter directs the strategy, investments, and overall operations of the firm. Over the past two years, Avanath has acquired in excess of \$300 million in affordable apartment communities nationwide. Mr. Carter is also a Managing Partner of McKinley-Avanath, a property management company focused on the affordable apartment sector, an entity owned jointly by Avanath and McKinley, Inc. Mr. Carter has 32 years of experience in the commercial real estate industry. Previously, he was an Executive Managing Director of Centerline Capital Group (“Centerline”) and head of the Commercial Real Estate Group. Mr. Carter became part of the Centerline team when his company, Capri Capital Finance (“CCF”), was acquired by Centerline in 2005. Mr. Carter co-founded and served as Co-Chairman of both CCF and Capri Capital Advisors (“CCA”). He was instrumental in building Capri to a diversified real estate investment firm with \$8 billion in real estate equity and debt investments under management. Prior to Capri, Mr. Carter was Regional Vice President at Westinghouse Credit Corporation in Irvine and a Second Vice President at Continental Bank in Chicago. Mr. Carter holds dual Masters Degrees in Architecture and Management, both received from the Massachusetts Institute of Technology. He received a Bachelor of Science degree in Architecture from the University of Michigan. Mr. Carter is a Trustee of the Urban Land Institute, Executive Committee Member and Vice Chairman of the National Multi Housing Council and a Past Chairman of the Commercial Board of Governors of the Mortgage Bankers Association. Mr. Carter serves on the Visiting Committee of the M.I.T. Sloan School of Management. Mr. Carter also serves as an independent director of three companies, Whitestone REIT (AMEX:WSR), a retail/office REIT, The Olson Company, a Southern California homebuilding company, and RREEF America III, a private REIT.

**Alice M. Connell** – Ms. Connell is a Managing Principal of Bay Hollow Associates, a boutique commercial real estate advisory firm that provides objective counsel to both Institutional Investors and Private Commercial Real Estate with respect to commercial real estate debt, conflict resolution, risk mitigation, restructuring, value retention/recovery and strategic partnering advice. Throughout a distinguished career at TIAA-CREF, Ms. Connell held a series of senior positions in both the commercial mortgage lending and real estate equity areas. Ms. Connell is a trice-elected Trustee of the Urban Land Institute and a current member of its Audit Committee, a member of the International Advisory Board of EuroHypo A.G., a member of the Real Estate Advisory Committee of the New York State Common Retirement Fund, a Director of Apollo Commercial Real Estate Finance, Inc., a member of the Investment Committee of QS REP, and a member of the Advisory Committees of both Parmenter Realty Partners and Park Madison Partners. She is a past Board member of PREA and WX, and a past member of the Executive Committee of the Zell-Lurie Real Estate Center at the Wharton School. Ms. Connell holds a B.A. degree, magna cum laude, from Saint Bonaventure University and an M.A. degree from New York University.

**Patricia R. Healy (“Trish”)** – Ms. Healy is a co-founder of Hyde Street Holdings, LLC. (“HSH”), a boutique investment firm founded in 1996. As both institutional asset advisor and principal, HSH specializes in the acquisition of opportunistic real estate and/or real estate debt; entities/products and the provision of strategic, operational and financial services in under-optimized companies/situations. Prior to HSH, Ms. Healy was Co-Founder of the Hanford/Healy Companies (1988). Through its five national offices HH provided real estate investment and advisory services, asset management and acted as a principal in the acquisition of loan portfolios and below investment grade portions of securities. It was a rated special servicer. General Motor’s subsidiary, GMAC Commercial Mortgage purchased the Hanford/Healy Companies in September of 1996. Prior to HH Ms. Healy held various senior management positions with real estate and financial firms. She has served on various profit and non-profit boards (including service as the audit chair for the North Carolina Symphony). Currently she serves as Chair of the Green Chair Project. Membership in professional associations include: Lambda Alpha; the American Society of Real Estate Councilors (CRE) and the Urban Land Institute (ULI), in which she has served as a Trustee and Council Chair and is a Governor. For Fiscal Years 2009-2011, Ms. Healy served on ULI’s (World Wide) Executive Committee and is now serving on ULI’s Nominating and Governance Committee. Ms. Healy has an undergraduate (BA) from Tulane University and graduate degrees from Southern Methodist University (MBA) and The American Graduate School of International Management (MIM).

**W. Todd Henderson** – Todd Henderson is a Managing Director and Head of Real Estate, Americas for Deutsche Asset & Wealth Management’s Alternatives and Real Assets platform, based in New York. Todd joined the Company in 2003 with 12 years of experience as a Managing Director on the real estate transactions team. In his current role, he is responsible for all facets of the direct real estate investment management business in the Americas and also serves on the Alternatives and Real Assets Executive Committee. Prior to his current role, Todd was the Chief Investment Officer for the Americas real estate investment business and was responsible for directing the investment strategy. In his capacity as CIO, he served as Chairman of the Americas Real Estate Investment Committee, and served on the Americas Real Estate Management Committee. From June 2007-March 2009, Todd was responsible for the Company’s Value-Added and Development group where he directed a 16-person team managing a \$4.5 billion portfolio for multiple clients. While in this role, he formulated the strategy for restructuring the portfolio and the group in response to the global financial crisis. In particular, he led the RREEF America REIT III team in the restructuring of the fund. Prior to joining, Todd was a Director of Acquisitions for The J.E. Robert Company in Washington, D.C., where he was involved in the sourcing, executing and financing of over \$6 billion of real estate transactions. Previously, he worked on restructuring and disposing of nonperforming real estate loans at First Gibraltar Bank on behalf of the bank and the Resolution Trust Company (RTC). He holds a BA from the University of North Texas and an MBA from The Wharton School, University of Pennsylvania.

# RREEF America REIT III

## Board of Directors (continued)



**Steven R. LeBlanc** – Mr. LeBlanc is the Founding Partner of CapRidge Partners, a fully integrated office investment and ownership company in Austin, Texas. Mr. LeBlanc was with the Teacher Retirement System of Texas from 1998 to 2012 where he oversaw the plan's real assets, private equity and principle investments. His scope of responsibility covered 27% of the entire portfolio with a team of 23 and over \$40 billion investment exposure under his management. He also served on the Investment Committee for the \$120 billion fund. In the time that Mr. LeBlanc had been with Texas Teachers, he has deployed nearly \$30 billion of assets. In 2011, Mr. LeBlanc was invited to testify in front of the Congressional Subcommittee on Capital Markets and Government Sponsored Enterprises on the "Reopening American Capital Markets to Emerging Growth Companies Act of 2011". He has been on Bloomberg Television's Street Smarts and Money Moves as well as a guest host on CNBC's Squawk Box. From 2005 to 2008, he served as Professor - Real Estate at the University of Texas McCombs School of Business in Austin. Mr. LeBlanc led the creation of the \$ 6 Billion Private Markets' Strategic Partnership Network. He established the Real Estate Certificate Program for Undergraduate Students at The University of Texas at Austin. Prior to that Mr. LeBlanc was the CEO, President and Board Member of Summit Properties Inc., a \$2 Billion real estate investment trust (REIT), which engages in the development, construction, acquisition, and operation of luxury apartment communities in the southeast and mid-Atlantic United States. Prior to joining Summit Properties Inc., Mr. LeBlanc served as President and CEO of Urban Growth Property Trust from 1997 to 1998, where he developed the start up strategic business plan, orchestrated the transition to REIT status and initiated over \$300 million in acquisitions and developments focused on owning and developing income-producing land in major urban markets. Mr. LeBlanc also had senior real estate roles at Archstone Communities Trust and was a Senior Partner at Lincoln Property Company. He formerly served as Chairman of the Urban Land Institute District Council in Austin, and on the Board of Trustees of the Real Estate Roundtable, the Investment Advisory Board of the Employee Retirement System of Texas and the Penland School of Crafts and Charlotte Latin School. Mr. LeBlanc received a Bachelor of Business Administration, Real Estate and Finance from the University of Texas at Austin. He also attended the University of Bridgeport School of Law.

**Steven G. Rogers** – Mr. Rogers is the Founding and Managing Member of Rogers and Associates, LLC ("RA"). Formed in 2011, the firm focuses on providing specialized solutions for principals and institutional owners in the real estate industry and board level advisory work. Prior to RA, Mr. Rogers led Parkway Properties as President and Chief Executive Officer from its early development through its move to the New York Stock Exchange ("NYSE") to where it is today as a member of the S&P 600 Small Cap Index. Mr. Rogers joined Parkway as an Asset Manager in 1983. He was promoted to Vice President in 1988; Senior Vice President in 1991; President in 1993 and CEO in 1997. Additionally, Mr. Rogers was a member of Parkway's Board of Directors from 1996 to 2011. In 1976 Mr. Rogers graduated magna cum laude from the University of Mississippi and went on to complete five years in the U.S. Army. Upon completing his military service, Mr. Rogers attended Harvard Graduate School of Business Administration earning his MBA with first year honors in 1983. His numerous community, political, and business activities include serving as a Director of First Commercial Bank, a de novo bank he helped found in 2000, an Independent Director of Net Lease Alliance, a real estate development services firm in Nashville, TN., and a Trustee for the Walker Family Trust, a private land and investment company. He currently serves as a member of the Urban Land Institute and on the Board of the Boy Scouts of America, Andrew Jackson Council. Mr. Rogers past positions include President for the AJC of Boy Scouts of America, State Chairman for Young Presidents Organization (YPO), Vice Chairman and Trustee for the MS Museum of Art, State Chairman of the National Endowment for the Arts Fund Raiser, two terms on the Board of Trustees of NAREIT including Chairman of the Audit Committee, and the National Advisory Board for the B.B. King Museum.

# Americas Real Estate Investment Committee



## Marc Feliciano, Managing Director

- Chief Investment Officer of Real Estate for the Americas, Head of Real Estate Portfolio Management for the Americas and Member of the Americas Real Estate Management and Investment Committees: Chicago
- Joined the Company in 2005 with 12 years of industry experience. Prior to his current role, Marc served as the Global Head of Risk and Performance Analysis. Before joining, he was a Portfolio Manager at Renascent Capital Management LLC and Co-founder of the Real Estate Derivatives Group at Prebon Yamane Inc. Previously, Marc served as a Senior Analyst and Portfolio Manager at R.D. Capital, LLC and in private and public real estate at Morgan Stanley, Heitman/PRA Securities Advisors and at INVESCO Realty Advisors
- BBA in Accounting and MPA in Taxation from The University of Texas at Austin

## James N. Carbone, Managing Director

- Head of Real Estate Retail Products for the Americas, Chief Executive Officer for RREEF Property Trust and Member of the Americas Real Estate Management and Investment Committees: San Francisco
- Joined the Company in 1995 with 15 years of industry experience. Prior to his current role, James served as the Head of Global Business Development for RREEF Alternative Investments. Prior to joining, James began his career in the management, brokerage, development, and disposition/acquisition of commercial real estate
- BA in Economics from University of California, Davis

## Pierre Cherki, Managing Director

- Head of Alternatives and Real Assets and Member of the Deutsche Asset & Wealth Management Executive Committee: New York
- Joined the Company in 1997. Prior to his current role, Pierre served as the Global Head of the real estate investment business (formerly RREEF Real Estate). Previously, he was responsible for the development of the real estate investment business in Central and Eastern Europe
- BA in Management and Economics from Tel Aviv University; MBA from Kellogg School of Management, Northwestern University

## Al Diaz, Managing Director

- Head of Real Estate Asset Management for the Americas: Chicago
- Joined the Company in 1994 with 10 years of industry experience. Prior to joining, Al held various roles at The Balcor Company including Head of Property Management. Previously, he worked as a Real Estate Broker in Florida
- BA in International Relations from Indiana University; Florida Real Estate Broker License

# Americas Real Estate Investment Committee (continued)



## Timothy Ellsworth, Managing Director

- Head of Real Estate Transactions for the Americas: Chicago
- Joined the Company in 1998 with 15 years of industry experience. Prior to his current role, Timothy served as the Head of Real Estate Portfolio Management in the Americas. Before joining, he was Regional Vice President of Acquisitions at Cornerstone Real Estate Advisors. Previously, he worked in Debt and Equity Finance, Asset Management and Investment Sales at General Electric Capital
- BS in Finance from Indiana University

## W. Todd Henderson, Managing Director

- Chief Executive Officer of Real Estate for the Americas and Member of the Deutsche Asset & Wealth Management Alternatives and Real Assets Management Executive Committee: New York
- Joined the Company in 2003 with 12 years of industry experience. Prior to his current role, Todd served as the Chief Investment Officer of RREEF Real Estate in the Americas. Before joining, he was Director of Acquisitions for The J.E. Robert Company. Previously, he worked in restructuring and disposing of nonperforming real estate loans at First Gibraltar Bank
- BA from the University of North Texas; MBA from The Wharton School, University of Pennsylvania

## Michael J. Nigro, PE, Managing Director

- Head of Real Estate Value Add and Development for the Americas: Chicago
- Joined the Company in 2004 with 8 years of industry experience. Prior to joining, Michael served as a Senior Manager at Mesirow Financial Real Estate, where he was responsible for large public-private partnership projects. He began his career as a Project Manager
- BS in Civil and Environmental Engineering from University of Illinois at Urbana-Champaign; MBA in Finance (with Distinction) from DePaul University; Professional Engineer License

## Mark G. Roberts, CFA, Managing Director

- Head of Research and Strategy and Member of the Deutsche Asset & Wealth Management Alternatives and Real Assets Management Executive Committee: New York
- Joined the Company in 2011 with 26 years of industry experience. Prior to joining, Mark served as Global Director of Research at Invesco Real Estate and Director of Construction and Development at Club Corp International
- BA in Architecture from the University of Illinois, Urbana; MS in Real Estate from MIT; CFA Charterholder; Current Past-Chairman of the NCREIF Board; Wrote chapter in Handbook of Alternative Investments; Articles for PREA Quarterly, NCREIF Quarterly, Institute of Fiduciary Education

# Americas Real Estate Investment Committee (continued)



## James W. Miller, Jr., Director

- Lead Portfolio Manager, RREEF America REIT III and Member of the Americas Real Estate Investment Committee: San Francisco
- Joined the Company in 2006 with 10 years of industry experience. Prior to joining, James served as an Executive Vice President in the Corporate Solutions Group at Jones Lang LaSalle. Previously, he worked as an Attorney at Orrick, Herrington & Sutcliffe LLP
- BA in English from University of Virginia; JD from Washington & Lee University; Member of the California State Bar; California Department of Real Estate Broker's License



# 04

## GIPS Composite Reports and Summary of Base Case Assumptions

Appendix



# GIPS<sup>®</sup> Composite Report

Americas Real Estate – RREEF America REIT III Composite

Third Quarter 2013



# Americas Real Estate – RREEF America REIT III

## Composite

### Third Quarter 2013



#### Schedule of rates of return and statistics

Year end	Income Return Gross of Fees	Capital Return	Total Return Gross of Fees	Income Return Net of Fees <sup>1</sup>	Total Return Net of Fees <sup>1</sup>	Total Return NFI-ODCE Gross of Fees <sup>2</sup>	Total Return NFI-ODCE Net of Fees <sup>2</sup>	Total Composite Net Assets End of Period (USD million)	Percent Leveraged End of Period (as a % of composite assets)	Percent of External Valuations End of Period (as a % of composite assets)	Number of Portfolios End of Period	Total Firm Assets End of Period (USD billion)	Total Firm Net Assets End of Period (USD billion)
2003 <sup>3</sup>	1.22	7.16	8.43	0.50	7.67	7.30	6.56	\$152.8	53.4	0.0	1	\$15.1	\$10.4
2004	3.94	13.57	17.87	2.07	15.85	13.06	12.01	\$366.8	39.2	22.0	1	\$17.7	\$11.9
2005	3.47	18.33	22.27	0.57	18.98	21.40	20.16	\$1,009.4	47.9	12.0	1	\$25.1	\$16.9
2006	3.30	13.31	16.93	1.14	14.60	16.32	15.27	\$1,514.1	49.9	27.1	1	\$30.6	\$20.5
2007	1.65	16.72	18.58	-0.45	16.28	15.97	14.84	\$2,047.1	46.5	16.1	1	\$30.0	\$20.6
2008	1.68	-46.22	-45.23	1.80	-45.25	-10.01	-10.70	\$1,248.9	63.7	100.0	1	\$25.2	\$15.4
2009	6.79	-66.94	-64.03	5.45	-64.62	-29.76	-30.40	\$472.5	83.0	28.9	1	\$19.5	\$10.6
2010	2.49	6.00	9.04	0.88	7.35	16.36	15.26	\$507.2	76.5	12.0	1	\$19.4	\$10.4
2011	-1.10	55.43	55.32	-1.22	53.77	15.99	14.96	\$780.0	69.9	19.1	1	\$18.2	\$11.6
2012	-3.04	27.31	23.70	-3.75	22.85	10.94	9.79	\$933.2	56.1	39.6	1	\$16.6	\$11.1
3Q13	1.72	2.96	4.68	1.43	4.39	3.56	3.45	\$788.7	53.6	45.7	1	\$15.9	\$11.1

<sup>1</sup> Net of fees returns are net of investment management and performance-based fees. Actual investment management fees are used.

<sup>2</sup> NCREIF benchmark not examined as part of verification.

<sup>3</sup> For the period April 1, 2003 through December 31, 2003.  
Data shown January 1, 2002 through September 30, 2013.

# Americas Real Estate – RREEF America REIT III Composite

## Third Quarter 2013



### Organization and Presentation Standards

Deutsche Asset & Wealth Management - Americas Real Estate (the "Firm") is part of the Alternatives and Real Assets platform of Deutsche Asset & Wealth Management, a division of Deutsche Bank AG. The Firm specializes in creating and managing real estate investment portfolios across the risk spectrum, including private real estate equity, private real estate debt, as well as other blended or specialized strategies for institutional, high net worth and retail investors in the U.S. and abroad.

### Portfolios Eligible For The Composites And Types Of Portfolios

All discretionary, fee-paying portfolios are included in at least one composite. Portfolios are considered discretionary if the Firm has sole or primary responsibility for major investment decisions, including acquisitions, dispositions and financing. The existence of client-imposed investment restrictions may not preclude classification of a portfolio as discretionary where such restrictions do not inhibit the Firm from implementing its intended strategy. There is no minimum portfolio asset size requirement for inclusion in a composite and no assets are included in any composite that is not a part of the Firm.

A portfolio is included in a composite in the first full quarter after the first investment is purchased. From 01/01/2002 to 09/30/2010, a portfolio with an investment purchased on the first day of the quarter is included in a composite for that quarter. Effective 10/01/2010, a portfolio with an investment purchased on the first day of the quarter is excluded from a composite for that quarter. A portfolio with its last investment sold on the last day of a quarter is excluded from a composite for that quarter. Effective 01/01/2012, a portfolio with an investment purchased on the first day of the quarter is included in the composite for that quarter. A portfolio with its last investment sold on the last day of a quarter is included in the composite for that quarter.

### Americas Real Estate – RREEF America REIT III Composite

The Americas Real Estate – RREEF America REIT III Composite is a value-added, open-end commingled composite structured as a private real estate investment trust (REIT) that seeks to provide institutional investors with highly competitive value-added investment returns. The composite's investment strategy includes the acquisition, physical improvement, market repositioning, active management and sale of well-located apartment, industrial, retail and office properties in major metropolitan markets across the continental United States. The strategy also includes up to 20% opportunistic investments primarily in the form of new development projects. The composite was created in March 2009. From 01/01/2002 to 09/30/2010, the RREEF Real Estate – RREEF America REIT III Composite was known as the "RREEF America REIT III Composite." This name change is effective 10/01/2010. From 10/01/2010 to 12/31/2012, the Americas Real Estate – RREEF America REIT III Composite was known as the "RREEF Real Estate – RREEF America REIT III Composite." This name change is effective 01/01/2013.

### Performance Results

Composite returns are calculated on an asset-weighted basis using beginning of period values adjusted for time-weighted external cash flows. Cash flows are time-weighted so portfolio returns reflect the time assets are actually held in the portfolio. Contributions and distributions are weighted based on the date of cash flow. Returns include cash and cash equivalents, related interest income and when applicable, the reinvestment of income. Income returns are based on accrual recognition of earned income. Capital expenditures are capitalized and included in the cost of the property and are reconciled through the valuation process and reflected in the capital return component. Returns are calculated on a quarterly basis. Annual returns are time-weighted returns calculated by geometrically linking quarterly returns. Income and capital returns may not equal total returns due to compounding effects of linking quarterly returns. Gross returns are presented before asset management and performance fees. Net returns are presented after asset management and performance fees. Gross and Net returns are calculated net of operating and fund expenses incurred on behalf of the underlying portfolios. Returns are calculated net of certain administrative expenses incurred on behalf of the underlying portfolios. Returns are presented and denominated in U.S. Dollars. Returns are presented net of leverage. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. A complete list and description of the Firm's composites is also available upon request.

# Americas Real Estate – RREEF America REIT III

## Composite

### Third Quarter 2013



#### Performance Results (continued)

Portfolios may be leveraged utilizing fixed and floating rate debt. Effective 01/01/2009, the impact of marking debt to market, where called for by the client agreement, is included in the performance of the composite. Material use of leverage is defined as the use of debt of any amount on any asset. Material use of derivatives is defined as the use of interest rate swaps and caps, the amount of which totals more than 5% of portfolio assets. Total Firm assets represent the aggregate fair market value of properties under management. Total Firm net assets represent the net asset value of all portfolios under management.

Assets are valued quarterly by the Firm. For both internal and external property valuations, the Firm relies on the application of market discount rates to project future cash flows and capitalized terminal values over the expected holding period. Prior to January 1, 2006, real estate assets were externally appraised by either a tax appraiser or an independent Member of the Appraisal Institute (MAI) at least once every 36 months, unless otherwise not required by a portfolio's Investment Management Agreement and certain properties under development. Effective January 1, 2006, all properties were externally appraised by either a tax appraiser or an independent Member of the Appraisal Institute (MAI) at least once every 36 months. Effective January 1, 2011, assets are externally appraised by either a tax appraiser or an independent Member of the Appraisal Institute (MAI) at least once every 12 months unless client agreements stipulate otherwise, in which case real estate investments are externally appraised at least once every 36 months or per the client agreement if the client agreement requires external valuations more frequently than every 36 months.

Composite dispersion measures represent the consistency of composite performance with respect to the individual portfolio returns within the composite. Composite dispersion is measured by the high and low returns for the periods presented.

Past performance is not indicative of future results. Other methods may produce different results and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio. Care should be used when comparing these results to those published by other investment advisers, other investment vehicles and unmanaged indices due to possible differences in calculation methods.

#### Fees

The REIT earns an annual asset management fee equal to .6% of the aggregate gross fair value of all of the REIT's real estate investments. As of April 1, 2009, the Board of the REIT approved a reduction in the asset advisory fee to .3% of the aggregate fair value of all of the REIT's real estate investments. As of January 1, 2013, the Board of the REIT approved a reduction in the fee up to 125 basis points of the REIT's month-ending net asset value, with 105 basis points paid monthly.

The REIT also earns a performance fee, which is determined at the end of a three year compensation period. The fee, which is payable in common stock of the REIT and subject to a 50% holdback, is based on 15% of the excess by which the estimated ending equity of the investments exceeds the hurdle value that would result in an 8% real internal rate of return. Pursuant to the amended Investment Management Agreement, effective April 1, 2009, the performance fee is suspended until cumulative investor distributions equal cumulative contributions. As of January 1, 2013, the Board of the REIT approved a revised performance fee equal to 10 basis points deferred until the sale of the final asset and the additional 10 basis points paid upon investors receiving a 9% investment rate of return.

#### NCREIF Fund Index – ODCE Benchmark

The National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index – Open-End Diversified Core Equity (NFI-ODCE) is a fund-level capitalization-weighted, time-weighted return index and includes property investments at ownership share, cash balances and leverage.

#### Compliance Statement

The Firm claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. The Firm has been independently verified for the periods January 1, 2002 through September 30, 2012. The verification report is available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Americas Real Estate - U.S. Direct RREEF America REIT III Composite has been examined for the periods January 1, 2002 through September 30, 2012. The verification and performance examination reports are available upon request. Verification does not ensure the accuracy of any specific composite presentation.

# Summary of Strategic Plan assumptions



- The inputs to the Strategic Plan are based upon a number of factors, including the terms of debt financing, leases in place, property budgets and other property specific matters, as well as assumptions as to macro and micro economic activity. This information is included in detailed sell analyses with respect to each asset. These analyses, which are periodically updated, have been developed by Deutsche Asset & Wealth Management (with input from JV partners where applicable), and represent Deutsche Asset & Wealth Management's estimate of the sources and uses of cash with respect to a particular asset, based upon, among other things, assumptions as to developmental and operational costs, the terms and availability of financing, and the anticipated timing and manner of realization upon such asset. These analyses are subject to a review process, which results in the revision of anticipated cash flows or the strategy for an asset, based upon actual or anticipated changes in market conditions, the condition and market for the asset, debt maturities and similar matters
- The cash flows model used to generate certain of the information presented herein, particularly future asset sales, debt financing, and other Fund capital activity. This information constitutes projections, which may or may not be realized. Actual results may differ, perhaps materially, from the information contained herein. See "Performance Notes" for additional information
  - The Fund model is the result of a detailed "bottom-up" analysis constructed as follows:
    - The projected cash flows start from the beginning of period cash position of the Fund
    - Following that the projected cash flows with respect to each investment set forth in the business plans are input into the model, which aggregates the data for each period indicated
    - The projected timing of dispositions are specific to each asset, with the overall goal of maximizing risk adjusted returns. Proceeds ultimately realized are based upon the capitalization of projected asset income at the time of sale
    - Where applicable, general property level loan refinancing assumptions are utilized based upon loan to value thresholds or projected in-place income
    - The model then calculates the projected total potential distributable cash based upon the terms of Fund level financing, as well as Fund level income and expenses. In more detail
      - Fund management fees are accounted for and are assumed to be payed on a monthly basis per terms of the board approved management agreement amendment
      - Fund overhead assumptions (audit, tax, insurance, etc.) are consistent with historical expenses
- The sum of all the above items results in RREEF America REIT III's net (distributable) cash position at the end of each given period
- Recovery value per share is calculated based on projected total capital distributions divided by total outstanding shares of 16,109,897
- Please see the following page for a list of key cash flow model assumptions

This information is a forecast and due to a variety of uncertainties, and assumptions made in our analysis, actual events or results or the actual performance of the markets covered may differ from those presented.

# Summary of Strategic Plan assumptions (continued)



<b>Operating property cash flows</b>	<ul style="list-style-type: none"> <li>▪ Based on 2013 Deutsche Asset &amp; Wealth Management Management's internal budgets (by property)</li> <li>▪ Prepared by individual portfolio manager for each property</li> </ul>
<b>Development property cash flows</b>	<ul style="list-style-type: none"> <li>▪ Based on 2013 Deutsche Asset &amp; Wealth Management Management's internal development budgets (by asset)</li> <li>▪ Prepared by development manager for each asset</li> <li>▪ Includes recently approved Domain development and operating plan</li> </ul>
<b>Asset sale assumptions</b>	<ul style="list-style-type: none"> <li>▪ Sale recommendations based upon economic, property level, and capital market analysis (includes input from Deutsche Asset &amp; Wealth Management's Research/CIO Group and Investment Committee)</li> </ul>
<b>Residual sale proceeds</b>	<ul style="list-style-type: none"> <li>▪ Exit Cap rate applied to 12-month forward NOI and based on Deutsche Asset &amp; Wealth Management's management assumptions:             <ul style="list-style-type: none"> <li>— Industrial: 7.00% - 10.00%</li> <li>— Office: 6.50% - 9.75%</li> <li>— Retail: 7.00% - 9.00%</li> <li>— Residential: 6.50% - 7.00%</li> </ul> </li> <li>▪ Closing costs range between 1.50% - 3.00% of gross residual proceeds before debt paydown</li> </ul>
<b>Loan refinancing assumptions</b>	<ul style="list-style-type: none"> <li>▪ Loans projected to mature before the collateralized asset is sold are projected to be refinanced at market rates</li> </ul>
<b>Fund level expenses</b>	<ul style="list-style-type: none"> <li>▪ 125 basis point asset management fee (annual) based upon Fund net asset value with 10 basis points deferred and 10 basis points subject to 9% internal rate of return</li> <li>▪ Fund overhead consistent with historical expenses</li> </ul>
<b>Cash available for distribution</b>	<ul style="list-style-type: none"> <li>▪ Ending cash balance of \$145 million as of 9/30/13</li> <li>▪ Distributions commenced in January 2013 and are driven by existing cash and potential dispositions</li> <li>▪ Share price and IRR estimates calculated from projected quarterly cash available for distribution and total outstanding shares</li> </ul>

This information is a forecast and due to a variety of uncertainties, and assumptions made in our analysis, actual events or results or the actual performance of the markets covered may differ from those presented.

# Performance Notes



The NCREIF Fund Index - Open End Diversified Core Equity Index (NFI-ODCE), is the first of the NCREIF Fund Database products and is an index of investment returns reporting on both a historical and current basis the results of 33 open-end commingled funds pursuing a core investment strategy, including 21 current active funds, some of which have performance histories dating back to the 1970s. The NFI-ODCE is a fund-level capitalization weighted, time-weighted return index and includes property investments at ownership share, cash balances and leverage (i.e., returns reflect the fund's actual asset ownership positions and financing strategy). In equal weighted performance analysis each property counts the same weight, regardless of the value of the fund. Index aggregates are typically value-weighted. Equal weighting however; is useful for statistical analysis as well as peer comparisons. Some of the NPI query tools and Fund Level Indices provide Equal-Weighted Return Analysis, however the overall index is published on a Value-Weighted Basis.

The Fund NAV (and accordingly, the Fund Share Price) is calculated based primarily on values from independent appraisals of real estate assets and Management's estimate of Fair Market Value of the Fund's debt obligations. These values include substantial unrealized appreciation and do not purport to present the net realizable, liquidation or fair value of the Fund as a whole. Please note that 19 of the Fund's 61 assets were externally appraised during the third quarter 2013, with the remaining assets held at their prior carrying value plus capitalized costs. This may distort the results. Differences in valuation cycles and frequency may make the performance results not comparable. Please refer to "Important Information" for further information.

The Fund has substantially completed its restructuring plan. However, there can be no assurance that the Fund will be able to remain in compliance with the terms of its financial obligations, or to obtain additional capital in order to satisfy its liquidity needs.

The financial data herein is based, in part, on management's business plans and budgets as of the date indicated and takes into account such factors and assumptions as management deems relevant including property operations and portfolio level expenses. However, events assumed to occur may not occur, and other events may occur which were not assumed to occur or otherwise taken into account in preparing the data contained herein. Such events could materially affect the analysis. In addition, changes in a number of factors, including (without limitation) global and local economic conditions, the growing global economic crisis, the availability of credit (or lack thereof), the level of interest rates and other credit terms, demand for certain types of investments and a number of other factors may cause the actual results to vary, perhaps significantly, from the financial data contained herein. You and your advisers should consider the impact of current economic conditions, which are unprecedented, in evaluating the information contained herein.

Moreover, the information set forth above speaks only as of the date indicated; it was not revised to take account of events which have occurred subsequent to the date indicated. Accordingly, it may not be representative of values or the amount that may ultimately be received with respect of an investment. No assurance can be given as to the actual events that may occur or the appropriate assumptions to be applied. Net performance results are after asset management and incentive fees. No representation or warranty is made as to the actual amounts that will be distributed with respect to your investment. Information herein includes or is based upon certain "forward-looking statements." These forward-looking statements include, but are not limited to, the plans, projections, objectives, expectations and intentions of the Fund and its advisers and other statements contained herein that are not historical facts. These statements are based on current beliefs or expectations and are inherently subject to significant uncertainties and changes in circumstances, many of which are beyond the Fund's control. Actual results may differ materially from these expectations due to changes in, among other things, global, political, economic, business, competitive, market and regulatory factors.

Past performance is not indicative of future results. Net performance results are after asset management and incentive fees. This information includes or is based upon certain "forward-looking statements." These forward-looking statements include, but are not limited to, the plans, projections, objectives, expectations and intentions of the Fund and its advisers and other statements contained herein that are not historical facts. These statements are based on current beliefs or expectations and are inherently subject to significant uncertainties and changes in circumstances, many of which are beyond the Fund's control. Actual results may differ materially from these expectations due to changes in, among other things, global, political, economic, business, competitive, market and regulatory factors. The final NAV and performance results, as revised, will be published following the Fund's quarterly Board of Directors meeting in the Fund's quarterly report and shall supersede in their entirety any estimates contained herein.

# Important information



Deutsche Asset & Wealth Management represents the asset management and wealth management activities conducted by Deutsche Bank AG or any of its subsidiaries. Clients will be provided Deutsche Asset & Wealth Management products or services by one or more legal entities that will be identified to clients pursuant to the contracts, agreements, offering materials or other documentation relevant to such products or services. In the U.S., Deutsche Asset & Wealth Management relates to the asset management activities of RREEF America L.L.C.; in Germany: RREEF Investment GmbH, RREEF Management GmbH, and RREEF Spezial Invest GmbH; in Australia: Deutsche Australia Limited (ABN 37 006 385 593) an Australian financial services license holder; in Japan: Deutsche Securities Inc. (For DSI, financial advisory (not investment advisory) and distribution services only); in Hong Kong: Deutsche Bank Aktiengesellschaft, Hong Kong Branch (for direct real estate business), and Deutsche Asset Management (Hong Kong) Limited (for real estate securities business); in Singapore: Deutsche Asset Management (Asia) Limited (Company Reg. No. 198701485N); in the United Kingdom: Deutsche Alternative Asset Management (UK) Limited, Deutsche Alternative Asset Management (Global) Limited and Deutsche Asset Management (UK) Limited; in Italy: RREEF Fondimmobiliari SGR S.p.A.; and in Denmark, Finland, Norway and Sweden: Deutsche Alternative Asset Management (UK) Limited and Deutsche Alternative Asset Management (Global) Limited; in addition to other regional entities in the Deutsche Bank Group.

An investment in real estate involves a high degree of risk, including possible loss of principal amount invested, and is suitable only for sophisticated investors who can bear such losses. The value of shares/ units and their derived income may fall or rise. Any forecasts provided herein are based upon Deutsche Asset & Wealth Management's opinion of the market at this date and are subject to change dependent on the market. Past performance or any prediction, projection or forecast on the economy or markets is not indicative of future performance.

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# **Ventura County Employees' Retirement Association**

**16 December 2013**

Anthony Freitas, CFA, Managing Director, Intuitional Client Business  
Tim Murray, CFA, Director, Beta Strategies



## Presenter Biographies

**Anthony R. Freitas**, CFA, Managing Director, is a member of the US and Canada Institutional team within BlackRock's Institutional Client Business. He is responsible for developing and maintaining relationships with institutional investors, including public and private pension plans, foundations and endowments.

Prior to joining BlackRock in 2004, Mr. Freitas was with Deutsche Asset Management, most recently as Managing Director and Regional Manager for client service. From 1993 to 2000, he was with Boston Partners Asset Management L.P. Initially a vice president responsible for West Coast client service, he became a Principal in 1995. Mr. Freitas began his career at Callan Associates in 1986 as a pension fund consultant.

Mr. Freitas earned a BA degree in political science from the University of California at Berkeley in 1982 and an MBA in finance from San Francisco State University in 1985.

**Timothy Murray**, CFA, Director, is an Index Equity strategist within BlackRock's Beta Strategies Group.

Mr. Murray's service with the firm dates back to 2007, including his years with Barclays Global Investors (BGI), which merged with BlackRock in 2009. Prior to moving to his role as a product strategist, Mr. Murray was a senior portfolio manager and team leader in BlackRock's Institutional Index Equity Portfolio Management Group. Before joining BGI, Mr. Murray was a manager at State Street working with asset managers on trade processing and settlement. Prior to State Street, he was a financial advisor at Merrill Lynch.

Mr. Murray earned a BS degree in finance from California State University, Sacramento, in 2002, and an MBA degree from the University of California, Davis, in 2013.

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# I. BlackRock Update

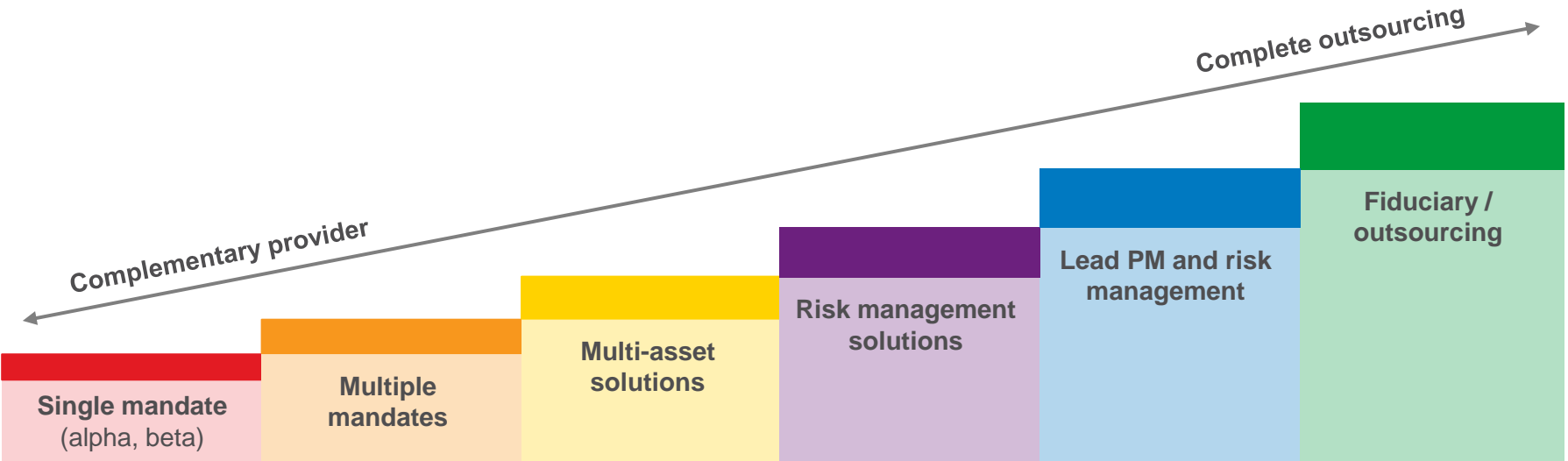
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# BlackRock: Clients are our sole focus

We aspire to be the most respected investment and risk manager in the world for clients

- ▶ Understand the outcome each client is looking to achieve
- ▶ Recognize the core of any investment solution is performance
- ▶ Protect our clients' interests through our investments in risk management, analytics and systems

We seek to provide what investors need – from a single asset class mandate to full outsourcing



# Firm culture and structure reinforce our client-centric approach

## Independent asset manager focused only on clients

- ▶ Established in 1988 and public since 1999 (NYSE: BLK)
- ▶ Independent Board of Directors
- ▶ No proprietary trading
- ▶ Group dedicated to corporate governance

## Deep understanding of regulatory requirements

- ▶ Manage portfolios for clients subject to varied and complex regulatory regimes
- ▶ Operate on behalf of investors under 50 regulatory authorities worldwide
- ▶ Significant experience managing portfolios for official institutions and governments

## BlackRock Solutions® foundation for managing risk

- ▶ Deliberate, diversified and scaled risk enables us to invest with conviction in pursuit of alpha
- ▶ Internally developed risk tools and analysis offered directly to clients as a service
- ▶ Reinforces transparency and our responsibility to clients

## History of innovation and evolution to better serve investors

<b>1970s</b>	<ul style="list-style-type: none"><li>• Pioneered index and quantitative investing</li></ul>
<b>1980s</b>	<ul style="list-style-type: none"><li>• Created the First Term Trust (closed-end fund)</li><li>• Initiated fixed income and international indexing</li></ul>
<b>1990s</b>	<ul style="list-style-type: none"><li>• Created the industry's first target date fund</li><li>• Introduced exchange-traded funds under World Equity Benchmark Shares (WEBS) brand (now iShares® ETFs)</li></ul>
<b>2000s</b>	<ul style="list-style-type: none"><li>• Launched BlackRock Solutions® for risk management and advisory services</li><li>• Enhanced capabilities by strengthening equities, and adding alternatives, real estate, passive, and scientific investments</li><li>• Launched Financial Markets Advisory business</li></ul>
<b>2010s</b>	<ul style="list-style-type: none"><li>• Engaged by US and European governments for critical risk assessments and banking sector stabilization strategies</li><li>• Launched BlackRock Investment Institute</li><li>• Introduced Global Capital Markets desk</li><li>• Launched first target maturity fixed income ETF</li><li>• Created an index to track sovereign credit risk (BlackRock Sovereign Risk Index)</li></ul>

Timeline includes history from predecessor entities

# Depth of investment resources maximizes performance potential

## Organization drives idea and analysis sharing

- ▶ 120 investment teams located in 15 countries connect through a common culture and operating platform
- ▶ The BlackRock Investment Institute (BII), our internal investor forum, facilitates sharing and debates insights
- ▶ Daily global meeting for BlackRock's 1,700+ investment professionals to discuss markets, portfolio positioning and ongoing trends
- ▶ Chief Investment Officers ensure rigorous, deliberate and repeatable investment processes

## Investors benefit from scale of infrastructure

- ▶ Capital markets presence, scale and counterparty access increases liquidity and improves execution
- ▶ Centralized trading function maximizes allocations and reduces transaction costs
- ▶ Dedicated Risk & Quantitative Analysis (RQA) professionals partner with portfolio teams to monitor and analyze risk
- ▶ Proprietary **Aladdin**<sup>®</sup> platform integrates portfolio management, risk analytics, trading and operations

### Built to generate alpha

#### Collective expertise

Investment  
Research

Daily  
Global Meeting

BlackRock  
Investment  
Institute

Chief Investment  
Officers

#### Global infrastructure

Trading

Dedicated Capital  
Markets

Aladdin<sup>®</sup>

Risk &  
Quantitative  
Analysis

## BlackRock Mission Statement

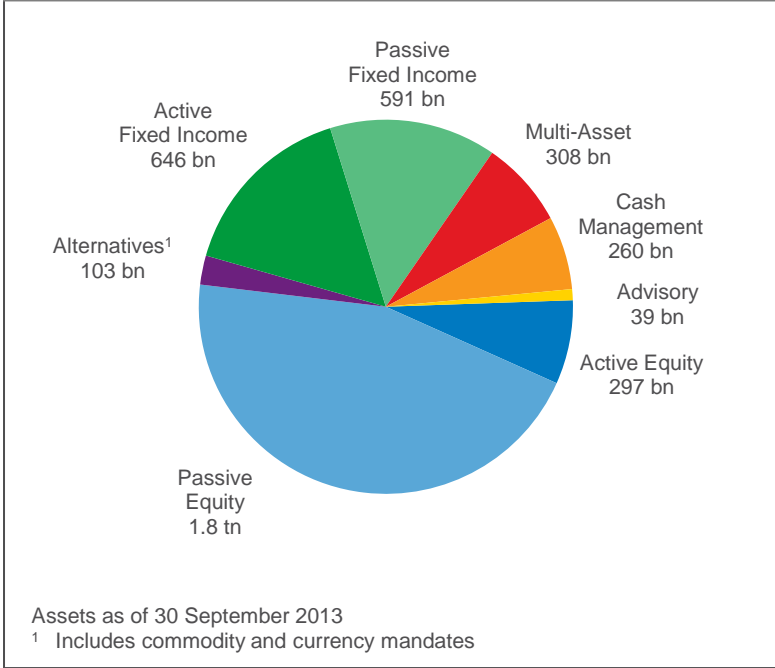
**Create a better financial future for our clients by building the most respected investment and risk manager in the world**

### BlackRock facts\*

- ▶ Established in 1988
- ▶ NYSE: BLK
- ▶ \$4.10 trillion assets under management
- ▶ More than 10,000 employees
- ▶ More than 1,700 investment professionals
- ▶ 68 offices in 30 countries
- ▶ 24 primary investment centers
- ▶ Clients in over 100 countries
- ▶ Over 675 iShares® ETFs
- ▶ BlackRock Solutions® oversees \$14.1 trillion in assets
- ▶ Financial Markets Advisory business managed or advised on over \$8 trillion in asset and derivative portfolios
- ▶ Transition Management team partners with clients to save costs and reduce risks when changing investment exposures

\* As of 30 September 2013

### \$4.10 trillion managed across asset classes



# Positioned to address client needs

## Breadth of capabilities enables outcome-based solutions tailored to individual client objectives

### \$4.10 trillion in assets under management

#### Equity

\$2.1 trillion

- Capabilities across investment styles: index, active fundamental, scientific and absolute return
- Global, regional and sector-specific investing

#### Fixed Income

\$1.2 trillion

- Manage strategies across benchmark types and styles: index, fundamental, model-based and absolute return
- Specialized experts covering all market sectors

#### Alternatives

\$103 billion

- Specialized capabilities across real estate, private equity, direct hedge funds, fund of hedge funds, infrastructure and renewable power
- Solutions-oriented approach extends to alternatives portfolio construction

#### Multi-asset

\$308 billion

- Outcome focused: target-date, balanced risk-factor, and liability-driven investing
- Asset-class agnostic perspective facilitates unbiased market views, advice, and portfolio solutions

#### Cash

\$260 billion

- Recognized as 'go to' leader in credit and liquidity
- Flexible product range across multiple currencies

### Scalable services and infrastructure

#### Risk Management

- Centralized platform analyzes risk across asset classes
- Leverage for risk management, investment decision support and performance analytics

#### Advisory

- Advise public and private financial institutions on complex capital markets and balance sheet exposures
- Managed or advised on over \$8 trillion in asset and derivative portfolios

#### Transition Management

- Partner with clients to help save costs and reduce risks when changing investment exposures
- Executed over 3,400 individual transitions with assets totaling \$2.5 trillion over the past five years

#### Securities Lending

- Focus on research, technology and coordination with portfolio management functions that seek to deliver above market returns
- Covers securities in over 30 markets globally

#### Trading

- More than 50,000 trades per day across equity, fixed income, cash, currency and futures
- 24-hour global coverage across seven trading desks

AUM As of 30 September 2013



# BlackRock corporate governance

## BlackRock is a public company

- ▶ Established in 1988 and public since 1999 (NYSE: BLK)

## Independent ownership structure

- ▶ Board composed of 19 Directors: 13 independents, 3 BlackRock, 1 Bank of America, and 2 PNC
- ▶ No majority shareholder: 21.9% the PNC Financial Services Group, Inc.; 78.1% institutional investors, employees, and the public<sup>1</sup>

### Board Members

Abdlatif Al-Hamad*	David Komansky*
Mathis Cabiallavetta*	Sir Deryck Maughan*
Dennis Dammerman*	Thomas Montag
Bill Demchak	Thomas O'Brien*
Jessica Einhorn *	James Rohr
Laurence Fink	Ivan Seidenberg*
Fabrizio Freda *	Marco Antonio Slim Domit*
Murry Gerber*	John Varley*
James Grosfeld*	Susan Wagner
Robert Kapito	

\*Independent

### Global Executive Committee (GEC)

Laurence Fink	<i>Chairman &amp; Chief Executive Officer</i>
Robert Kapito	<i>President</i>
Philipp Hildebrand	<i>Vice Chairman</i>
Barbara Novick	<i>Vice Chairman</i>
Kendrick Wilson	<i>Vice Chairman</i>
David Blumer	<i>Head of Europe, Middle East, and Africa</i>
Robert Fairbairn	<i>Head of Retail &amp; iShares</i>
Peter Fisher	<i>Senior Director, BlackRock Investment Institute</i>
Rob Goldstein	<i>Head of Institutional &amp; BRS</i>
Ben Golub	<i>Chief Risk Officer and Co-head of RQA</i>
Charles Hallac	<i>Chief Operating Officer</i>
Ken Kroner	<i>Head of Multi-Asset Strategies</i>
Richard Kushel	<i>Deputy COO &amp; Head of Strategic Product Mgmt</i>
Matt Mallow	<i>Chief Legal Counsel</i>
Mark McCombe	<i>Head of Asia Pacific</i>
Patrick Olson	<i>GEC Secretary &amp; Head of Strategy &amp; Planning</i>
Quintin Price	<i>Head of Alpha Strategies</i>
Linda Robinson	<i>Head of Marketing and Communications</i>
Amy Schioldager	<i>Head of Beta Strategies</i>
Gary Shedlin	<i>Chief Financial Officer</i>
Jeff Smith	<i>Head of Human Resources</i>
Derek Stein	<i>Head of Business Operations</i>
Mark Wiedman	<i>Head of iShares</i>

<sup>1</sup> Denotes approximate economic ownership interest as of December 31, 2012. With regard to voting stock, PNC owned 20.8% and institutional investors, employees and the public owned 79.2% of voting shares.

As of 30 September 2013

## II. Holdings and Performance Summary

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# Ventura County Employees' Retirement Association Holdings & Performance Summary

As of 30 November 2013

	November 2013 %	FY 2014%	YTD 2013 %	1-Year %	Since Inception %	AUM
<b>Ventura County Employees' Retirement System</b>						
<b>US Equity Market Fund</b> (inception 6/02/2008)	<b>2.92</b>	<b>13.98</b>	<b>30.11</b>	<b>31.75</b>	<b>7.88</b>	<b>\$1,133,646,386</b>
Dow Jones U.S. Total Stock Market Index	2.92	13.91	30.05	31.64	7.79	
Tracking Difference	0.00	0.07	0.06	0.11	0.09	
<b>Extended Equity Market Fund</b> (inception 9/30/2002)	<b>2.49</b>	<b>16.09</b>	<b>34.33</b>	<b>37.94</b>	<b>13.12</b>	<b>\$42,049,047</b>
Dow Jones U.S. Completion Total Stock Market Index	2.40	15.85	34.01	37.52	13.04	
Tracking Difference	0.09	0.24	0.32	0.42	0.08	
<b>ACWI Equity Index Fund</b> (inception 6/27/2012)	<b>1.54</b>	<b>13.92</b>	<b>21.21</b>	<b>23.99</b>	<b>24.79</b>	<b>\$209,076,798</b>
MSCI ACWI Net Dividend Return Index	1.42	13.83	20.72	23.45	24.33	
Tracking Difference	0.12	0.09	0.49	0.54	0.46	
<b>ACWI ex-US IMI Index Fund</b> (inception 5/30/2008)	<b>0.11</b>	<b>14.50</b>	<b>14.97</b>	<b>19.03</b>	<b>0.72</b>	<b>\$287,935,509</b>
MSCI ACWI ex-U.S. IMI Index	0.12	14.48	14.68	18.73	0.52	
Tracking Difference	-0.01	0.02	0.29	0.30	0.20	

\*Returns since inception for periods greater than one year are annualized

# Ventura County Employees' Retirement Association Holdings & Performance Summary

As of 30 November 2013

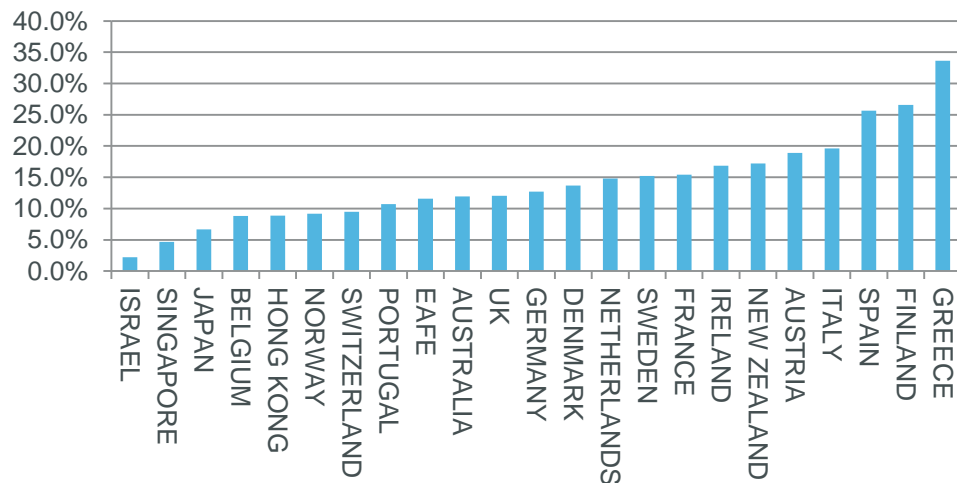
	November 2013 %	FY 2014%	YTD 2013 %	1-Year %	Since Inception %	AUM
<b>Ventura County Employees' Retirement System</b>						
<b>US Debt Index Fund</b> (inception 12/31/1995)	<b>-0.39</b>	<b>0.98</b>	<b>-1.34</b>	<b>-1.47</b>	<b>5.73</b>	<b>\$131,853,363</b>
US Equity Market Fund	-0.37	1.00	-1.47	-1.61	5.63	
Tracking Difference	-0.02	-0.02	0.13	0.14	0.10	
<b>Total AUM</b>						<b>\$1,804,561,103</b>

\*Returns since inception for periods greater than one year are annualized

## III. Market Outlook

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## Q3 2013 Benchmark Return



## USD impact on MSCI World

► In 3Q13, USD was down vs. major developed currencies:

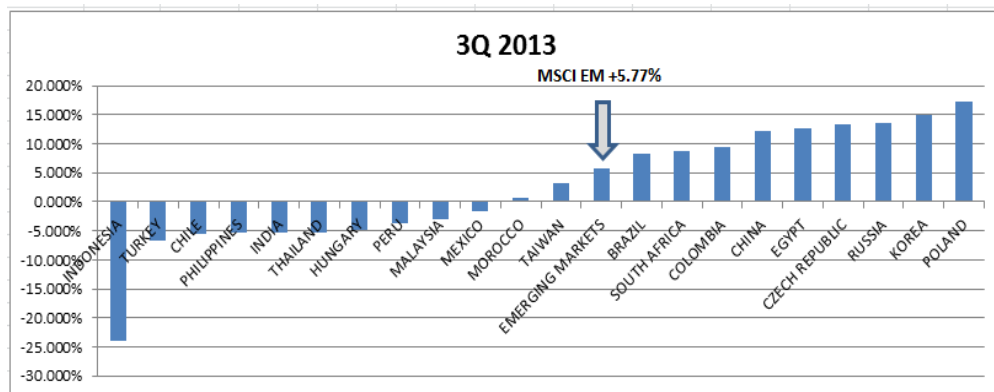
- 6.34% vs GBP
- 4.43% vs CHF
- 3.97% vs EUR
- 2.56% vs CAD
- 2.11% vs AUD
- 1.22% vs JPY

► Overall, the currency performance helped U.S. investors in international equities, as the MSCI EAFE index was up 7.50% in local currency terms, but was up 11.56% in U.S. dollar terms

## Positive returns in Q3 2013

- Global equity market performance was generally positive last quarter on continued central bank intervention, better than forecast macroeconomic data, and increased M&A activity.
  - For the quarter, MSCI World was up 6.40% and MSCI EAFE was up 7.50% (in local currency with net dividends reinvested).
    - July: Global equity indexes rallied in July on stronger than expected macro data and a dovish tone from Fed members. A positive start to the earnings season and the announcement of several M&A deals also contributed to outperformance. Markets rallied despite political uncertainty in Portugal and Spain and the ousting of President Morsi in Egypt.
    - August: Comments from central bank officials around the world supported the markets through the beginning of August. However, the global equity indexes declined for the rest of the month on continued speculation that the Fed would begin tapering quantitative easing later this year. Increased tensions in Syria and Egypt also weighed on the markets.
    - September: Positive performance returned in September as Syria agreed to Russia's plan to turn over its chemical weapons and the Fed maintained its easing policies unchanged. However, the quarter ended on a negative note as an imminent US government shutdown loomed following the failure of lawmakers to reach an agreement in budget negotiations.

# Emerging Markets Update Q3 2013



## Top Country – Poland (+17.17)

- ▶ Emerging EMEA was the strongest region during the quarter. Poland and the Czech Republic outperformed, helped by better domestic and eurozone economic data. Russia performed better than the MSCI EM index, supported by the energy sector which benefited from strength in oil prices

## Bottom Country – Indonesia (-23.96%)

- ▶ The market suffered on concerns about reduced global liquidity, especially as data showed that the current account posted a record deficit in the second quarter. Authorities also tightened monetary policy amid significant currency weakness and elevated inflationary pressure

## Positive returns in Q3 2013

- ▶ MSCI Emerging Markets returned 5.77% in Q3. 11 of 21 countries had positive returns. EM underperformed DM peers. Global equity market performance was generally positive in the third quarter on continued central bank intervention and better than forecast macroeconomic data.
  - Global indices rallied in July despite the ousting of President Morsi in Egypt.
  - August was met with headwind on continued speculation that the Fed will begin tapering quantitative easing later this year and on increased tensions in Syria and Egypt.
  - September moved into positive territory, fueled by the Fed's surprise no-taper monetary policy, Syria's agreement to turn over its chemical weapons over to Russia, and People's Bank of China's liquidity injections.
  - However, the outperformance was tempered by an imminent U.S. government shutdown following the failure of lawmakers to reach an agreement in budget negotiations.
  - The prospect of a reduction in global liquidity led to worries over the ability of a number of emerging market countries to finance their current account deficits.

# Emerging Markets Investment Insight

## EM headwinds in the near term

- ▶ Recent outperformance in US securities
- ▶ Less accommodative monetary regime
- ▶ Escalation of violence in the Middle East resulting in higher oil prices
- ▶ Concerns over the Chinese banking system
- ▶ Stronger dollar

## EM story remains intact longer term

- ▶ EM stock valuations appear cheap relative to their growth prospects and healthy corporate profits, and favorable as compared to DM stocks
- ▶ Lower sovereign debt than DM
- ▶ Healthy corporate leverage (i.e., higher interest coverage ratios)
- ▶ Significant currency reserves. Countries have a buffer in the event there is an exodus of foreign capital.
- ▶ Stable current account balances Countries are not so reliant on external funding.
- ▶ Notable EM countries with sound fundamentals:
  - China – Better than expected economic data, improving industrial sector profit, and large foreign reserves.
  - Brazil - Central bank's intervention has been successful in minimizing the volatile currency market.

## 2013 MSCI Annual Market Reclassification

From		To	Country	Date
Developed	➡	Emerging	Greece	Nov-13
Emerging	➡	Frontier	Morocco	Nov-13
Frontier	➡	Emerging	Qatar	May-14
Frontier	➡	Emerging	United Arab Emirates	May-14

- ▶ Impact to developed and emerging markets indices is expected to be minimal, given the relatively small weights involved (all under 1%)
  - In Greece, 2 names will be demoted from DM to EM, and an additional 6 names will be added to EM. The projected EM weight for Greece is 0.35%.
  - In Morocco, 3 names with a combined MSCI EM weight of 0.08% will be demoted from EM to Frontier.



# MSCI August Rebalance

Benchmark	1-Way TO	Adds	Deletes
<b>MSCI EM</b>	<b>0.41%</b>	<b>5</b>	<b>2</b>
Asia	0.43%	3	1
EMEA	0.49%	1	0
Lat Am	0.32%	1	1
<b>MSCI EM SC</b>	<b>1.43%</b>	<b>2</b>	<b>8</b>
Asia	1.25%	1	5
EMEA	0.41%	0	1
Lat Am	4.13%	1	2

“Untrad. Gap” is the return from close prior to announcement to open after announcement (8/14 close to 8/15 open). “Inclusion period” is the return from open after announcement to close on the effective day (8/15 open to 8/30 close). “Rebalance Day” is the return from open to close on the effective day (8/30 open to close)

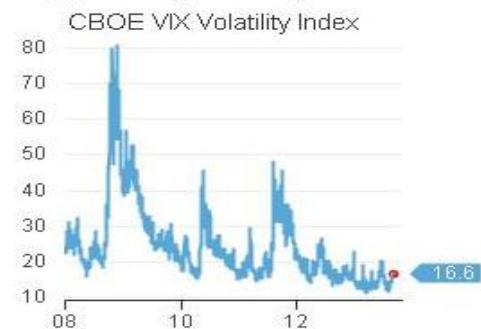
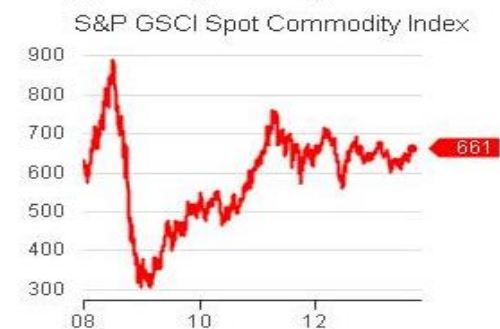
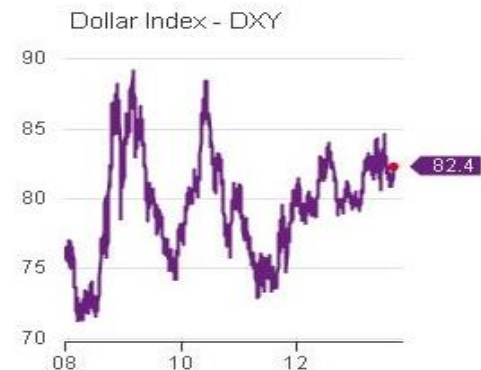
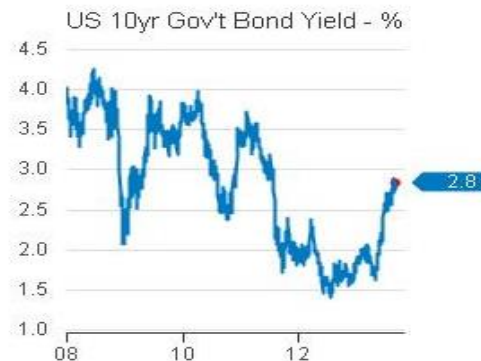
PERFORMANCE	MSCI Emerging Markets		
	Untrad. Gap	Inclusion Period	Rebalance Day
<b>Additions</b>	1.47%	0.53%	1.91%
<b>Deletions</b>	-0.63%	-23.01%	-3.76%
<b>Funding</b>	-0.61%	-0.95%	0.72%
<b>Reinvestment</b>	-0.08%	-4.06%	1.57%
<b>FIF/Sh. Increases</b>	-0.07%	-0.80%	2.14%
<b>FIF/Sh. Decreases</b>	-0.75%	-11.40%	-0.48%
<b>All Buys</b>	0.68%	-0.48%	1.97%
<b>All Sells</b>	-0.69%	-15.37%	-1.64%
<b>Index</b>	0.00%	-2.48%	0.90%
<b>Additions - Deletion</b>	2.10%	23.54%	5.67%
<b>All Buys - Sells</b>	1.37%	14.89%	3.61%

## Results

- ▶ Traded USD \$1.5 B across iShares and Institutional. All orders excluding Hong Kong were traded on an agency basis at a reduced commission of 3 bps, which generated an additional implied savings of \$ 450,898 USD.
- ▶ Outperformed the close by +32 bps / \$4,811,751 USD, capturing 886 bps of the intraday move.
- ▶ As a whole, the trade went right way on the day. Similar to May, the right way move occurred gradually over the day as opposed to the last couple hours, where recent trades have tended to make the large right way moves. Within our rebalance, the bulk of the outperformance came from Asia, followed by Latin America, with EMEA coming in at slightly positive.
- ▶ Consistent with what we saw in the May 2013 rebalance, the trade has reversed through the close of T+4. The post trade return has been larger than we've seen in the past, with current reversal of -812 bps, with the bulk of it (-515 bps) coming on 9/5. Prior to November of last year, the trade had historically run from T+1 through T+5 eliminating the opportunity to capture additional performance on the tail.

Source: BlackRock, MSCI and BarCap Reports.

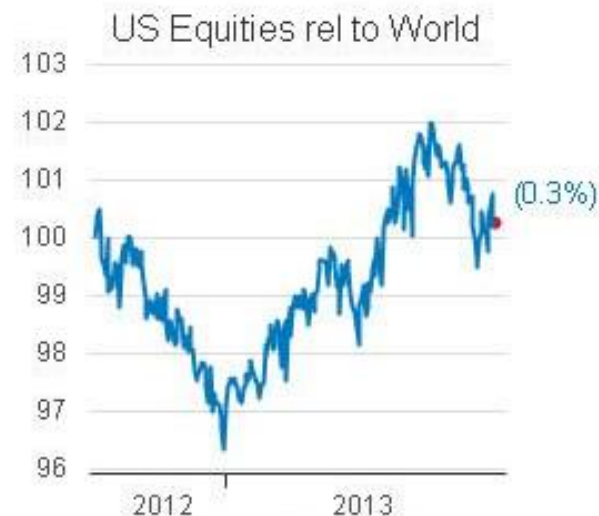
# Global Market Overview



- ▶ On the heels of a sharp June sell-off spurred by the notion of the US Federal Reserve (the “Fed”) reducing monetary stimulus before the end of 2013, global equity markets began the third quarter with a strong rebound driven by a more dovish tone from the central bank.
- ▶ Improving economic indicators in developed countries and a positive outlook for corporate earnings also helped equities advance in July.
- ▶ Mixed economic data along with conflicts in the Middle East and North Africa drove high levels of market volatility in August. Equities slid lower for the month of August and the stage was set for a rocky September as investors faced a number of looming macro risks.
- ▶ Despite headwinds from the previous month, September saw positive developments stemming from the Fed maintaining their monetary stimulus along with the easing of geopolitical instability around the globe. As a result, equity markets gain for the month even though stock prices declined in the final week.

Source: Thomson Reuters Datastream, BlackRock Investment Institute,

# US Market Overview



- ▶ Improving economic indicators in developed countries and a positive outlook for corporate earnings helped US equities advance in July.
- ▶ Mixed US economic data along with continued conflicts around the globe, drove high levels of market volatility and pushed equities down for the month of August.
- ▶ The US stock markets gain for September on the heels of the Fed defying market expectations and continued its pace of monetary stimulus, along with easing international tensions.
- ▶ As equity prices increased in recent months, US stocks became relatively expensive and underperformed international stocks in the third quarter. US large cap stocks underperformed small cap stocks and the more growth-sensitive segments of the market outperformed defensive stocks

Source: Thomson Reuters Datastream, BlackRock Investment Institute. MSCI US and MSCI World

## IV. Index Equity Update

---

# BlackRock Beta Strategies-- Americas

**Beta Strategies Leadership**

Amy Schioldager  
Head of Beta Strategies

## Beta Strategies Americas Teams

**Index Research**

9 research analysts  
4 research PhDs

*Predict and audit benchmark changes; Research value-added trade strategies*

**Index Portfolio Management**

22 institutional portfolio managers

*Systematically trade of return, risk and cost for equity index strategies*

**Index Asset Allocation**

13 portfolio managers

*Design, implement and rebalance multi-asset allocation strategies*

**Investment Strategy**

5 investment strategists

*Drive strategy innovation and design; through leadership and client service*

## Index and Scientific Equity Trading

## Risk & Quantitative Analysis (RQA) Group

# Beta Strategies: Americas Index Equity

**Amy Schioldager**  
Global Head of Beta Strategies

**Edward Corallo**  
Head of Americas Index Equity

**Corin Frost, CFA**  
Global Head of Index Product Strategy

**Debbie Jelilian**  
Chief Operating Officer

**Christopher Bliss, CFA**  
Head of Institutional Portfolio Management

**Greg Savage, CFA**  
Head of iShares Portfolio Management

**Creighton Jue, CFA**  
Head of Alternative Beta

**Matthew Lee, Ph.D.**  
Head of Research

**Stephanie Allen**  
Head of Index Research

**Sara Shores, CFA**  
Head of US Index Strategy

*North America*  
**Peter Sietsema, CFA**  
Senior Portfolio Manager

*International Developed*  
**Rachel Aguirre**  
Senior Portfolio Manager

*International Emerging*  
**Dina Ting, CFA**  
Senior Portfolio Manager

*U.S.*  
**Matt Goff, CFA**  
Senior Portfolio Manager

*Canada*  
**Jonathan Van Ginneken**  
Senior Portfolio Manager

*International Developed*  
**Diane Hsiung**  
Senior Portfolio Manager

*International Emerging*  
**Jennifer Hsui, CFA**  
Senior Portfolio Manager

**Amy Bryant, CFA**  
Portfolio Manager

**Mike Bradford, CFA**  
Portfolio Manager

**Eunie Chung**  
Portfolio Manager

**Mariela Jobson**  
Portfolio Manager

**Vishal Bhandari,**  
Portfolio Manager

**Thomas Quinby**  
Portfolio Manager

**Rene Casis**  
Senior Portfolio Manager

**Andrew Essig, CFA**  
Senior Portfolio Manager

**Yuying Gao, Ph.D.**  
Research Officer

**Basit Amin**  
Index Analyst

**Kristen Dickey**  
Product Strategist

**Karen Kraut**  
Global Platform Officer

**Haroldo Daltin**  
Portfolio Manager

**Molly Pulkrabek**  
Portfolio Manager

**Marsha Jong, CFA**  
Portfolio Manager

**Tracy McCay**  
Portfolio Manager

**Craig Dehner**  
Portfolio Manager

**Tom McCutchen**  
Senior Portfolio Manager

**Mike Gallagher, CFA**  
Portfolio Manager

**Shaun Ong, CFA**  
Portfolio Manager

**John Scruggs, Ph.D.**  
Research Officer

**Jason Holt\***  
Index Analyst

**Timothy Murray, CFA**  
Product Strategist

**Theresa Noriega-Lum**  
Global Business Manager

**Suzanne Henige, CFA**  
Portfolio Manager

**Nidhi Sinha**  
Portfolio Manager

**Stan Kiang**  
Portfolio Manager

**Alexis Ramenofsky**  
Portfolio Manager

**Joselle Duncan, CFA**  
Portfolio Manager

**Alexandre Frade\***  
Portfolio Manager

**Celeste Haratanl, CFA**  
Portfolio Manager

**Lei Zhang, Ph.D.**  
Research Officer

**Jim Millard**  
Index Analyst

**Jerry Sun**  
Product Strategist

**Louis Hsu, CFA**  
Portfolio Manager

**Tim Wong, CFA**  
Portfolio Manager

**Angela Liu, CFA**  
Portfolio Manager

**John Sun, CFA**  
Portfolio Manager

**Ernesto Tong, CFA**  
Portfolio Manager

**Neil Vassar, CFA**  
Portfolio Manager

**Corette Pinaroc**  
Index Analyst

**Zack Morris**  
Index Analyst

**Kelvin Dell\***  
Product Analyst

**John Hurabiell, CFA**  
Portfolio Manager

**Steven White**  
Portfolio Manager

**Sanjay Misra**  
Portfolio Manager

**Jyotika Wadhwa**  
Portfolio Manager

**Victoria Chin\***  
Index Analyst

**Savina Sidher**  
Index Analyst

**Ben Garland\***  
Product Strategist

**Chris Tachiki, CFA**  
Portfolio Manager

**Andrew Graver\***  
Product Strategist

**Jack Mortensen\***  
Product Strategist

**Timothy Parsons\***  
Product Strategist

\*Located outside of the US As of August 2013

# Business Update and Indexing Trends

## Global Leader in Index Equity Assets with AUM of \$1.88 trillion

- ▶ \$1,211 billion in institutional equity assets
- ▶ \$672 billion in iShares equity assets

## Trend towards global benchmarking

- ▶ Clients around the globe adopting a single global equity benchmark, often ACWI or ACWI IMI
- ▶ Implies a large secular shift in asset allocation
- ▶ Filling in non-US small cap exposure
- ▶ Resurgence of interest in Frontier Markets as the next Emerging Markets

## Alternative Index strategies continue to gain momentum

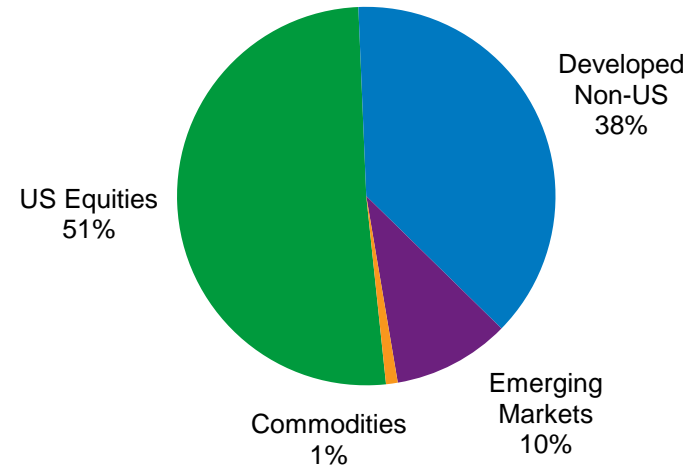
- ▶ Minimum Volatility Index strategies
- ▶ Fundamental Index strategies
- ▶ Custom risk factor strategies
- ▶ Economic Exposure Index strategies

## Big Changes afoot in your global equity portfolios

- ▶ Forthcoming promotions for Qatar and UAE
- ▶ Greece and Morocco downgraded to Emerging and Frontier, respectively

Data as of 09/30/2013

## Regional AUM Distribution



# Beta Strategies delivers unmatched precision and performance

## Performance with precision

- ▶ Skill and ingenuity lead to precise, reliable outcomes
- ▶ Each of thousands of decision points each year are an opportunity to preserve value for clients
- ▶ Backed by best in class experts for trading, risk, securities lending, tax...

## Constant evolution

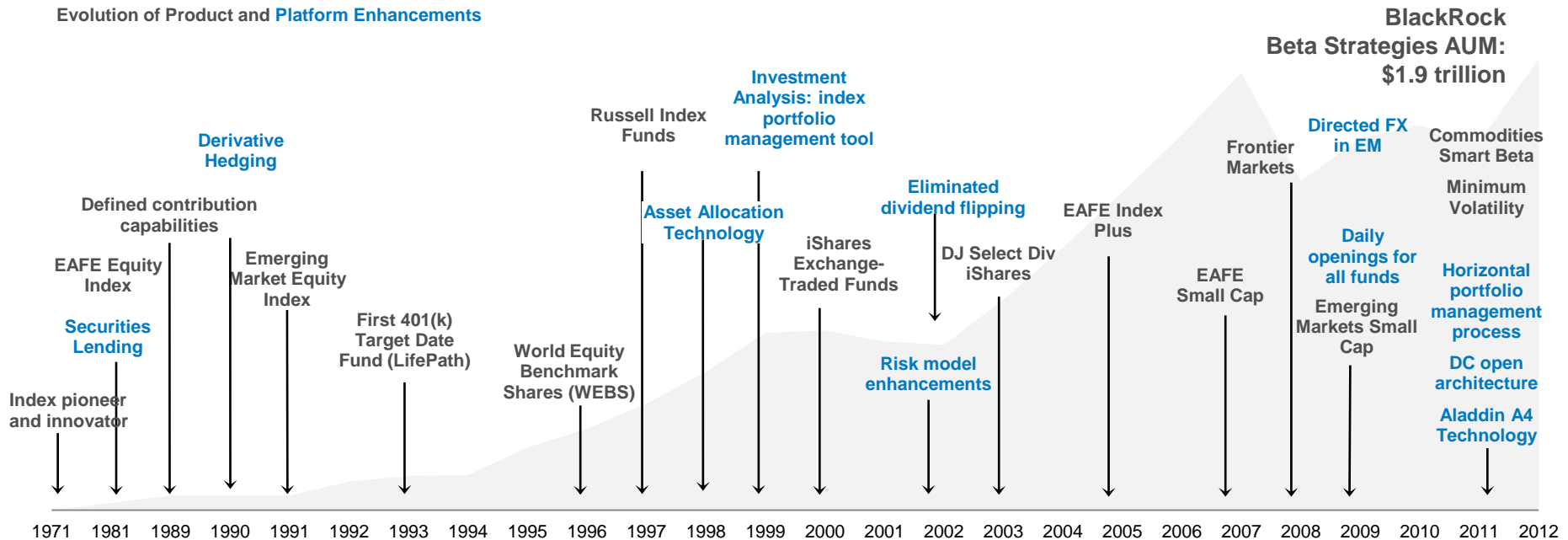
- ▶ Relentless in our quest to make beta better
- ▶ Rapid and flexible response and to trends, new markets and client demands
- ▶ Technology and scale advancements improve our ability to deliver performance as planned

## Putting clients first

- ▶ Free from conflicts of interest, we act as a fiduciary in every aspect
- ▶ Scale benefits translate to lower costs for clients
- ▶ Consistent performance as planned, with no surprises

## 40 Years of Beta Strategies Management

Evolution of Product and Platform Enhancements

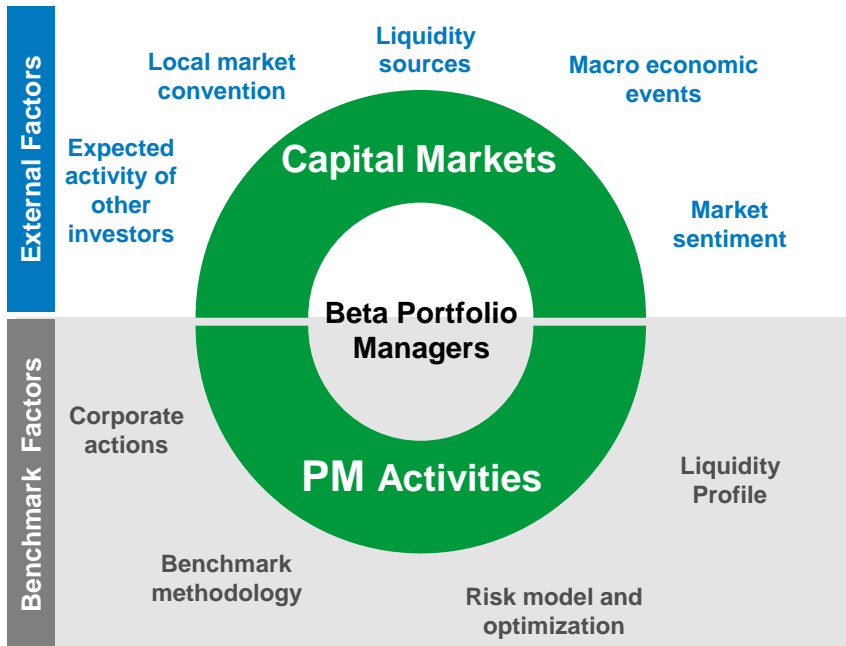




# Portfolio managers have thousands of opportunities

Our portfolio managers use skill and ingenuity to create precise and reliable performance outcomes, delivering benchmark returns as planned year in and year out

Beta Portfolio Managers are expert in



...to drive hundreds of decisions each year

- **Activity by Other Investors:** During index changes, PMs monitor pre-positions by other index and active investors to ensure our strategies are appropriately positioned.
  - **Macro economic events**– Employ proactive trading strategies for holdings domiciled in countries in turmoil (e.g. Egypt).
  - **Local Market Convention:** Improve spreads by moving from standing FX instructions with custodians in local markets to competitive FX dealing.
- 
- **Corporate Actions:** Each corporate action or index change represents a unique decision -- more than 200,000 opportunities annually -- to preserve or enhance returns.
  - **Risk Model and Optimization:** Carefully construct each trade to explicitly trade off risk and cost - we don't just buy a slice of the benchmark.
  - **Liquidity Profile** – Create creative trading strategies for less liquid positions
  - **Benchmark Methodology** - Influence Index Providers to improve benchmark's reflection of market reality.

# BlackRock's Core investment philosophy

## "Total Performance Management"

We believe that superior investment outcomes are best achieved through a disciplined, objective process to managing return, risk and cost

### Return

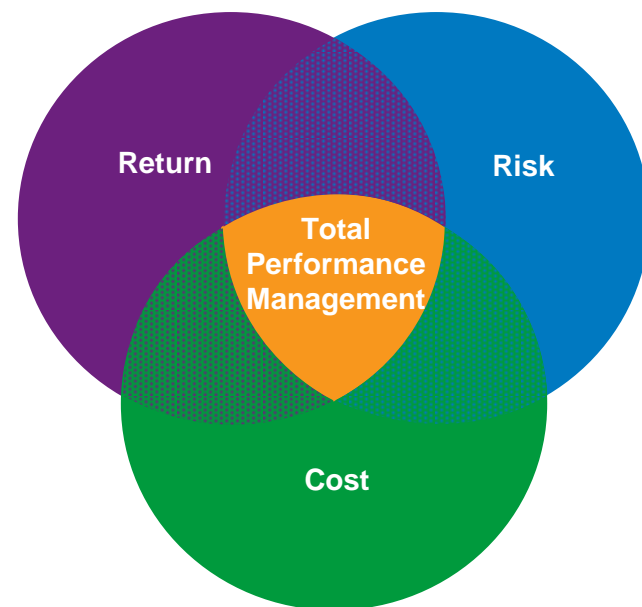
- ▶ Performance as planned with value added portfolio management
- ▶ Flexible strategies and solutions

### Risk

- ▶ Proprietary portfolio & risk management systems controls investment and operational risk

### Cost

- ▶ Trading costs integrated into portfolio construction using proprietary transaction cost models
- ▶ Transaction costs minimized through use of internal crossing network
- ▶ For all external trading including FX, focus on best execution



# 2013 MSCI Country Classification Review

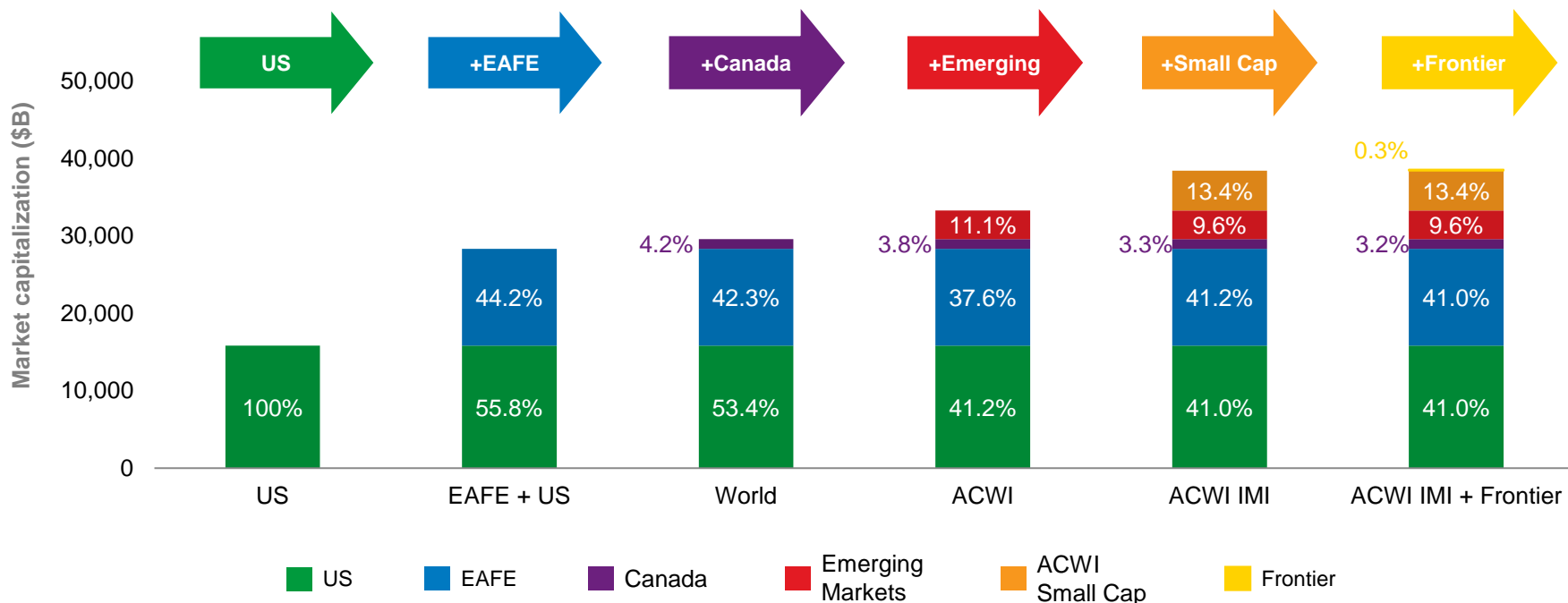
Country	2012 Classification	2013 Classification	Legacy Weight	New Weight	Net Trade <sup>1</sup>
<b>Upgrades</b>					
Qatar	Frontier	Emerging	15.36%	0.48%	Buy \$1.35 B
UAE	Frontier	Emerging	12.08%	0.41%	Buy \$1.1 B
<b>Downgrades</b>					
Greece	Developed	Emerging	0.01%	0.44%	Buy \$670 M
Morocco	Emerging	Frontier	0.08%	6.71%	Sell \$173 M
<b>Unchanged</b>					
South Korea	Emerging	Emerging	--	--	--
Taiwan	Emerging	Emerging	--	--	--

- ▶ Qatar and UAE will be effective at the May 2014 semi-annual index rebalance
- ▶ Greece and Morocco will be effective at the November 2013 semi-annual index rebalance
- ▶ Initiating review for inclusion of China A-shares into emerging markets
- ▶ Monitoring the situation Egypt; possibly launch consultation

Source: MSCI, as of 11/18/2013

<sup>1</sup>Based on estimated industry-wide AUM benchmark to: MSCI World \$2.0T, MSCI Emerging Markets \$300B, and MSCI Frontier Markets \$1B. Actual trade may vary.

# A continued evolution in benchmarks toward full globalization



	US <sup>1</sup>	EAFE+US <sup>1</sup>	World	ACWI	ACWI IMI	ACWI IMI + Frontier
Total market cap (USD, \$B)	15,836	28,377	29,630	33,318	38,479	38,607
# of securities	602	1,511	1,606	2,424	8,405	8,547

Sources: BlackRock, FactSet. MSCI Weightings as of September 30, 2013

<sup>1</sup> US Assets shown above reflect MSCI US

## i. Equity Portfolio Review

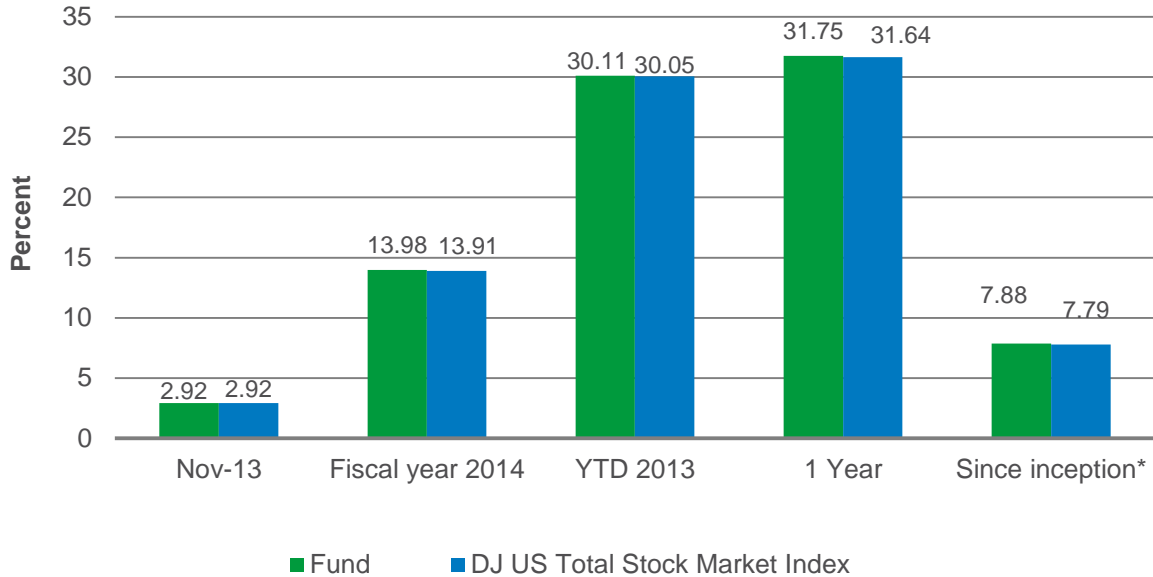
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# US Equity Market Fund Ventura County Employees' Retirement Association

As of 30 November 2013

Account value \$1,133,646,386

## Returns since client inception



\* Returns since inception for periods greater than one year are annualized  
 Client inception 2 June 2008  
 Fiscal year end June 30

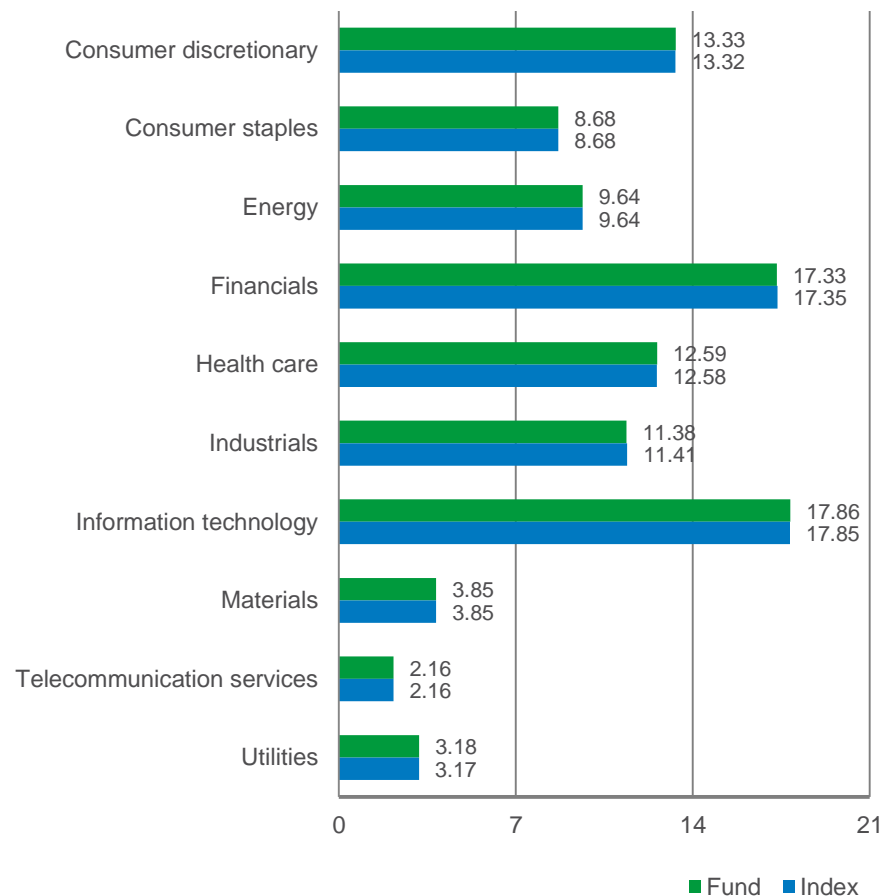
# US Equity Market Fund Characteristics

As of 30 September 2013

Characteristics	
Strategy	Dow Jones US Total Stock Market Index
Total fund assets	\$8.51B
Number of holdings	2,453

Top 10 holdings		
	Fund %	Index %
Apple Inc.	2.30	2.30
Exxon Mobil Corporation	2.01	2.01
Microsoft Corporation	1.34	1.34
Google Inc. Class A	1.30	1.30
Johnson & Johnson	1.30	1.30
General Electric Company	1.29	1.29
Chevron Corporation	1.24	1.25
The Procter & Gamble Company	1.10	1.10
Berkshire Hathaway Inc. Class B	1.08	1.09
Wells Fargo & Company	1.06	1.06

## Sector diversification



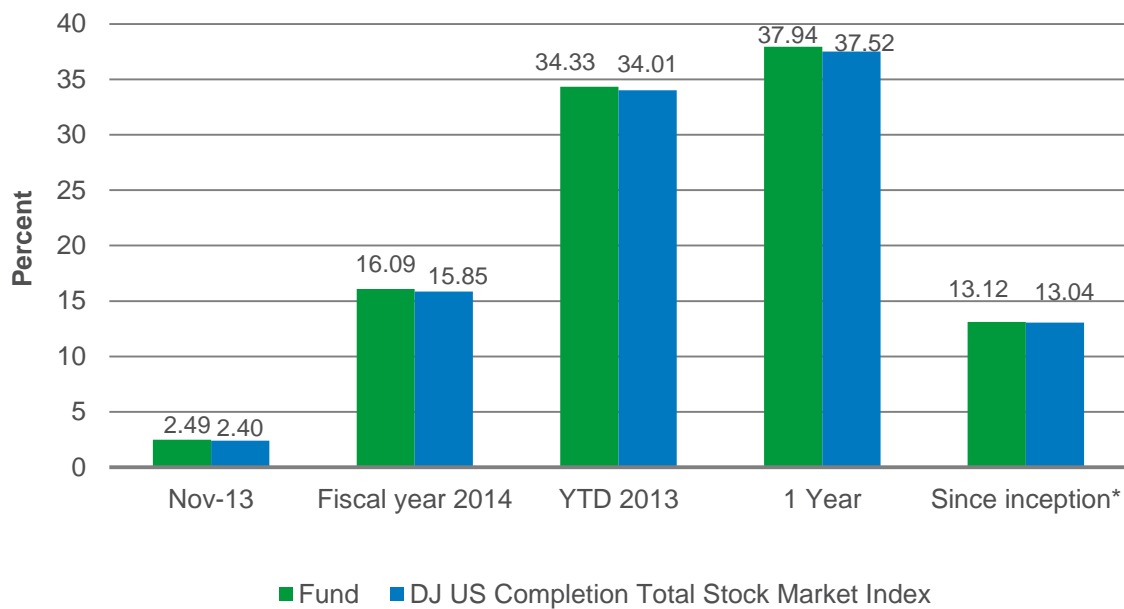
This information is unaudited and intended for analytical purposes only  
Sources: BlackRock, FactSet

# Extended Equity Market Fund Ventura County Employees' Retirement Association

As of 30 November 2013

Account value \$42,049,047

## Returns since client inception



EXEqAR-MVP-121015\*

\* Returns since inception for periods greater than one year are annualized  
Client inception 30 September 2002  
Fiscal year end June 30



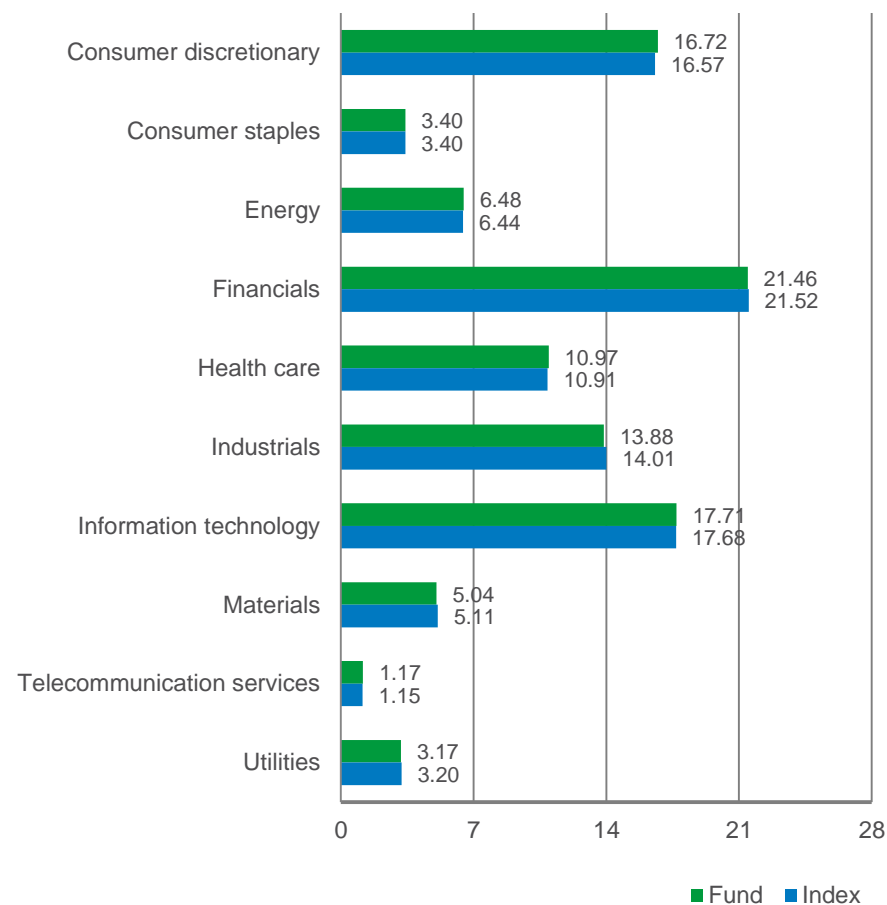
# Extended Market Fund Characteristics

As of 30 September 2013

Characteristics	
Strategy	Dow Jones US Completion Total Stock Market Index
Total fund assets	\$49.35B
Number of holdings	2,323

Top 10 holdings		
	Fund %	Index %
Facebook, Inc. Class A	2.12	2.11
Liberty Global Plc Class A	0.76	0.77
Las Vegas Sands Corp.	0.66	0.66
Linkedin Corporation Class A	0.58	0.58
Liberty Media Corp. Class A	0.42	0.40
Tesla Motors, Inc.	0.41	0.41
Transocean Ltd.	0.41	0.39
Michael Kors Holdings Ltd	0.35	0.34
Sirius XM Radio Inc.	0.31	0.32
Liberty Interactive Corporation Class A	0.31	0.29

## Sector diversification



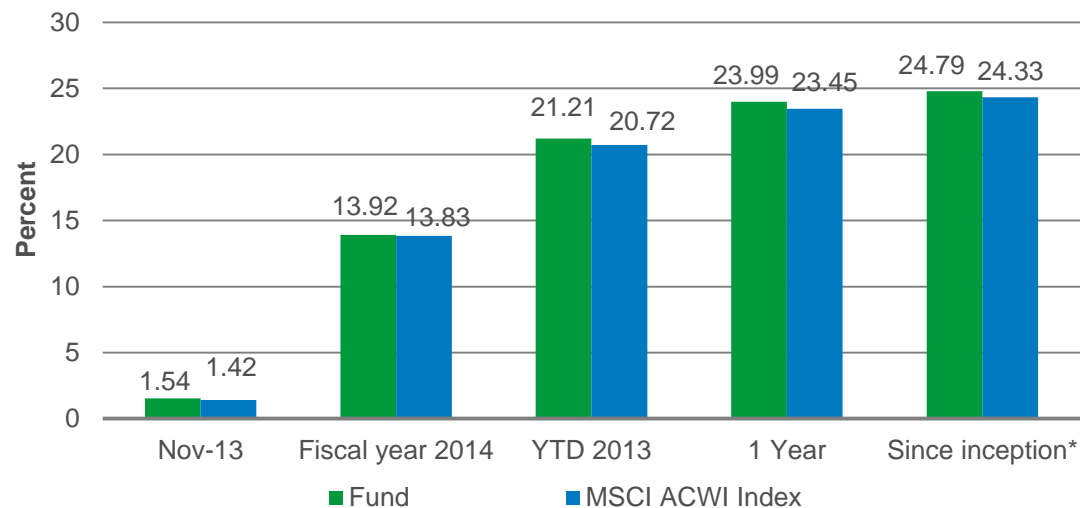
This information is unaudited and intended for analytical purposes only  
Sources: BlackRock, FactSet

# ACWI Index Fund Ventura County Employees' Retirement Association

As of 30 November 2013

Account value \$209,076,798

## Returns since client inception



Returns since inception for periods greater than one year are annualized  
 Client inception 27 June 2012  
 Fiscal year end June 30

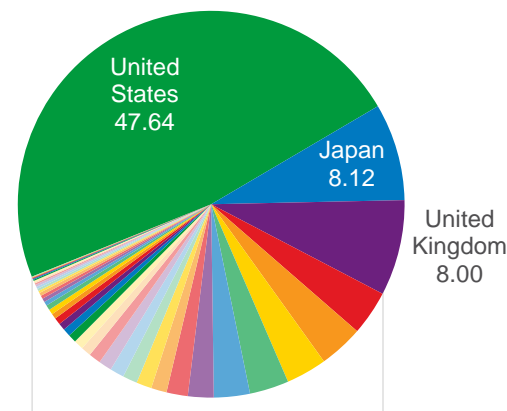
# ACWI Index Fund Characteristics

As of 30 September 2013

Characteristics				
Strategy	MSCI ACWI Index <sup>SM</sup>			
	A Fund	B Fund	A Fund NL	B Fund NL
Total fund value	\$0.74B	\$2.22B	\$1.05B	\$1.39B
Number of issues in index	2,424			

Top 10 holdings		
	Country	Weight (%)
Apple Inc.	United States	1.38
Exxon Mobil Corporation	United States	1.21
Microsoft Corporation	United States	0.80
Google Inc. Class A	United States	0.78
Johnson & Johnson	United States	0.78
General Electric Company	United States	0.78
Chevron Corporation	United States	0.75
Nestle S.A.	Switzerland	0.67
The Procter & Gamble Company	United States	0.66
Berkshire Hathaway Inc. Class B	United States	0.65

## Country allocation (%)



Canada	3.73	Russia	0.69	Israel	0.18
France	3.70	India	0.65	Colombia	0.13
Switzerland	3.40	Singapore	0.59	Austria	0.11
Germany	3.28	Mexico	0.57	Ireland	0.11
Australia	3.01	Belgium	0.44	Philippines	0.10
China	2.15	Denmark	0.43	Portugal	0.07
Korea	1.78	Malaysia	0.42	New Zealand	0.05
Brazil	1.30	Finland	0.34	Peru	0.05
Taiwan	1.28	Norway	0.31	Czech Republic	0.03
Sweden	1.22	Thailand	0.27	Greece	0.03
Spain	1.18	Indonesia	0.26	Egypt	0.02
Hong Kong	1.10	Chile	0.19	Hungary	0.02
Netherlands	1.00	Poland	0.19	Morocco	0.01
South Africa	0.84	Turkey	0.19	Luxembourg	0.00
Italy	0.80				

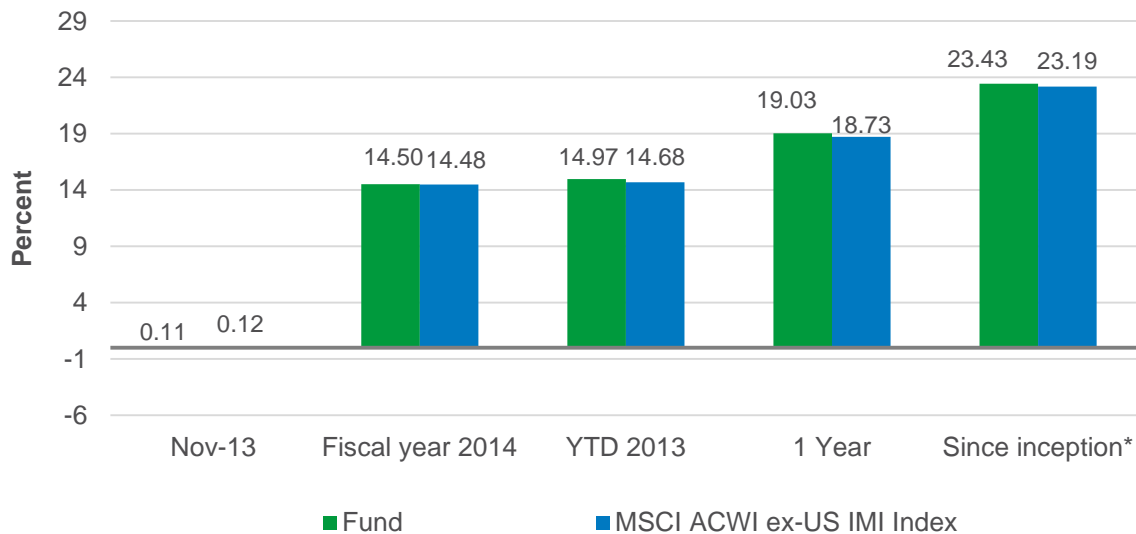
This information is unaudited and intended for analytical purposes only  
Sources: BlackRock, FactSet

# ACWI ex-US IMI Index Fund Ventura County Employees' Retirement Association

As of 30 November 2013

Account value \$287,935,509

## Returns since client inception



\* Returns since inception for periods greater than one year are annualized  
Client inception 30 May 2008  
Fiscal year end June 30

# BlackRock MSCI ACWI ex-US IMI Index<sup>SM</sup> Fund A

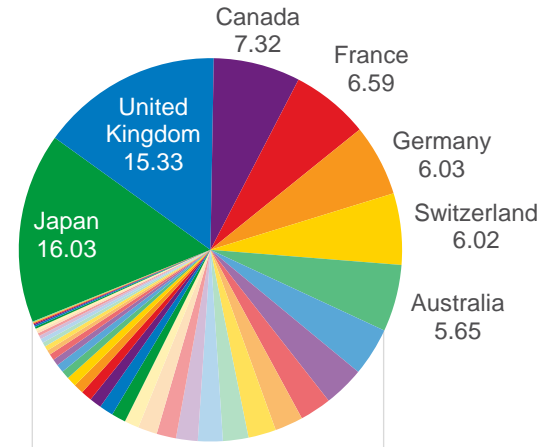
## Characteristics

As of 30 September 2013

Characteristics	
Strategy	MSCI ACWI ex-US IMI <sup>SM</sup>
Total fund value	\$6.20B
Number of issues in fund	6,073
Number of issues in index	5,984

Top 10 holdings		
	Country	Weight (%)
Nestle S.A.	Switzerland	1.13
HSBC Holdings PLC	United Kingdom	0.99
Roche Holding Ltd GenussSch.	Switzerland	0.95
Novartis AG	Switzerland	0.89
Toyota Motor Corp.	Japan	0.88
Vodafone Group PLC	United Kingdom	0.84
Samsung Electronics Co., Ltd.	Korea	0.71
BP PLC	United Kingdom	0.66
Total SA	France	0.63
Royal Dutch Shell PLC Class A	United Kingdom	0.62

### Country allocation (%)



China	4.07	Mexico	1.01	Austria	0.24
Korea	3.43	Denmark	0.91	Colombia	0.22
Taiwan	2.66	Belgium	0.84	Philippines	0.20
Sweden	2.38	Malaysia	0.84	New Zealand	0.16
Brazil	2.34	Finland	0.69	Portugal	0.14
Spain	2.15	Norway	0.69	Greece	0.11
Hong Kong	2.09	Thailand	0.55	Peru	0.08
Netherlands	1.83	Indonesia	0.53	Czech Republic	0.05
Italy	1.64	Israel	0.39	Egypt	0.05
South Africa	1.61	Turkey	0.39	Hungary	0.04
Singapore	1.22	Chile	0.36	Morocco	0.01
India	1.20	Poland	0.35	Luxembourg	0.00
Russia	1.18	Ireland	0.29		

This information is unaudited and intended for analytical purposes only  
Sources: BlackRock, FactSet

## V. Model-Based Fixed Income Update

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# BlackRock Model-Based North America Portfolio Solutions Team

The North America portfolio solutions team consists of 23 investment professionals



Scott Radell, CFA, Managing Director, is a Head of US Fixed Income Portfolio Solutions within BlackRock's Model-Based Fixed Income Portfolio Management Group. Mr. Radell's service with the firm dates back to 2003, including his years with Barclays Global Investors (BGI), which merged with BlackRock in 2009. At BGI, Mr. Radell was the Head of Portfolio Solutions, a group responsible for management and oversight of all US based active fixed income funds. Before founding the Portfolio Solutions Group, he was a portfolio manager responsible for BGI's active investment grade long-only and long/short cross-over portfolios. Prior to joining BGI, Scott served for over seven years as an analyst for corporate bond and Commercial Mortgage Backed Securities for Morgan Stanley Investment Management. Mr. Radell began his career as a fixed income client service and mortgage analysts at BARRA.

Mr. Radell earned a BA degree in economics from quantitative economics and decision sciences from the University of California at San Diego in 1992.

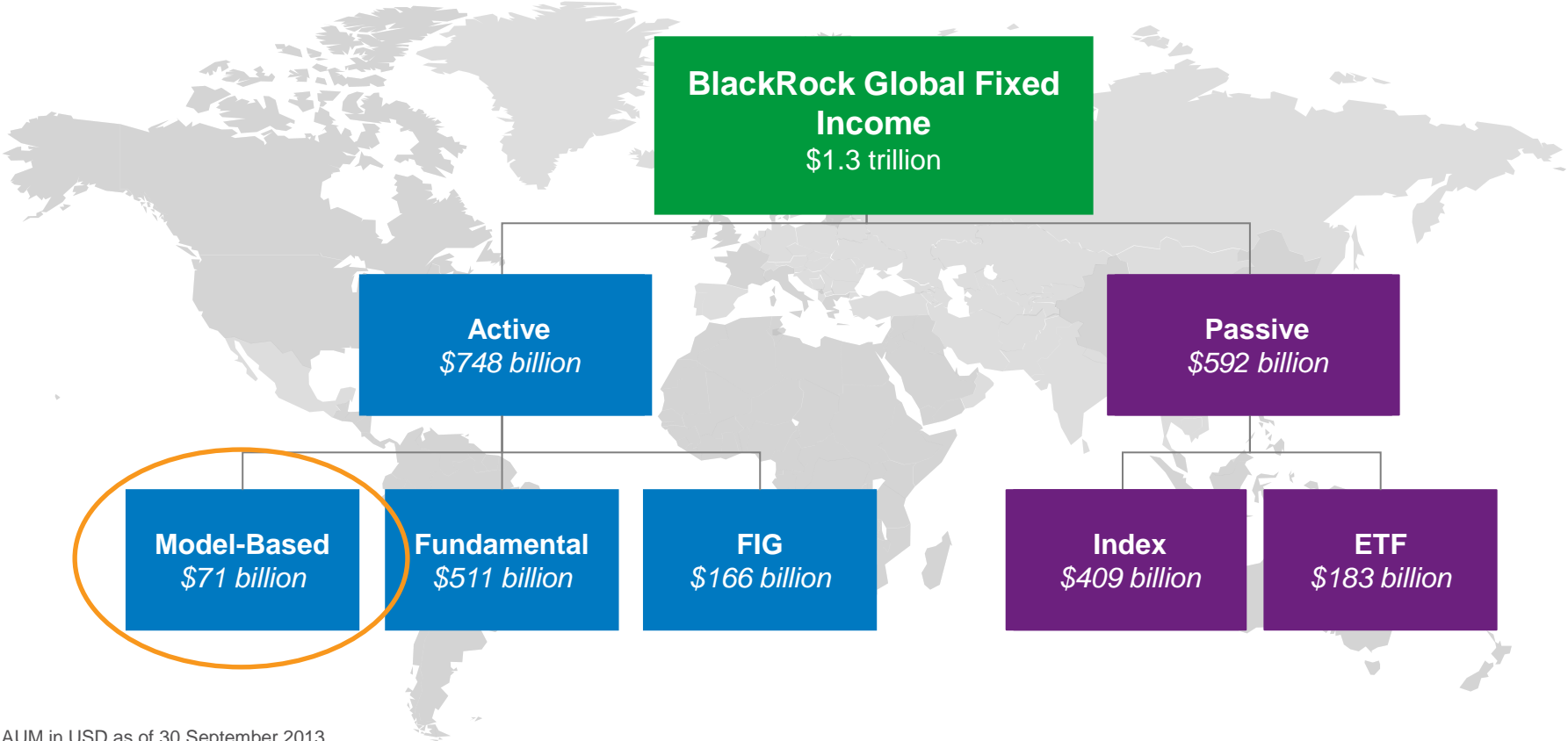
Multi-Sector/Other		Credit		Rates/Mortgage/EM	
<b>Scott Radell</b> Sr. Portfolio Manager Multi-Sector	<b>Joel Silva</b> Sr. Portfolio Manager Municipals / Canada	<b>David Dulski</b> Portfolio Manager Corporate Credit	<b>Jon Graves</b> Sr. Portfolio Manager Corporate Credit	<b>Jay Mauro</b> Sr. Portfolio Manager US Government Bonds	<b>Mark Buell</b> Portfolio Manager US Government Bonds
<b>Karen Uyehara</b> Portfolio Manager Multi-Sector	<b>Tao Chen</b> Portfolio Manager Municipal Bonds	<b>Allen Kwong</b> Portfolio Manager Corporate Credit	<b>Ben Martin</b> Portfolio Manager Corporate Credit	<b>Wes George</b> Portfolio Manager US Government Bonds	<b>Parry Wang</b> Portfolio Manager Agency Mortgages
<b>Rena Patel</b> Portfolio Manager Municipals	<b>Jermaine Pierre</b> Portfolio Manager Canada	<b>Nicolas Giometti</b> Jr Portfolio Manager Corporate Credit	<b>Elya Schwartzman</b> Portfolio Manager Corporate Credit	<b>Daniel Ruiz</b> Portfolio Manager Emerging Markets	<b>Gabe Shipley</b> Portfolio Manager Emerging Markets
<b>Jasmita Mohan</b> Portfolio Manager Multi-Sector	<b>Clay Armistead</b> Portfolio Manager Securitized Credit	<b>Eric Souders</b> Portfolio Manager Corporate Credit	<b>Leo Landes</b> Portfolio Manager Corporate Credit		
<b>Shashank Khanna</b> Jr Portfolio Manager Canada					

As of December 1<sup>st</sup>, 2013

# Fixed Income investing at BlackRock

## Benefits of BlackRock's unique size and scale

- ▶ Talent: Over 400 fixed income professionals allows for extensive market coverage
- ▶ Risk Management: Proprietary analytics platform overseeing \$14 trillion in fixed income
- ▶ Trading: Global execution platform provide unique access to liquidity
- ▶ Trust: Fiduciary commitment to advising and serving clients, and clients only



AUM in USD as of 30 September 2013



# BlackRock Model-Based philosophy

Deliver consistent, risk-controlled performance through Skill, Breadth, and Efficiency\*

**Skill is key**


Committed to research driven process of proven insights



The image shows the cover of the book 'Active Portfolio Management' by Grinold and Kahn. The cover features the title in large, bold letters, a subtitle 'A Quantitative Approach for Producing Superior Returns and Controlling Risk', and the authors' names at the bottom. The background of the cover is white with some graphical elements.

**Breadth** in the number of decisions

Positions in a broad range of fixed income markets




**Model Suite**

The image shows a 3D bar chart with several green bars of varying heights on a grey grid. The bars represent different models or positions within a suite.

**Implementation Efficiency**

Portfolio risk is “budgeted” for optimum efficiency



The diagram shows a central circle labeled 'RISK' connected to five other circles: 'Rates', 'ABS', 'CMBS', 'Cash', and 'Credit'. This represents a risk budgeting framework where risk is allocated across different asset classes.

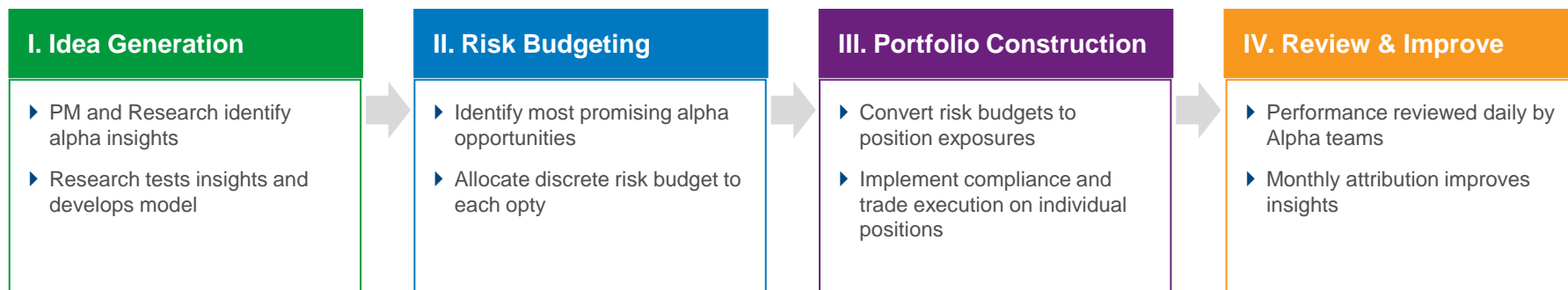
\* Grinold & Kahn’s “Fundamental Law of Active Management

# Process: Alpha Generation

Model-Based fixed income applies a disciplined, scientifically-proven research process to ensure our insights are valid before they go into a portfolio

Our investment process is unique in that insights are budgeted deliberately by risk, return, and strategy correlation resulting in consistent “high information-ratio” performance

## Investment process



# I. Idea Generation part 1 — where do ideas come from



Strategies are broken into liquid, investable opportunity sets  
 Must be sensible, predictive, consistent, and additive  
 defined by macro directional, relative value, and technical signals

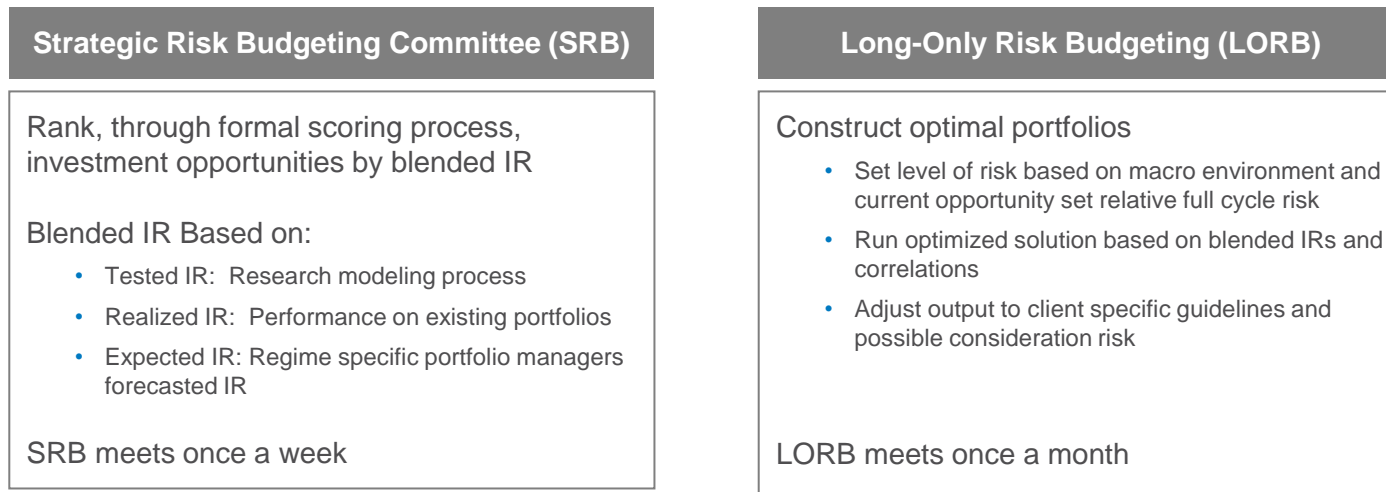
<p><b>Corporate credit Security Selection</b></p>	<p><b>Asset allocation directional</b></p>	<p><b>Rates relative value</b></p>	<p><b>Macro rates directional</b></p>	<p><b>Mortgage relative value</b></p>
<p><b>Event Driven/ RV (US/EU)</b> Long/Short Issuer with bonds/CDS</p>	<p><b>Directional (US/EU)</b> Long/Short risk premia Credit, EM, Swaps Using CDX and swaps</p>	<p><b>Intra-Country RV</b> Butterfly/barbell using swaps</p> <p><b>New Issue RV</b> Long/Short new issues using bonds and hedge</p>	<p><b>Macro cross-country</b> Direction and curve using bonds and swaps</p> <p><b>Break-even inflation</b> Long/short inflation using linker and hedge</p>	<p><b>Relative Value</b> Long/Short coupons Using TBA</p> <p><b>MBS Basis</b> Long/Short basis using TBAs and futures</p>
<p><b>Emerging Markets relative value</b></p>	<p><b>Currency Relative value</b></p>	<p><b>Volatility Relative value</b></p>	<p><b>Securitized directional</b></p>	<p><b>Opportunistic</b></p>
<p><b>Local Rates RV</b> Direction and curve</p> <p><b>Country Selection</b> Long/Short Country risk with bonds and CDS</p>	<p><b>Currency RV</b> Developed and EM currency selection model Using FX forwards</p>	<p><b>Volatility RV</b> Direction of volatility using swaptions</p>	<p><b>ABS /CMBS</b> Subprime RMBS Using bonds</p>	<p>Across multiple asset classes</p>

## II. Risk Budgeting - bottom-up and top-down



**Objective:** *Create the optimal risk-adjusted portfolio given client guidelines and Alpha targets*

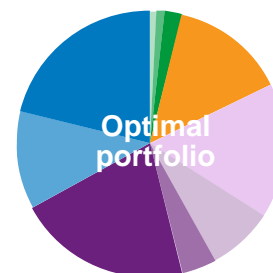
- ▶ Systematic, disciplined process for (1) identifying alpha opportunities and (2) ensuring they get in to all portfolios in a consistent manner



Client guidelines & alpha objectives

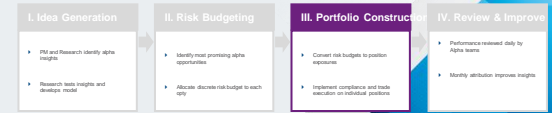


Risk budgeting & portfolio construction



# III. Portfolio Construction

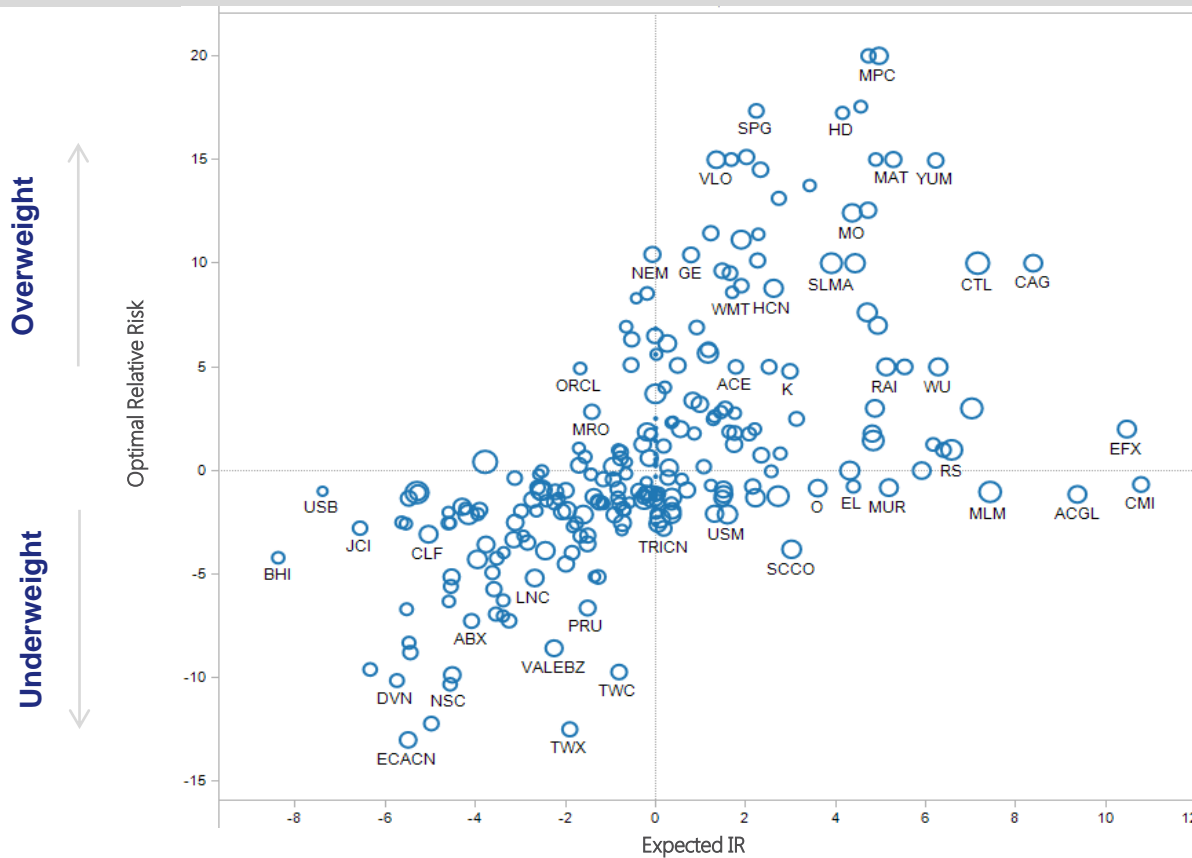
Translating basis points of risk to portfolio positions



Proprietary risk model generates optimal active weights at the individual issuer level:

- ▶ Portfolio Construction team can see optimal positions versus expected IR for every issuer on a daily basis
- ▶ An optimized portfolio is generated based on expected issuer alpha and corresponding volatility
- ▶ Outliers exist due to liquidity limitations, benchmark weightings, common factor risk exposure and transaction costs

## Proprietary Implementation Tools Link Alpha Generation to Portfolio Construction



- Expected IRs are generated for issuers daily
- Expected IR is translated into an optimal active weight at an issuer level

# IV. Review and improve

## Real-time risk and performance monitoring + attribution



### Risk and exposure monitoring across all accounts

- ▶ Exposures are viewed in multiple dimensions
- ▶ Risk monitoring
- ▶ Performance monitoring
- ▶ Cash management

#### ACTIVE IG & HY CREDIT PORTFOLIOS POSITIONING

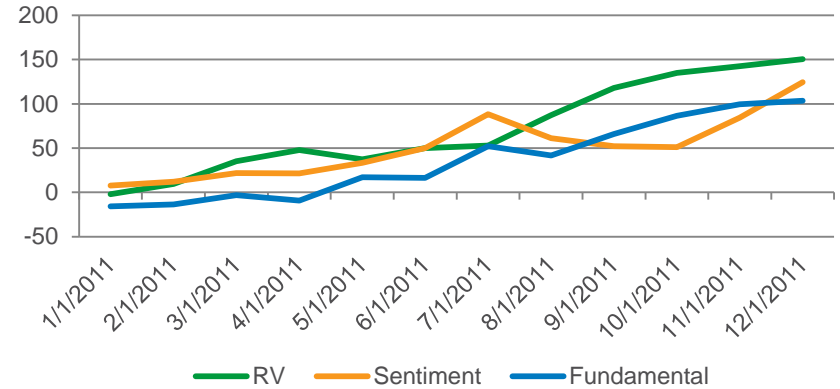
	Industry										Libor OAS Buckets																			
	ALCRINVB	ACICG2	LDACE	LDAPLUS	LDCS	LDIXCORP	ALORIGCY	ALORHNY	ALORHNB	CAHBOND	ALCRINVB	ACICG2	LDACE	LDAPLUS	LDCS	LDIXCORP	ALORIGCY	ALORHNY	ALORHNB	CAHBOND										
	DTS	DTS	DTS	DTS	DTS	DTS	DTS	DTS	DTS	DTS	DTS	DTS	DTS	DTS	DTS	DTS	DTS	DTS	DTS	DTS										
Aero	-7	-7	-6	-4	0	-7	-7	37	26	29	LOAS < 25	-2	-1	0	0	0	0	-2	0	0	0									
Airl	3	1	-3	-3	0	-3	3	13	14	7	25 < LOAS < 50	-2	0	2	2	2	2	-1	0	0	0									
Auto	0	0	0	0	0	0	-1	43	53	43	50 < LOAS < 100	7	16	-13	-12	-3	-10	8	0	0	0									
Bank	2	6	8	12	5	13	11	-32	-28	-25	100 < LOAS < 200	33	30	64	113	97	44	58	-8	-8	-4									
Brok	0	-3	-4	-4	0	-4	1	1	3	-4	200 < LOAS < 300	21	26	-8	-54	-37	20	9	3	19	64									
CapG	-4	-4	-10	-14	-5	-13	0	-41	-42	-27	300 < LOAS < 400	-12	-13	-10	-1	-26	-13	-21	149	164	276									
Chem	12	12	8	7	1	4	15	17	25	1	400 < LOAS < 500	-4	-6	5	-1	-5	-7	-1	24	9	-87									
ConC	9	10	11	8	2	11	10	-12	-22	9	500 < LOAS < 600	-3	-4	-6	3	-7	1	-3	-68	-71	-103									
ConN	1	-1	16	9	-25	7	-7	-29	-45	-29	600 < LOAS < 700				1				-54	-48	-106									
Emer	-15	-13	-13	-11	-4	-11	-11	1	24	4	700 < LOAS < 800				0				-52	-47	-48									
FinI	-3	-3	-6	-5	-4	-7	-3	-32	-36	-65	LOAS > 800	-1	-1		1				-1	15	20	-56								
Funn	-3	-2	-1	0	0	-2	-3	-9	-12	-11	<b>Grand Total</b>	<b>36</b>	<b>45</b>	<b>34</b>	<b>54</b>	<b>19</b>	<b>37</b>	<b>46</b>	<b>8</b>	<b>38</b>	<b>-63</b>									
GmLd	-1	-1		6		-1	31	24	9		Ratings View																			
Insu	13	15	20	18	27	22	10	-22	-51	14	ALCRINVB	ACICG2	LDACE	LDAPLUS	LDCS	LDIXCORP	ALORIGCY	ALORHNY	ALORHNB	CAHBOND										
Medi	3	1	10	16	8	9	-6	90	90	68	DTS	DTS	DTS	DTS	DTS	DTS	DTS	DTS	DTS	DTS										
Metl	1	4	6	1	0	4	2	-22	-23	-32	AAA/AA Rated	1	1	-15	-1	5	-21	1												
NONC	-9	-10	-16	-14		-13	-7		-12		A Rated	-1	20	-25	-55	16	0	17												
Papr	0	-2	-2	-3	0	-2	-2	-4	12	10	BBB Rated	35	23	74	77	-1	58	29	-3	3	-9									
Phrm	-2	3	-3	-6	4	-4	5	16	25	21	BB Rated	0	0		21		0	42	48	120										
ReaE	2	2	-2	0	0	-1	3	1	2	-2	B Rated				8			-1	-2	-180										
Retl	0	-3	-4	-11	0	-8	-4	4	19	26	CCC Rated				2			-29	-7	8										
SerC	-2	-2	-2	-1	-1	1	-2	-3	3	-33	CC Rated				1			-1	-4											
SerN	6	5	1	-3	11	-6	11	-14	-13	-25	NR	0			0		0	0	0	-1										
TecE	-3	-2	-2	0	0	-6	-2	-28	-22	-25	<b>Grand Total</b>	<b>36</b>	<b>45</b>	<b>34</b>	<b>54</b>	<b>19</b>	<b>37</b>	<b>46</b>	<b>8</b>	<b>38</b>	<b>-63</b>									
Tele	10	13	15	24	-10	23	15	18	21	1																				
Tran	-1	-4	-1	0	2	4	0	-12	-4	-5																				
Util	22	25	26	35	11	28	12	-4	-7	-12																				
Null	2	3	-11	-5	0	-3	4																							
<b>Grand Total</b>	<b>36</b>	<b>45</b>	<b>34</b>	<b>54</b>	<b>19</b>	<b>37</b>	<b>46</b>	<b>8</b>	<b>38</b>	<b>-63</b>																				

### Scientific attribution leading to continuous improvement

#### Every month PMs and Research teams go through every single model:

- ▶ Summarize market environment in the asset class and largest drivers of performance, by asset
- ▶ Deconstruct each model into separate signals, and assess which worked well/poorly
- ▶ Quantify differences between the model performance and realized P&L
- ▶ Identify specific PM decision points that went well/poorly
- ▶ Determine whether sub-components of the model need to be refined

#### 2011 Cumulative Alpha (bps) by Signal



Metric	RV	Sentiment	Fundamental
Return	151	124	104
Risk	45	69	55
IR	3.3	1.8	1.9

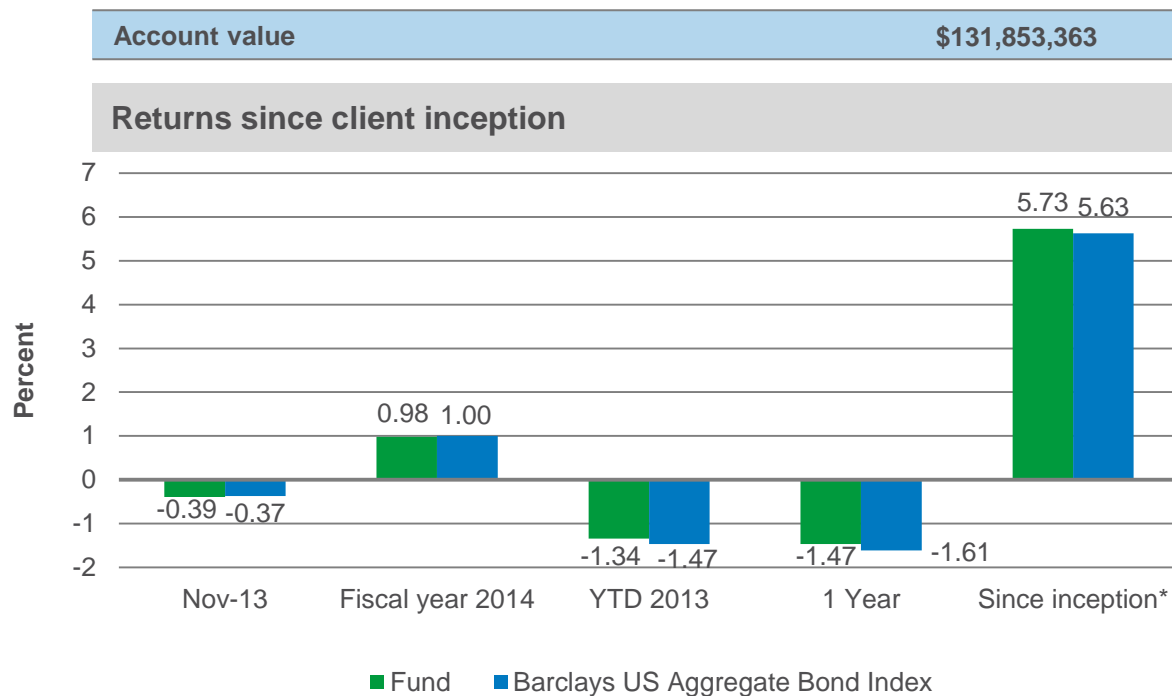
## i. Fixed Income Portfolio Review

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# US Debt Index Fund

## Ventura County Employees' Retirement Association

As of 30 November 2013



Returns since inception for periods greater than one year are annualized  
 Client inception 31 December 1995  
 Fiscal year end June 30



US Debt Index Fund		
	US Debt Index Fund	Barclays Aggregate Bond Index
Market value (\$B)	6.72	16.83
# Issues	7,203	8,702
<b>Characteristics</b>		
Coupon (%)	3.47	3.34
Nominal yield (%)	2.14	2.15
Current yield (%)	3.34	3.21
Yield to maturity (YTM) (%)	2.14	2.15
Weighted avg life (yrs)	6.71	6.76
Effective duration (yrs)	5.02	5.02
Spread duration	3.59	3.61
Option adjusted spread (bps)	42	42
Convexity	0.12	0.11
Moody rating	Aa2	Aa2
S&P rating	AA	AA
<b>Quality breakdown (mkt val %)</b>		
AAA or above	73.64	73.53
AA	3.84	3.83
A	10.97	11.07
BBB	11.55	11.57

	US Debt Index Fund	Barclays Aggregate Bond Index
<b>Sector breakdown (mkt val %)</b>		
Treasury	36.36	35.74
Agencies	3.49	4.19
Financials	7.20	7.30
Industrials	12.40	12.39
Utilities	2.40	2.44
Non-US credit	5.01	5.10
Taxable munis	0.91	0.95
ABS	0.43	0.46
Mortgages	29.08	28.97
Hybrid ARM	0.55	0.68
CMBS	1.71	1.73
Foreign Government	0.00	0.05
Cash	0.46	0.00
<b>Weighted avg life breakdown (mkt val %)</b>		
0-1	1.20	0.34
1-2	13.76	14.08
2-3	16.33	14.98
3-5	22.94	25.22
5-7	20.51	19.70
7-10	13.54	13.90
10-20	3.03	3.02
20-30	8.37	8.45
30+	0.31	0.31

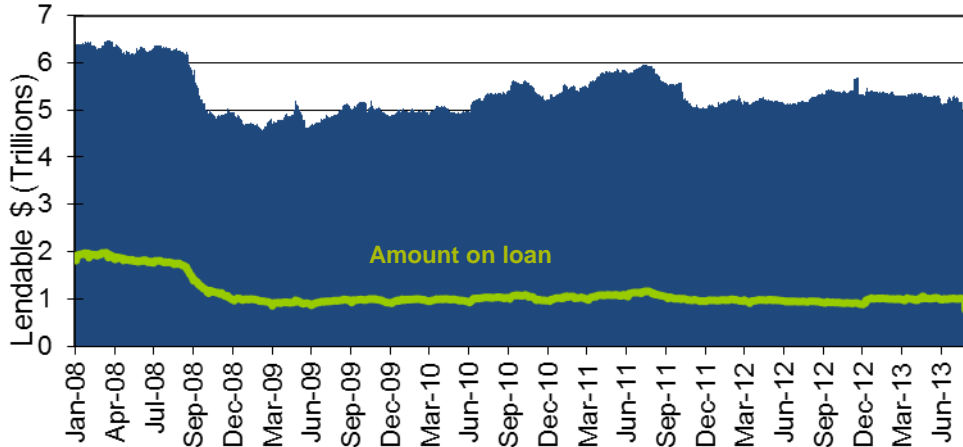
Data are for analytical purposes only. Index data may differ to those published by the Index due to calculation methods  
 Breakdowns may not sum to total due to rounding, exclusion of cash, STIF, and statistically immaterial factors  
 Source: BlackRock

## VI. Securities Lending Program Update

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# Market Update: Trends in Equity and Fixed Income Supply

**Fixed Income lendable (\$)**



**Fixed Income Supply Trends:**

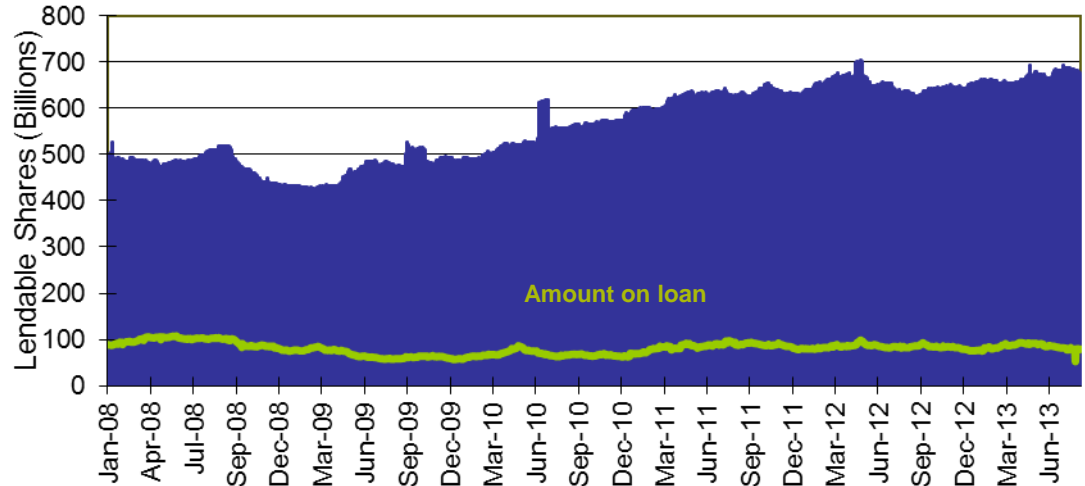
- Fixed Income lenders exited the market dramatically at the height of the credit crisis as investors removed assets from lending programs
- Fixed Income lending spreads have remained relatively low and lenders have been slowly returning

**Equity Supply Trends:**



- Equity lenders exited market in Q4 2008, but lendable assets return to pre-crisis levels one year later
- Lendable shares continued to increase in to 2013

**Equity lendable (shares)**



Source: Markit (formerly Data Explorers), 1/1/2008 – 8/31/2013

# Market update: Regulatory & legal update

## Dodd Frank Act (DFA)

- ▶ DFA Section 165: New lending limits on a percentage of capital. Quantitative Impact Study likely to delay implementation
- ▶ DFA Section 984(b): SEC Transparency Rules. Although DFA mandated that SEC issue regulations by July 2012, SEC should propose rules by Q1 2014 in line with FSB recommendations

## Financial Stability Board

- ▶ FSB Shadow Banking report on Securities Lending was released August 29 2013. Specific recommendations include increased transparency through reporting to regulators, disclosure to fund investors, minimum standards for cash collateral management, and enhancements to daily collateral “mark-to-market” process
- ▶ FSB requested further comment on mandatory minimum haircuts on collateral. BlackRock did not comment directly but participated with trade associations in the US and Europe to provide industry comments. Comments were submitted by November 28, 2013
- ▶ FSB recommendations do not have the force of law, but most governments are expected to take action to carry out the recommendations over the next few years

## European FTT

- ▶ A European Financial Transaction Tax (EU FTT) is being considered that would cover Sec Lending and repo trades at up to 10 bps per movement
- ▶ BlackRock is working directly and with industry groups to oppose the FTT or at least exclude Sec Lending and repo trades, consistent with current stamp duty rules

## New OCC STIF Rules

- ▶ Released on October 9, 2012 and went into effect on July 1, 2013
- ▶ The most impactful features are that Weighted Average Portfolio Maturity will be limited to 60 days (from 90 days) and Weighted Average Portfolio Life Maturity is limited to 120 days. Some additional reporting and stress testing is also mandated

Source: BlackRock summary as of December 1, 2013

# Securities Lending Performance – 2013 YTD

Account Name	Average Net Assets	Average Assets On-Loan	Average Percent On-Loan	VCERA Income	Net Spread (ann bps)	Fund Yield (ann bps)
<b>Ventura County Employees' Retirement Association</b>	<b>1,798,249,021</b>	<b>157,705,712</b>	<b>8.8%</b>	<b>710,269</b>	<b>49.2</b>	<b>4.3</b>
US Debt Index Fund	130,189,940	43,660,497	33.5%	82,508	20.7	6.9
Extended Equity Market Fund	37,017,341	7,540,498	20.4%	48,552	70.4	14.3
MSCI ACWI ex-US IMI Index Fund	337,709,618	14,608,235	4.3%	171,463	128.3	5.5
BLK MSCI ACWI Equity Index Fd	149,616,133	7,341,663	4.9%	43,925	65.4	3.2
U.S. Equity Market Fund	1,143,715,989	84,554,819	7.4%	363,822	47.0	3.5

*VCERA has earned \$4.75 million from lending since 2007:*

	2007	2008	2009	2010	2011	2012	2013 YTD
VCERA Income (\$)	410,414	854,331	740,459	511,100	689,242	838,020	710,269
Fund Yield (ann bps)	3.2	6.9	6.8	3.9	4.9	5.3	4.3

Source: BlackRock. 2013 YTD includes 1/1/2013 – 11/30/2013

# VCERA Securities Lending Performance

## VCERA Top 10 Securities Lending Assets in 2013 YTD :

	Country	Income to VCERA	% of Client Income	Spread (ann bps)
3D SYSTEMS CORP	US	\$11,999	1.69%	432
ARENA PHARMACEUTICALS INC	US	\$10,065	1.42%	808
GALENA BIOPHARMA INC	US	\$9,543	1.35%	2552
JOHNSON & JOHNSON	US	\$6,641	0.94%	20
OUTERWALL INC	US	\$6,307	0.89%	528
HERBALIFE LTD	US	\$6,208	0.88%	176
SANOFI	FR	\$5,578	0.79%	783
SANDRIDGE ENERGY INC	US	\$5,568	0.79%	369
FRONTIER COMMUNICATIONS CORP	US	\$5,330	0.75%	194
TOTAL SA	FR	\$5,179	0.73%	186
<b>Top 10 Assets Overall</b>		<b>\$72,418</b>	<b>10.21%</b>	<b>145</b>

Source: BlackRock. 2013 YTD includes 1/1/2013 – 11/30/2013

# Cash Collateral Portfolios: VCERA's Exposure

Fund Name	Cash Equivalent Fund II	Money Market Fund A/B	Term Fund 11	VCERA Funds Sub-Total
BLK MSCI ACWI Equity Index Fd	9,441,395	826,258	646,204	10,913,857
Extended Equity Market Fund	8,593,574		331,424	8,924,998
MSCI ACWI ex-US IMI Index Fund	10,432,058	1,930,278		12,362,336
U.S. Equity Market Fund	79,009,383		3,208,277	82,217,660
US Debt Index Fund	47,206,132		211,299	47,417,431
<b>Cash Collateral Fund Sub-Total</b>	<b>154,682,541</b>	<b>2,756,536</b>	<b>4,397,204</b>	<b>161,836,281</b>
11/30/2013 cash fund unaudited NAVs	1.0002	1.0002	1.0000	

Above figures as of: 11/30/2013

# Cash Collateral Funds

## Cash Equivalent Fund II

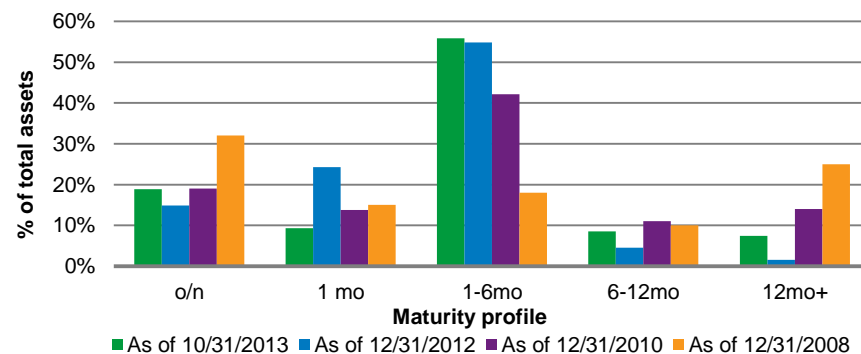
As of 31 October 2013

### Fund Overview

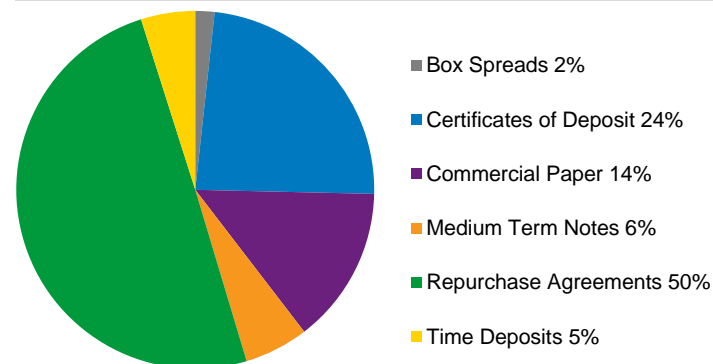
Cash Equivalent Fund II (the “Fund”) invests the cash collateral received in connection with loans of securities from certain BlackRock collective investment funds. The objective of this fund is to seek as high a level of current income as is consistent with liquidity and stability of principal and to operate with a stable net asset value of \$1.00 per unit.

Fund size	\$39,364,634,401
Overnight Liquidity <sup>1</sup>	19% of total assets
Securities with maturities < 2 months <sup>3</sup>	54% of total assets
Weighted Average Maturity <sup>4</sup>	47 days

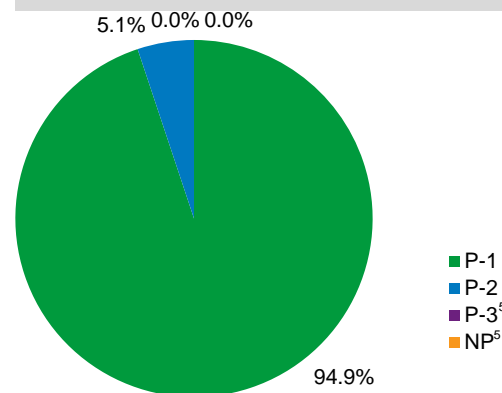
### Portfolio Maturity Profile



### Investment allocation



### Moody's Credit Ratings of Portfolio Holdings<sup>2</sup>



- Overnight Liquidity represents the percentage of fund invested in securities and other assets that mature the following day
- Portfolio holdings and P-1 issuers that do not have a short-term Moody's rating are included in the "P-1" rating. Some ratings may be implied if the instrument is not explicitly rated. BlackRock's credit team assesses unrated instruments to determine if they are of equivalent credit quality.
- Includes overnight liquidity
- Weighted Average Maturity (WAM) is a portfolio's dollar weighted average maturity or exposure to interest rate risk (similar to duration) typically measured in days. For example, in calculating WAM, floating rate assets are measured to their next reset date and fixed rate assets are measured to their final maturity.
- Allocations may be greater than 0% but round down to zero.

All data as of 31 October 2013; Source: BlackRock



# Cash Collateral Funds

## Cash Equivalent Fund II

As of 31 October 2013

### For more information

For additional information, including portfolio holdings, please contact your client relationship officer directly or visit us online at [www.blackrock.com](http://www.blackrock.com). A general description of the investment philosophy, risk management and guidelines criteria, as well as specific investment guidelines for short-term investment funds can be found in the Short Term Investment Funds Overview and Guidelines (the "STIF Guidelines"). A copy of the STIF Guidelines, which may be updated from time to time, may be accessed via the following website link: [www.blackrockdocuments.com](http://www.blackrockdocuments.com).

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# Appendix

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# US Equity Market Fund

## Ventura County Employees' Retirement Association

	U.S. Equity Market Fund	Dow Jones U.S. Total Stock Market Index	Tracking Difference
2008 <sup>1</sup>	-7.25%	-7.24%	-0.01%
2009	-26.29	-26.39	0.10
2010	16.10	16.13	-0.03
2011	32.47	32.44	0.03
2012	4.16	3.97	0.19
2013	21.56	21.46	0.10
1 Yr <sup>2</sup>	31.75	31.64	0.11
3 Yrs Annualized	17.91	17.79	0.12
5 Yrs Annualized	18.68	18.65	0.03

### Fiscal Year 2014

Jul	5.46%	5.42%	0.04%
Aug	-2.87	-2.87	0.00
Sep	3.69	3.68	0.01
<b>1st Qtr.</b>	<b>6.21%</b>	<b>6.17%</b>	<b>0.04%</b>
Oct	4.27%	4.25%	0.02%
Nov	2.92	2.92	0.00
Dec			
<b>2nd Qtr.</b>			
Jan			
Feb			
Mar			
<b>3rd Qtr.</b>			
Apr			
May			
Jun			
<b>4th Qtr.</b>			
<b>Fiscal YTD</b>	<b>13.98%</b>	<b>13.91%</b>	<b>0.07%</b>
<b>Cumulative Since Inception</b>	<b>51.73%</b>	<b>51.05%</b>	<b>0.68%</b>
<b>Annualized Since Inception</b>	<b>7.88%</b>	<b>7.79%</b>	<b>0.09%</b>
<b>Annualized Risk</b>	<b>18.79%</b>	<b>18.79%</b>	<b>0.13%</b>

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As of 1/1/89, fund returns are based on NYSE closing prices. Prior returns were based on composite closing prices.

Prior to September 30, 2001, the benchmark return for the Dow Jones U.S. Total Stock Market Index was the US Equity Market Index.

Between September 30, 2001 and June 18, 2004 the benchmark was the Wilshire 5000.

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<sup>1</sup> Account Inception 06/02/08

<sup>2</sup> Performance figures are annualized as of fiscal year-end.

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# US Equity Market Fund

	U.S. Equity Market Fund	Dow Jones U.S. Total Stock Market Index	Tracking Difference
2003	31.74%	31.64%	0.10%
2004	12.47	12.41	0.06
2005	6.48	6.38	0.10
2006	15.78	15.77	0.01
2007	5.71	5.62	0.09
2008	-36.95	-37.23	0.28
2009	28.19	28.57	-0.38
2010	17.60	17.49	0.11
2011	1.22	1.08	0.14
2012	16.53	16.38	0.15
1 Yr <sup>1</sup>	31.75	31.64	0.11
3 Yrs Annualized	17.91	17.79	0.12
5 Yrs Annualized	18.68	18.65	0.03
10 Yrs Annualized	8.37	8.28	0.09
<b>2013</b>			
Jan	5.52%	5.52%	0.00%
Feb	1.27	1.28	-0.01
Mar	3.94	3.93	0.01
<b>1st Qtr.</b>	<b>11.07%</b>	<b>11.06%</b>	<b>0.01%</b>
Apr	1.68%	1.68%	0.00%
May	2.40	2.40	0.00
Jun	-1.29	-1.27	-0.02
<b>2nd Qtr.</b>	<b>2.78%</b>	<b>2.80%</b>	<b>-0.02%</b>
Jul	5.46%	5.42%	0.04%
Aug	-2.87	-2.87	0.00
Sep	3.69	3.68	0.01
<b>3rd Qtr.</b>	<b>6.21%</b>	<b>6.17%</b>	<b>0.04%</b>
Oct	4.27%	4.25%	0.02%
Nov	2.92	2.92	0.00
Dec			
<b>4th Qtr.</b>			
<b>YTD 2013</b>	<b>30.11%</b>	<b>30.05%</b>	<b>0.06%</b>
<b>Cumulative Since Inception<sup>2</sup></b>	<b>3224.03%</b>	<b>3164.38%</b>	<b>59.65%</b>
<b>Annualized Since Inception</b>	<b>11.26%</b>	<b>11.20%</b>	<b>0.06%</b>

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<sup>1</sup> Performance figures are annualized as of period end.

<sup>2</sup> Fund Inception 01/31/81

# Extended Equity Market Fund

## Ventura County Employees' Retirement Association

	Fund	Dow Jones U.S. Completion Total Stock Market Index <sup>2</sup>	Tracking Difference
2003 <sup>1</sup>	23.65%	24.23%	-0.58%
2004	29.73	29.53	0.20
2005	13.85	13.49	0.36
2006	14.50	14.03	0.47
2007	19.41	19.75	-0.34
2008	-11.19	-11.41	0.22
2009	-27.90	-27.54	-0.36
2010	23.98	24.27	-0.29
2011	39.38	39.19	0.19
2012	-1.60	-2.11	0.51
2013	25.57	25.11	0.46
1 Yr <sup>3</sup>	37.94	37.52	0.42
3 Yrs Annualized	18.18	17.74	0.44
5 Yrs Annualized	22.95	22.95	0.00
7 Yrs Annualized	8.24	8.16	0.08
10 Yrs Annualized	10.33	10.18	0.15
<b>Fiscal Year 2014</b>			
Jul	6.88%	6.79%	0.09%
Aug	-2.76	-2.75	-0.01
Sep	5.89	5.87	0.02
<b>1st Qtr.</b>	<b>10.04%</b>	<b>9.95%</b>	<b>0.09%</b>
Oct	2.93%	2.90%	0.03%
Nov	2.49	2.40	0.09
Dec			
<b>2nd Qtr.</b>			
Jan			
Feb			
Mar			
<b>3rd Qtr.</b>			
Apr			
May			
Jun			
<b>4th Qtr.</b>			
<b>Fiscal YTD</b>	<b>16.09%</b>	<b>15.85%</b>	<b>0.24%</b>
<b>Cumulative Since Inception</b>	<b>296.35%</b>	<b>292.90%</b>	<b>3.45%</b>
<b>Annualized Since Inception</b>	<b>13.12%</b>	<b>13.04%</b>	<b>0.08%</b>
<b>Annualized Risk</b>	<b>17.97%</b>	<b>17.89%</b>	<b>0.46%</b>

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<sup>1</sup> Account Inception 09/30/02

<sup>2</sup> Prior to August 31, 2001, the benchmark return for the Dow Jones U.S. Completion Total Stock Market Index was the Extended Equity Market Index.

Between September 30, 2001 and June 30, 2004 the benchmark was the Wilshire 4500.

<sup>3</sup> Performance figures are annualized as of fiscal year-end.

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# Extended Equity Market Fund

	Fund	Dow Jones U.S. Completion Total Stock Market Index <sup>1</sup>	Tracking Difference
1997	26.61%	26.30%	0.31%
1998	7.55	7.16	0.39
1999	32.86	32.68	0.18
2000	-9.12	-9.58	0.46
2001	-6.65	-7.29	0.64
2002	-18.26	-17.80	-0.46
2003	43.36	43.84	-0.48
2004	18.24	17.94	0.30
2005	10.53	10.03	0.50
2006	15.31	15.28	0.03
2007	5.41	5.39	0.02
2008	-38.40	-39.03	0.63
2009	35.02	37.43	-2.41
2010	29.01	28.62	0.39
2011	-3.41	-3.76	0.35
2012	18.47	17.89	0.58
1 Yr <sup>2</sup>	37.94	37.52	0.42
3 Yrs Annualized	18.18	17.74	0.44
5 Yrs Annualized	22.95	22.95	0.00
7 Yrs Annualized	8.24	8.16	0.08
10 Yrs Annualized	10.33	10.18	0.15
<b>2013</b>			
Jan	6.94%	6.97%	-0.03%
Feb	0.99	0.97	0.02
Mar	4.69	4.69	0.00
<b>1st Qtr.</b>	<b>13.07%</b>	<b>13.07%</b>	<b>0.00%</b>
Apr	0.65%	0.64%	0.01%
May	2.71	2.67	0.04
Jun	-1.00	-0.98	-0.02
<b>2nd Qtr.</b>	<b>2.34%</b>	<b>2.31%</b>	<b>0.03%</b>
Jul	6.88%	6.79%	0.09%
Aug	-2.76	-2.75	-0.01
Sep	5.89	5.87	0.02
<b>3rd Qtr.</b>	<b>10.04%</b>	<b>9.95%</b>	<b>0.09%</b>
Oct	2.93%	2.90%	0.03%
Nov	2.49	2.40	0.09
Dec			
<b>4th Qtr.</b>			
<b>YTD 2013</b>	<b>34.33%</b>	<b>34.01%</b>	<b>0.32%</b>
<b>Cumulative Since Inception<sup>3</sup></b>	<b>3417.63%</b>	<b>3169.15%</b>	<b>248.48%</b>
<b>Annualized Since Inception</b>	<b>11.45%</b>	<b>11.21%</b>	<b>0.24%</b>
<b>Annualized Risk</b>	<b>18.07%</b>	<b>18.03%</b>	<b>0.58%</b>

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<sup>1</sup> Prior to August 31, 2001, the benchmark return for the Dow Jones U.S. Completion Total Stock Market Index was the Extended Equity Market Index. Between September 30, 2001 and June 30, 2004 the benchmark was the Wilshire 4500.

<sup>2</sup> Performance figures are annualized as of period end.

<sup>3</sup> Fund Inception 01/31/81

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# ACWI Equity Index Fund

## Ventura County Employees' Retirement Association

	Fund	MSCI ACWI Net Dividend Return Index	Tracking Difference
2012 <sup>1</sup>	2.82%	2.82%	0.00%
2013	17.09	16.57	0.52
1 Yr <sup>2</sup>	23.99	23.45	0.54
<b>Fiscal Year 2014</b>			
Jul	4.73%	4.79%	-0.06%
Aug	-2.11	-2.08	-0.03
Sep	5.11	5.17	-0.06
<b>1st Qtr.</b>	<b>7.76%</b>	<b>7.90%</b>	<b>-0.14%</b>
Oct	4.12%	4.02%	0.10%
Nov	1.54	1.42	0.12
Dec			
<b>2nd Qtr.</b>			
Jan			
Feb			
Mar			
<b>3rd Qtr.</b>			
Apr			
May			
Jun			
<b>4th Qtr.</b>			
<b>Fiscal YTD</b>	<b>13.92%</b>	<b>13.83%</b>	<b>0.09%</b>
<b>Cumulative Since Inception</b>	<b>37.15%</b>	<b>36.42%</b>	<b>0.73%</b>
<b>Annualized Since Inception</b>	<b>24.79%</b>	<b>24.33%</b>	<b>0.46%</b>
<b>Annualized Risk</b>	<b>7.87%</b>	<b>7.93%</b>	<b>0.21%</b>

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<sup>1</sup> Account Inception 06/27/12

<sup>2</sup> Performance figures are annualized as of fiscal year-end.

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# MSCI ACWI Equity Index Fund

	Fund	MSCI ACWI Net Dividend Return Index	Tracking Difference
<b>2010<sup>1</sup></b>	<b>7.78%</b>	<b>7.57%</b>	<b>0.21%</b>
<b>2011</b>	<b>-6.85</b>	<b>-7.35</b>	<b>0.50</b>
<b>2012</b>	<b>16.65</b>	<b>16.13</b>	<b>0.52</b>
<b>1 Yr<sup>2</sup></b>	<b>23.99</b>	<b>23.45</b>	<b>0.54</b>
<b>3 Yrs Annualized</b>	<b>12.24</b>	<b>11.71</b>	<b>0.53</b>
<b>2013</b>			
Jan	4.58%	4.61%	-0.03%
Feb	0.06	-0.02	0.08
Mar	1.85	1.83	0.02
<b>1st Qtr.</b>	<b>6.57%</b>	<b>6.50%</b>	<b>0.07%</b>
Apr	2.92%	2.86%	0.06%
May	-0.10	-0.27	0.17
Jun	-2.90	-2.92	0.02
<b>2nd Qtr.</b>	<b>-0.17%</b>	<b>-0.42%</b>	<b>0.25%</b>
Jul	4.73%	4.79%	-0.06%
Aug	-2.11	-2.08	-0.03
Sep	5.11	5.17	-0.06
<b>3rd Qtr.</b>	<b>7.76%</b>	<b>7.90%</b>	<b>-0.14%</b>
Oct	4.12%	4.02%	0.10%
Nov	1.54	1.42	0.12
Dec			
<b>4th Qtr.</b>			
<b>YTD 2013</b>	<b>21.21%</b>	<b>20.72%</b>	<b>0.49%</b>
<b>Cumulative Since Inception</b>	<b>41.96%</b>	<b>39.72%</b>	<b>2.24%</b>
<b>Annualized Since Inception</b>	<b>10.20%</b>	<b>9.71%</b>	<b>0.49%</b>
<b>Annualized Risk</b>	<b>15.91%</b>	<b>15.99%</b>	<b>0.20%</b>

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<sup>1</sup> Fund Inception 04/22/10

<sup>2</sup> Performance figures are annualized as of period end.

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# ACWI ex-US IMI Index Fund

## Ventura County Employees' Retirement Association

	Fund	MSCI ACWI ex-U.S. IMI Index	Tracking Difference
<b>2008<sup>1</sup></b>	<b>-8.18%</b>	<b>-8.26%</b>	<b>0.08%</b>
<b>2009</b>	<b>-30.35</b>	<b>-30.50</b>	<b>0.15</b>
<b>2010</b>	<b>11.44</b>	<b>11.49</b>	<b>-0.05</b>
<b>2011</b>	<b>30.61</b>	<b>30.26</b>	<b>0.35</b>
<b>2012</b>	<b>-14.53</b>	<b>-14.79</b>	<b>0.26</b>
<b>2013</b>	<b>14.20</b>	<b>13.91</b>	<b>0.29</b>
<b>1 Yr<sup>2</sup></b>	<b>19.03</b>	<b>18.73</b>	<b>0.30</b>
<b>3 Yrs Annualized</b>	<b>7.83</b>	<b>7.53</b>	<b>0.30</b>
<b>5 Yrs Annualized</b>	<b>14.70</b>	<b>14.55</b>	<b>0.15</b>
<b>Fiscal Year 2014</b>			
Jul	4.46%	4.45%	0.01%
Aug	-1.31	-1.32	0.01
Sep	7.08	7.07	0.01
<b>1st Qtr.</b>	<b>10.39%</b>	<b>10.37%</b>	<b>0.02%</b>
Oct	3.61%	3.60%	0.01%
Nov	0.11	0.12	-0.01
Dec			
<b>2nd Qtr.</b>			
Jan			
Feb			
Mar			
<b>3rd Qtr.</b>			
Apr			
May			
Jun			
<b>4th Qtr.</b>			
<b>Fiscal YTD</b>	<b>14.50%</b>	<b>14.48%</b>	<b>0.02%</b>
<b>Cumulative Since Inception</b>	<b>4.05%</b>	<b>2.88%</b>	<b>1.17%</b>
<b>Annualized Since Inception</b>	<b>0.72%</b>	<b>0.52%</b>	<b>0.20%</b>
<b>Annualized Risk</b>	<b>23.01%</b>	<b>23.08%</b>	<b>0.21%</b>

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<sup>1</sup>Account Inception 05/30/08

<sup>2</sup>Performance figures are annualized as of fiscal year-end.

646297-632426

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# ACWI ex-US IMI Index Fund

	Fund	MSCI ACWI ex-U.S. IMI Index	Tracking Difference
<b>2008<sup>1</sup></b>	<b>-37.07%</b>	<b>-37.48%</b>	<b>0.41%</b>
<b>2009</b>	<b>43.27</b>	<b>43.60</b>	<b>-0.33</b>
<b>2010</b>	<b>12.90</b>	<b>12.73</b>	<b>0.17</b>
<b>2011</b>	<b>-14.05</b>	<b>-14.31</b>	<b>0.26</b>
<b>2012</b>	<b>17.36</b>	<b>17.04</b>	<b>0.32</b>
<b>1 Yr<sup>2</sup></b>	<b>19.03</b>	<b>18.73</b>	<b>0.30</b>
<b>3 Yrs Annualized</b>	<b>7.83</b>	<b>7.53</b>	<b>0.30</b>
<b>5 Yrs Annualized</b>	<b>14.70</b>	<b>14.55</b>	<b>0.15</b>
<b>2013</b>			
Jan	4.11%	4.10%	0.01%
Feb	-0.86	-0.87	0.01
Mar	0.38	0.37	0.01
<b>1st Qtr.</b>	<b>3.60%</b>	<b>3.57%</b>	<b>0.03%</b>
Apr	3.67%	3.56%	0.11%
May	-2.21	-2.27	0.06
Jun	-4.41	-4.43	0.02
<b>2nd Qtr.</b>	<b>-3.09%</b>	<b>-3.27%</b>	<b>0.18%</b>
Jul	4.46%	4.45%	0.01%
Aug	-1.31	-1.32	0.01
Sep	7.08	7.07	0.01
<b>3rd Qtr.</b>	<b>10.39%</b>	<b>10.37%</b>	<b>0.02%</b>
Oct	3.61%	3.60%	0.01%
Nov	0.11	0.12	-0.01
Dec			
<b>4th Qtr.</b>			
<b>YTD 2013</b>	<b>14.97%</b>	<b>14.68%</b>	<b>0.29%</b>
<b>Cumulative Since Inception</b>	<b>18.05%</b>	<b>16.40%</b>	<b>1.65%</b>
<b>Annualized Since Inception</b>	<b>2.96%</b>	<b>2.70%</b>	<b>0.26%</b>
<b>Annualized Risk</b>	<b>22.89%</b>	<b>22.95%</b>	<b>0.21%</b>

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<sup>1</sup> Fund Inception 03/20/08

<sup>2</sup> Performance figures are annualized as of period end.

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# US Debt Index Fund

## Ventura County Employees' Retirement Association

	Fund	Barclays U.S. Aggregate Bond Index <sup>2</sup>	Tracking Difference
1996 <sup>1</sup>	-1.11%	-1.21%	0.10%
1997	8.14	8.15	-0.01
1998	10.61	10.54	0.07
1999	3.17	3.15	0.02
2000	4.64	4.57	0.07
2001	11.38	11.23	0.15
2002	8.87	8.63	0.24
2003	10.47	10.40	0.07
2004	0.33	0.32	0.01
2005	6.85	6.80	0.05
2006	-0.76	-0.81	0.05
2007	6.21	6.12	0.09
2008	7.32	7.12	0.20
2009	6.15	6.05	0.10
2010	9.61	9.50	0.11
2011	4.03	3.90	0.13
2012	7.56	7.47	0.09
2013	-0.48	-0.69	0.21
1 Yr <sup>3</sup>	-1.47	-1.61	0.14
2 Yrs Annualized	1.98	1.89	0.09
3 Yrs Annualized	3.20	3.09	0.11
4 Yrs Annualized	3.94	3.81	0.13
5 Yrs Annualized	5.44	5.33	0.11
7 Yrs Annualized	5.04	4.91	0.13
10 Yrs Annualized	4.81	4.71	0.10
<b>Fiscal Year 2014</b>			
Jul	0.09%	0.14%	-0.05%
Aug	-0.51	-0.51	0.00
Sep	0.95	0.95	0.00
<b>1st Qtr.</b>	<b>0.53%</b>	<b>0.57%</b>	<b>-0.04%</b>
Oct	0.84%	0.81%	0.03%
Nov	-0.39	-0.37	-0.02
Dec			
<b>2nd Qtr.</b>			
Jan			
Feb			
Mar			
<b>3rd Qtr.</b>			
Apr			
May			
Jun			
<b>4th Qtr.</b>			
<b>Fiscal YTD</b>	<b>0.98%</b>	<b>1.00%</b>	<b>-0.02%</b>
<b>Cumulative Since Inception</b>	<b>171.39%</b>	<b>167.00%</b>	<b>4.39%</b>
<b>Annualized Since Inception</b>	<b>5.73%</b>	<b>5.63%</b>	<b>0.10%</b>
<b>Annualized Risk</b>	<b>3.55%</b>	<b>3.55%</b>	<b>0.08%</b>

<sup>1</sup> Account Inception 12/31/95

<sup>2</sup> 5/31/96 performance difference due to pricing changes in the Barclays Mortgage Index.

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# US Debt Index Fund

	Fund	Barclays U.S. Aggregate Bond Index <sup>2</sup>	Tracking Difference
1986 <sup>1</sup>	5.69%	5.87%	-0.18%
1987	2.52	2.60	-0.08
1988	7.93	7.98	-0.05
1989	14.45	14.44	0.01
1990	8.89	8.96	-0.07
1991	16.03	16.00	0.03
1992	7.37	7.40	-0.03
1993	9.74	9.75	-0.01
1994	-2.94	-2.92	-0.02
1995	18.49	18.47	0.02
1996	3.73	3.63	0.10
1997	9.69	9.65	0.04
1998	8.78	8.69	0.09
1999	-0.83	-0.82	-0.01
2000	11.73	11.63	0.10
2001	8.64	8.44	0.20
2002	10.34	10.26	0.08
2003	4.22	4.10	0.12
2004	4.37	4.34	0.03
2005	2.47	2.43	0.04
2006	-4.42	-4.33	-0.09
2007	7.07	6.97	0.10
2008	5.41	5.24	0.17
2009	6.01	5.93	0.08
2010	6.73	6.54	0.19
2011	7.89	7.84	0.05
2012	4.34	4.21	0.13
1 Yr <sup>3</sup>	-1.47	-1.61	0.14
2 Yrs Annualized	1.98	1.89	0.09
3 Yrs Annualized	3.20	3.09	0.11
4 Yrs Annualized	3.94	3.81	0.13
5 Yrs Annualized	5.44	5.33	0.11
7 Yrs Annualized	5.04	4.91	0.13
10 Yrs Annualized	4.81	4.71	0.10
<b>2013</b>			
Jan	-0.56%	-0.70%	0.14%
Feb	0.51	0.50	0.01
Mar	0.07	0.08	-0.01
<b>1st Qtr.</b>	<b>0.01%</b>	<b>-0.12%</b>	<b>0.13%</b>
Apr	1.02%	1.01%	0.01%
May	-1.75	-1.78	0.00
Jun	-1.54	-1.55	0.01
<b>2nd Qtr.</b>	<b>-2.31%</b>	<b>-2.32%</b>	<b>0.01%</b>
Jul	0.09%	0.14%	-0.05%
Aug	-0.51	-0.51	0.00
Sep	0.95	0.95	0.00
<b>3rd Qtr.</b>	<b>0.53%</b>	<b>0.57%</b>	<b>-0.04%</b>
Oct	0.84%	0.81%	0.03%
Nov	-0.39	-0.37	-0.02
Dec			
<b>4th Qtr.</b>			
<b>YTD 2013</b>	<b>-1.34%</b>	<b>-1.47%</b>	<b>0.13%</b>
<b>Cumulative Since Inception</b>	<b>521.87%</b>	<b>514.19%</b>	<b>7.68%</b>
<b>Annualized Since Inception</b>	<b>6.89%</b>	<b>6.84%</b>	<b>0.05%</b>
<b>Annualized Risk</b>	<b>3.93%</b>	<b>3.93%</b>	<b>0.09%</b>

**General Notes:**

<sup>1</sup> Fund Inception 06/30/86

<sup>2</sup> 5/31/96 performance difference due to pricing changes in the Barclays Mortgage Index.

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<sup>3</sup> Performance figures are annualized as of period end.

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## Ventura County Employees' Retirement Association

### Investment Summary Quarter Ending November 30, 2013

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**Total Fund Performance Detail (Net)**

**Performance Summary**

	Market Value (\$)	% of Portfolio	1 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Total Fund</b>	<b>4,049,519,223</b>	<b>100.0</b>	<b>0.5</b>	<b>15.7</b>	<b>9.2</b>	<b>17.4</b>	<b>11.5</b>	<b>13.9</b>	<b>7.1</b>	<b>8.3</b>	<b>Apr-94</b>
Policy Index			<u>1.2</u>	<u>15.7</u>	<u>9.8</u>	<u>17.2</u>	<u>11.1</u>	<u>13.0</u>	<u>7.3</u>	<u>8.3</u>	Apr-94
Over/Under			-0.7	0.0	-0.6	0.2	0.4	0.9	-0.2	0.0	
<b>Total US Equity</b>	<b>1,294,268,045</b>	<b>32.0</b>	<b>2.9</b>	<b>30.1</b>	<b>14.2</b>	<b>31.7</b>	<b>17.9</b>	<b>19.1</b>	<b>7.6</b>	<b>8.9</b>	<b>Dec-93</b>
Total U.S. Equity Benchmark			<u>2.9</u>	<u>30.1</u>	<u>13.9</u>	<u>31.7</u>	<u>17.8</u>	<u>18.7</u>	<u>8.2</u>	<u>9.3</u>	Dec-93
Over/Under			0.0	0.0	0.3	0.0	0.1	0.4	-0.6	-0.4	
BlackRock Extended Equity Index	42,049,047	1.0	2.5	34.3	16.1	37.9	18.1	22.9	10.3	12.8	Oct-02
Dow Jones U.S. Completion Total Stock Market			<u>2.4</u>	<u>34.0</u>	<u>15.9</u>	<u>37.5</u>	<u>17.7</u>	<u>22.9</u>	<u>10.2</u>	<u>12.8</u>	Oct-02
Over/Under			0.1	0.3	0.2	0.4	0.4	0.0	0.1	0.0	
Western U.S. Index Plus	118,572,579	2.9	3.1	29.9	14.0	31.2	19.1	23.5	--	1.5	May-07
S&P 500			<u>3.0</u>	<u>29.1</u>	<u>13.4</u>	<u>30.3</u>	<u>17.7</u>	<u>17.6</u>	<u>7.7</u>	<u>4.8</u>	May-07
Over/Under			0.1	0.8	0.6	0.9	1.4	5.9		-3.3	
BlackRock Equity Market Fund	1,133,646,419	28.0	2.9	29.5	13.4	31.0	17.6	18.5	--	6.4	Dec-07
Dow Jones U.S. Total Stock Market			<u>2.9</u>	<u>30.1</u>	<u>13.9</u>	<u>31.6</u>	<u>17.8</u>	<u>18.6</u>	<u>8.3</u>	<u>6.5</u>	Dec-07
Over/Under			0.0	-0.6	-0.5	-0.6	-0.2	-0.1		-0.1	

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% Wells Fargo MLP 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

BlackRock Equity Market Fund Performance is preliminary, valuations between State Street Bank and BlackRock are under review



# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	1 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Total Non-US Equity</b>	<b>644,100,311</b>	<b>15.9</b>	<b>0.2</b>	<b>15.2</b>	<b>13.7</b>	<b>18.9</b>	<b>8.2</b>	<b>14.2</b>	<b>8.0</b>	<b>7.1</b>	<b>Mar-94</b>
<i>Total Non-US Equity Benchmark</i>			<u>0.2</u>	<u>14.3</u>	<u>14.3</u>	<u>18.2</u>	<u>7.5</u>	<u>13.9</u>	<u>8.3</u>	<u>5.7</u>	<i>Mar-94</i>
Over/Under			0.0	0.9	-0.6	0.7	0.7	0.3	-0.3	1.4	
BlackRock ACWI ex-U.S. Index	287,935,509	7.1	0.1	14.9	14.5	18.9	7.7	14.6	--	2.0	Mar-07
<i>MSCI ACWI ex USA</i>			<u>0.2</u>	<u>14.3</u>	<u>14.3</u>	<u>18.2</u>	<u>7.5</u>	<u>13.9</u>	<u>8.3</u>	<u>1.6</u>	<i>Mar-07</i>
Over/Under			-0.1	0.6	0.2	0.7	0.2	0.7		0.4	
Spurcegrove	183,349,851	4.5	0.4	15.6	13.9	19.6	9.5	15.6	8.9	8.9	Mar-02
<i>MSCI EAFE</i>			<u>0.8</u>	<u>21.0</u>	<u>16.2</u>	<u>24.8</u>	<u>10.5</u>	<u>13.4</u>	<u>7.6</u>	<u>7.1</u>	<i>Mar-02</i>
Over/Under			-0.4	-5.4	-2.3	-5.2	-1.0	2.2	1.3	1.8	
<i>MSCI ACWI ex USA</i>			<u>0.2</u>	<u>14.3</u>	<u>14.3</u>	<u>18.2</u>	<u>7.5</u>	<u>13.9</u>	<u>8.3</u>	<u>7.9</u>	<i>Mar-02</i>
Hexavest	79,483,854	2.0	0.3	18.7	13.4	20.9	--	--	--	7.3	Dec-10
<i>MSCI EAFE</i>			<u>0.8</u>	<u>21.0</u>	<u>16.2</u>	<u>24.8</u>	<u>10.5</u>	<u>13.4</u>	<u>7.6</u>	<u>7.9</u>	<i>Dec-10</i>
Over/Under			-0.5	-2.3	-2.8	-3.9				-0.6	
Walter Scott	93,331,097	2.3	0.0	11.7	10.3	14.2	--	--	--	7.0	Dec-10
<i>MSCI ACWI ex USA</i>			<u>0.2</u>	<u>14.3</u>	<u>14.3</u>	<u>18.2</u>	<u>7.5</u>	<u>13.9</u>	<u>8.3</u>	<u>5.0</u>	<i>Dec-10</i>
Over/Under			-0.2	-2.6	-4.0	-4.0				2.0	
<b>Total Global Equity</b>	<b>416,238,186</b>	<b>10.3</b>	<b>1.5</b>	<b>20.2</b>	<b>13.5</b>	<b>23.3</b>	<b>11.9</b>	<b>12.7</b>	<b>--</b>	<b>5.9</b>	<b>May-05</b>
<i>MSCI ACWI</i>			<u>1.4</u>	<u>20.7</u>	<u>13.8</u>	<u>23.5</u>	<u>11.7</u>	<u>15.3</u>	<u>7.6</u>	<u>6.8</u>	<i>May-05</i>
Over/Under			0.1	-0.5	-0.3	-0.2	0.2	-2.6		-0.9	
GMO Global Equity	207,161,388	5.1	1.5	19.5	13.2	22.9	12.8	14.1	--	7.5	Apr-05
<i>MSCI ACWI</i>			<u>1.4</u>	<u>20.7</u>	<u>13.8</u>	<u>23.5</u>	<u>11.7</u>	<u>15.3</u>	<u>7.6</u>	<u>6.8</u>	<i>Apr-05</i>
Over/Under			0.1	-1.2	-0.6	-0.6	1.1	-1.2		0.7	
BlackRock MSCI ACWI Equity Index	209,076,798	5.2	1.5	21.2	13.9	23.9	--	--	--	--	May-12
<i>MSCI ACWI</i>			<u>1.4</u>	<u>20.7</u>	<u>13.8</u>	<u>23.5</u>	<u>11.7</u>	<u>15.3</u>	<u>7.6</u>	<u>24.7</u>	<i>May-12</i>
Over/Under			0.1	0.5	0.1	0.4					

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

Ventura County Employees' Retirement Association

**Total Fund Performance Detail (Net)**

	Market Value (\$)	% of Portfolio	1 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Total US Fixed Income</b>	<b>698,276,602</b>	<b>17.2</b>	<b>0.0</b>	<b>0.1</b>	<b>2.1</b>	<b>0.2</b>	<b>5.5</b>	<b>11.4</b>	<b>6.3</b>	<b>6.5</b>	<b>Feb-94</b>
<i>Barclays Aggregate</i>			<i>-0.4</i>	<i>-1.5</i>	<i>1.0</i>	<i>-1.6</i>	<i>3.1</i>	<i>5.3</i>	<i>4.7</i>	<i>5.9</i>	<i>Feb-94</i>
Over/Under			0.4	1.6	1.1	1.8	2.4	6.1	1.6	0.6	
Western	248,345,801	6.1	-0.4	-0.8	1.2	-0.7	5.1	9.7	5.6	6.5	Dec-96
<i>Barclays Aggregate</i>			<i>-0.4</i>	<i>-1.5</i>	<i>1.0</i>	<i>-1.6</i>	<i>3.1</i>	<i>5.3</i>	<i>4.7</i>	<i>5.8</i>	<i>Dec-96</i>
Over/Under			0.0	0.7	0.2	0.9	2.0	4.4	0.9	0.7	
BlackRock U.S. Debt Fund	131,853,367	3.3	-0.4	-1.4	1.0	-1.5	3.2	5.4	4.8	5.7	Nov-95
<i>Barclays Aggregate</i>			<i>-0.4</i>	<i>-1.5</i>	<i>1.0</i>	<i>-1.6</i>	<i>3.1</i>	<i>5.3</i>	<i>4.7</i>	<i>5.7</i>	<i>Nov-95</i>
Over/Under			0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.0	
Reams	251,393,004	6.2	0.8	2.5	2.3	2.5	6.8	14.0	7.2	6.8	Sep-01
<i>Reams Custom Index</i>			<i>0.0</i>	<i>-0.5</i>	<i>0.1</i>	<i>-0.6</i>	<i>3.4</i>	<i>5.5</i>	<i>4.8</i>	<i>5.0</i>	<i>Sep-01</i>
Over/Under			0.8	3.0	2.2	3.1	3.4	8.5	2.4	1.8	
<i>Barclays Aggregate</i>			<i>-0.4</i>	<i>-1.5</i>	<i>1.0</i>	<i>-1.6</i>	<i>3.1</i>	<i>5.3</i>	<i>4.7</i>	<i>5.0</i>	<i>Sep-01</i>
Loomis Sayles	66,684,430	1.6	-0.3	1.2	2.9	2.3	7.4	15.9	--	7.4	Jul-05
<i>Loomis Custom Index</i>			<i>-0.1</i>	<i>1.1</i>	<i>2.2</i>	<i>1.5</i>	<i>5.1</i>	<i>9.6</i>	--	<i>5.9</i>	<i>Jul-05</i>
Over/Under			-0.2	0.1	0.7	0.8	2.3	6.3		1.5	
<i>Barclays Aggregate</i>			<i>-0.4</i>	<i>-1.5</i>	<i>1.0</i>	<i>-1.6</i>	<i>3.1</i>	<i>5.3</i>	<i>4.7</i>	<i>4.8</i>	<i>Jul-05</i>
<b>Total Global Fixed Income</b>	<b>255,470,849</b>	<b>6.3</b>	<b>-0.4</b>	<b>-2.1</b>	<b>3.0</b>	<b>-2.2</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>0.9</b>	<b>Jun-12</b>
<i>Barclays Global Aggregate</i>			<i>-0.8</i>	<i>-2.0</i>	<i>3.0</i>	<i>-2.3</i>	<i>3.0</i>	<i>5.3</i>	<i>4.9</i>	<i>0.5</i>	<i>Jun-12</i>
Over/Under			0.4	-0.1	0.0	0.1				0.4	
Loomis Sayles Global Fixed Income	91,792,360	2.3	-0.8	-1.9	2.6	-1.8	--	--	--	1.4	Jun-12
<i>Barclays Global Aggregate</i>			<i>-0.8</i>	<i>-2.0</i>	<i>3.0</i>	<i>-2.3</i>	<i>3.0</i>	<i>5.3</i>	<i>4.9</i>	<i>0.5</i>	<i>Jun-12</i>
Over/Under			0.0	0.1	-0.4	0.5				0.9	
PIMCO Global Fixed Income	123,100,091	3.0	-0.4	-3.1	2.9	-3.2	--	--	--	-3.0	Sep-12
<i>Barclays Global Aggregate</i>			<i>-0.8</i>	<i>-2.0</i>	<i>3.0</i>	<i>-2.3</i>	<i>3.0</i>	<i>5.3</i>	<i>4.9</i>	<i>-2.1</i>	<i>Sep-12</i>
Over/Under			0.4	-1.1	-0.1	-0.9				-0.9	
Loomis Strategic Alpha	40,578,398	1.0	0.5	--	--	--	--	--	--	0.9	Jul-13
<i>Barclays Global Aggregate</i>			<i>-0.8</i>	<i>-2.0</i>	<i>3.0</i>	<i>-2.3</i>	<i>3.0</i>	<i>5.3</i>	<i>4.9</i>	<i>1.7</i>	<i>Jul-13</i>
Over/Under			1.3							-0.8	

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

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

Ventura County Employees' Retirement Association

**Total Fund Performance Detail (Net)**

	Market Value (\$)	% of Portfolio	1 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Total Real Estate</b>	<b>285,986,470</b>	<b>7.1</b>	<b>0.0</b>	<b>7.9</b>	<b>2.7</b>	<b>9.6</b>	<b>12.0</b>	<b>-1.9</b>	<b>4.9</b>	<b>7.5</b>	<b>Mar-94</b>
<i>Total Real Estate Benchmark</i>			<u>0.0</u>	<u>10.4</u>	<u>3.6</u>	<u>13.0</u>	<u>14.3</u>	<u>0.7</u>	<u>7.1</u>	<u>8.5</u>	<i>Mar-94</i>
Over/Under			0.0	-2.5	-0.9	-3.4	-2.3	-2.6	-2.2	-1.0	
Prudential Real Estate	91,735,227	2.3	0.0	10.0	3.5	11.9	14.6	-1.6	--	3.4	Jun-04
<i>NCREIF-ODCE</i>			<u>0.0</u>	<u>10.4</u>	<u>3.6</u>	<u>13.0</u>	<u>14.3</u>	<u>0.7</u>	<u>7.1</u>	<u>6.6</u>	<i>Jun-04</i>
Over/Under			0.0	-0.4	-0.1	-1.1	0.3	-2.3		-3.2	
UBS Real Estate	185,881,917	4.6	0.0	7.1	2.5	9.0	10.6	1.2	6.8	6.8	Mar-03
<i>NCREIF-ODCE</i>			<u>0.0</u>	<u>10.4</u>	<u>3.6</u>	<u>13.0</u>	<u>14.3</u>	<u>0.7</u>	<u>7.1</u>	<u>7.1</u>	<i>Mar-03</i>
Over/Under			0.0	-3.3	-1.1	-4.0	-3.7	0.5	-0.3	-0.3	
RREEF	8,369,326	0.2	0.0	12.5	4.4	14.5	28.4	-10.7	--	-11.3	Sep-07
<i>NCREIF-ODCE</i>			<u>0.0</u>	<u>10.4</u>	<u>3.6</u>	<u>13.0</u>	<u>14.3</u>	<u>0.7</u>	<u>7.1</u>	<u>1.1</u>	<i>Sep-07</i>
Over/Under			0.0	2.1	0.8	1.5	14.1	-11.4		-12.4	
<b>Total Private Equity</b>	<b>57,596,386</b>	<b>1.4</b>	<b>0.4</b>	<b>13.3</b>	<b>6.0</b>	<b>13.3</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>Jul-10</b>
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>3.2</u>	<u>33.5</u>	<u>15.3</u>	<u>35.5</u>	--	--	--	--	<i>Jul-10</i>
Over/Under			-2.8	-20.2	-9.3	-22.2					
Adams Street Partners	37,792,119	0.9	-0.6	11.0	7.0	11.0	--	--	--	--	Jul-10
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>3.2</u>	<u>33.5</u>	<u>15.3</u>	<u>35.5</u>	--	--	--	--	<i>Jul-10</i>
Over/Under			-3.8	-22.5	-8.3	-24.5					
Panteon Ventures	8,703,475	0.2	0.0	12.1	1.4	12.1	--	--	--	--	Aug-10
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>3.2</u>	<u>33.5</u>	<u>15.3</u>	<u>35.5</u>	--	--	--	--	<i>Aug-10</i>
Over/Under			-3.2	-21.4	-13.9	-23.4					
Harbourvest	11,100,791	0.3	4.2	--	4.2	--	--	--	--	--	May-13
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>3.2</u>	<u>33.5</u>	<u>15.3</u>	<u>35.5</u>	--	--	--	<u>14.1</u>	<i>May-13</i>
Over/Under			1.0		-11.1						

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.

Ventura County Employees' Retirement Association

**Total Fund Performance Detail (Net)**

	Market Value (\$)	% of Portfolio	1 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Total Liquid Alternatives</b>	<b>374,761,089</b>	<b>9.3</b>	<b>-0.2</b>	<b>--</b>	<b>6.9</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>10.1</b>	<b>Apr-13</b>
<i>Wells Fargo MLP Index</i>			<u>1.2</u>	<u>27.8</u>	<u>3.2</u>	<u>22.2</u>	<u>15.5</u>	--	--	<u>4.5</u>	<i>Apr-13</i>
Over/Under			-1.4		3.7					5.6	
Tortoise Energy Infrastructure	118,572,892	2.9	1.9	--	9.3	--	--	--	--	12.6	Apr-13
<i>Wells Fargo MLP Index</i>			<u>1.2</u>	<u>27.8</u>	<u>3.2</u>	<u>22.2</u>	<u>15.5</u>	--	--	<u>4.5</u>	<i>Apr-13</i>
Over/Under			0.7		6.1					8.1	
Bridgewater All Weather Fund	256,188,197	6.3	-1.1	--	--	--	--	--	--	3.9	Aug-13
<i>DJ U.S. Total Stock Market Index + 3%</i>			<u>3.2</u>	<u>33.5</u>	<u>15.3</u>	<u>35.5</u>	--	--	--	<u>12.0</u>	<i>Aug-13</i>
Over/Under			-4.3							-8.1	
<b>Overlay</b>	<b>22,821,284</b>	<b>0.6</b>									
Clifton	22,821,284	0.6									

Clifton Overlay account: Performance is not applicable

Ventura County Employee Retirement Systems

2014 Proposed Board Meeting Agenda Items

Board Meeting	Agenda Item
<b>January 27, 2014</b>	<ul style="list-style-type: none"> <li>• December monthly performance</li> <li>• 2014 NEPC Outlook – high level VCERA plan observations</li> <li>• Investment Policy Statement and manager guideline review</li> <li>• Tactical rebalancing review</li> </ul>
<b>February 24, 2014</b>	<ul style="list-style-type: none"> <li>• Quarterly performance report</li> <li>• Update on real estate market</li> <li>• January monthly performance</li> <li>• Fixed income structure review</li> </ul>
<b>March 24, 2014</b>	<ul style="list-style-type: none"> <li>• Private equity market update</li> <li>• February monthly performance</li> <li>• Start asset/liability study</li> </ul>
<b>April 21, 2014</b>	<ul style="list-style-type: none"> <li>• March monthly performance</li> <li>• Non-US equity structure review</li> </ul>
<b>May 19, 2014</b>	<ul style="list-style-type: none"> <li>• April monthly performance</li> <li>• Education on fixed income alternatives</li> <li>• Quarterly performance report</li> </ul>
<b>June 16, 2014</b>	<ul style="list-style-type: none"> <li>• May monthly performance</li> <li>• Retreat agenda discussion</li> </ul>
<b>July 21, 2014</b>	<ul style="list-style-type: none"> <li>• June monthly performance</li> <li>• Review asset/liability study</li> <li>• Discuss alternative fixed income strategies</li> <li>• Approve and finalize retreat agenda</li> </ul>
<b>September 22, 2014</b>	<ul style="list-style-type: none"> <li>• Quarterly performance report</li> <li>• August monthly performance</li> <li>• Education on new asset classes</li> </ul>
<b>October 20, 2014</b>	<ul style="list-style-type: none"> <li>• September performance report</li> </ul>
<b>November 17, 2013</b>	<ul style="list-style-type: none"> <li>• October performance report</li> <li>• Quarterly Investment Report</li> </ul>
<b>December 15, 2014</b>	<ul style="list-style-type: none"> <li>• November performance report</li> <li>• Review 2015 agenda</li> </ul>



NEPC, LLC

**To:** VCERA Board of Retirement  
**From:** Allan Martin, Don Stracke, CFA, CAIA, and Anthony Ferrara  
**Date:** December 17, 2013  
**Subject:** Western Asset Management – Potential switch to TRU (unconstrained) strategy

---

## Recommendation

NEPC recommends that the VCERA Board of Retirement not transition the Western Asset Management portfolio to an unconstrained strategy at this time.

## Background

We do not share Hewitt EnnisKnupp's concerns regarding turnover on the mortgage team at Western Asset Management. NEPC feels that they have a capable, highly resourced team in mortgages and in fact across the spectrum of fixed income instruments. Therefore Western's role in the portfolio becomes a question of asset class structure, allocation size, and efficiency.

NEPC does believe, without having done the requisite analysis using our 2014 asset class forecasts to complete an asset/liability study, that VCERA likely is overweight both US and global fixed income. Additionally VCERA does have more managers in both US and global fixed income than we would normally recommend to a client. Therefore it is highly likely that fixed income will be a source of funding for new initiatives over the course of 2014, as well as an area we would recommend a structural simplification.

## Unconstrained bond strategies

We do feel that the opportunity set in core plus bond strategies is quite limited, and in fact our 2013 asset class forecast for core US bond strategies is 2.04%. Additionally, our 2013 asset class forecast for un-hedged global bonds is 0.75%. Additionally, the risk/return profile of both of these asset classes suggests that there is more potential for down-side than upside surprise. In fact, that has been the experience in 2013 year-to-date.

With this as a back-drop, NEPC did a full market scan at the beginning of 2013, and devoted significant resources to create a recommended list for US-oriented unconstrained bond funds. In the middle of 2013, a similar recommended list for global unconstrained bond funds was created. Since that time, we have been active with a number of our large west coast public fund clients in continuing to lower the total allocation to traditional fixed income asset classes as well as making sizeable allocations to alternative fixed income strategies such as unconstrained bond funds and credit-oriented illiquid strategies. In no case, however, have we totally exited core bond positions. It is the belief of NEPC that some exposure to traditional core fixed income strategies can play a role in providing liquidity, as well as a diversifying asset class in the event of market stresses leading to a flight to quality.



### **NEPC Perspective**

Therefore, we feel that VCERA has moved sufficient assets into unconstrained fixed income strategies at this point. It is highly likely that fine-tuning of the total fixed income allocation will occur in 2014, and is in fact envisioned in our work plan, but at this point transitioning the entire Western portfolio to the unconstrained portfolio would create an unbalanced exposure.

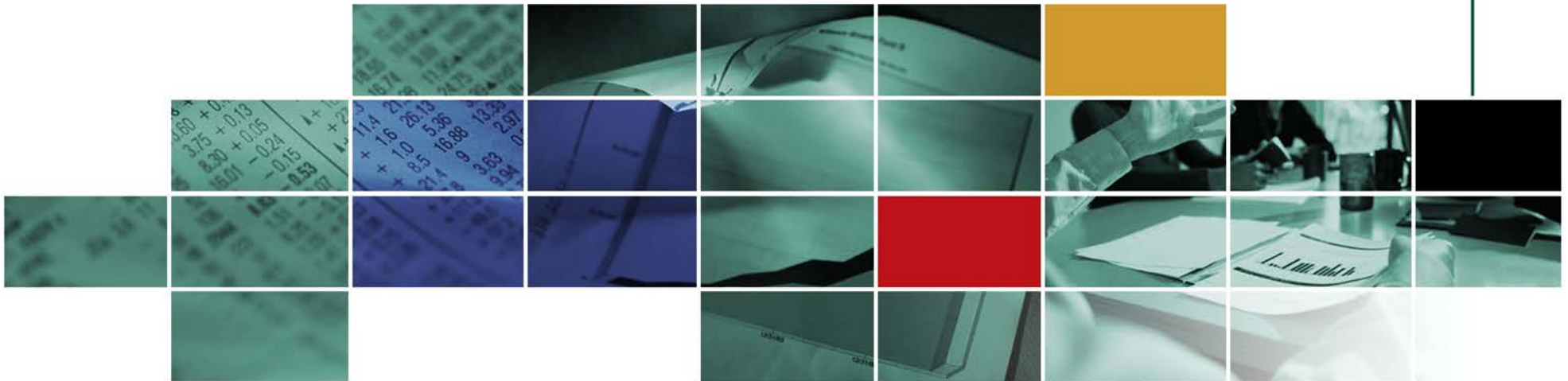
# RVKuhns

▶▶▶ & ASSOCIATES, INC.

## SACRS

### Public Fund Universe Analysis

Period Ending June 30, 2013





# Report and Firm Summary

The following report is a compilation of data provided to R.V. Kuhns & Associates, Inc. by 80 public funds throughout the United States. R.V. Kuhns & Associates, Inc. is a registered investment advisor with the Securities Exchange Commission under the Investment Advisors Act of 1940. Our firm provides investment consulting services to 192 clients across 458 plans with total assets in excess of \$1.11 trillion. The confidentiality of participants is maintained by revealing the fund name only to each individual fund. For more information about services provided by R.V. Kuhns & Associates, Inc. please visit our website at [www.RVKuhns.com](http://www.RVKuhns.com).

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# Participants

As of June 30, 2013

## **Alameda County Employees' Retirement Association (17)**

Big Spring Firemen's Relief & Retirement Fund

Chicago Teachers' Pension Fund

City of Grand Rapids General Retirement System

City of Phoenix Employees' Retirement System

Colorado Public Employees' Retirement Association

County Employees' Annuity & Benefit Fund of Cook County

Educational Employees' Supplementary Retirement System of Fairfax County

Fire & Police Employees' Retirement System of Baltimore

Florida State Board of Administration

## **Fresno County Employees' Retirement Association (80)**

Gila River Indian Community Retirement Plan

Illinois State Board of Investment

Iowa Public Employees' Retirement System

Kentucky Retirement Systems

## **Kern County Employees' Retirement Association (119)**

## **Los Angeles County Employees Retirement Association (86)**

Los Angeles Water & Power Employees Retirement Plan

## **Mendocino County Employees' Retirement Association (49)**

Metro Water Reclamation District Retirement Fund

Montana Public Employees' Retirement System

Municipal Employees' Annuity and Benefit Fund of Chicago

Nevada Public Employees' Retirement System

Arlington County Employees' Retirement System

California State Teachers' Retirement System

City of Fresno Retirement Systems

City of Grand Rapids Police & Fire Retirement System

Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri

## **Contra Costa County Employees' Retirement Association (118)**

District of Columbia Retirement Board

Employees Retirement System of Texas

Fire and Police Pension Association of Colorado

Fort Worth Employees' Retirement Fund

Georgia Division of Investment Services

Illinois Municipal Retirement Fund

## **Imperial County Employees' Retirement System (55)**

Kansas Public Employees' Retirement System

Kentucky Teachers' Retirement System

Los Angeles City Employees' Retirement System

Los Angeles Fire and Police Pension System

## **Marin County Employees' Retirement Association (69)**

## **Merced County Employees' Retirement Association (15)**

Milwaukee Employees' Retirement System

Montana Teachers' Retirement System

Navajo Nation Retirement Plan

New York State Common Retirement Fund

# Participants

As of June 30, 2013

North Carolina Retirement System

**Orange County Employees' Retirement System (71)**

Pennsylvania Public School Employees' Retirement System

Police Retirement System of Kansas City, Missouri

Public Employee Retirement System of Idaho

**Sacramento County Employees' Retirement System (75)**

San Diego City Employees' Retirement System

**San Joaquin County Employees' Retirement Association (61)**

**Santa Barbara County Employees' Retirement System (99)**

South Dakota Retirement System

State of Michigan Retirement Systems

State Retirement and Pension System of Maryland

Teachers' Retirement System of Louisiana

Texas Municipal Retirement System

**Tulare County Employees' Retirement Association (94)**

**Ventura County Employees' Retirement Association (52)**

West Virginia Investment Management Board

Ohio Public Employees' Retirement System

Pennsylvania Municipal Retirement System

Pennsylvania State Employees' Retirement System

Public Education Employee Retirement System of Missouri

Public Employees Retirement Association of New Mexico

**San Bernardino County Employees' Retirement Association (101)**

**San Diego County Employees Retirement Association (129)**

**San Mateo County Employees' Retirement Association (73)**

**Sonoma County Employees' Retirement Association (64)**

**Stanislaus County Employees' Retirement Association (57)**

State of New Jersey Pension Fund

State Universities Retirement System of Illinois

Teachers' Retirement System of the State of Illinois

The Public School Retirement System of Missouri

Utah Retirement Systems

Virginia Retirement System

Wyoming Retirement System

## Capital Markets Review As of June 30, 2013

### Second Quarter Economic Environment

The second quarter saw increased market volatility at home and abroad, though domestic markets still finished close to all-time highs. Domestically, the Bureau of Economic Analysis revised estimate of real GDP growth for the first quarter was 1.8% annualized, which was down from previous estimates, but an increase from the 0.4% fourth quarter growth rate. The Bureau of Labor Statistics reported modest second quarter job growth, while the unemployment rate remained at 7.6%. Fed Chairman Ben Bernanke, driven by improved economic indicators, unsettled markets in June by announcing the Fed may begin tapering its asset purchases earlier than expected. Markets initially responded negatively, as interest rates rose and stock prices dropped, before rebounding on assurance that the Fed would not take action in the short term. Also, despite the impact of the Sequestration this year, set to peak around June, consumer sentiment increased to 84.1% at quarter end, as measured by the University of Michigan survey – the highest level since 2007. June saw improvements in the manufacturing sector too, as the Institute for Supply Management index was reported at 50.9%, reversing a trend of three consecutive months of contraction.

Internationally, the Japanese market continues to be a bright spot in the global economy, recovering from concerns earlier in the quarter regarding Shinzo Abe's economic revitalization strategy. Emerging market equities experienced a strong decline over the quarter, due in part to a liquidity shortage in China. While interbank lending rates skyrocketed, the People's Bank of China initially declined to intervene for fear of rapid credit growth, before reluctantly stepping in to reintroduce stability. Additionally, China, the world's second largest economy, continued to experience slowing economic growth, posting a second quarter GDP growth rate of 7.5% annualized, down from 7.7% in the first quarter.

#### Domestic Equities

- Despite negative returns in June, equities managed to post positive returns for the quarter. The S&P 500 has returned 13.82% year to date, marking the strongest equity performance for this time period since 1998.
- Value trumped growth for the fifth consecutive quarter, with the Russell 3000 Value returning 3.14% versus 2.19% for the Russell 3000 Growth.
- Small cap stocks outperformed large cap, as the Russell 2000 returned 3.08% while the Russell 1000 returned 2.65%.
- Sector returns were mixed this quarter. Financials posted a 7.25% return on the quarter, and was the highest performing sector. Utilities returned -2.73%, and was the lowest performing sector.

#### International Equities

- International equities were hit hard this quarter, producing negative returns across the board.
- On a relative basis, developed markets far outpaced their emerging counterparts as the MSCI EAFE returned -0.73% versus -7.95% for the MSCI Emerging Markets.

#### Fixed Income

- The Barclays US Aggregate Bond Index suffered significant losses this quarter, hurt by the current rising interest rate environment.
- Treasury long and corporate long were once again the lowest performing sectors for the quarter, posting returns of -5.58% and -5.74% respectively.
- The Barclays US TIPS Index returned -7.05% during the second quarter, signaling lower inflation expectations.

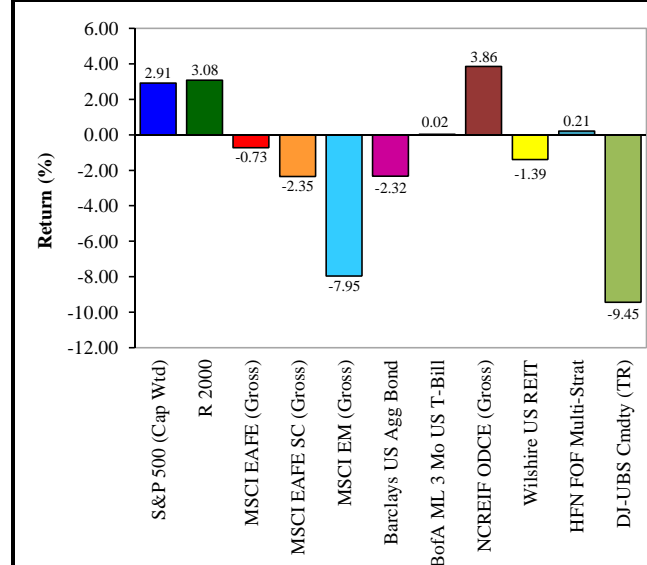
### Trailing-Period Performance

	Mth End Apr-2013	Mth End May-2013	MTD	QTD	CYTD	1 Year	2 Years	3 Years	5 Years	10 Years
S&P 500 (Cap Wtd)	1.93	2.34	-1.34	2.91	13.82	20.60	12.77	18.45	7.01	7.30
R 2000	-0.37	4.00	-0.51	3.08	15.86	24.20	10.28	18.67	8.77	9.53
MSCI EAFE (Gross)	5.33	-2.31	-3.53	-0.73	4.47	19.14	1.58	10.55	-0.16	8.16
MSCI EAFE SC (Gross)	3.66	-2.26	-3.62	-2.35	5.93	21.25	1.67	12.25	2.83	10.77
MSCI EM (Gross)	0.79	-2.52	-6.32	-7.95	-9.40	3.23	-6.69	3.72	-0.11	14.02
Barclays US Agg Bond	1.01	-1.78	-1.55	-2.32	-2.44	-0.69	3.31	3.51	5.19	4.52
BofA ML 3 Mo US T-Bill	0.01	0.01	0.01	0.02	0.04	0.11	0.08	0.11	0.29	1.72
NCREIF ODCE (Gross)	N/A	N/A	N/A	3.86	6.64	12.17	12.30	14.96	-0.15	6.94
Wilshire US REIT	6.56	-5.89	-1.66	-1.39	5.93	8.41	10.78	18.50	7.20	10.80
HFN FOF Multi-Strat	0.73	0.76	-1.27	0.21	3.58	7.30	1.61	2.94	-0.91	3.19
DJ-UBS Cmdty (TR)	-2.79	-2.24	-4.71	-9.45	-10.47	-8.01	-11.22	-0.25	-11.61	2.39

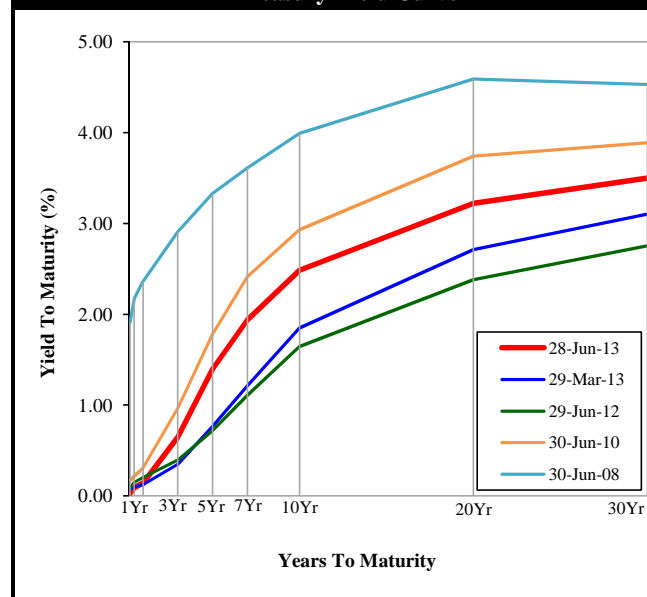
Performance is annualized for periods greater than one year.

Treasury data courtesy of the U.S. Department of the Treasury.

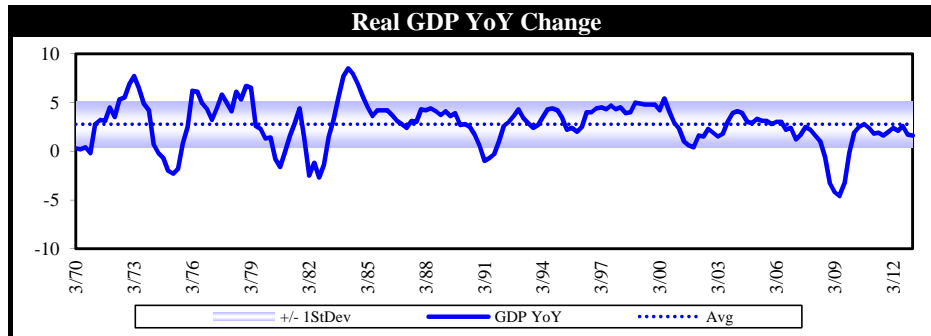
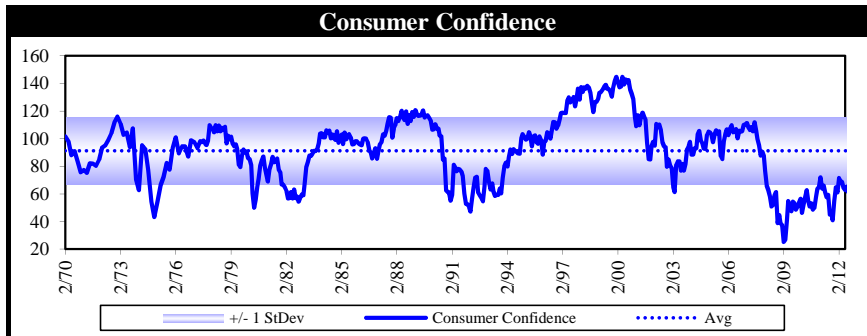
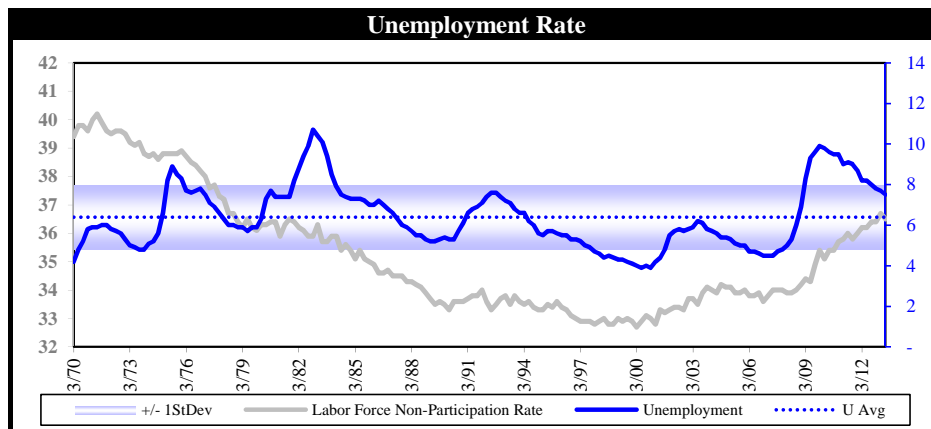
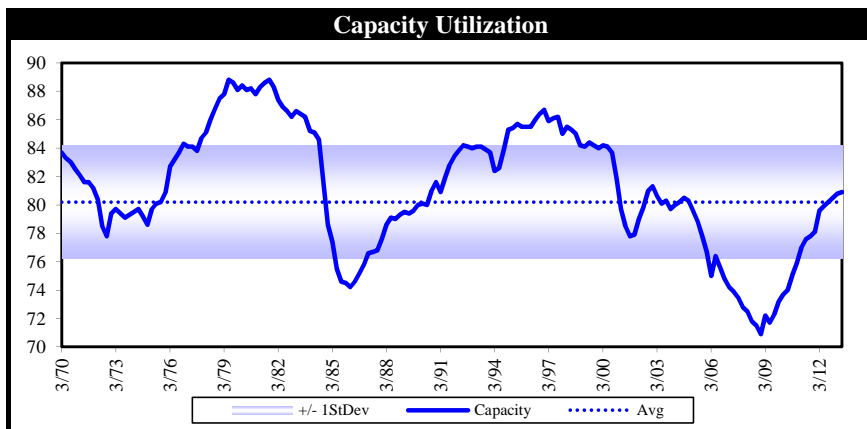
### QTD



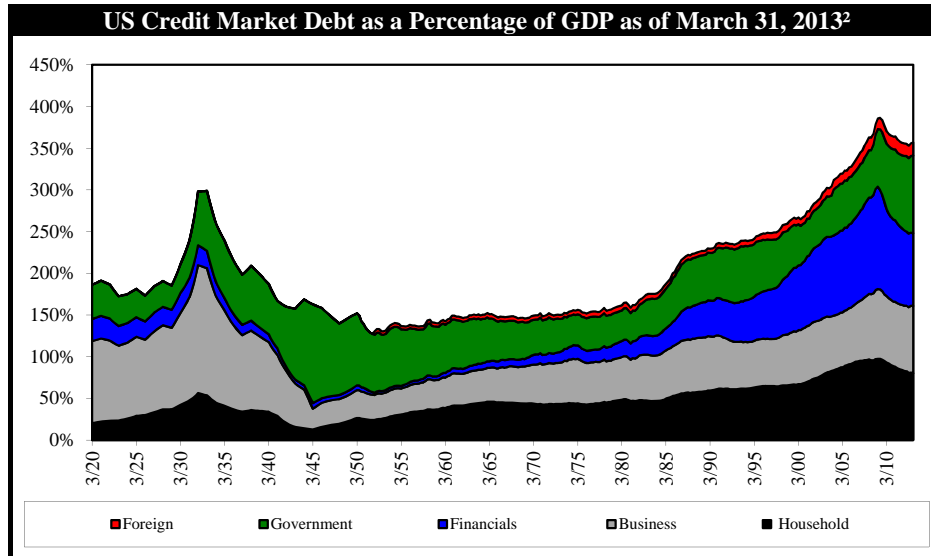
### Treasury Yield Curve



**Economic Measures <sup>1</sup>**  
As of June 30, 2013



	6/30/2013		3/31/2013	20 Year	40 Year
Capacity Utilization	77.80	▼	78.20	79.00	80.00
Unemployment Rate	7.60%	—	7.60%	6.00%	6.50%
Shiller 20 City YoY - Housing	N/A		10.85%	3.14%	N/A
PMI - Manufacturing	50.90	▼	51.30	52.00	51.80
Baltic Dry Index - Shipping	1,171	▲	699	2,414	2,056
Real GDP YoY	N/A		1.60%	2.50%	2.70%
Consumer Confidence (Conf. Bd.)	81.40	▲	61.90	93.26	91.09
Breakeven Inflation - 10 Year	1.99	▼	2.52	N/A	N/A
CPI YoY (Headline) <sup>4</sup>	1.80%	▲	1.50%	2.50%	4.40%
CPI YoY (Core) <sup>4</sup>	1.60%	▼	1.90%	2.20%	4.20%
PPI YoY	2.50%	▲	1.10%	2.30%	3.90%
M2 YoY	6.80%	▼	6.90%	5.90%	6.60%
Personal Savings	N/A		2.60%	3.90%	6.30%
Disposable Personal Income	N/A		0.20%	0.40%	0.50%
Prsnl Consumption Expenditures	N/A		1.00%	2.00%	3.90%
US Dollar Total Weighted Index	77.55	▲	76.23	87.08	94.90
WTI Crude Oil per Barrel	\$97	▼	\$97	\$48	\$39
Gold Spot per Oz <sup>5</sup>	\$1,235	▼	\$1,599	\$320	\$336

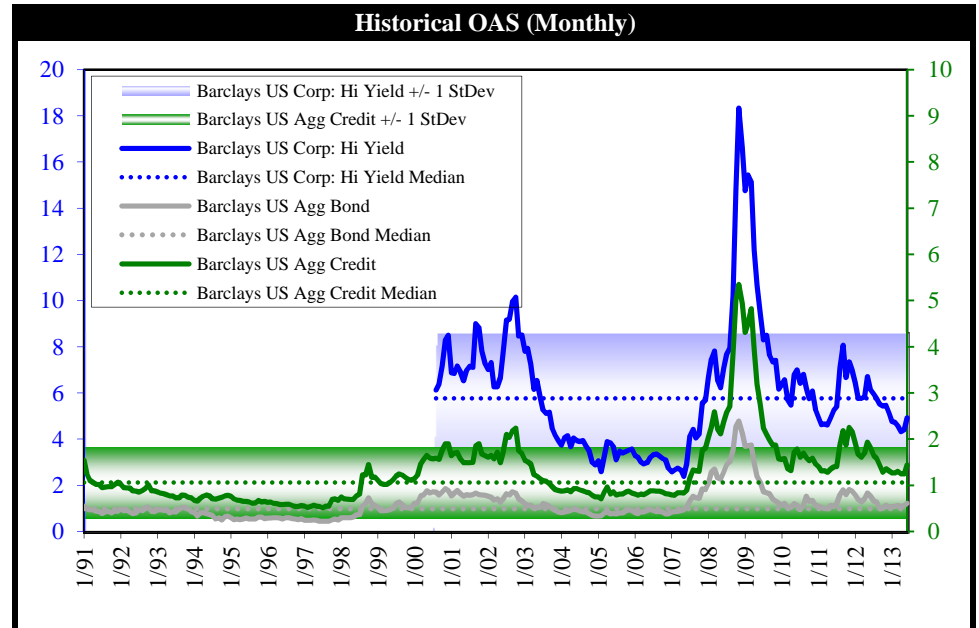
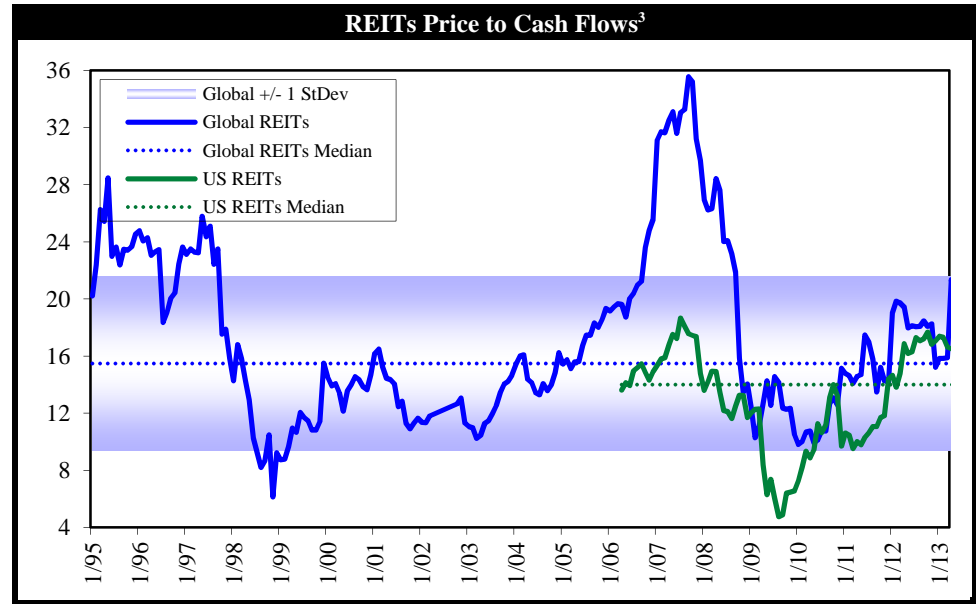
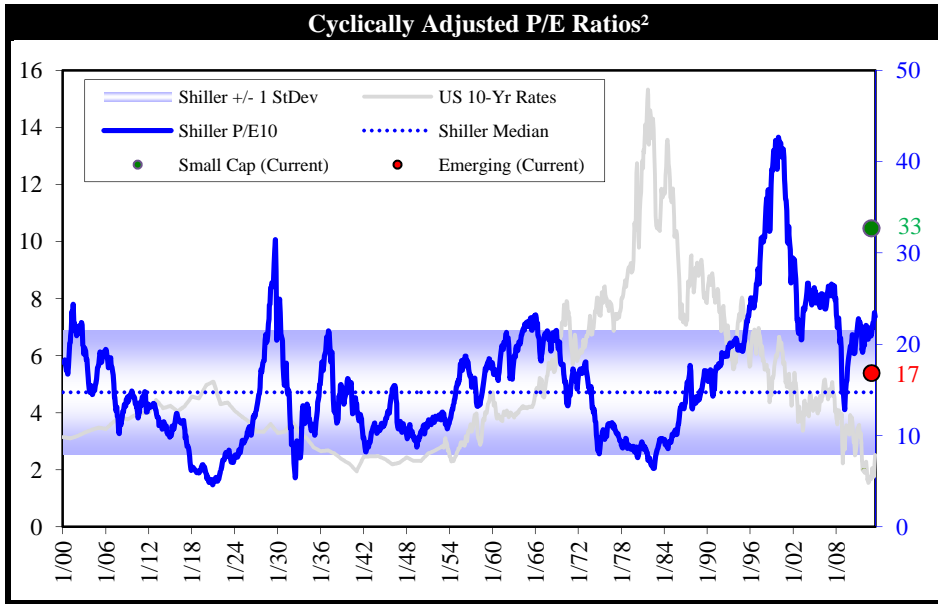


<sup>1</sup> All data courtesy of Bloomberg Professional Service, except as noted below.

<sup>2</sup> Data prior to 1952 is from "The Statistical History of the United States, From Colonial Times to the Present", by Ben Wattenberg, Morgan Stanley Research.

<sup>3</sup> "N/A" is shown for data that is not yet available. <sup>4</sup> CPI figures are cyclically adjusted. <sup>5</sup> 20- and 40-year average Gold spot prices are adjusted for inflation.

## Valuation Metrics <sup>1</sup> As of June 30, 2013

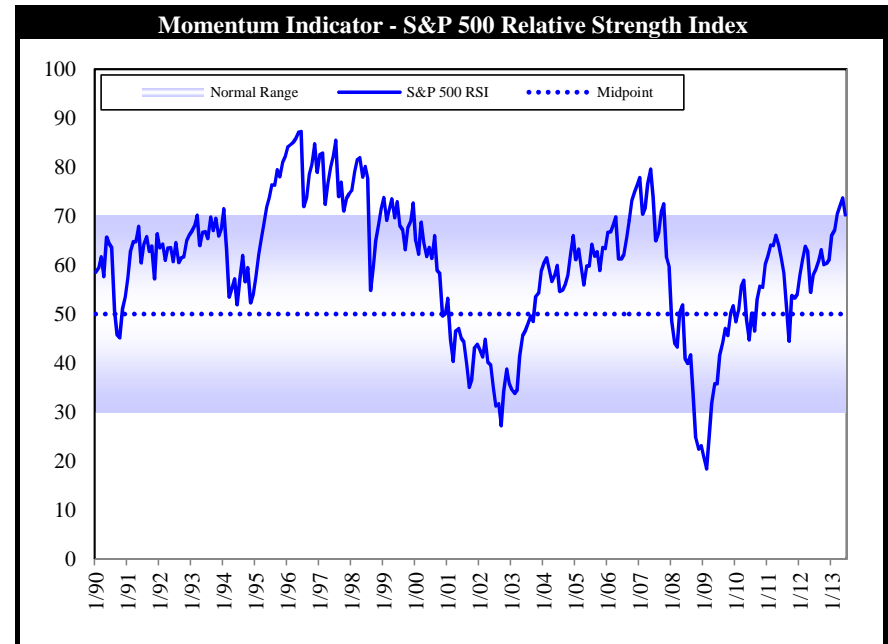
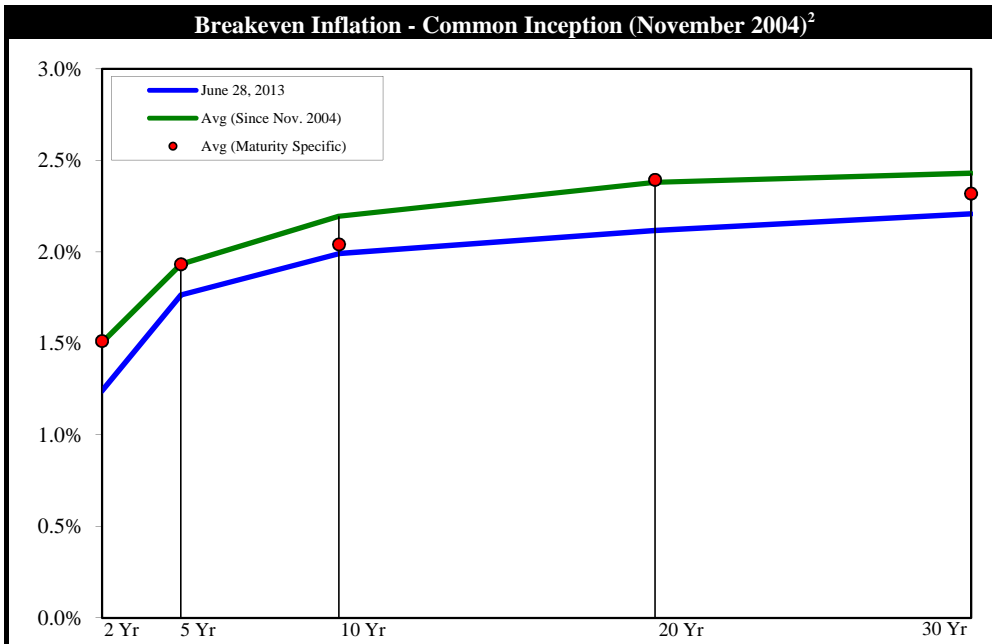
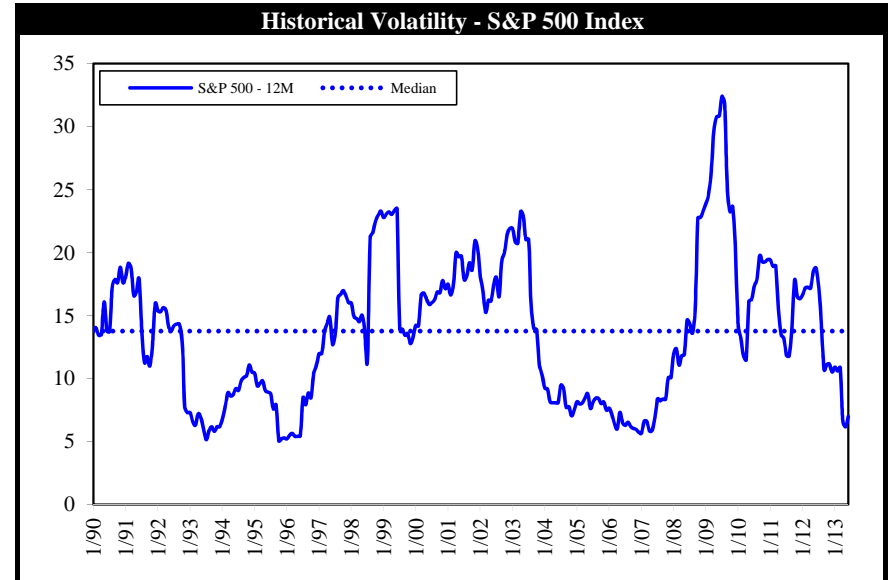
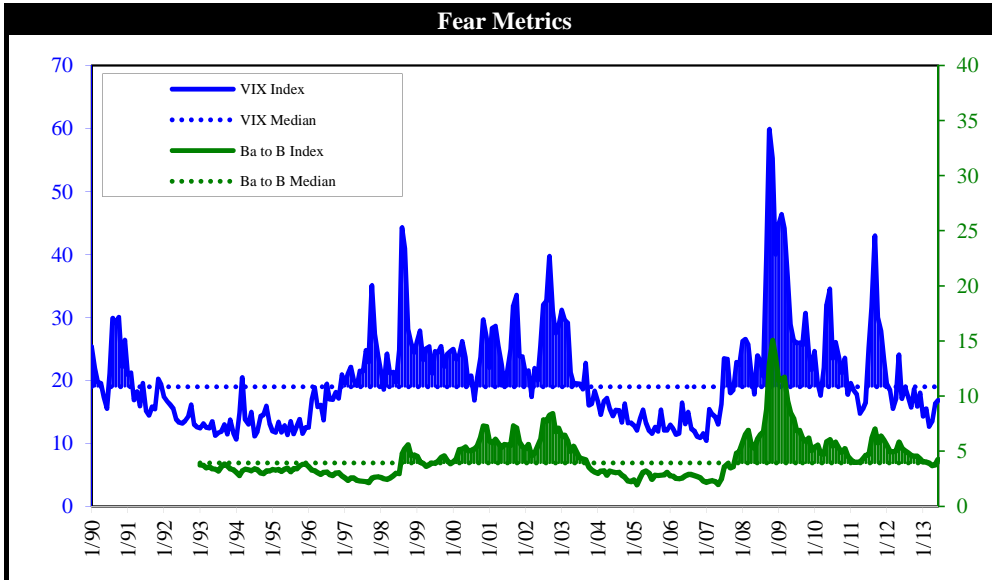


<sup>1</sup> All data courtesy of Bloomberg Professional Service.

<sup>2</sup> Source: Bloomberg and Robert J. Shiller, Irrational Exuberance, Second Edition. P/E for the S&P 500 Index is based on 10-year trailing real earnings. Small Cap is represented by the S&P 600 Small Cap Index, and Emerging is represented by the MSCI Emerging Markets Index. Due to limited history, only the current 10-year P/E is shown for Small Cap and Emerging.

<sup>3</sup> US REITs is represented by the MSCI US REITs Index and Global REITs is represented by the MSCI World Real Estate Index.

Risk Metrics <sup>1</sup>  
As of June 30, 2013

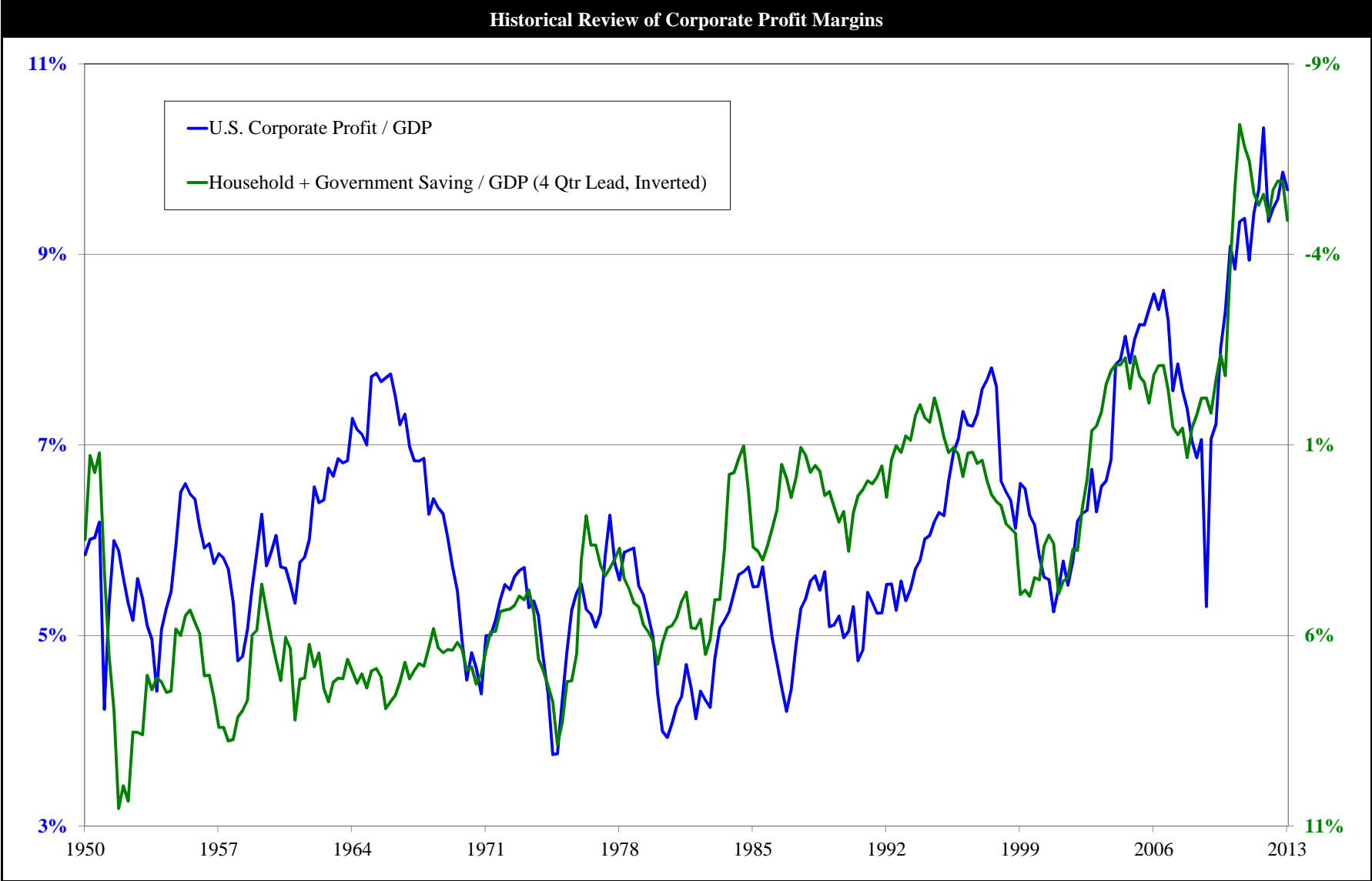


<sup>1</sup> All data courtesy of Bloomberg Professional Service.

<sup>2</sup> Common inception of November 2004 is based on historical data availability. Specific inception dates are as follows: 2- and 20-year (2004), 5-year (2002), 10- and 30-year (1998).



U.S. Profit and Saving  
As of June 30, 2013



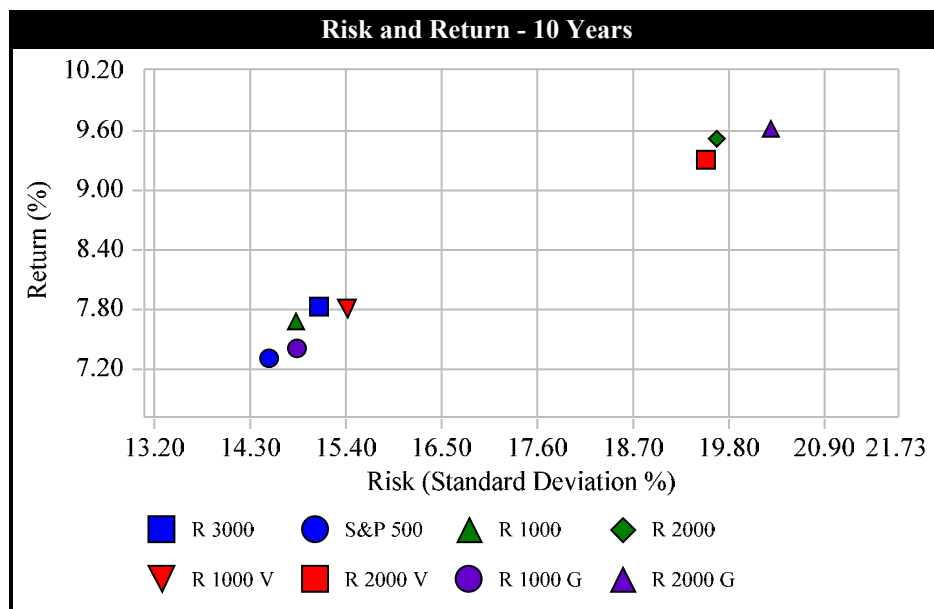
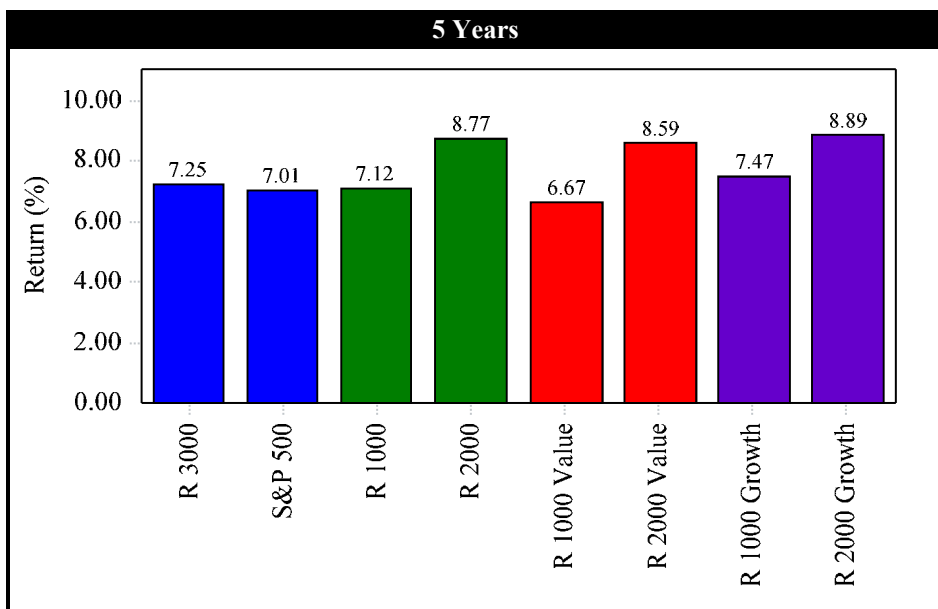
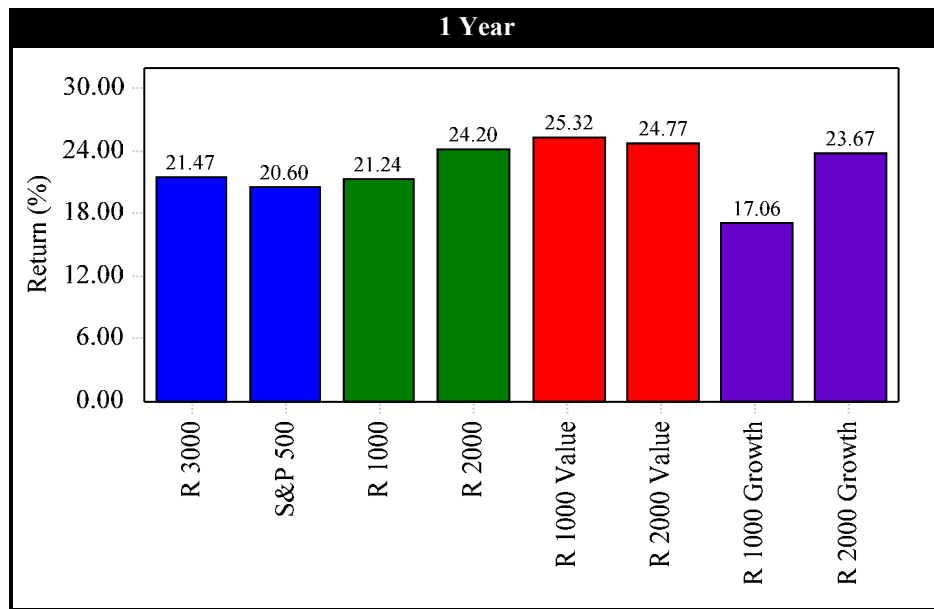
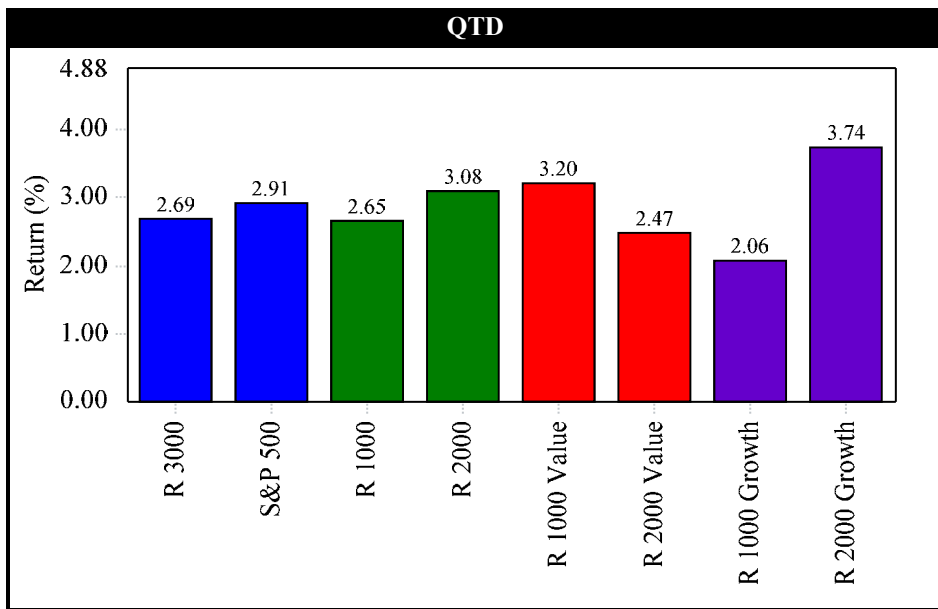
Data courtesy of Federal Reserve Bank and Bureau of Economic Analysis.  
U.S. Corporate Profit is shown as of March 31, 2013, and is shown after tax, with an adjustment for inventory valuation and capital consumption.

**Annual Asset Class Performance**  
As of June 30, 2013

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	YTD
Best	66.42	31.84	12.35	25.91	62.14	33.16	34.54	35.97	39.78	8.44	79.02	28.60	22.49	20.42	15.86
	27.31	31.04	8.44	16.56	56.28	31.27	26.65	32.59	16.23	5.24	58.21	26.86	15.99	18.64	13.82
	24.69	16.16	7.89	14.81	47.25	25.95	21.39	26.86	15.97	2.06	47.32	22.40	13.56	17.90	6.64
	24.34	14.28	7.28	10.25	39.17	20.70	21.36	19.67	11.63	-2.35	32.46	19.20	9.24	17.59	5.93
	21.26	13.15	6.61	5.54	36.18	18.33	14.02	18.37	11.63	-10.01	28.60	16.83	7.84	16.34	5.93
	21.04	12.40	5.64	3.58	28.97	13.06	13.82	16.32	9.91	-20.47	27.18	16.36	4.98	16.00	4.47
	20.19	11.63	5.28	3.12	28.68	11.13	6.75	15.79	6.97	-26.16	26.46	15.12	2.11	15.81	3.68
	13.17	6.18	4.42	1.78	23.93	10.88	5.33	11.85	6.60	-33.79	18.91	15.06	0.10	10.94	1.42
	4.85	-3.02	2.49	-1.41	11.93	9.15	4.91	9.85	5.49	-35.65	11.41	10.16	-4.18	8.82	0.04
	2.40	-5.86	-2.37	-6.00	9.28	8.56	4.55	4.85	5.00	-37.00	9.72	8.21	-5.55	6.98	-2.44
	2.39	-7.22	-11.89	-7.44	8.39	8.46	3.07	4.33	1.87	-39.20	5.93	6.54	-11.73	4.80	-7.39
	-0.82	-9.10	-12.11	-15.66	5.87	6.79	2.84	2.71	1.79	-43.06	1.92	6.31	-13.32	4.21	-7.97
	-2.58	-13.96	-19.51	-20.48	4.10	4.34	2.74	2.07	-1.57	-46.78	0.21	4.77	-15.66	0.11	-9.40
Worst	-7.65	-30.61	-21.21	-22.10	1.15	1.33	2.43	0.41	-17.55	-53.18	-29.76	0.13	-18.17	-1.06	-10.47

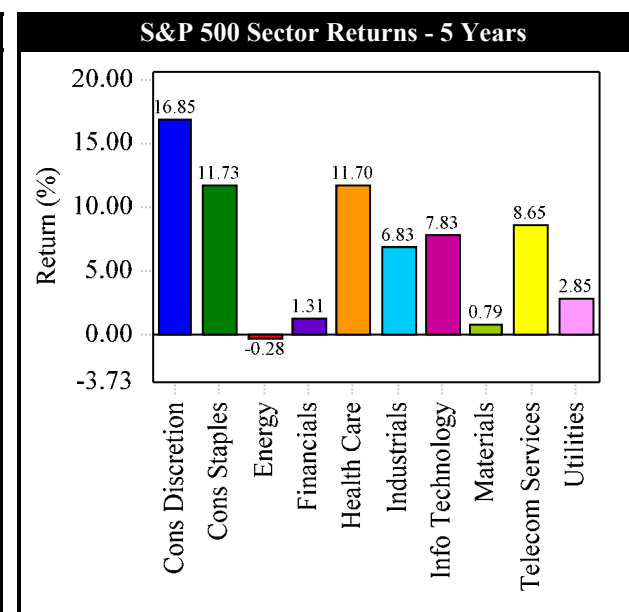
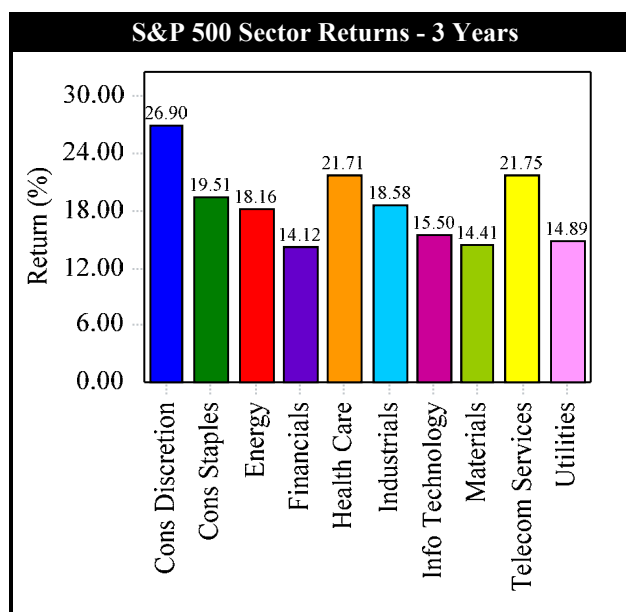
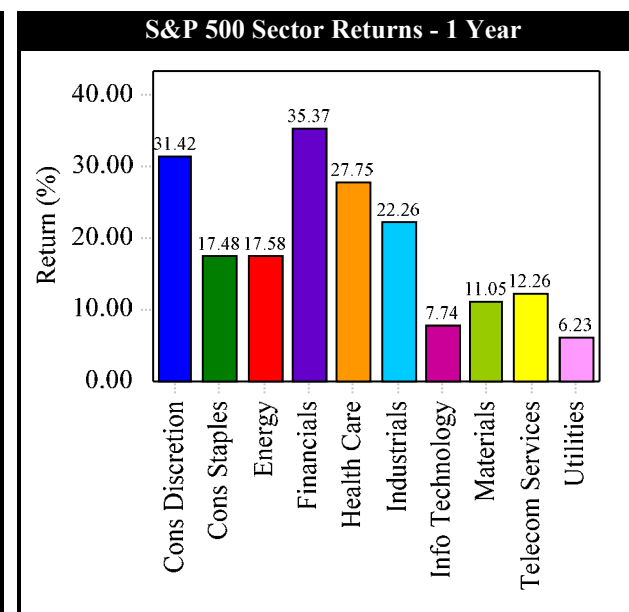
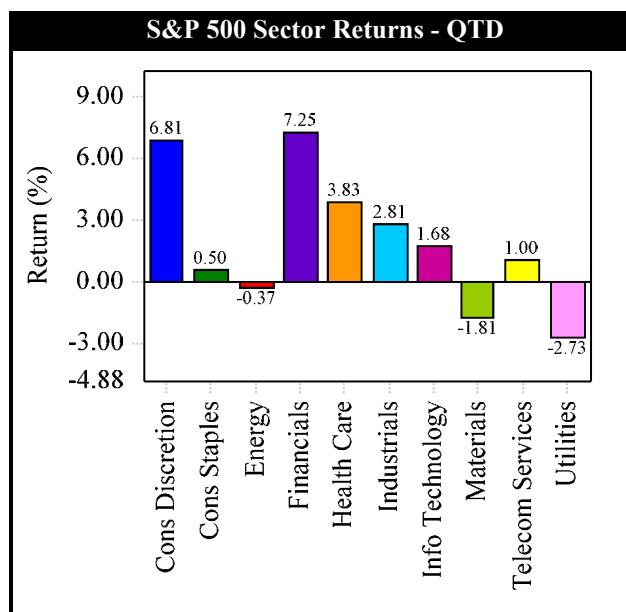
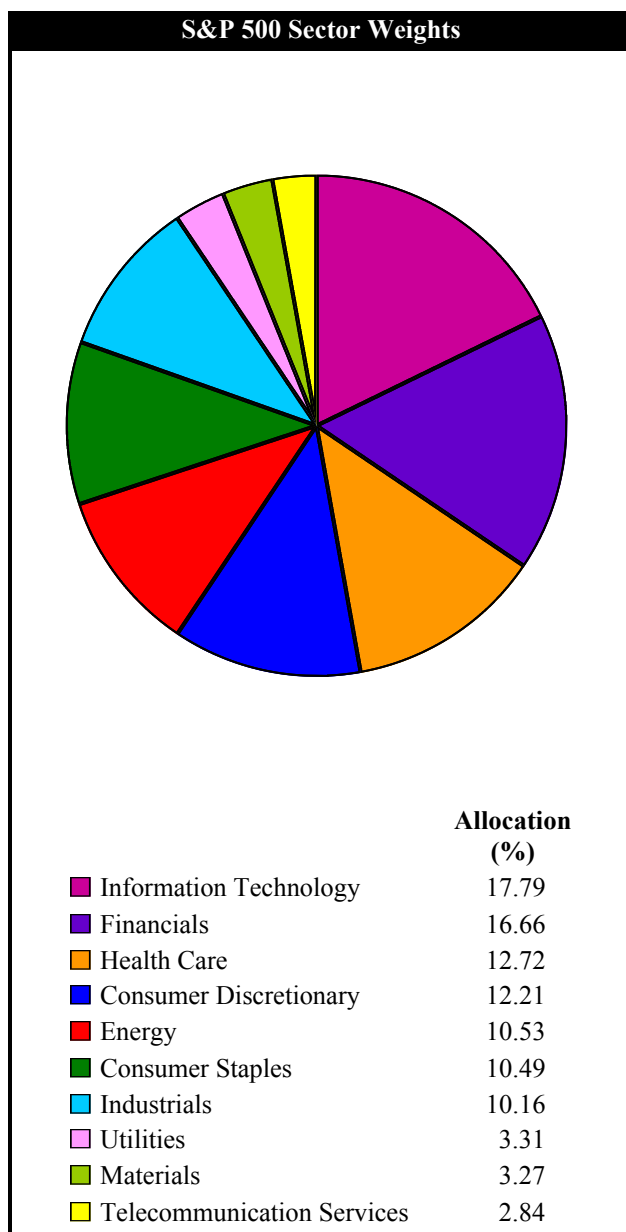
S&P 500 - US Large Cap	R 2000 - US Small Cap	MSCI EAFE (Gross) - Int'l Dev.	MSCI EAFE SC (Gross) - Int'l SC	MSCI EM (Gross) - Int'l Emg Mkts	Barclays US Agg Bond - FI	Barclays US Corp: Hi Yield - FI	Barclays US Trsy: US TIPS - FI	Barclays US Gov/Credit: Lng - FI	NCREIF ODCE (Gross) - Real Estate	Wilshire US REIT - REITs	HFN FOF Multi-Strat (Net) - ARS	DJ-UBS Cmdty (TR) - Commod.	BofA ML 3 Mo T-Bill - Cash Equiv
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**Domestic Equity Market Performance and Risk**  
As of June 30, 2013



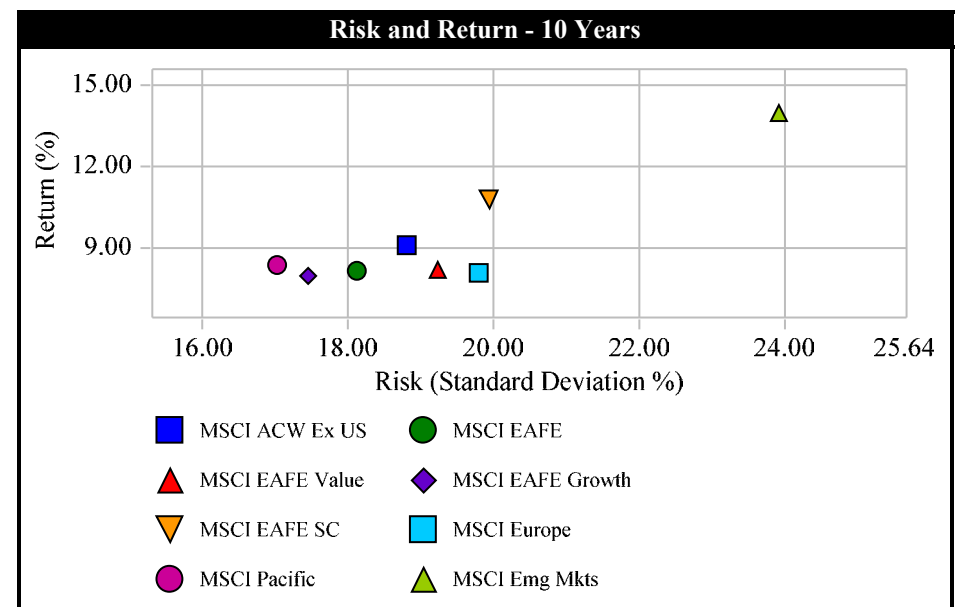
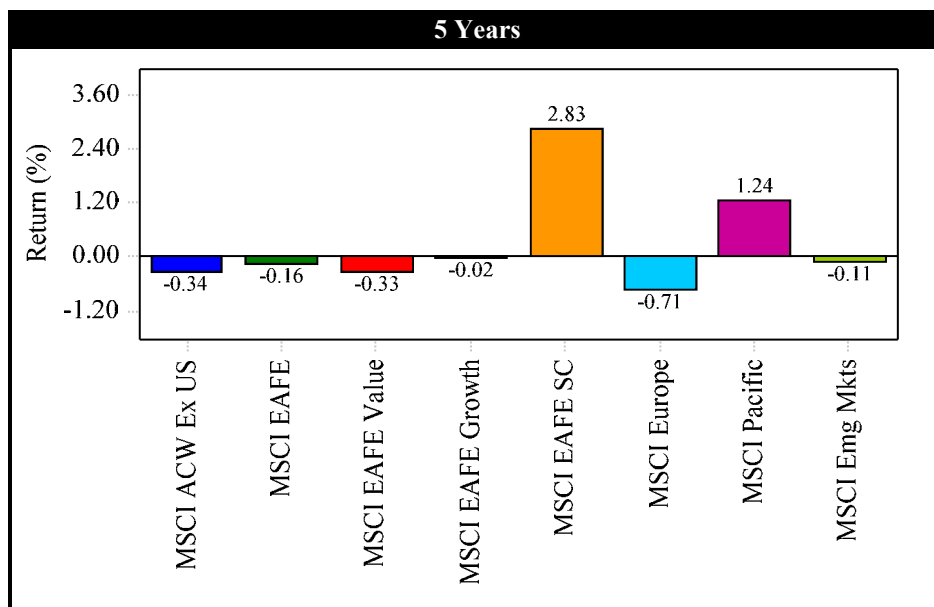
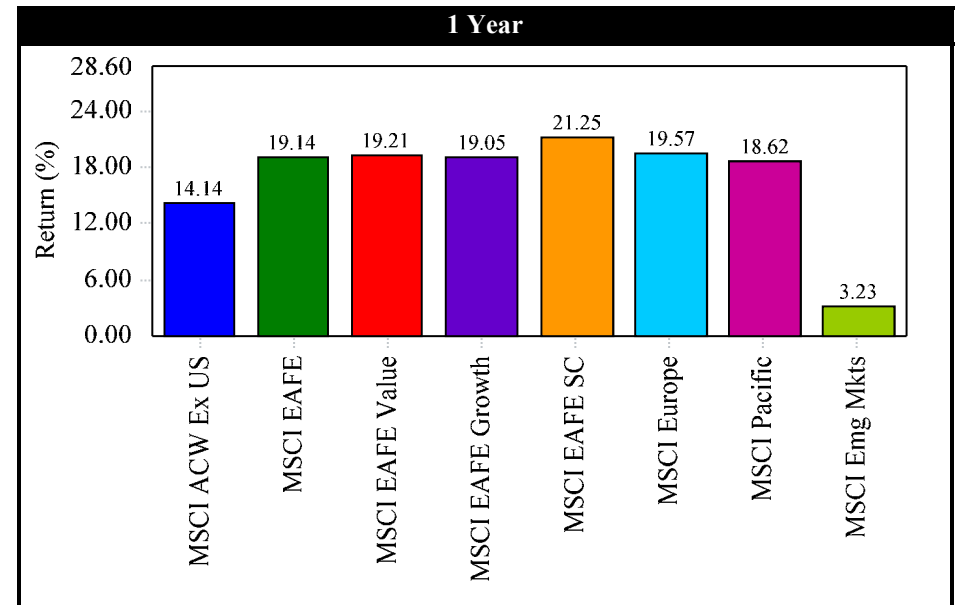
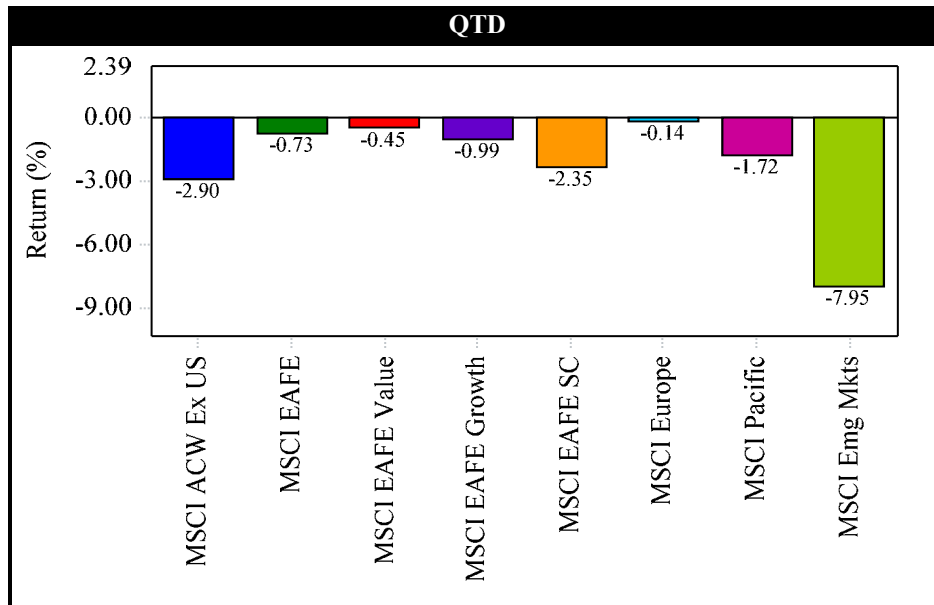
Performance is annualized for periods greater than one year. Calculation is based on monthly periodicity.

**Domestic Equity Sector Weights and Returns**  
As of June 30, 2013



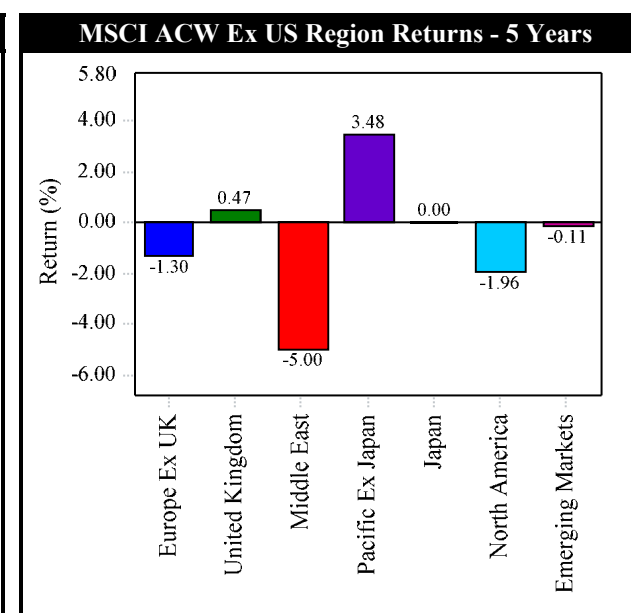
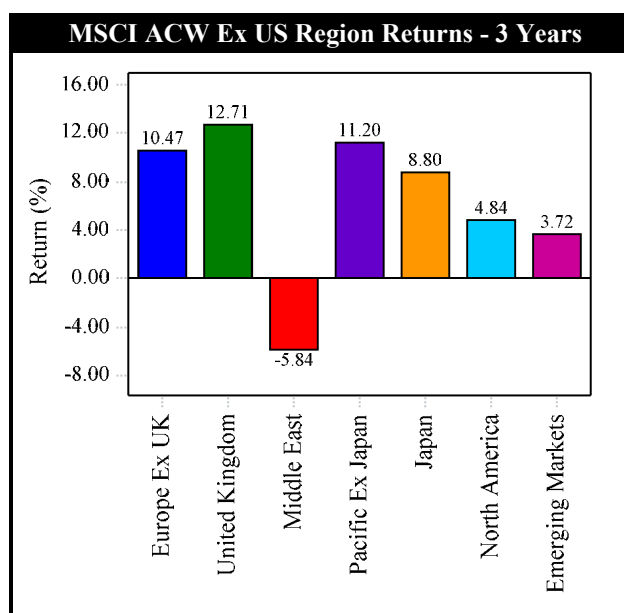
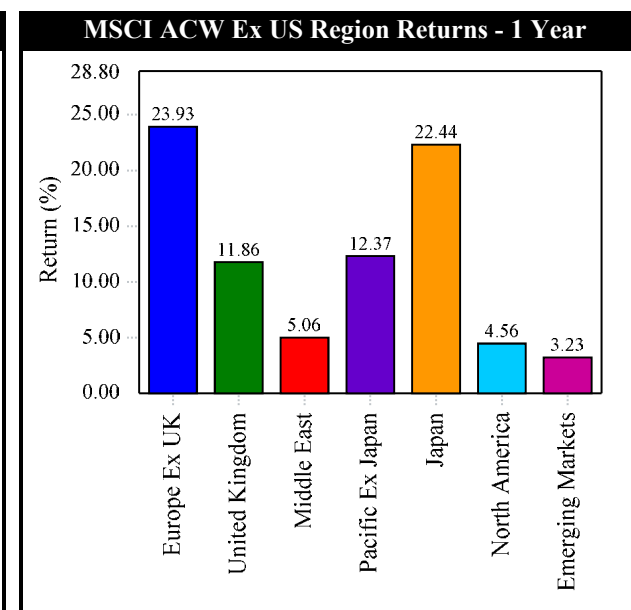
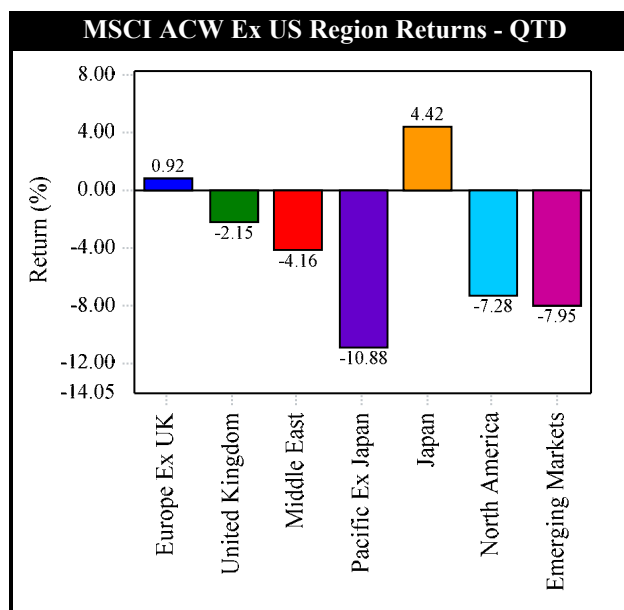
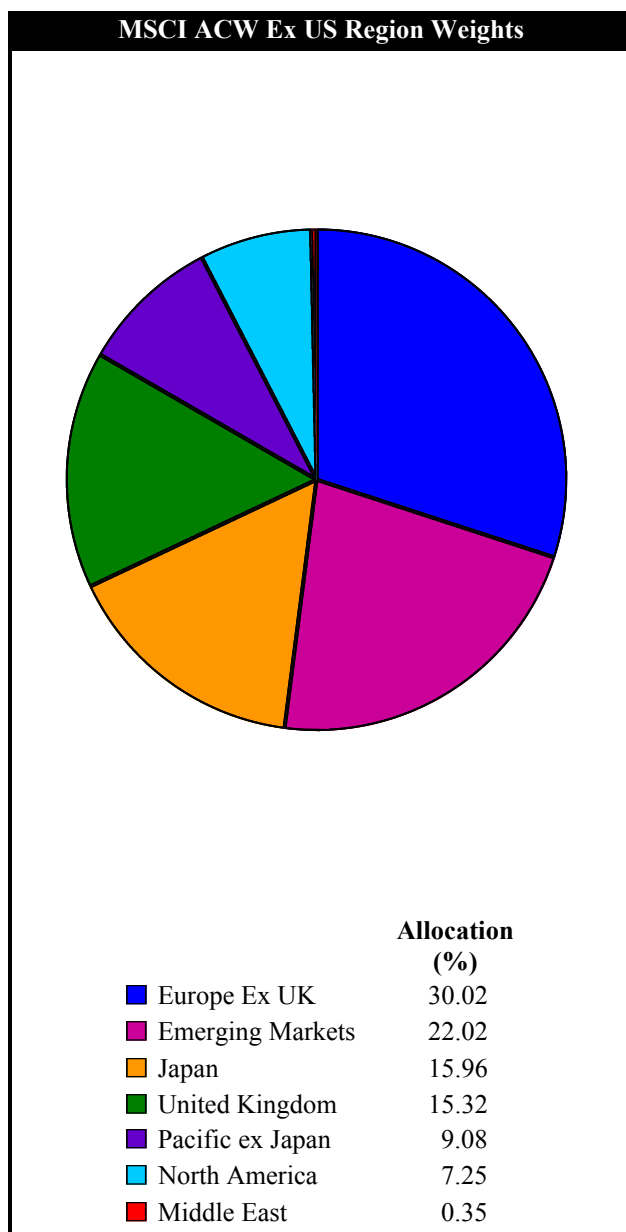
Allocations shown may not sum up to 100% exactly due to rounding. Performance is annualized for periods greater than one year. Allocations provided by Standard & Poor's.

**International Equity Market Performance and Risk**  
As of June 30, 2013



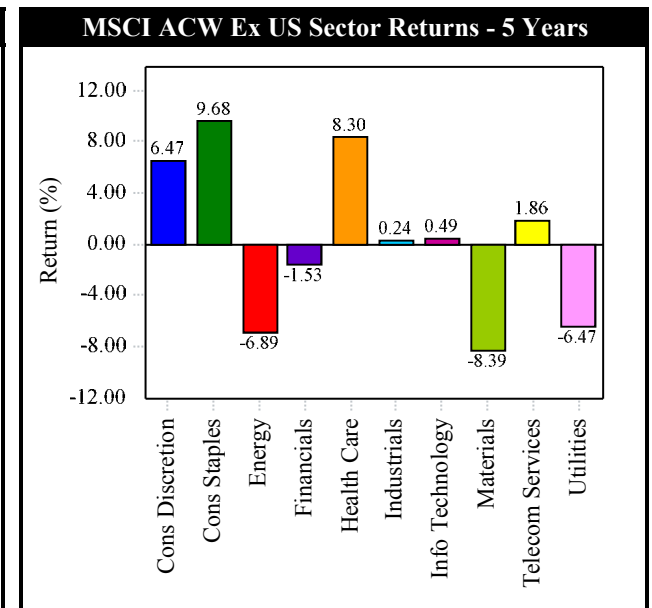
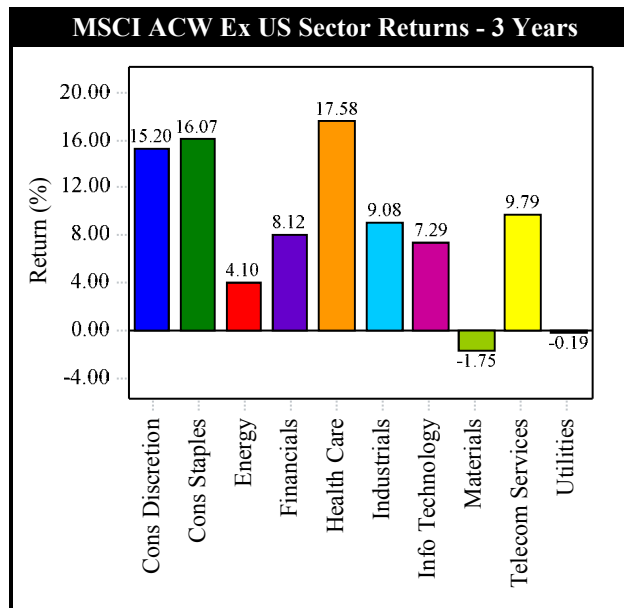
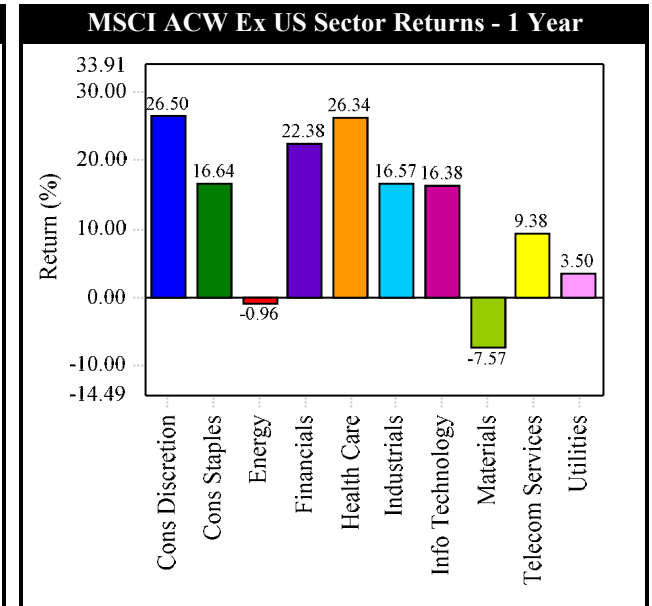
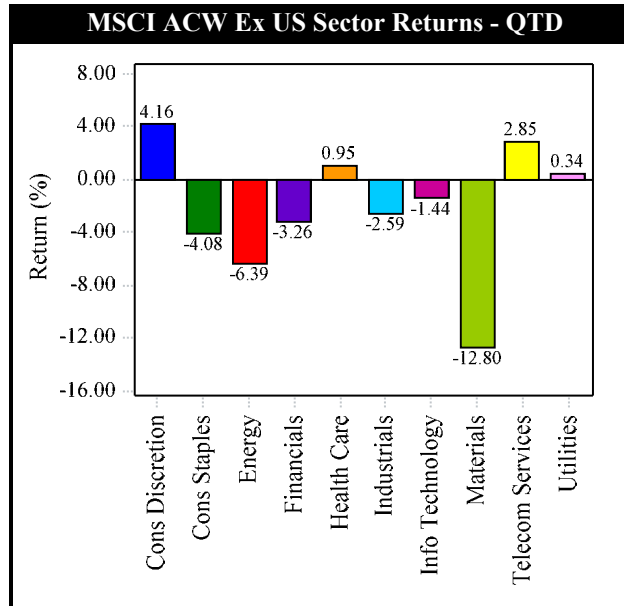
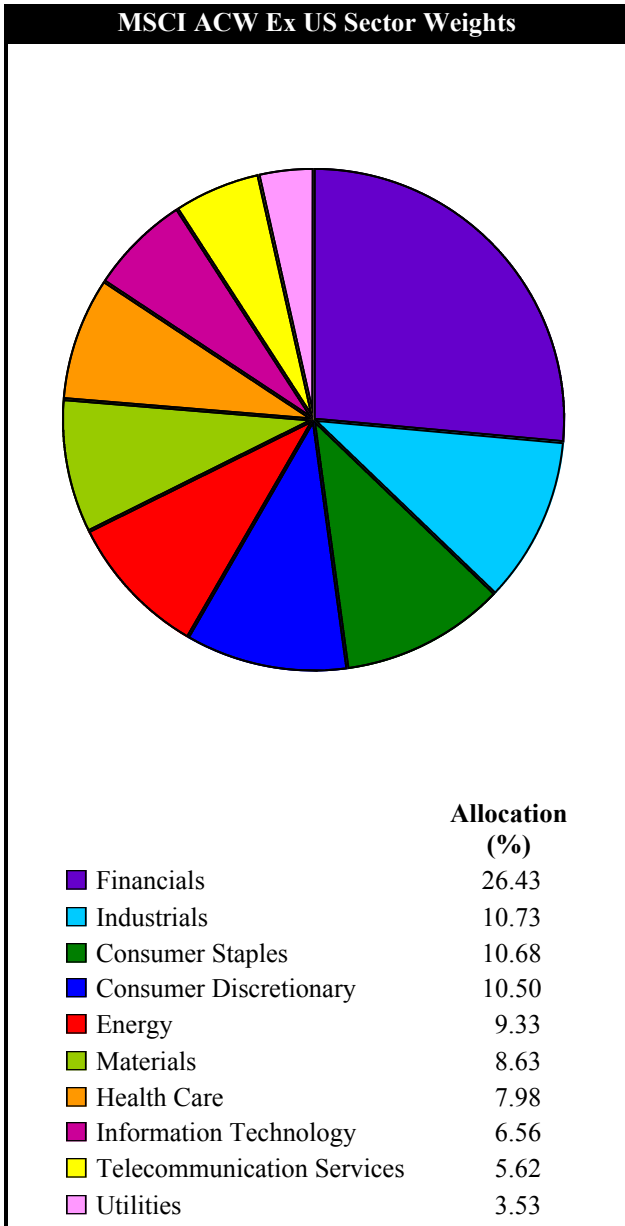
Performance is annualized for periods greater than one year. Calculation is based on monthly periodicity. All returns are shown gross of foreign taxes on dividends.

**International Equity Region Weights and Returns**  
As of June 30, 2013



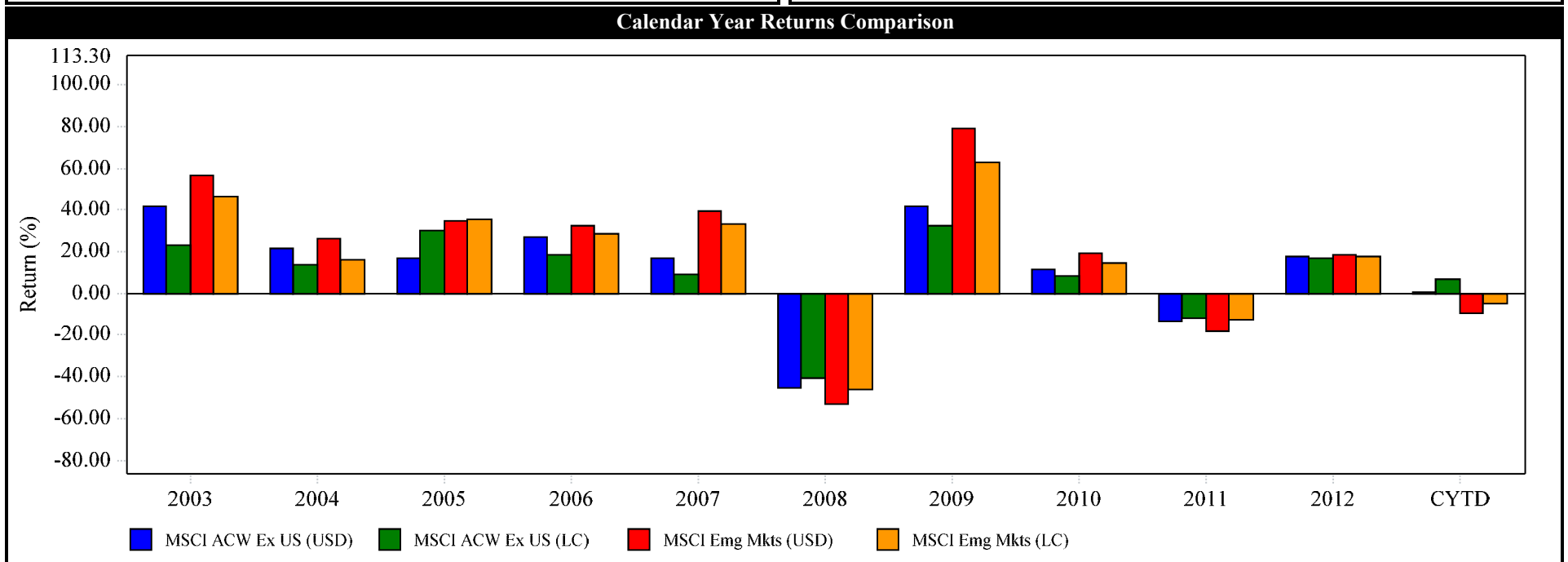
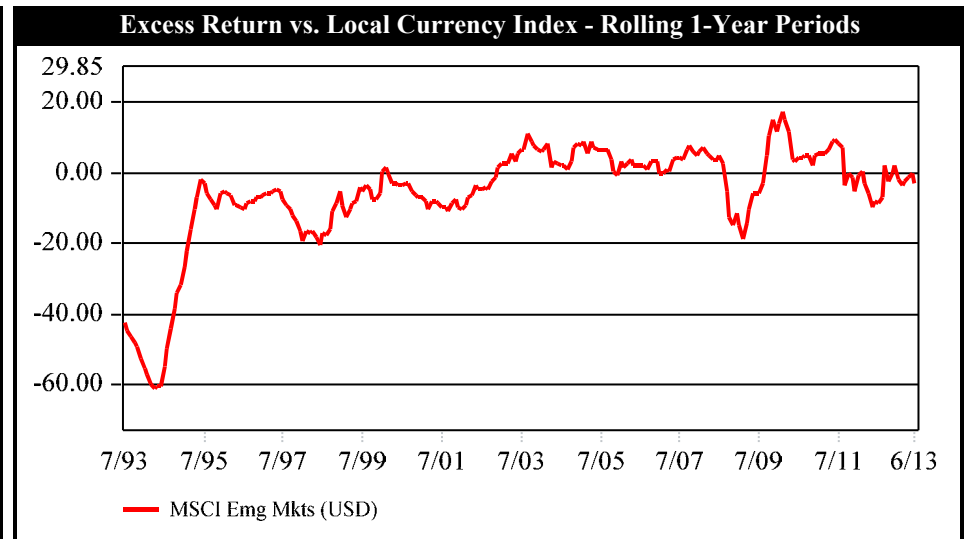
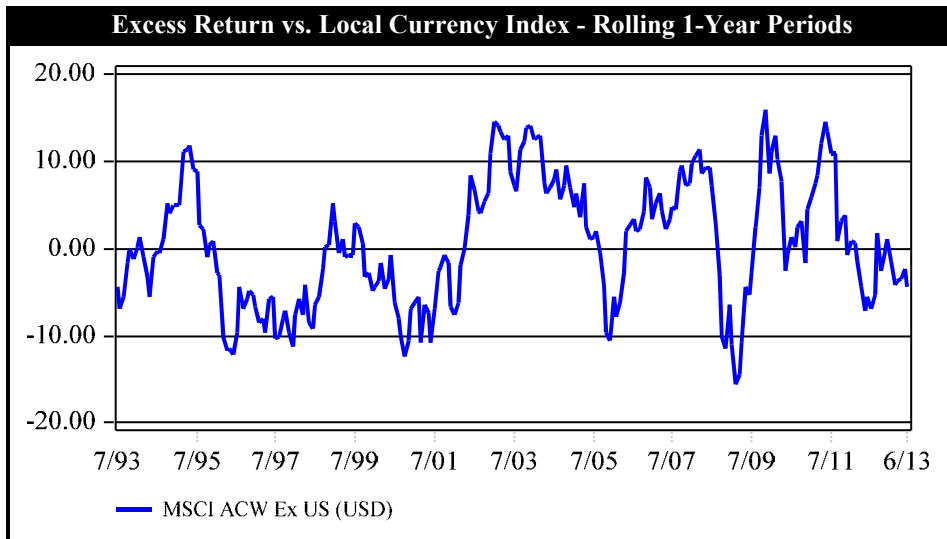
Allocations shown may not sum up to 100% exactly due to rounding. Performance is annualized for periods greater than one year. Allocations provided by MSCI Barra. All returns are shown gross of foreign taxes on dividends.

**International Equity Sector Weights and Returns**  
As of June 30, 2013



Allocations shown may not sum up to 100% exactly due to rounding. Performance is annualized for periods greater than one year. Allocations provided by MSCI Barra. All returns are shown gross of foreign taxes on dividends.

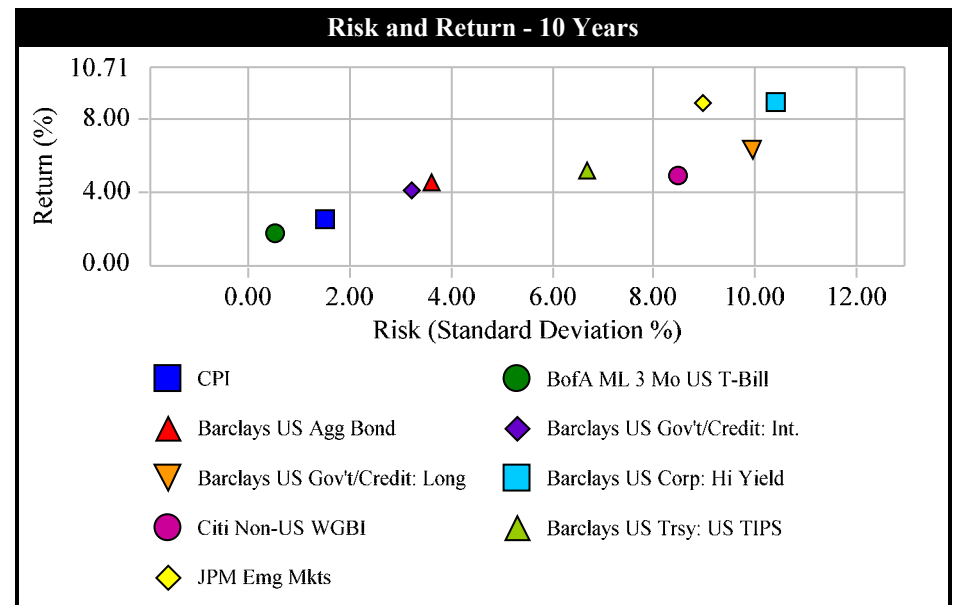
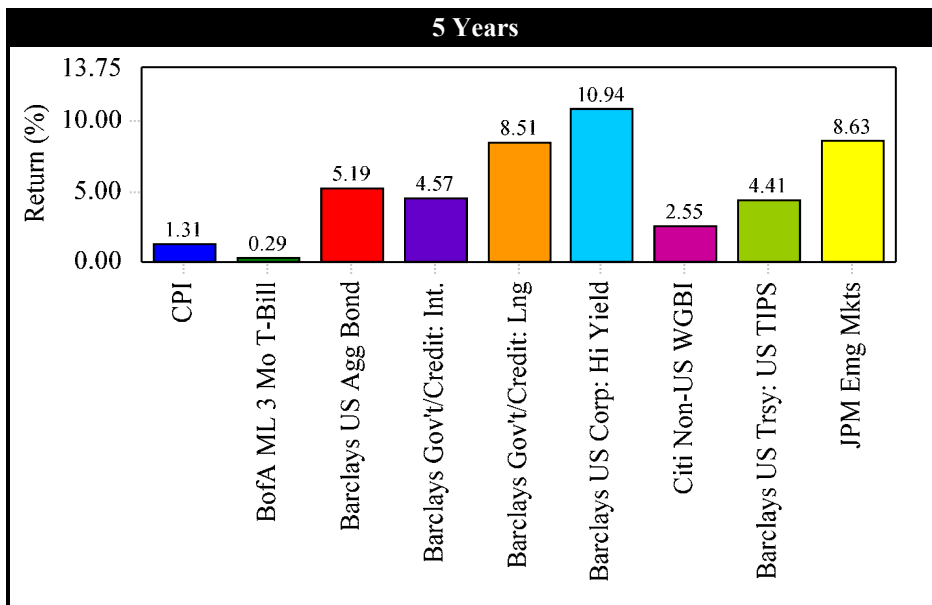
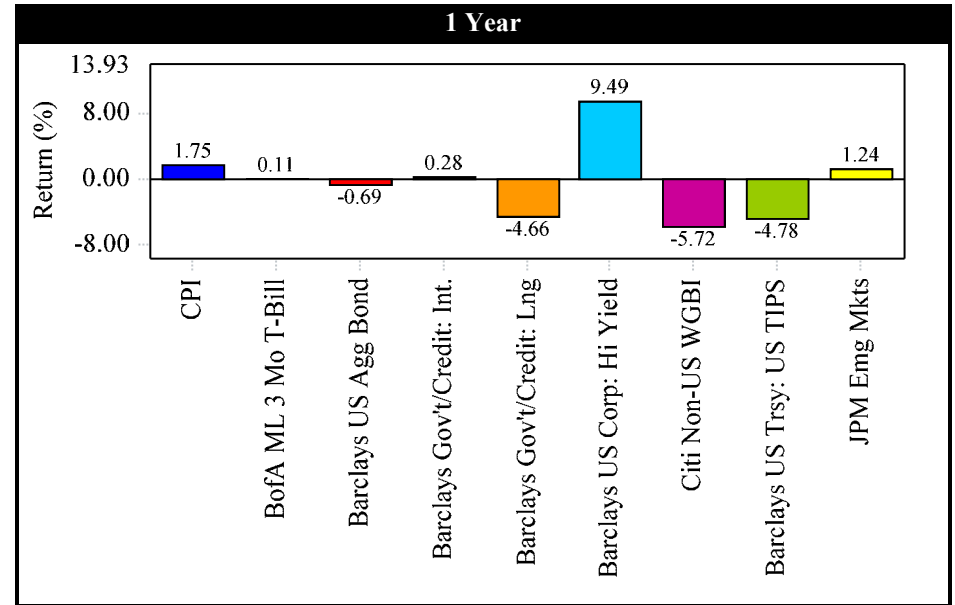
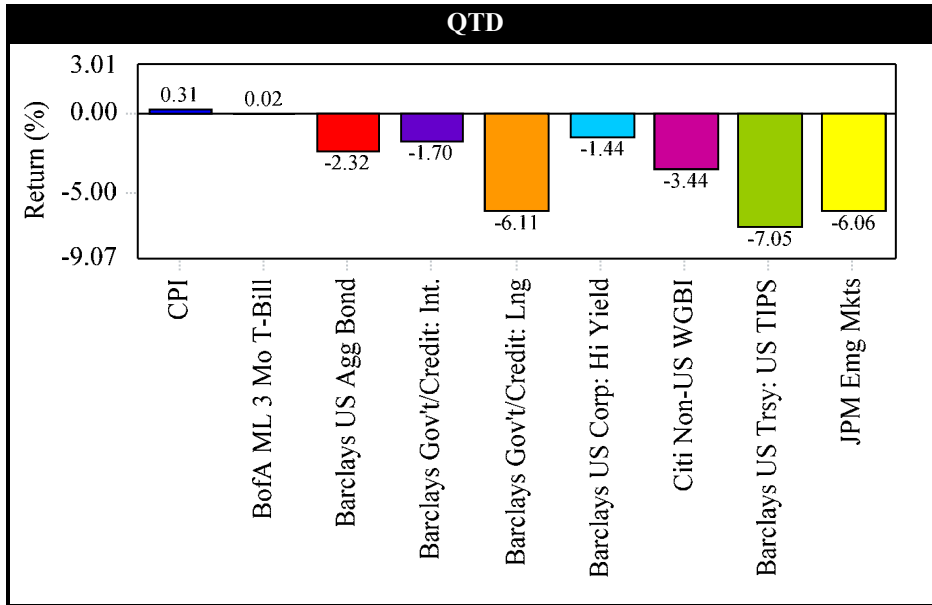
**Effect of Currency on International Equity Performance**  
As of June 30, 2013



Performance is annualized for periods greater than one year. Calculation is based on monthly periodicity. All returns are shown gross of foreign taxes on dividends.

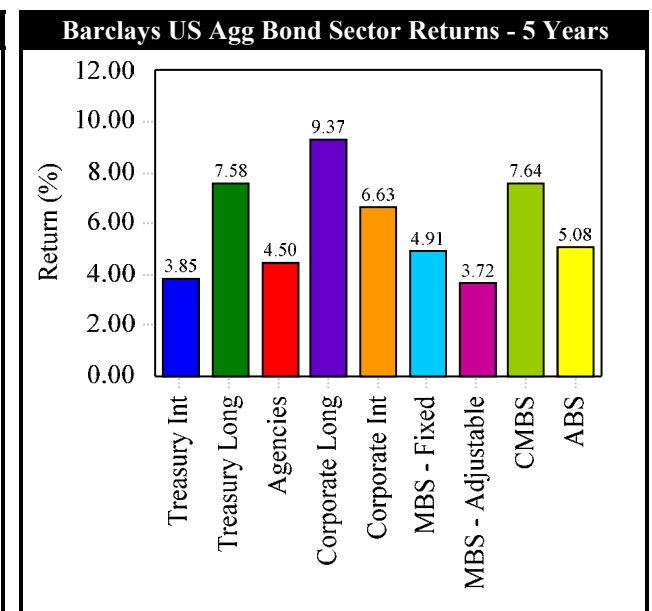
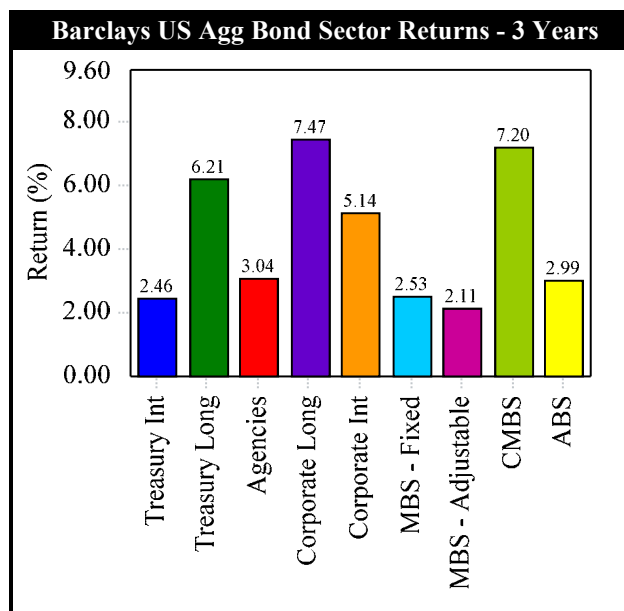
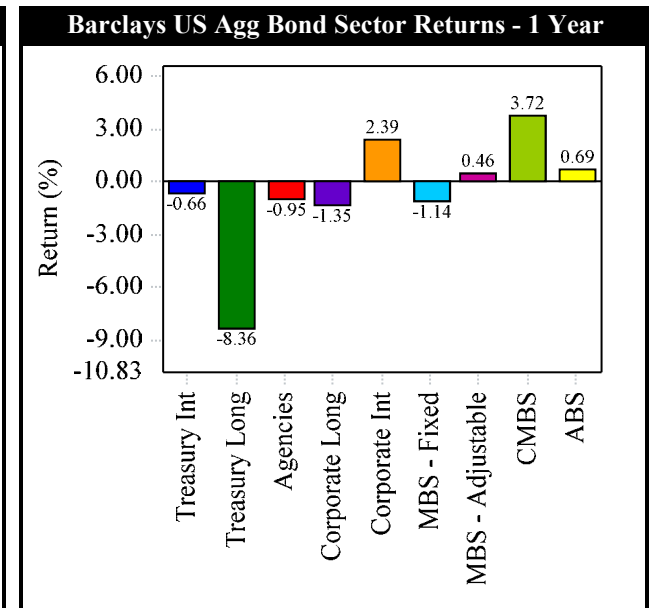
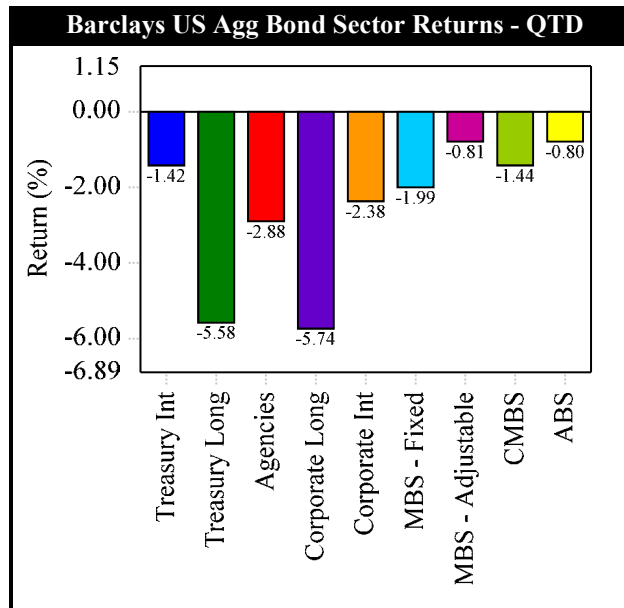
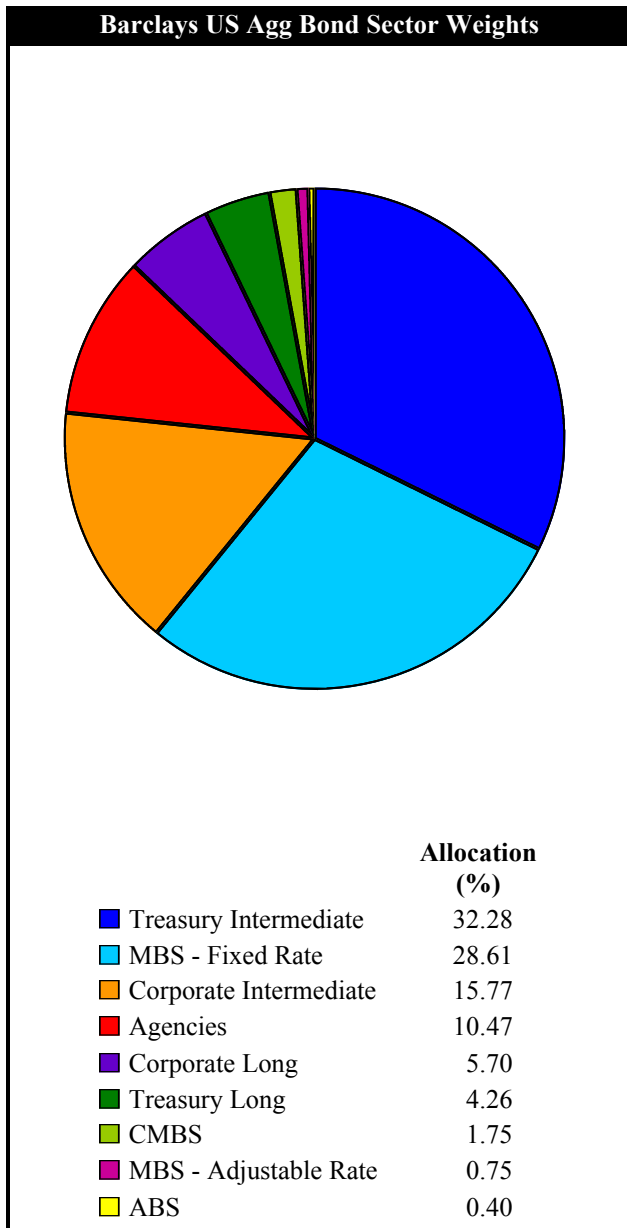


**Fixed Income Market Performance and Risk**  
As of June 30, 2013



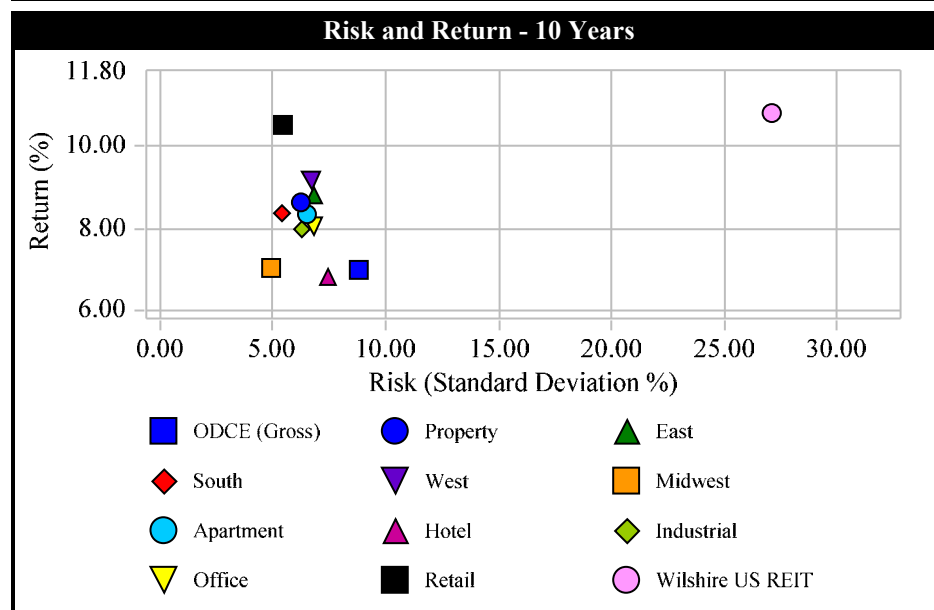
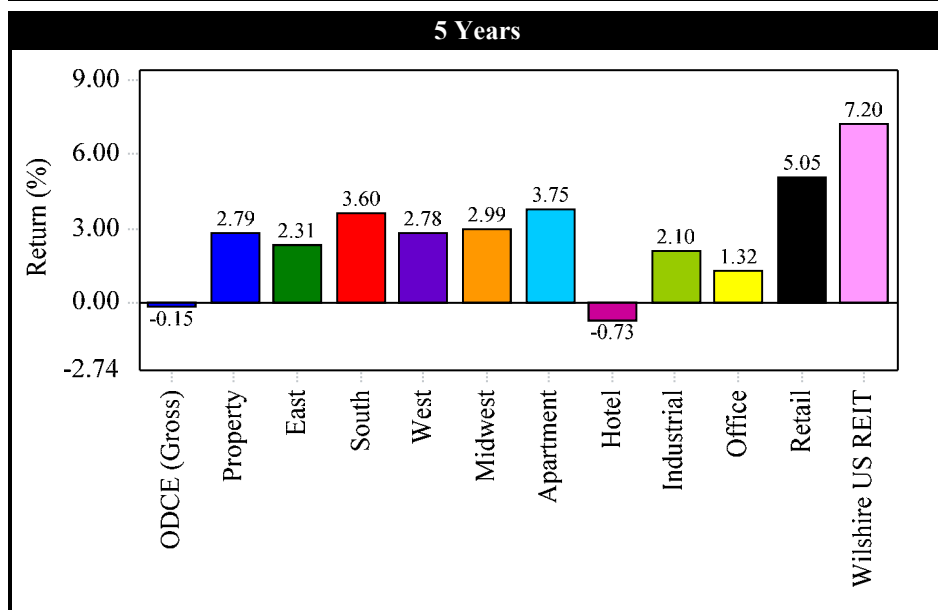
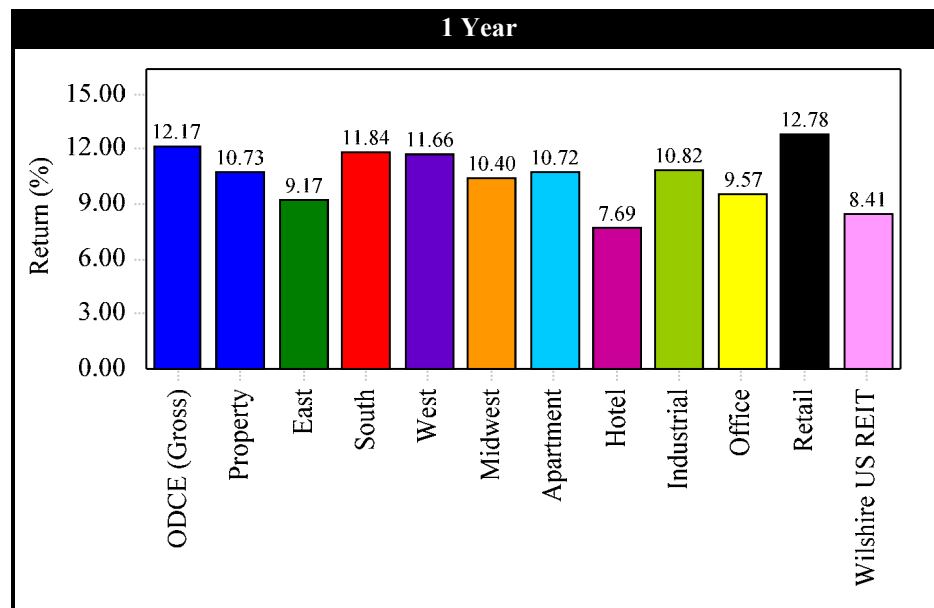
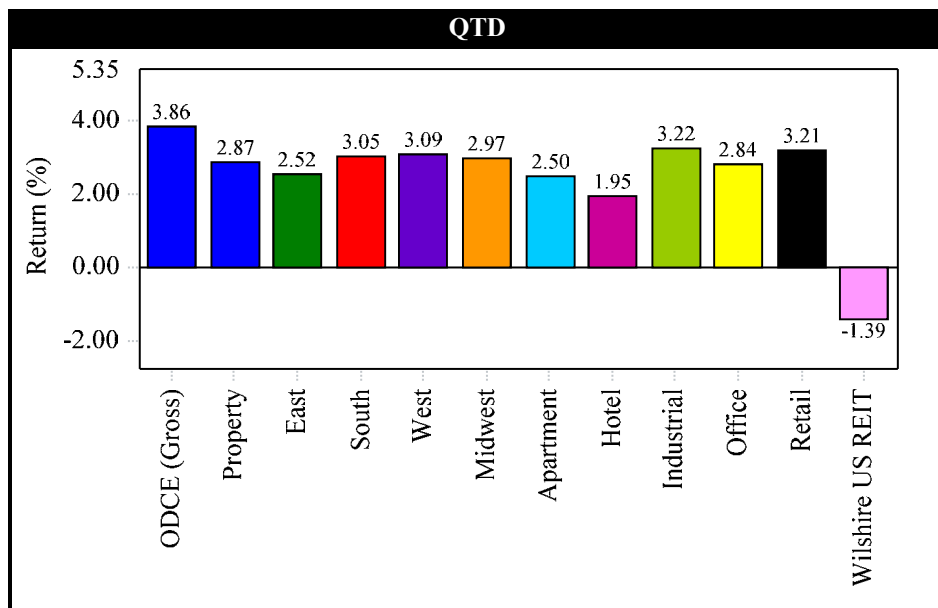
Performance is annualized for periods greater than one year. Calculation is based on monthly periodicity.

**Domestic Fixed Income Sector Weights and Returns**  
As of June 30, 2013



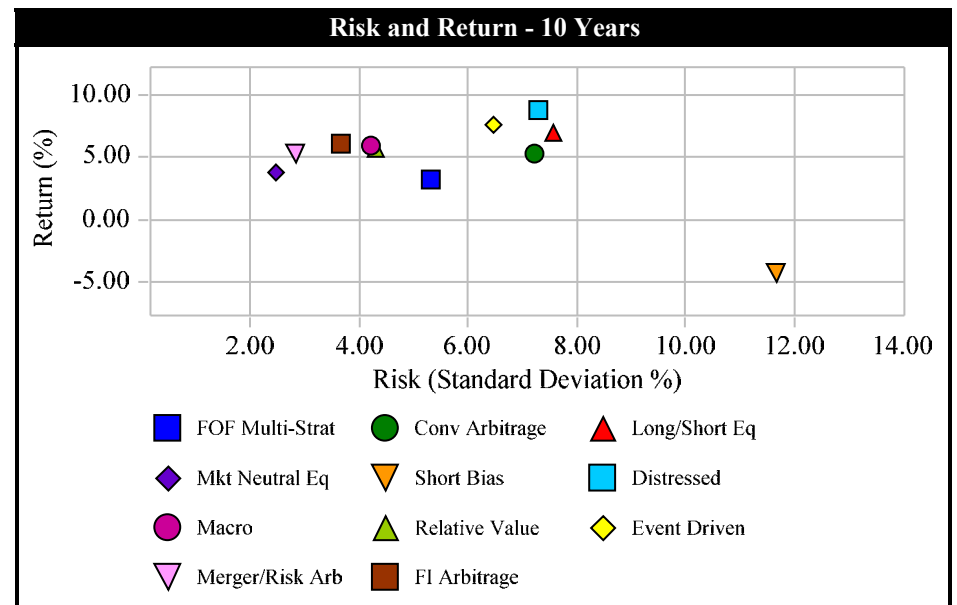
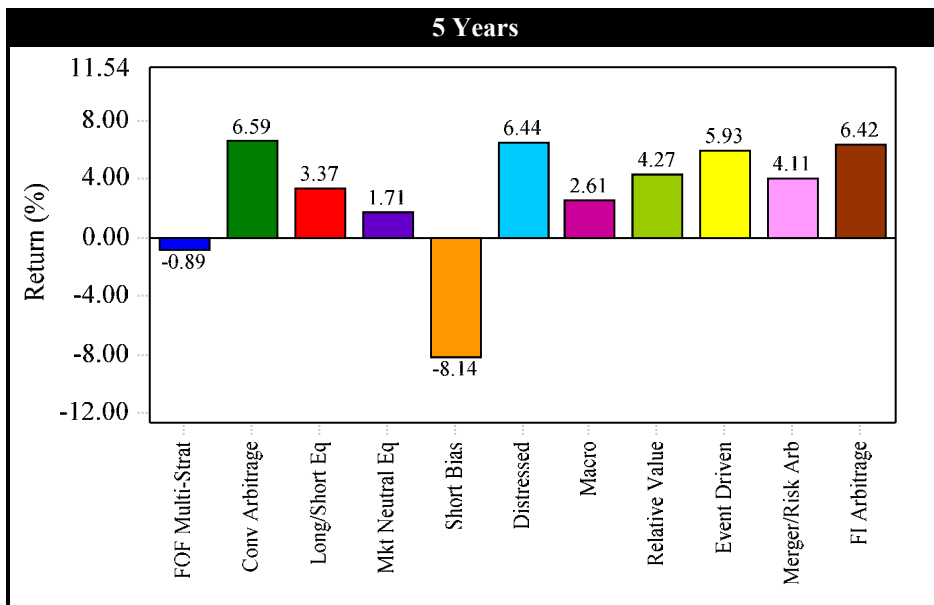
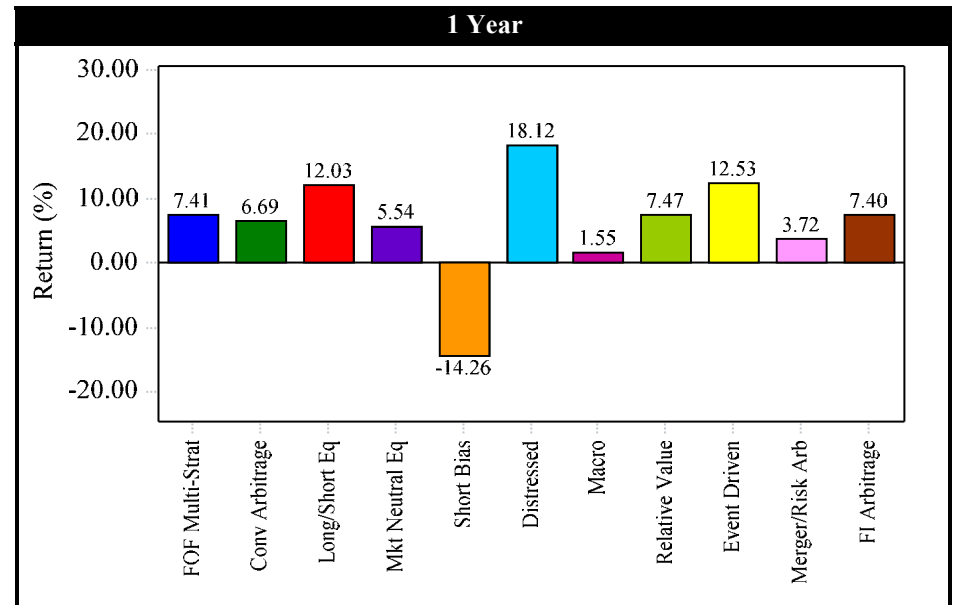
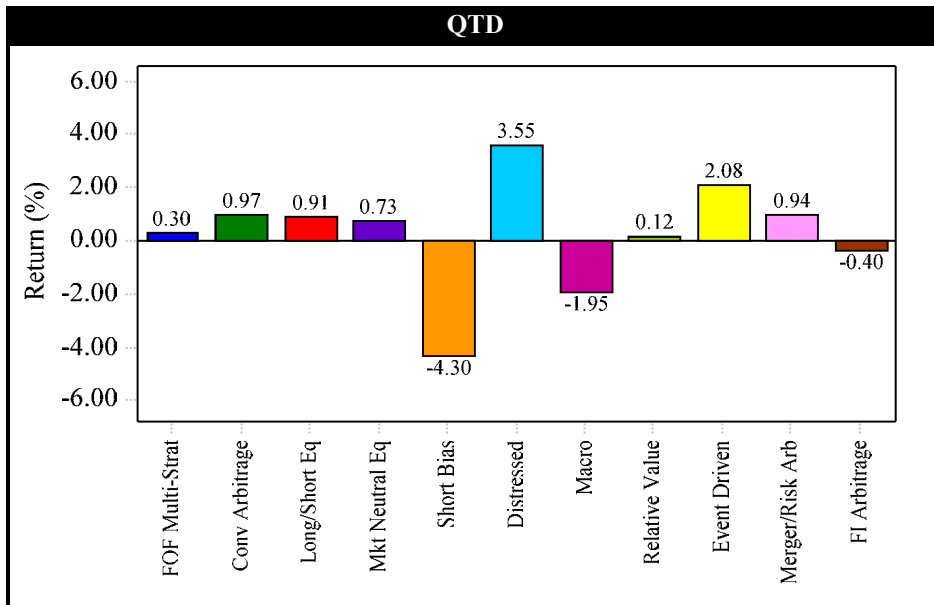
Allocations shown may not sum up to 100% exactly due to rounding. Performance is annualized for periods greater than one year.  
Allocations provided by Barclays Indices.

**Real Estate Market Performance and Risk**  
As of June 30, 2013



Performance is annualized for periods greater than one year. Calculation is based on quarterly periodicity.  
All data shown represent NCREIF indices unless otherwise noted. Region and sector data represent the Property Index.

## Hedge Fund Market Performance and Risk As of June 30, 2013

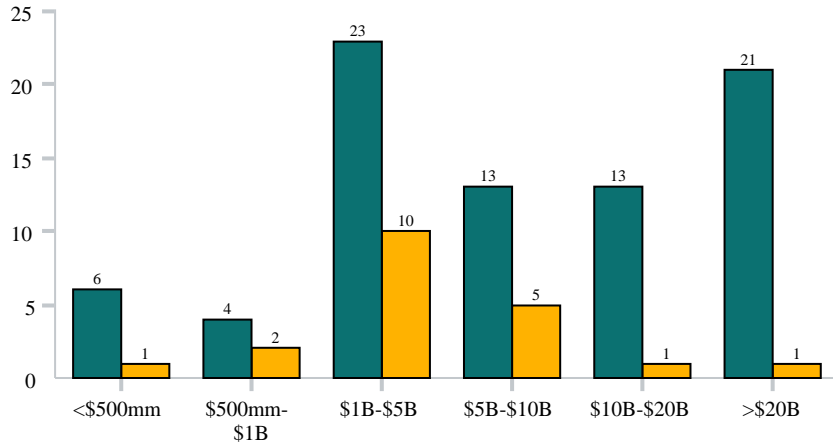


Performance is annualized for periods greater than one year. Calculation is based on monthly periodicity. All data shown represent HFN indices, net of fees. Values are preliminary and subject to change.

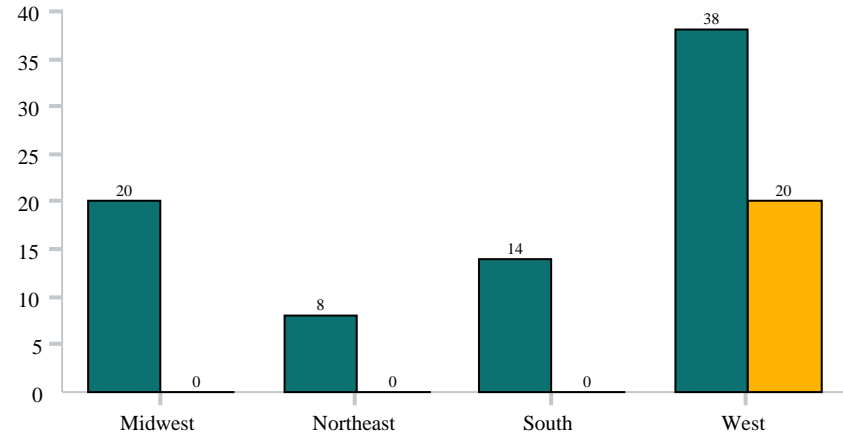
# Universe Characteristics

As of June 30, 2013

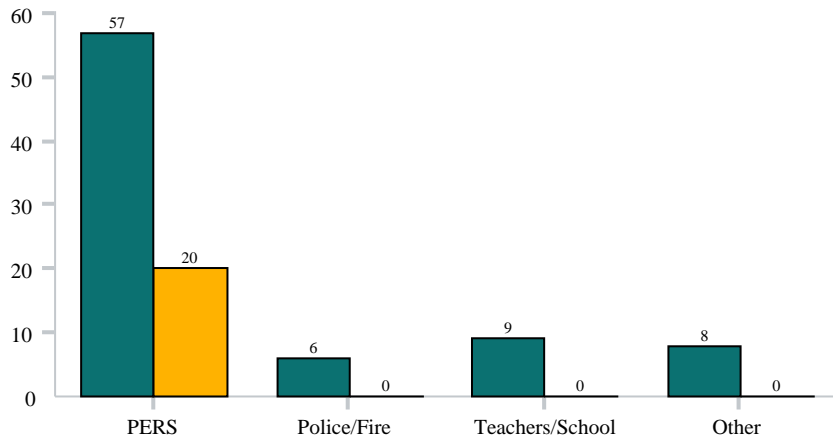
Asset Size



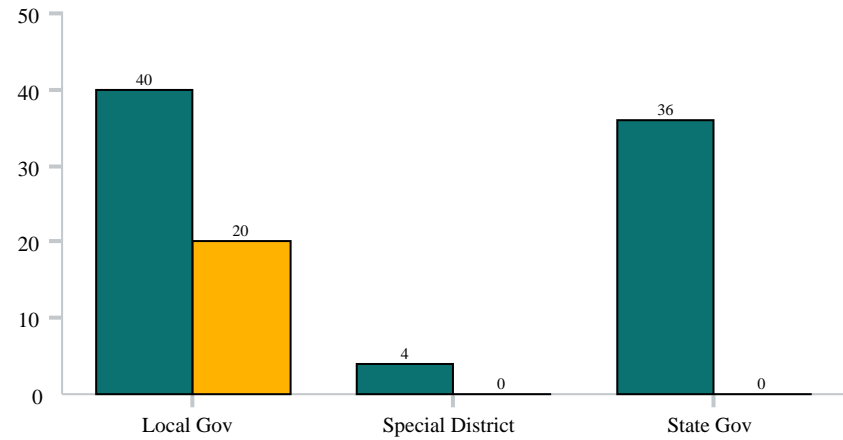
Geographical Distribution



Fund Classification



Fund Type



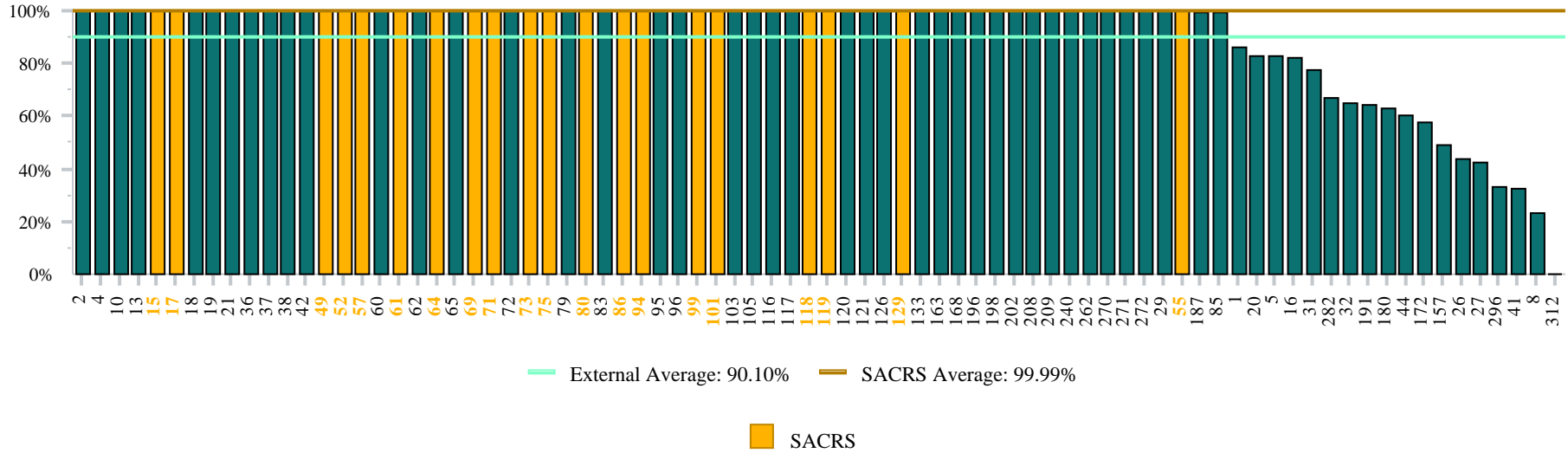
■ Universe: 80 funds
 ■ SACRS: 20 funds

# Portfolio Management

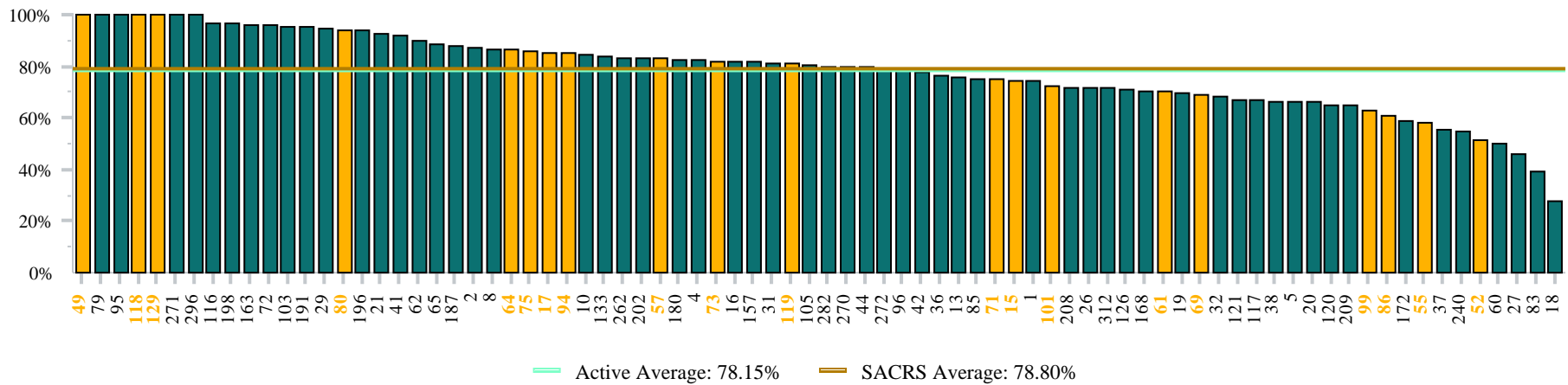
## Percentage Externally Managed & Percentage Actively Managed

### As of June 30, 2013

#### External Management



#### Active Management



## Portfolio Management Statistics

As of June 30, 2013

Asset Range	Percentage Actively Managed	Percentage Passively Managed	Percentage Externally Managed	Percentage Internally Managed
Over \$20B	74.80%	25.20%	74.51%	25.49%
\$10B-\$20B	76.18%	23.82%	88.11%	11.89%
\$5B-\$10B	77.16%	22.84%	94.85%	5.15%
\$1B-\$5B	78.80%	21.20%	98.49%	1.51%
\$500mm-\$1B	80.99%	19.01%	99.94%	0.06%
Under \$500mm	91.92%	8.08%	100.00%	0.00%
<b>SACRS</b>	<b>78.80%</b>	<b>21.20%</b>	<b>99.99%</b>	<b>0.01%</b>

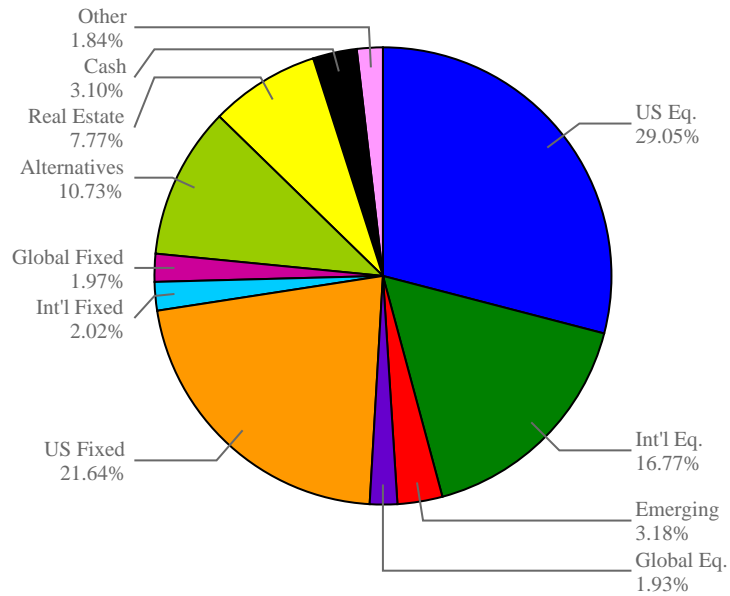
Percentage of Portfolio	Active Management		External Management	
	Public Fund Universe	SACRS	Public Fund Universe	SACRS
90% to 100%	18	4	62	20
50% to 89%	59	16	11	0
10% to 49%	3	0	6	0
Less than 10%	0	0	1	0
<b>Total Funds Reporting</b>	<b>80</b>	<b>20</b>	<b>80</b>	<b>20</b>

# Asset Allocation

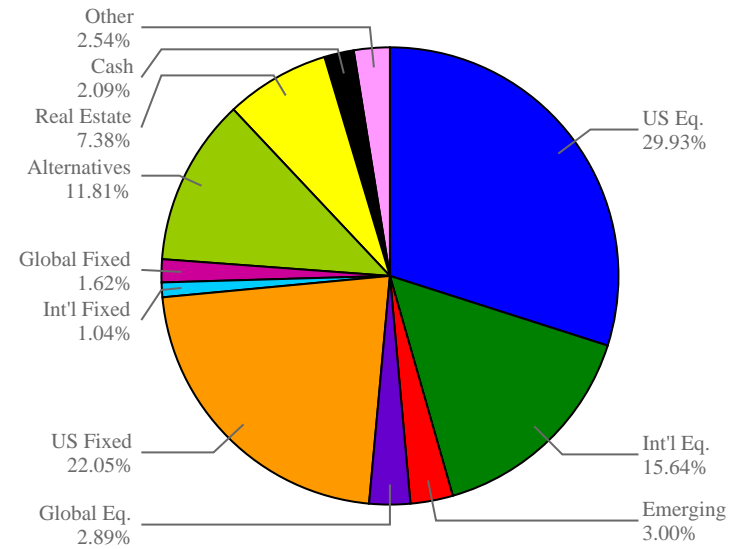
## SACRS vs. Average of All Funds

### As of June 30, 2013

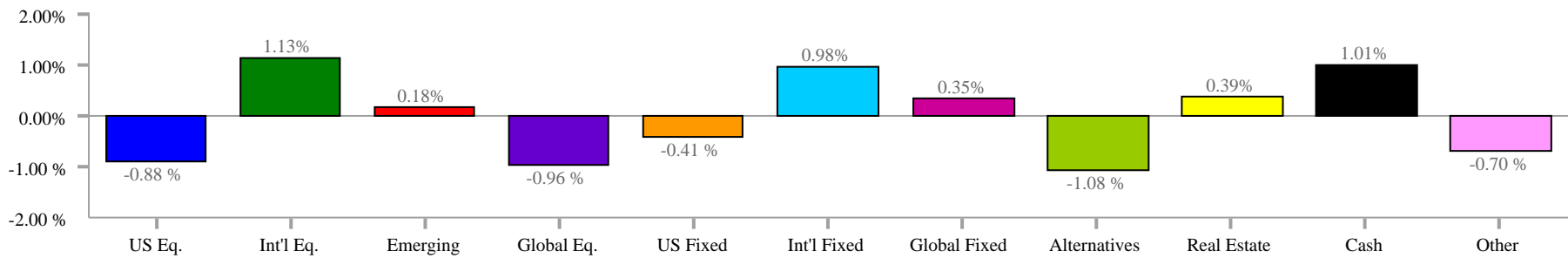
**SACRS**



**All Funds**



**Variance**



Allocations shown may not sum up to 100% exactly due to rounding.

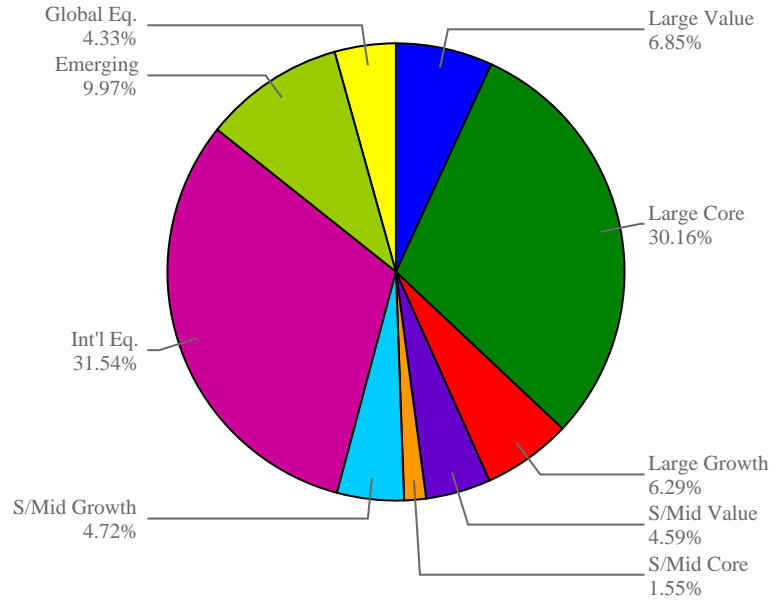


# Equity Style Allocation

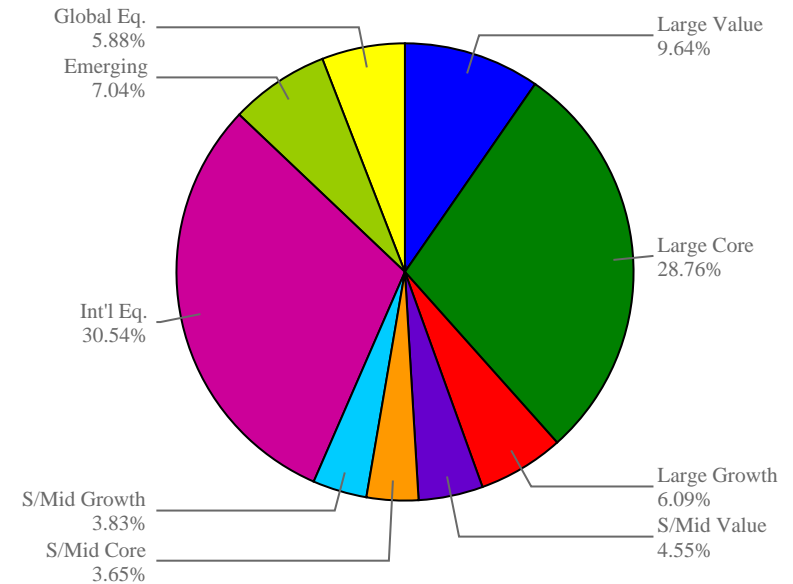
## SACRS vs. Average of All Funds

### As of June 30, 2013

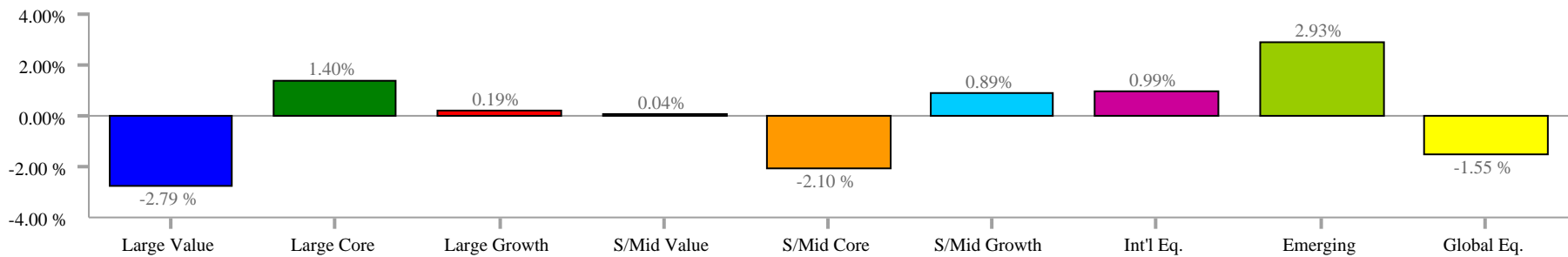
**SACRS**



**All Funds**



**Variance**



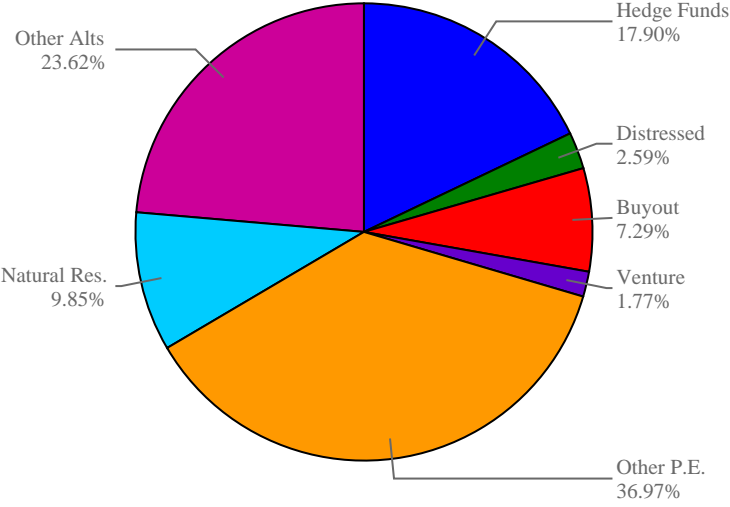
Allocations shown may not sum up to 100% exactly due to rounding.

# Alternatives Style Allocation

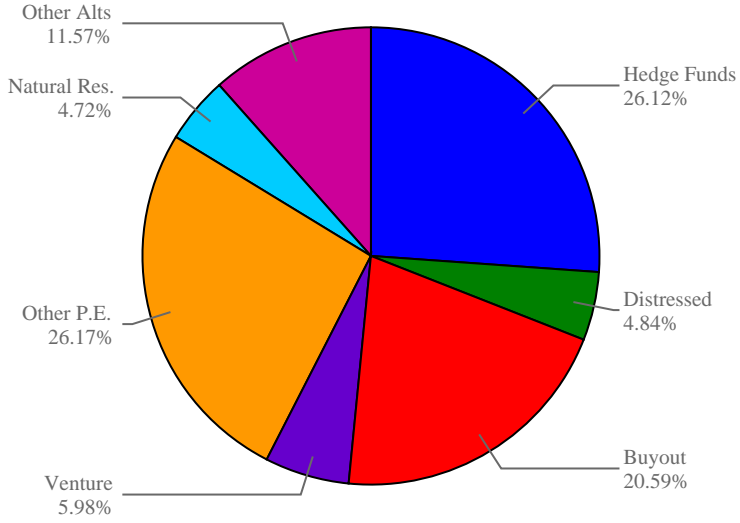
SACRS vs. Average of All Funds

As of June 30, 2013

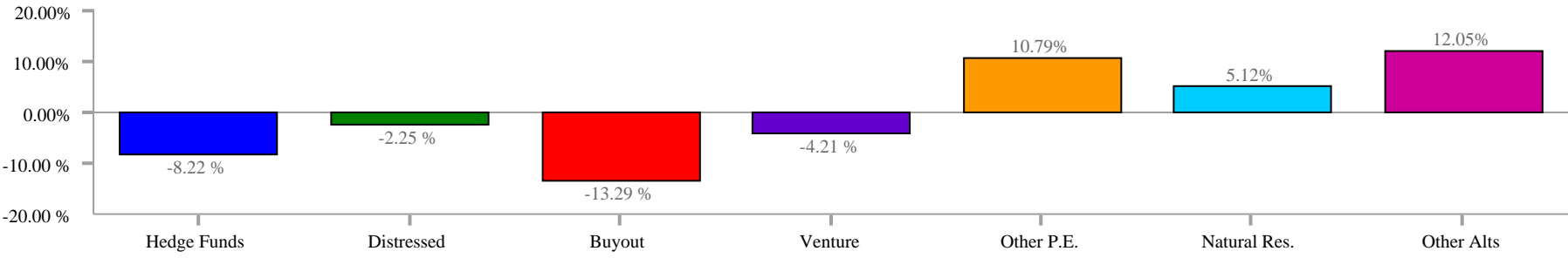
SACRS



All Funds



Variance

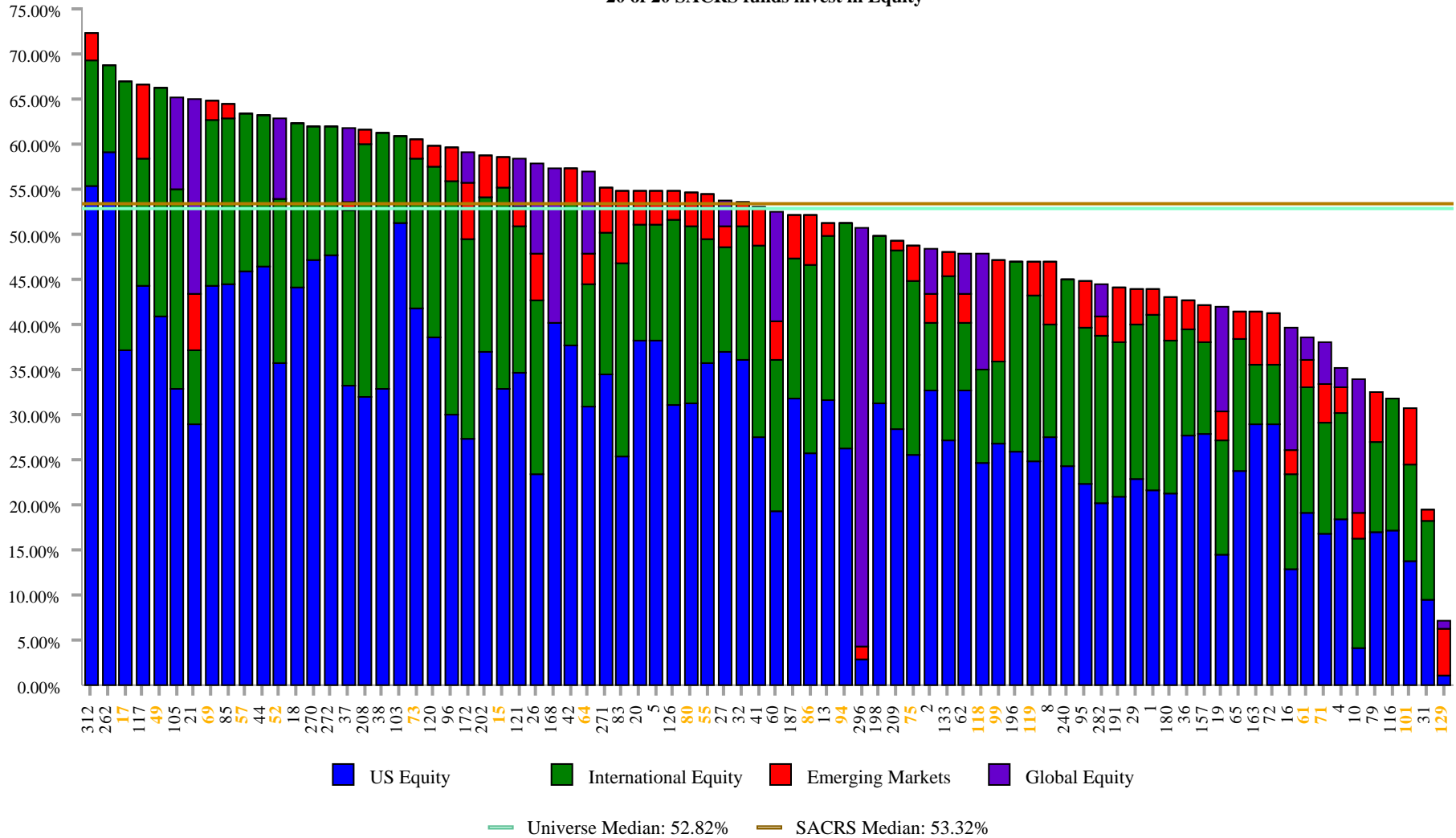


Allocations shown may not sum up to 100% exactly due to rounding.

# Equity Style Allocation

As of June 30, 2013

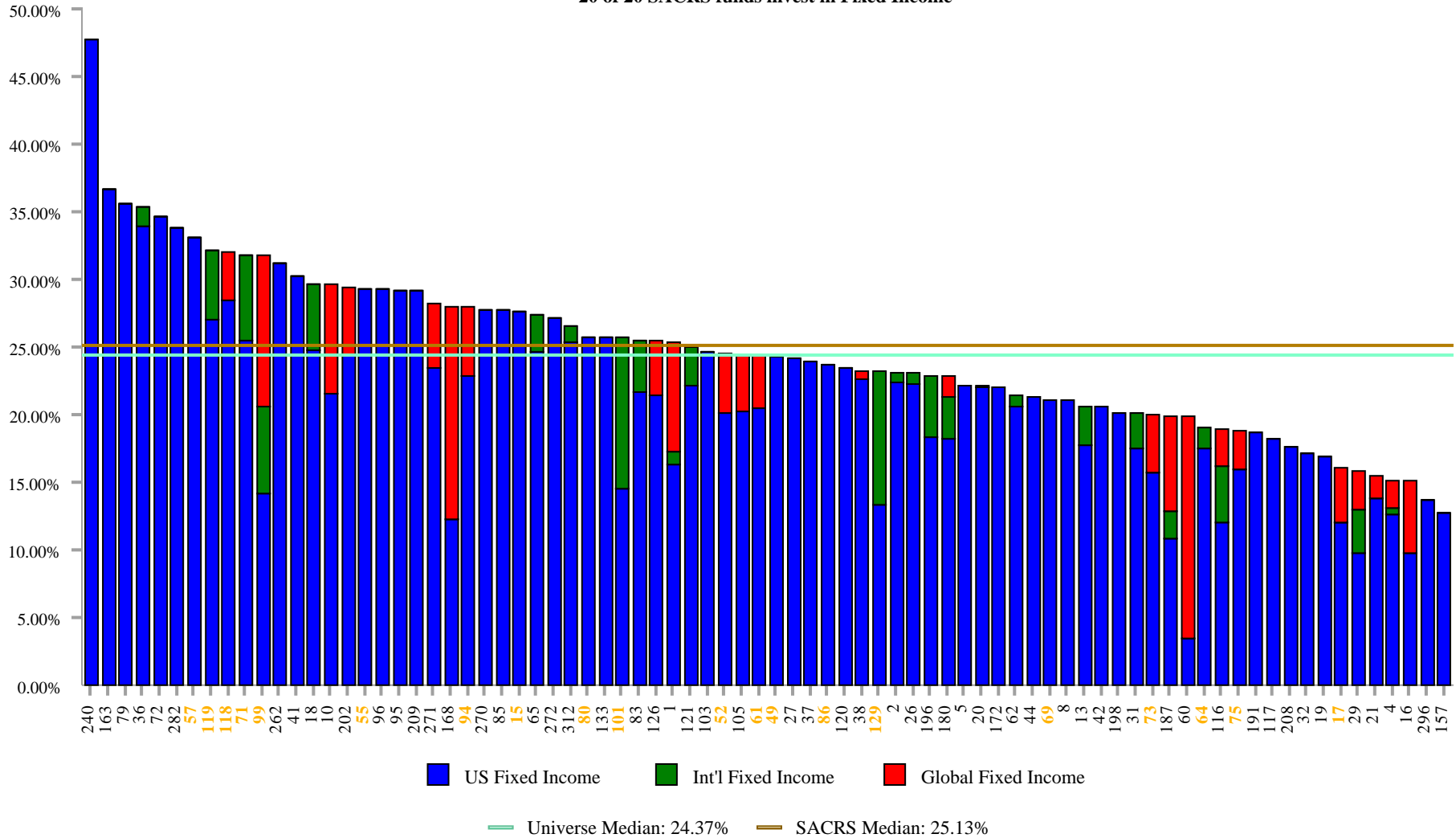
80 of 80 funds invest in Equity  
20 of 20 SACRS funds invest in Equity



# Fixed Income Style Allocation

As of June 30, 2013

80 of 80 funds invest in Fixed Income  
20 of 20 SACRS funds invest in Fixed Income



# Real Estate Allocation

As of June 30, 2013

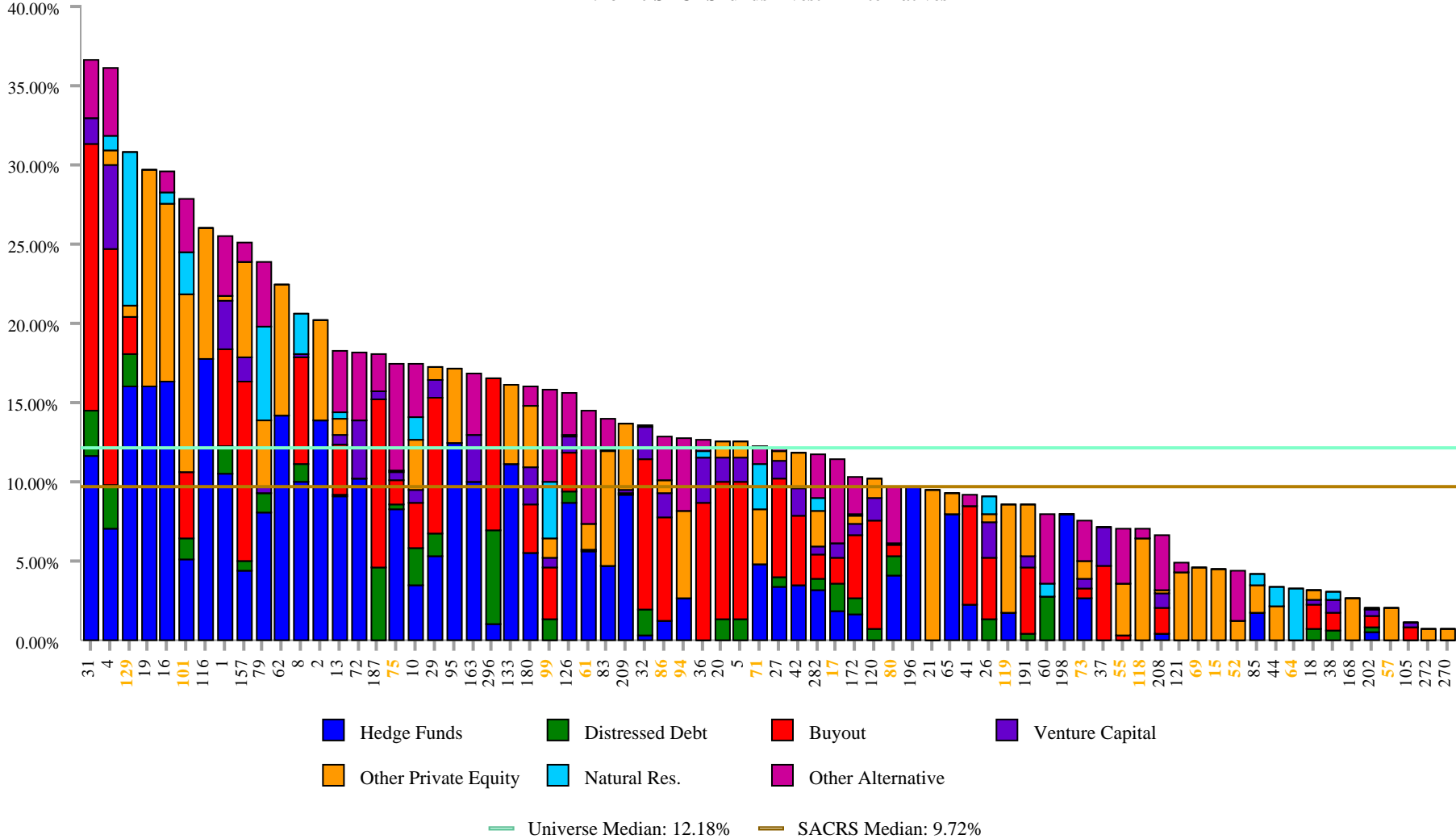
77 of 80 funds invest in Real Estate  
20 of 20 SACRS funds invest in Real Estate



# Alternatives Style Allocation

As of June 30, 2013

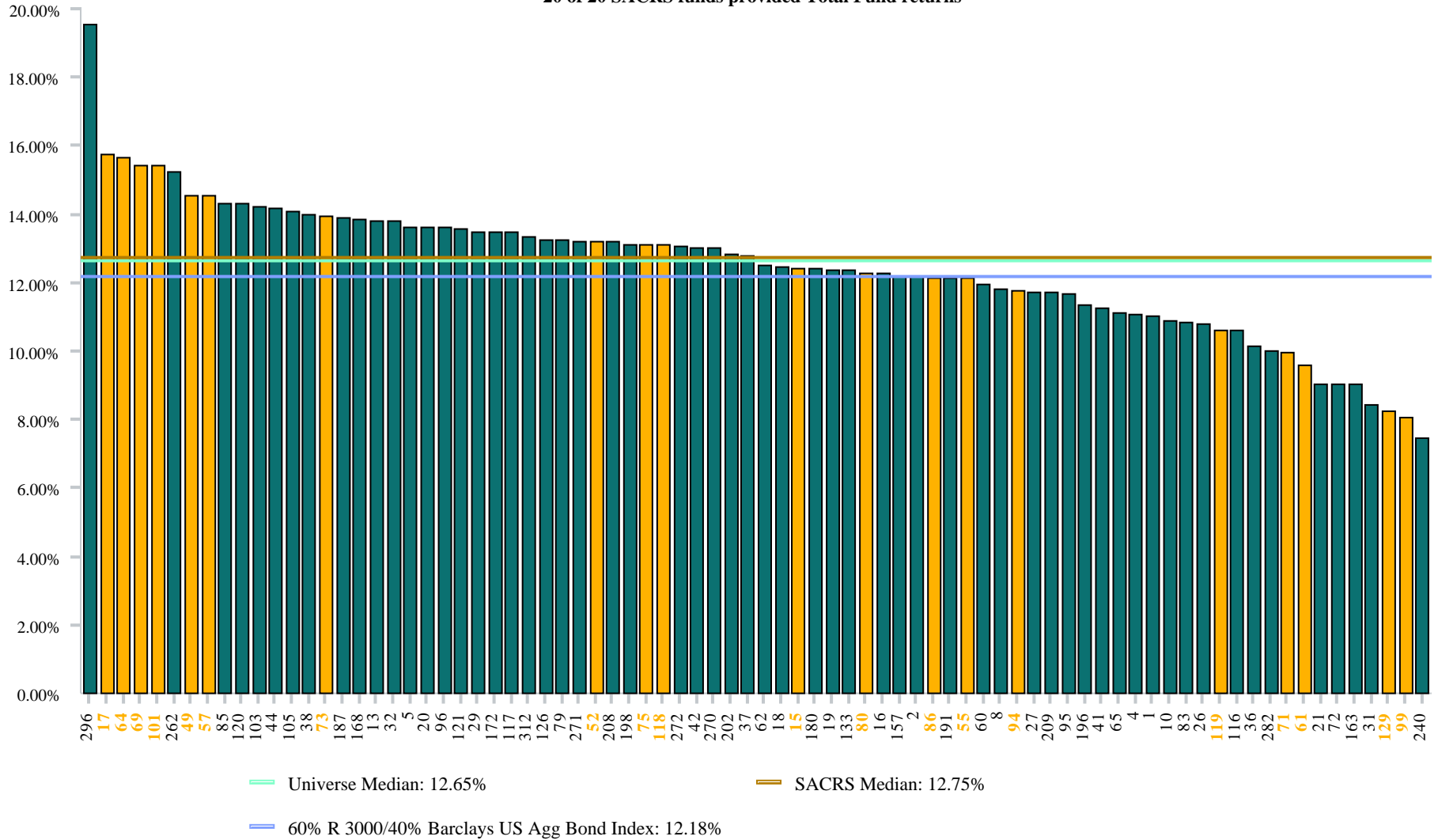
72 of 80 funds invest in Alternatives  
 19 of 20 SACRS funds invest in Alternatives



# 1 Year Annualized Total Fund Returns

As of June 30, 2013

80 of 80 funds provided Total Fund returns for this time period  
20 of 20 SACRS funds provided Total Fund returns

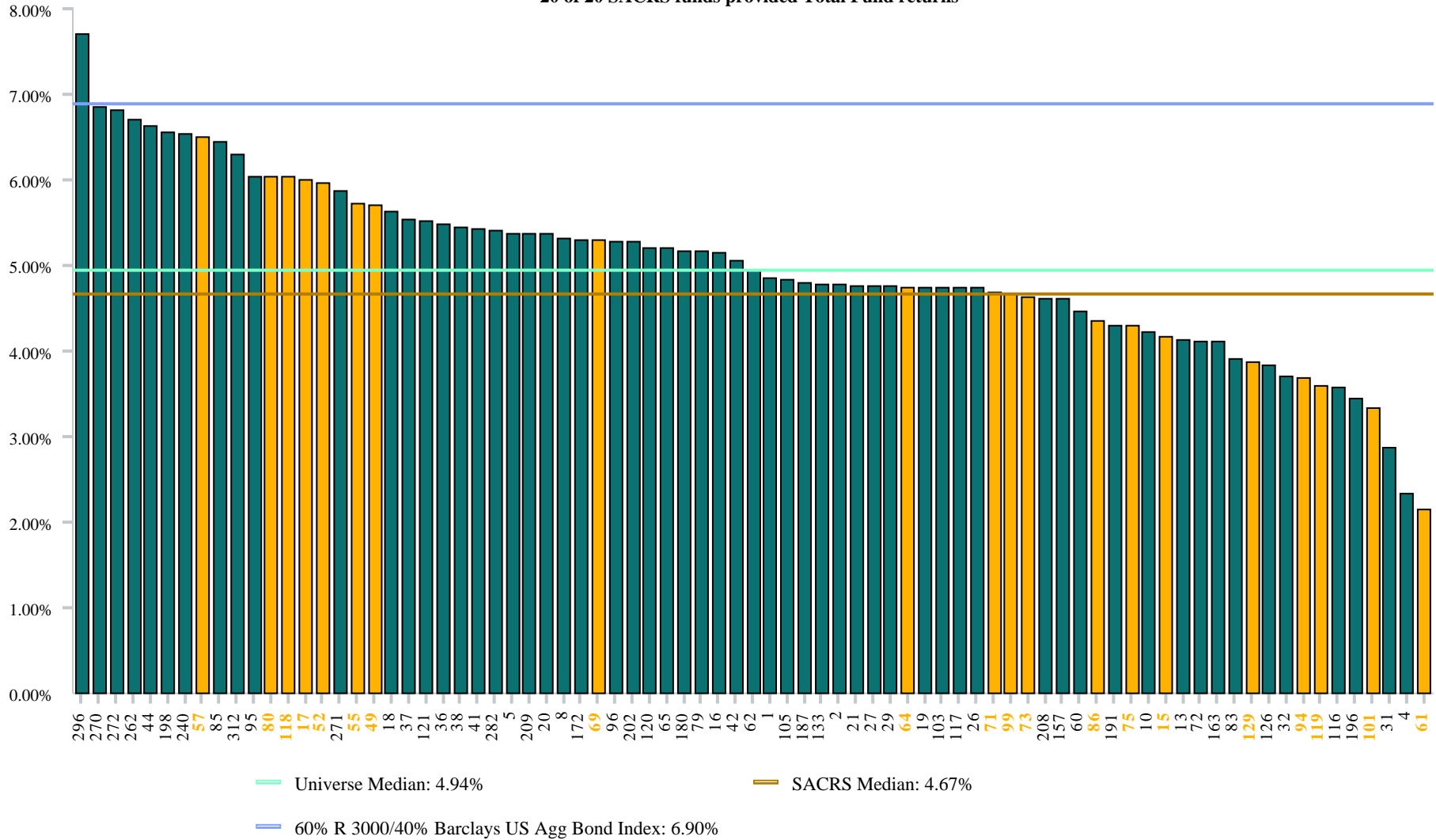


Funds with less history than the specified time period will not appear in the chart.

# 5 Year Annualized Total Fund Returns

As of June 30, 2013

79 of 80 funds provided Total Fund returns for this time period  
20 of 20 SACRS funds provided Total Fund returns



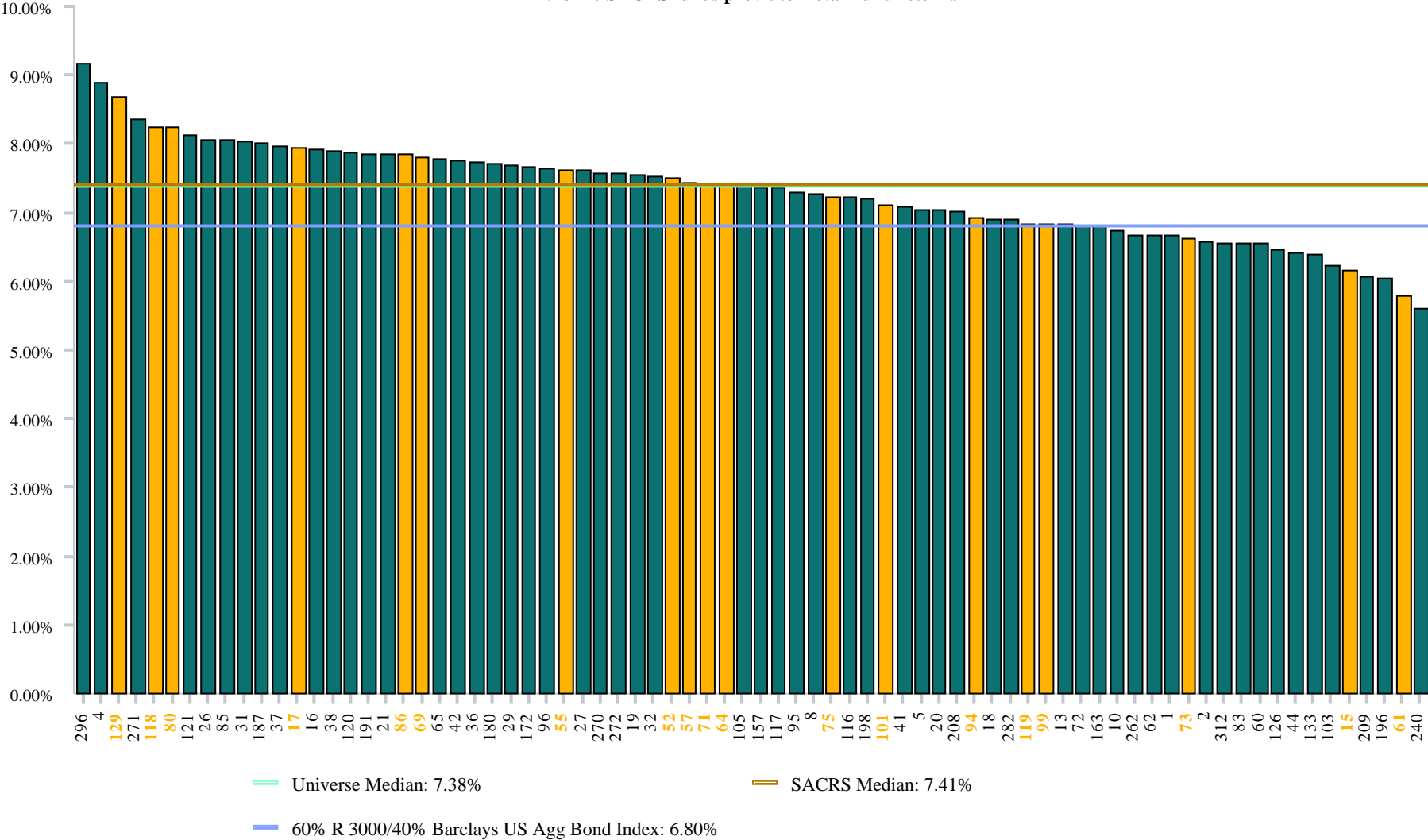
Funds with less history than the specified time period will not appear in the chart.



# 10 Year Annualized Total Fund Returns

As of June 30, 2013

76 of 80 funds provided Total Fund returns for this time period  
 19 of 20 SACRS funds provided Total Fund returns

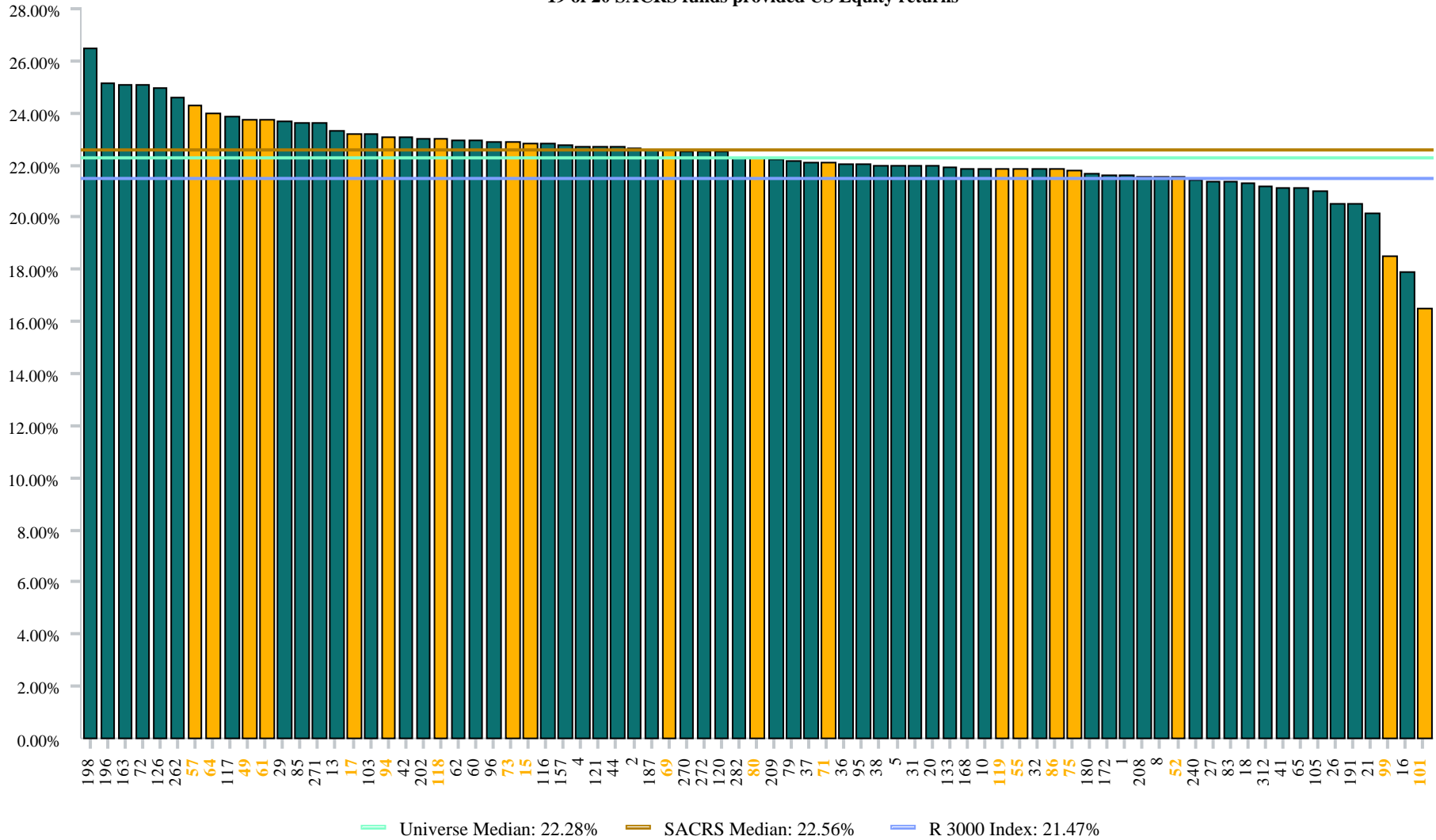


Funds with less history than the specified time period will not appear in the chart.

# 1 Year Annualized US Equity Returns

As of June 30, 2013

77 of 80 funds provided US Equity returns for this time period  
19 of 20 SACRS funds provided US Equity returns

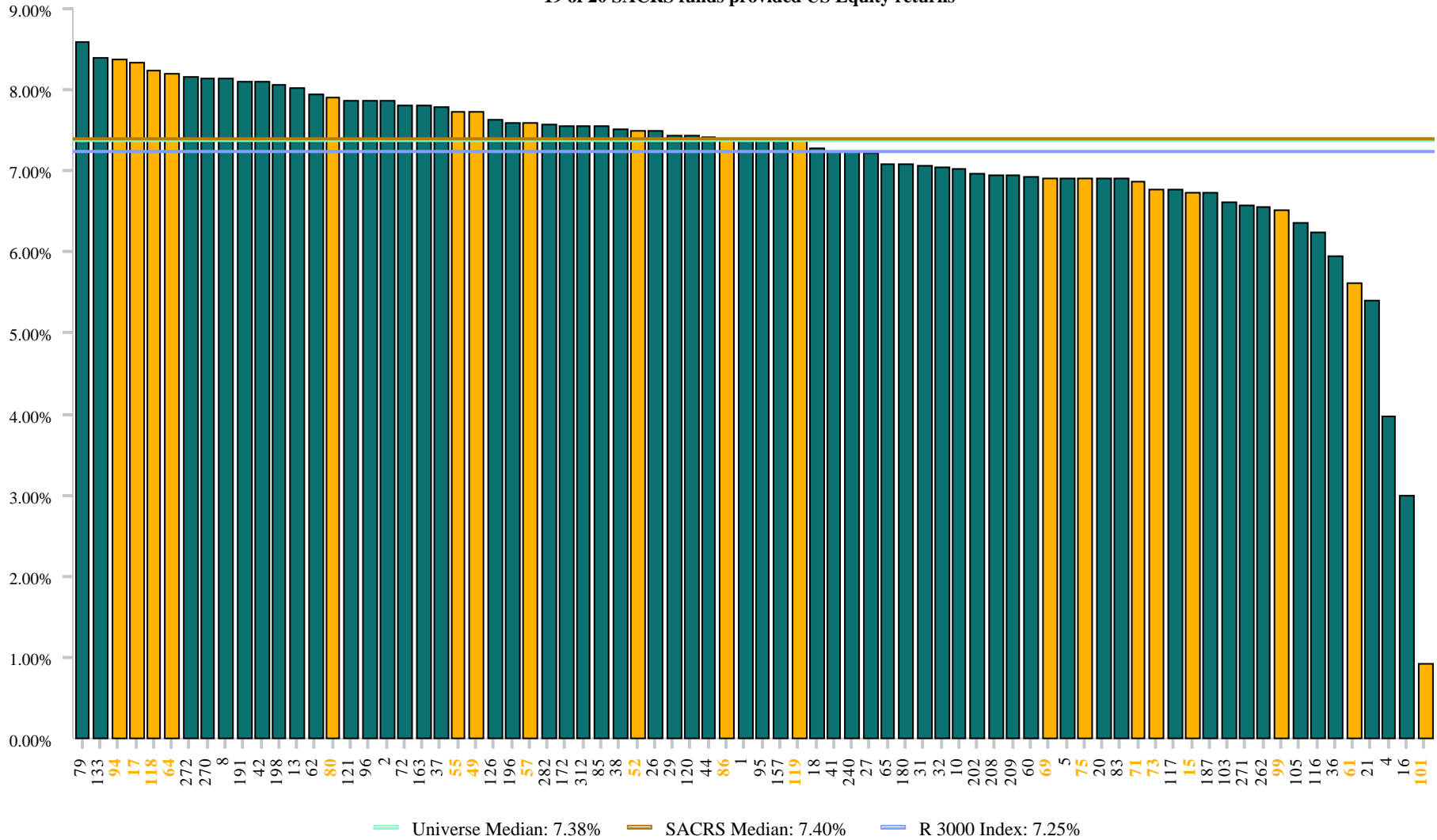


Funds with less history than the specified time period will not appear in the chart.

# 5 Year Annualized US Equity Returns

As of June 30, 2013

76 of 80 funds provided US Equity returns for this time period  
19 of 20 SACRS funds provided US Equity returns

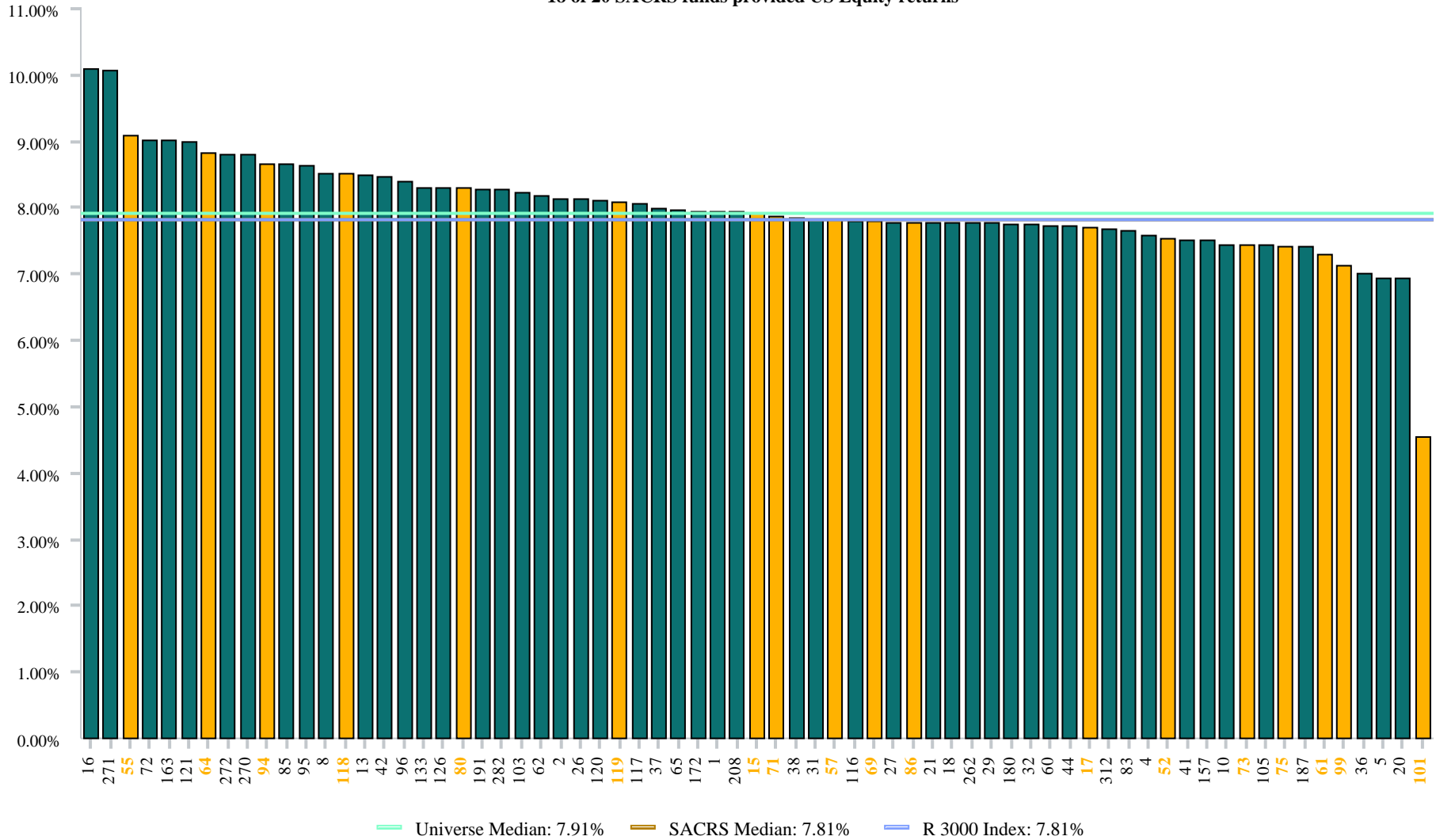


Funds with less history than the specified time period will not appear in the chart.

# 10 Year Annualized US Equity Returns

As of June 30, 2013

69 of 80 funds provided US Equity returns for this time period  
18 of 20 SACRS funds provided US Equity returns

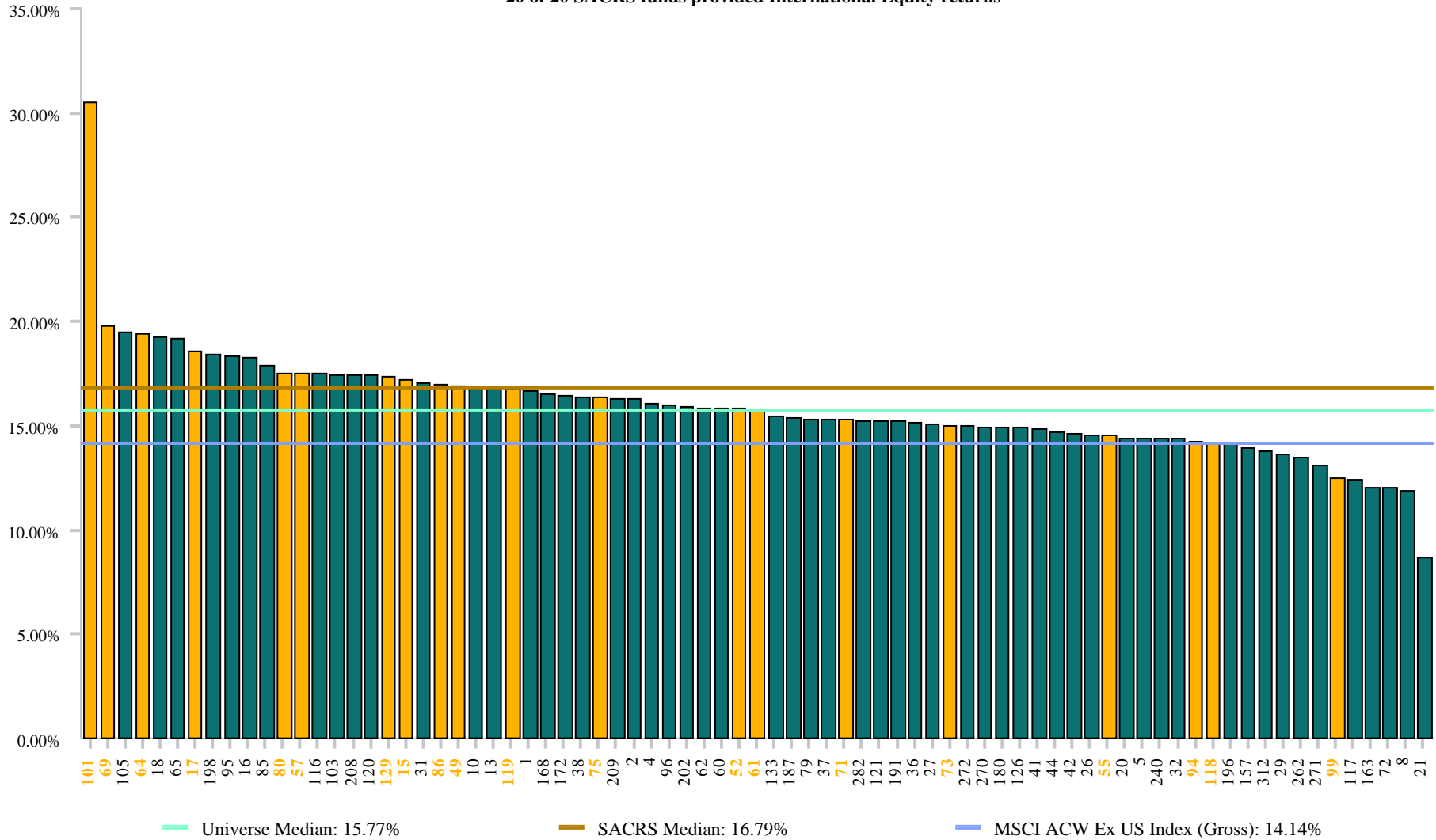


Funds with less history than the specified time period will not appear in the chart.

# 1 Year Annualized International Equity Returns

As of June 30, 2013

77 of 80 funds provided International Equity returns for this time period  
20 of 20 SACRS funds provided International Equity returns

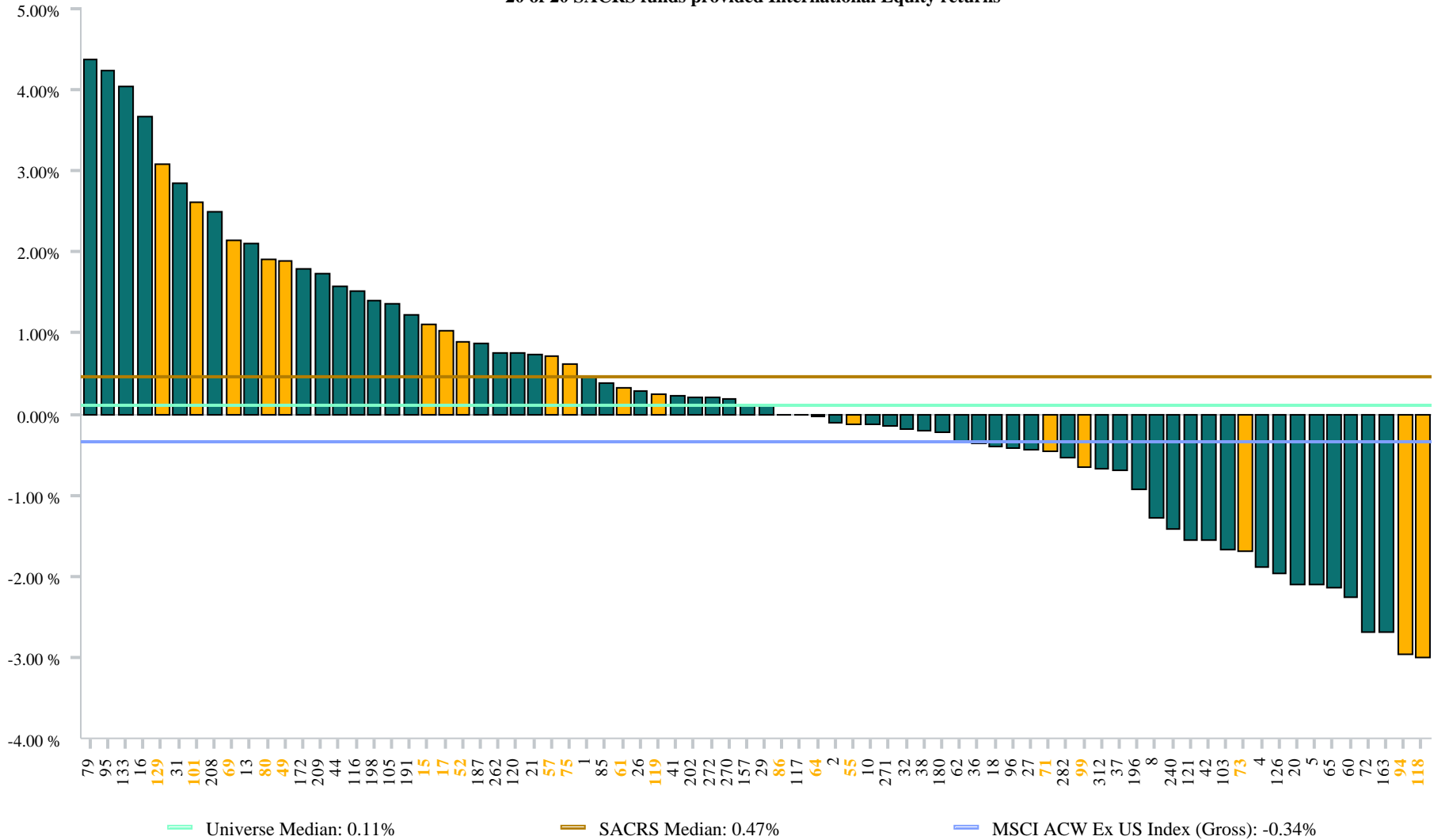


Funds with less history than the specified time period will not appear in the chart.

# 5 Year Annualized International Equity Returns

As of June 30, 2013

76 of 80 funds provided International Equity returns for this time period  
20 of 20 SACRS funds provided International Equity returns

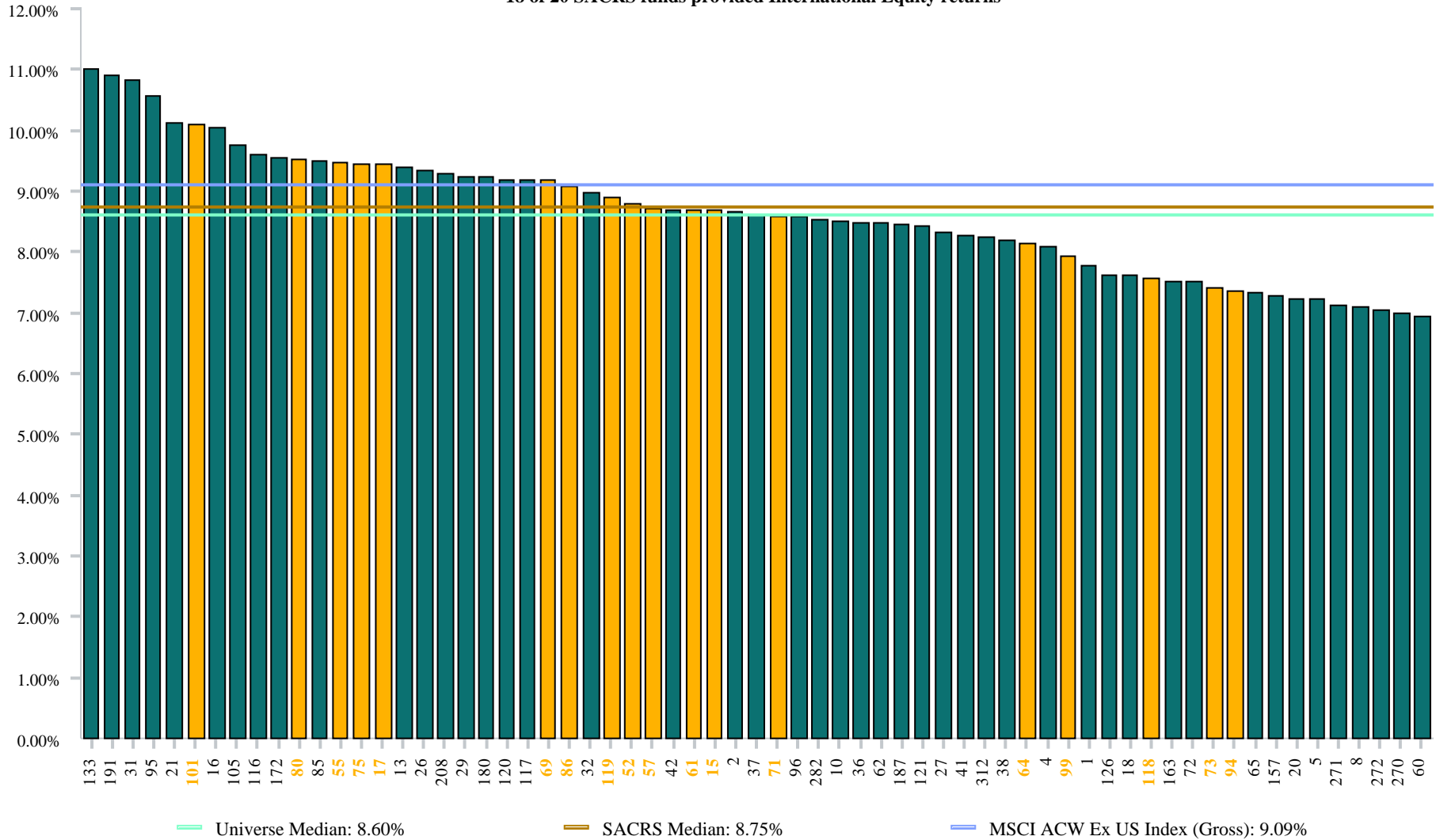


Funds with less history than the specified time period will not appear in the chart.

# 10 Year Annualized International Equity Returns

As of June 30, 2013

65 of 80 funds provided International Equity returns for this time period  
18 of 20 SACRS funds provided International Equity returns

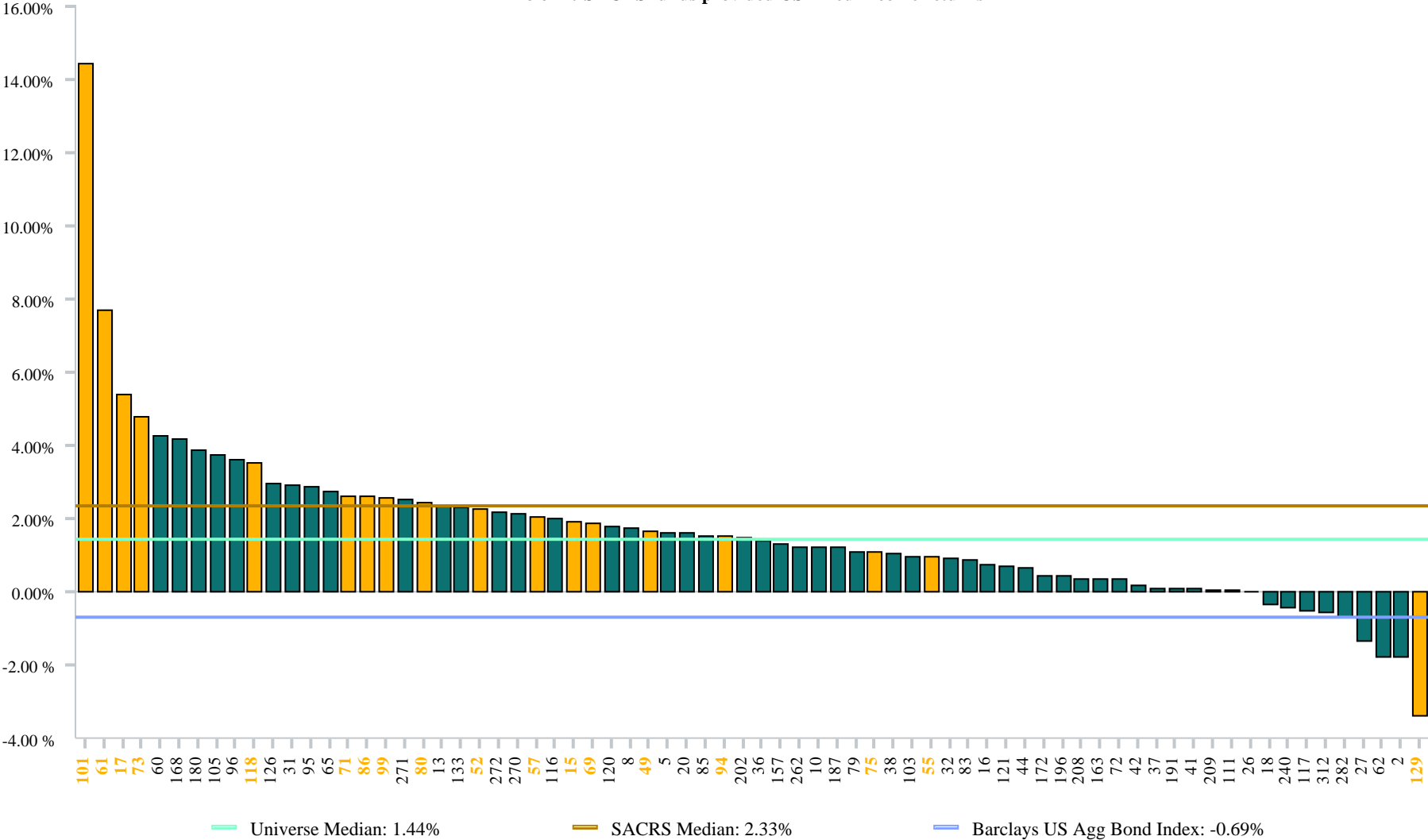


Funds with less history than the specified time period will not appear in the chart.

# 1 Year Annualized US Fixed Income Returns

As of June 30, 2013

72 of 74 funds provided US Fixed Income returns for this time period  
 18 of 20 SACRS funds provided US Fixed Income returns



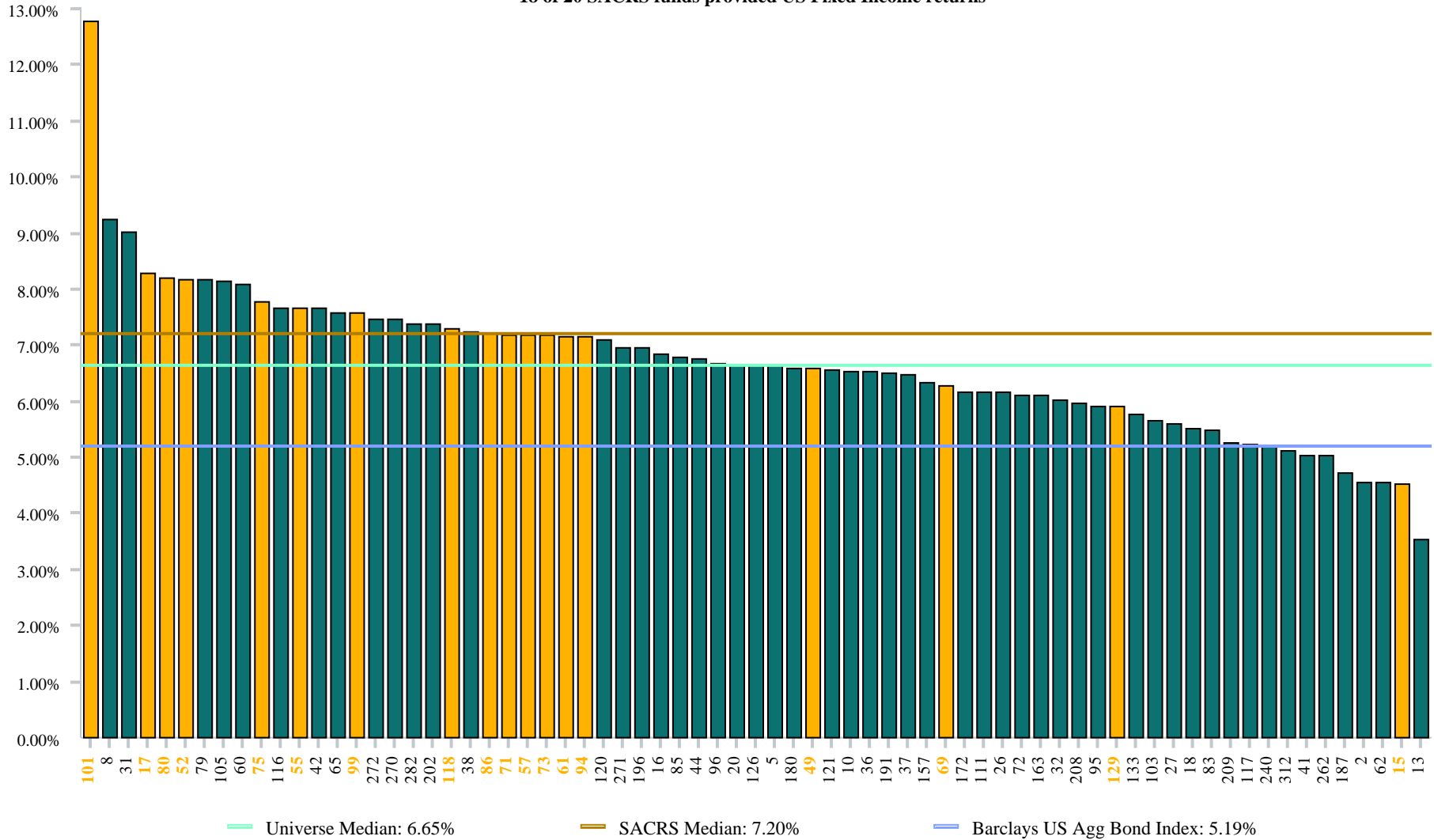
Funds with less history than the specified time period will not appear in the chart.



# 5 Year Annualized US Fixed Income Returns

As of June 30, 2013

71 of 74 funds provided US Fixed Income returns for this time period  
18 of 20 SACRS funds provided US Fixed Income returns

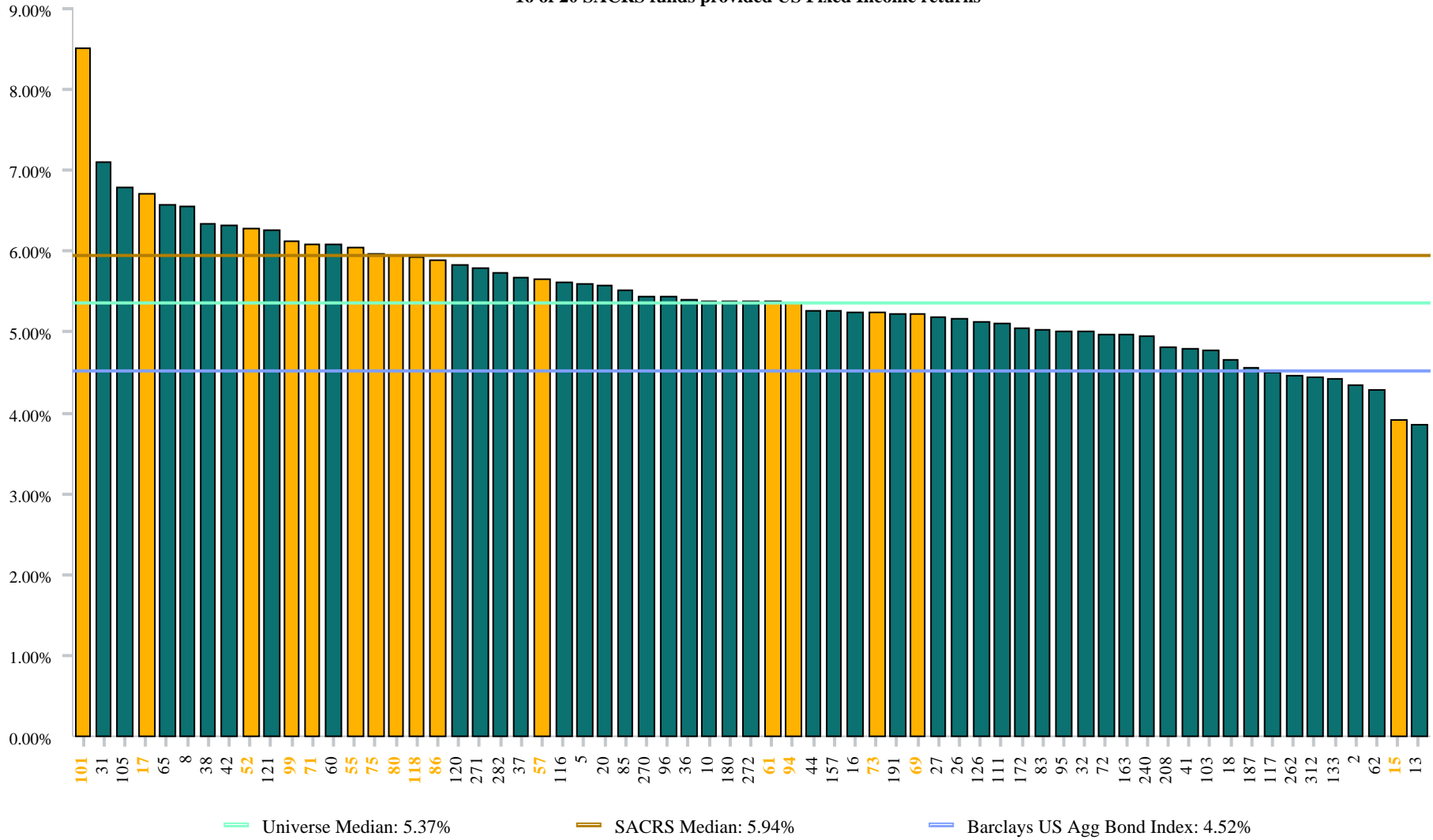


Funds with less history than the specified time period will not appear in the chart.

# 10 Year Annualized US Fixed Income Returns

As of June 30, 2013

65 of 74 funds provided US Fixed Income returns for this time period  
16 of 20 SACRS funds provided US Fixed Income returns

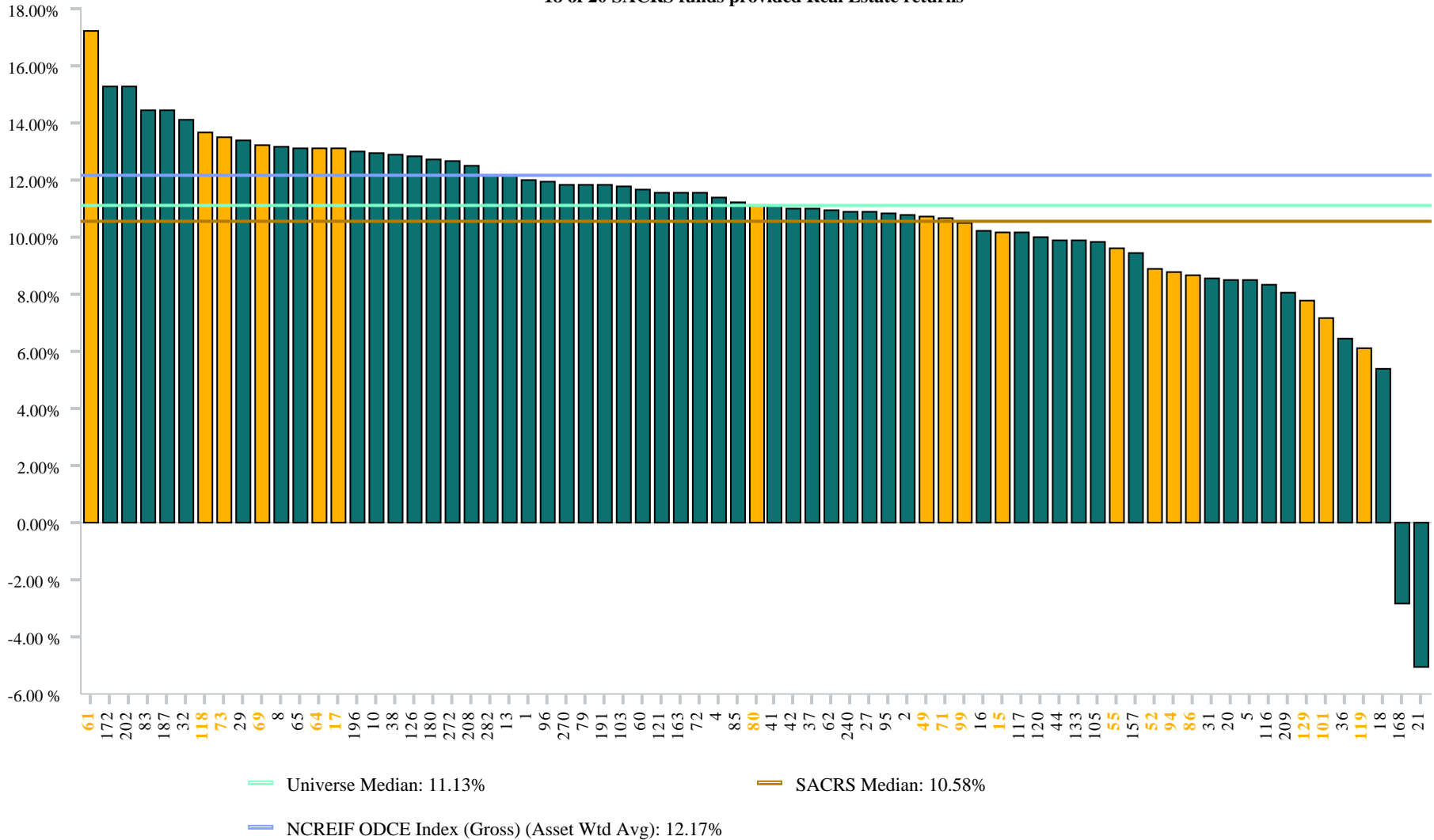


Funds with less history than the specified time period will not appear in the chart.

# 1 Year Annualized Real Estate Returns

As of June 30, 2013

71 of 80 funds provided Real Estate returns for this time period  
18 of 20 SACRS funds provided Real Estate returns

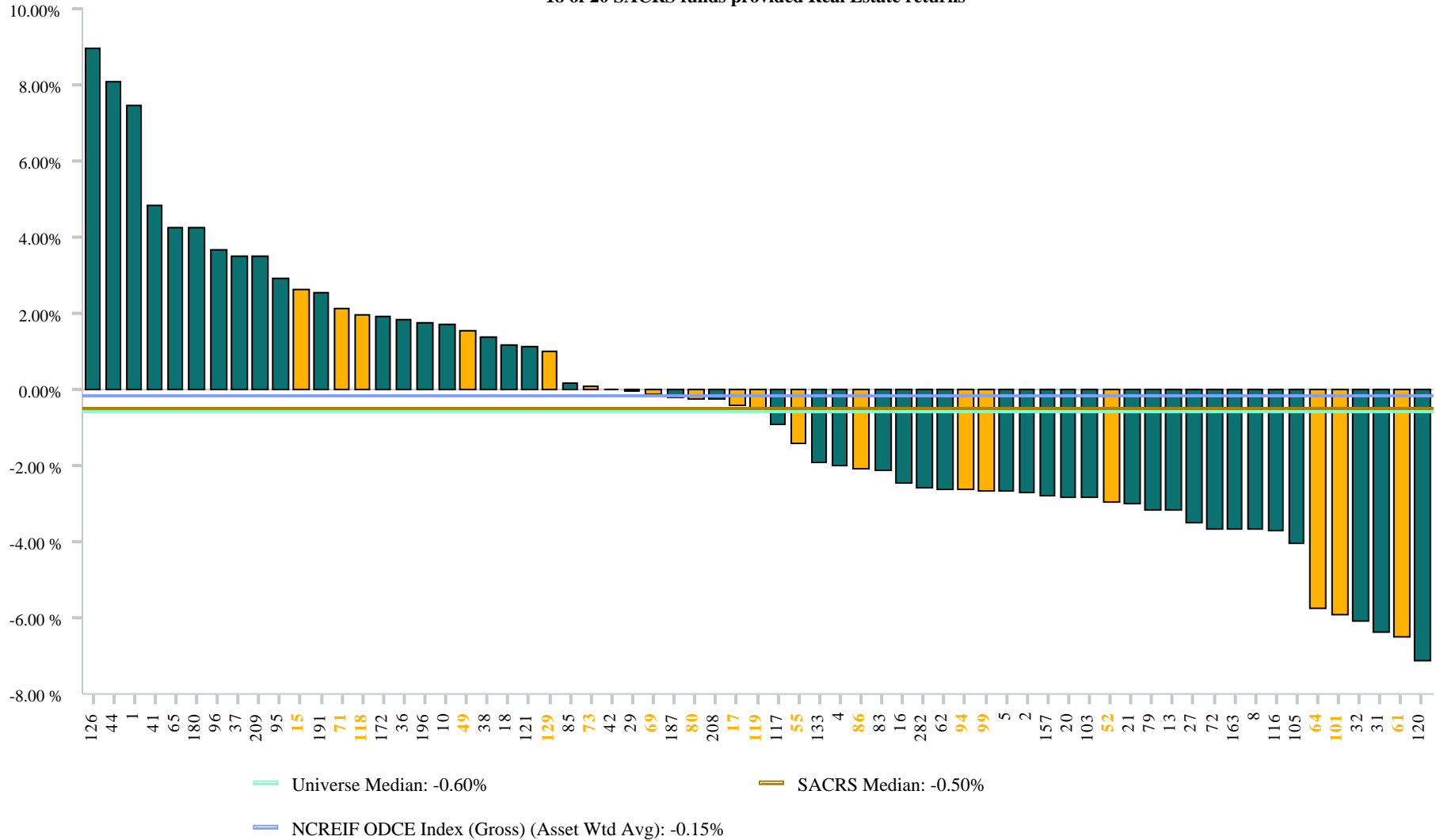


Funds with less history than the specified time period will not appear in the chart.

# 5 Year Annualized Real Estate Returns

As of June 30, 2013

65 of 80 funds provided Real Estate returns for this time period  
18 of 20 SACRS funds provided Real Estate returns



Funds with less history than the specified time period will not appear in the chart.

# 10 Year Annualized Real Estate Returns

As of June 30, 2013

48 of 80 funds provided Real Estate returns for this time period  
14 of 20 SACRS funds provided Real Estate returns



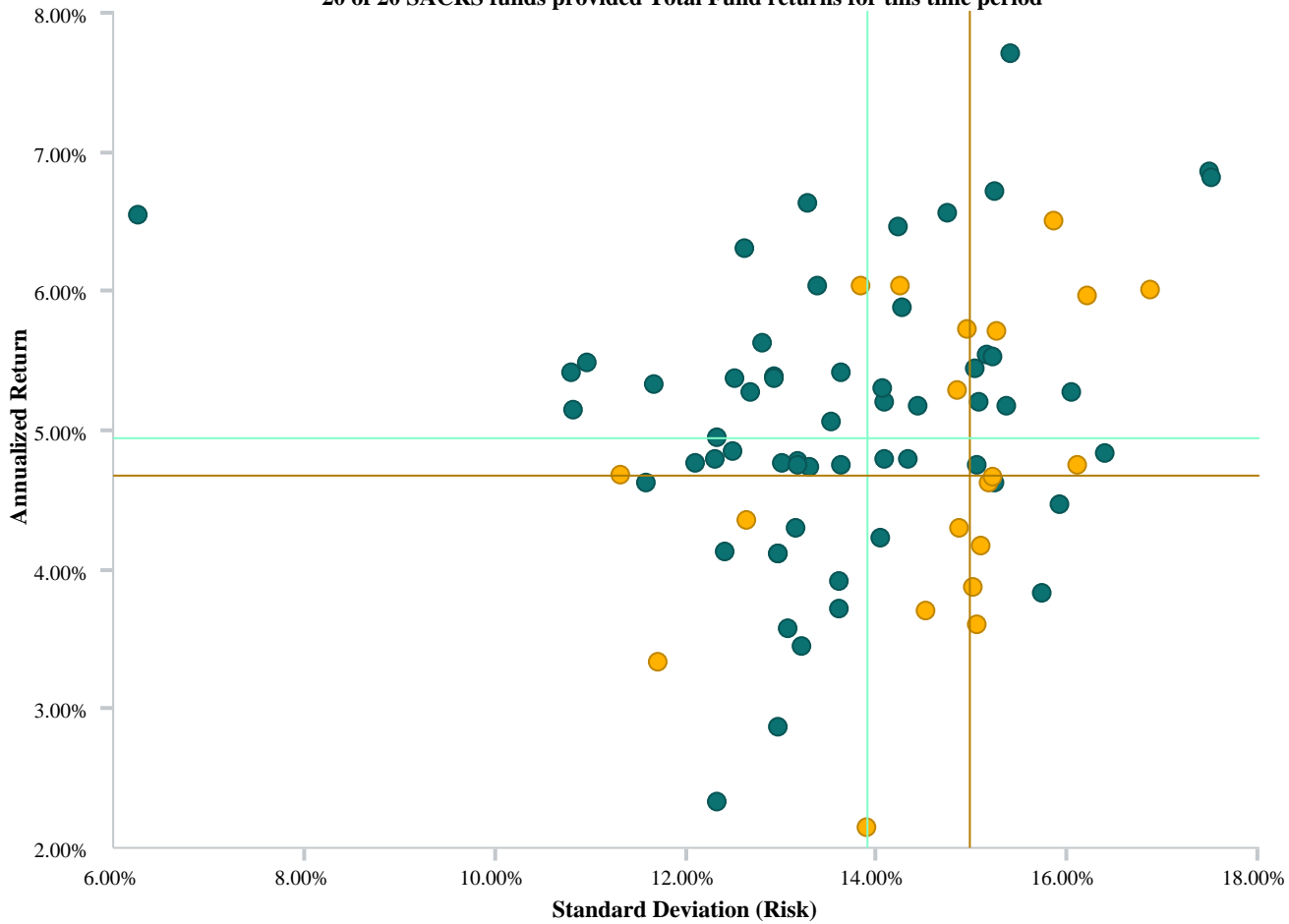
Funds with less history than the specified time period will not appear in the chart.

# Risk/Return Analysis

## 5 Year Annualized Total Fund Returns vs. Standard Deviation

### As of June 30, 2013

79 of 80 funds provided Total Fund returns for this time period  
 20 of 20 SACRS funds provided Total Fund returns for this time period



— Universe Median Risk: 13.91%    Median Return: 4.94%    Median Sharpe Ratio: 0.41  
— SACRS Median Risk: 14.99%    Median Return: 4.67%    Median Sharpe Ratio: 0.37

ID	Risk	Return	Sharpe
57	15.88%	6.51%	0.46
80	13.84%	6.03%	0.47
118	14.26%	6.03%	0.46
17	16.89%	6.00%	0.41
52	16.23%	5.96%	0.42
55	14.96%	5.72%	0.43
49	15.28%	5.71%	0.42
69	14.85%	5.29%	0.40
64	16.13%	4.75%	0.35
71	11.33%	4.68%	0.43
99	15.24%	4.66%	0.36
73	15.19%	4.62%	0.36
86	12.65%	4.35%	0.38
75	14.89%	4.29%	0.34
15	15.12%	4.17%	0.33
129	15.02%	3.87%	0.31
94	14.52%	3.69%	0.30
119	15.06%	3.60%	0.29
101	11.73%	3.32%	0.31
61	13.91%	2.14%	0.20

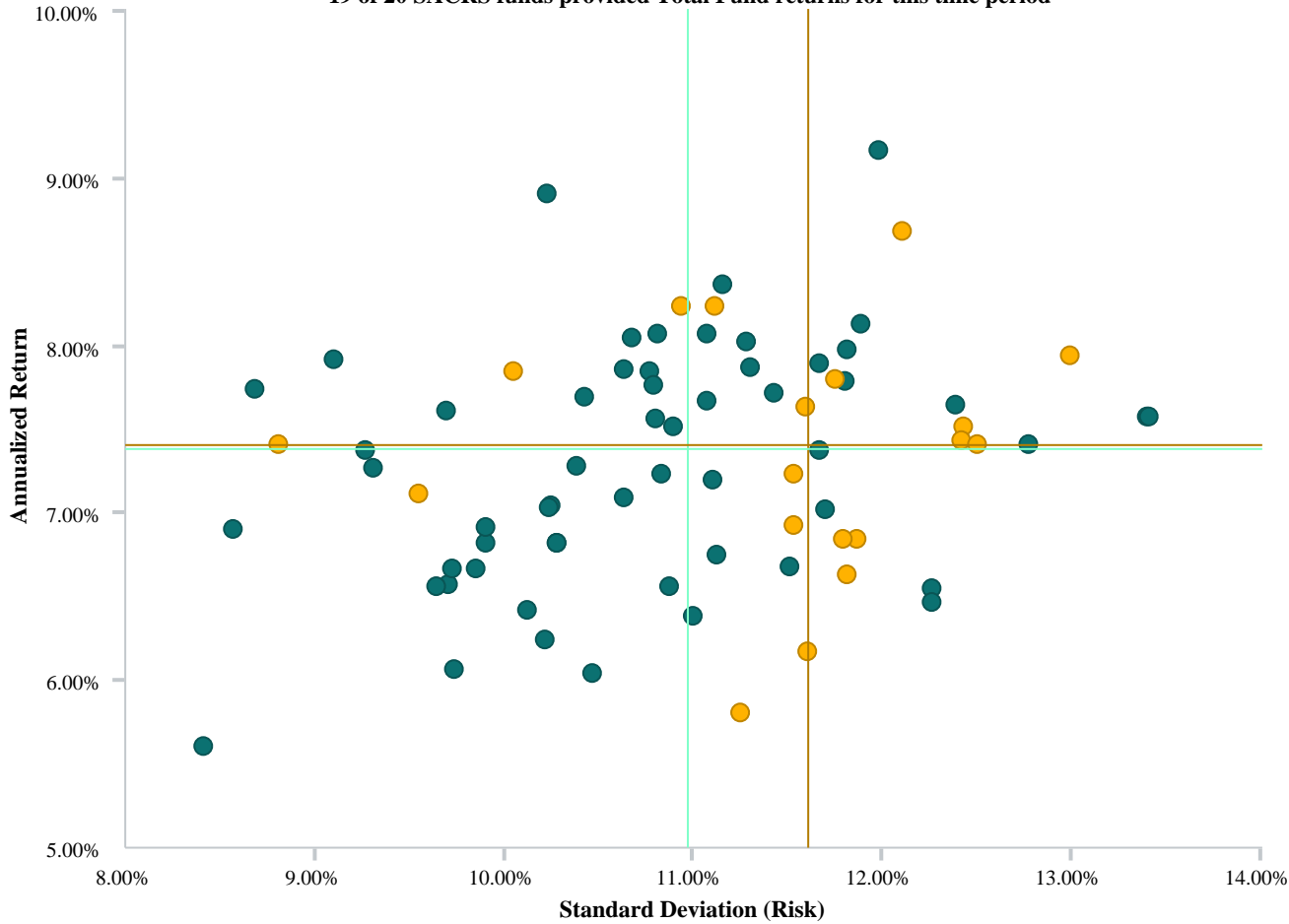
Funds with less history than the specified time period will not appear in the chart.

# Risk/Return Analysis

## 10 Year Annualized Total Fund Returns vs. Standard Deviation

### As of June 30, 2013

76 of 80 funds provided Total Fund returns for this time period  
 19 of 20 SACRS funds provided Total Fund returns for this time period



— Universe Median Risk: 10.97%    Median Return: 7.38%    Median Sharpe Ratio: 0.55  
— SACRS Median Risk: 11.61%    Median Return: 7.41%    Median Sharpe Ratio: 0.52

ID	Risk	Return	Sharpe
129	12.11%	8.68%	0.61
118	11.12%	8.24%	0.62
80	10.94%	8.23%	0.62
17	13.00%	7.94%	0.52
86	10.05%	7.84%	0.64
69	11.76%	7.80%	0.56
55	11.60%	7.62%	0.55
52	12.44%	7.51%	0.51
57	12.42%	7.43%	0.50
71	8.82%	7.41%	0.67
64	12.51%	7.40%	0.50
75	11.54%	7.23%	0.52
101	9.56%	7.11%	0.59
94	11.53%	6.93%	0.49
119	11.80%	6.84%	0.48
99	11.88%	6.83%	0.47
73	11.82%	6.63%	0.46
15	11.61%	6.17%	0.43
61	11.26%	5.80%	0.41

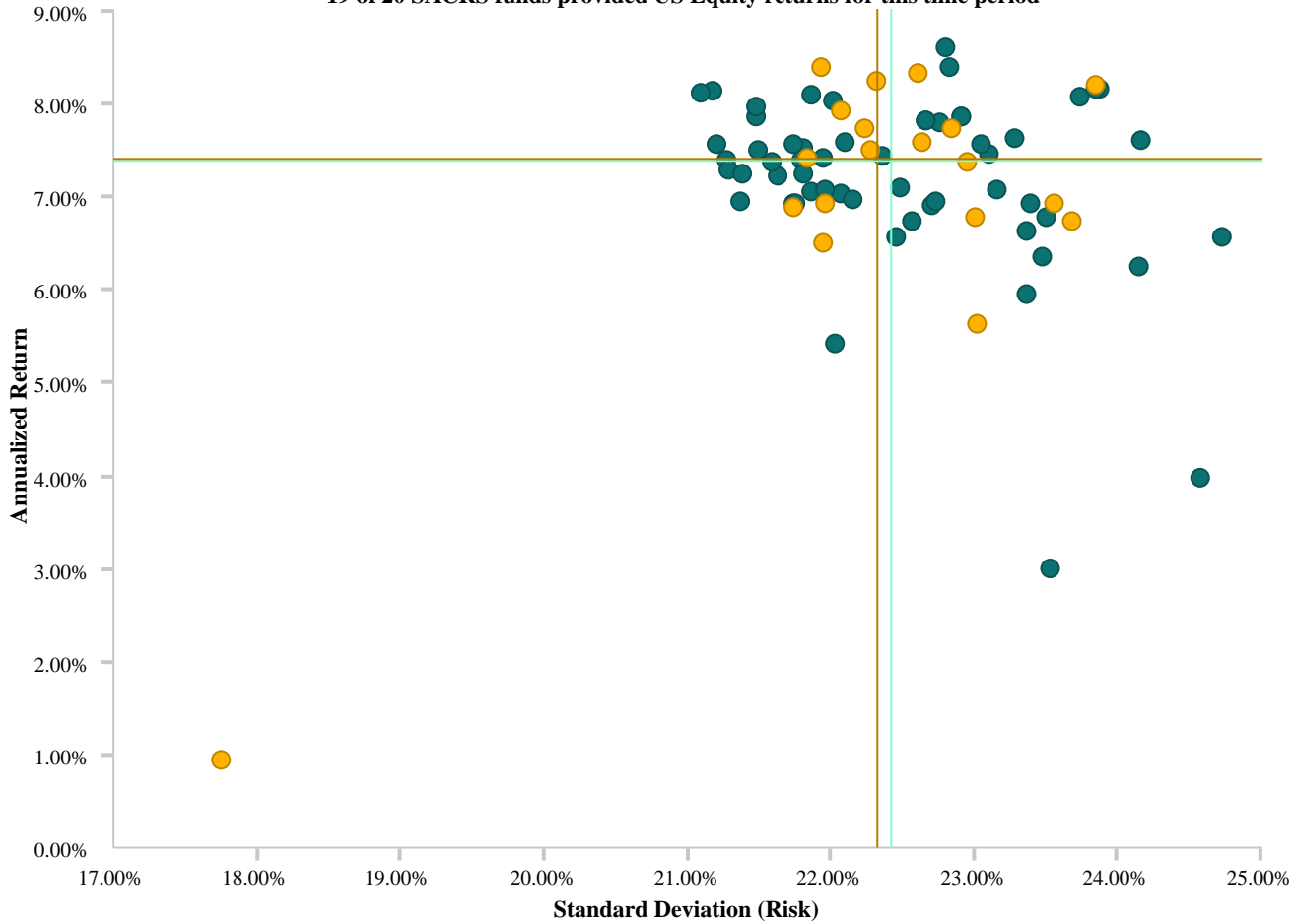
Funds with less history than the specified time period will not appear in the chart.

# Risk/Return Analysis

## 5 Year Annualized US Equity Returns vs. Standard Deviation

### As of June 30, 2013

76 of 80 funds provided US Equity returns for this time period  
 19 of 20 SACRS funds provided US Equity returns for this time period



— Universe Median Risk: 22.42%    Median Return: 7.38%    Median Sharpe Ratio: 0.42  
— SACRS Median Risk: 22.32%    Median Return: 7.40%    Median Sharpe Ratio: 0.43

ID	Risk	Return	Sharpe
94	21.94%	8.38%	0.47
17	22.61%	8.33%	0.46
118	22.32%	8.25%	0.46
64	23.86%	8.20%	0.44
80	22.08%	7.91%	0.45
55	22.25%	7.74%	0.44
49	22.85%	7.73%	0.43
57	22.64%	7.58%	0.43
52	22.29%	7.49%	0.43
86	21.85%	7.40%	0.43
119	22.97%	7.37%	0.42
69	23.57%	6.91%	0.39
75	21.97%	6.91%	0.41
71	21.75%	6.88%	0.41
73	23.01%	6.78%	0.39
15	23.69%	6.73%	0.39
99	21.96%	6.51%	0.39
61	23.03%	5.62%	0.35
101	17.76%	0.93%	0.13

Funds with less history than the specified time period will not appear in the chart.

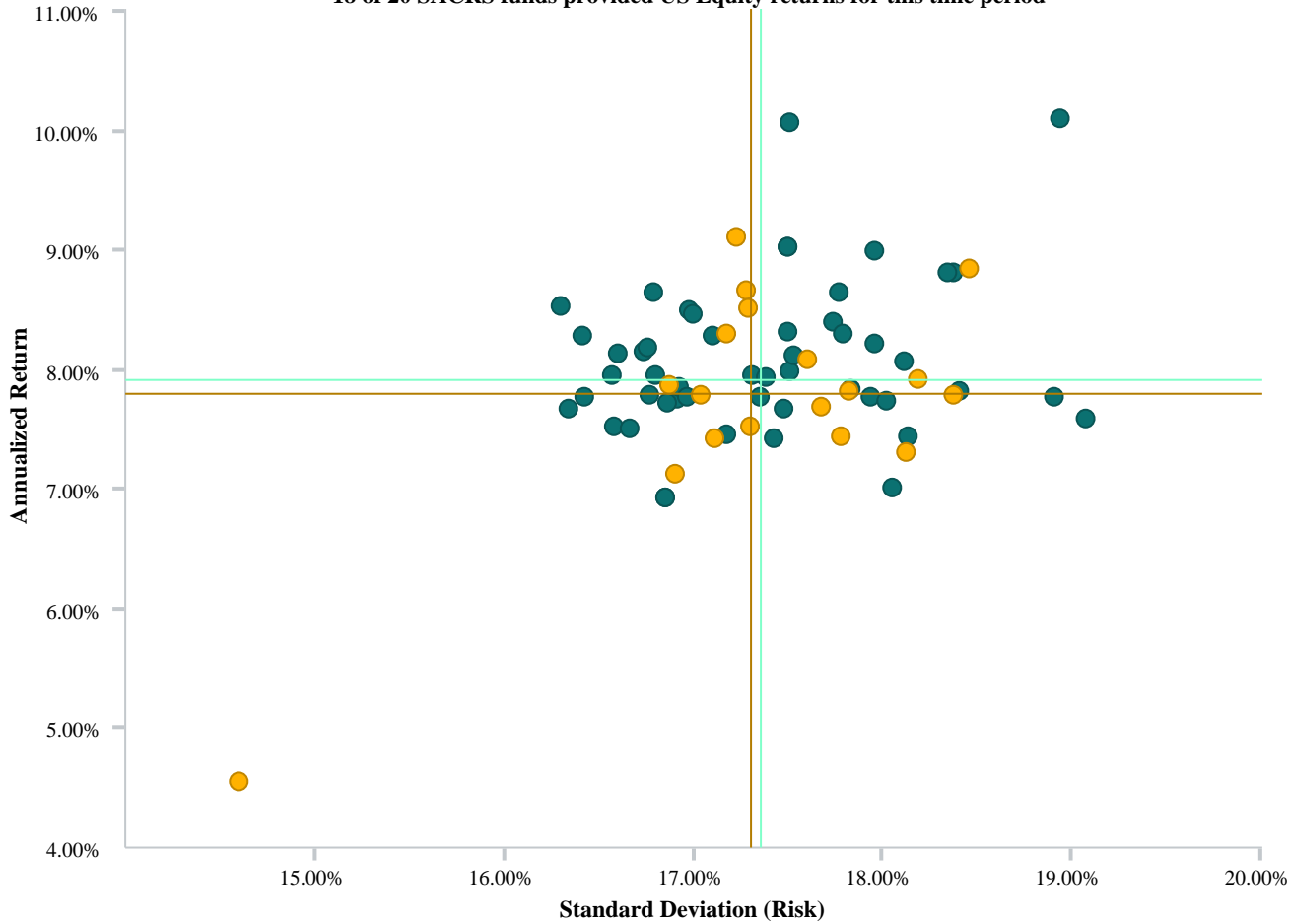


# Risk/Return Analysis

## 10 Year Annualized US Equity Returns vs. Standard Deviation

### As of June 30, 2013

69 of 80 funds provided US Equity returns for this time period  
 18 of 20 SACRS funds provided US Equity returns for this time period



— Universe Median Risk: 17.36%    Median Return: 7.91%    Median Sharpe Ratio: 0.43

— SACRS Median Risk: 17.30%    Median Return: 7.81%    Median Sharpe Ratio: 0.42

ID	Risk	Return	Sharpe
55	17.24%	9.10%	0.50
64	18.46%	8.83%	0.46
94	17.29%	8.65%	0.47
118	17.30%	8.51%	0.46
80	17.18%	8.30%	0.45
119	17.61%	8.08%	0.44
15	18.19%	7.91%	0.42
71	16.88%	7.86%	0.43
57	17.83%	7.82%	0.42
69	18.38%	7.79%	0.41
86	17.05%	7.77%	0.43
17	17.69%	7.69%	0.41
52	17.31%	7.52%	0.41
73	17.79%	7.43%	0.40
75	17.12%	7.41%	0.41
61	18.13%	7.30%	0.39
99	16.91%	7.13%	0.39
101	14.61%	4.55%	0.27

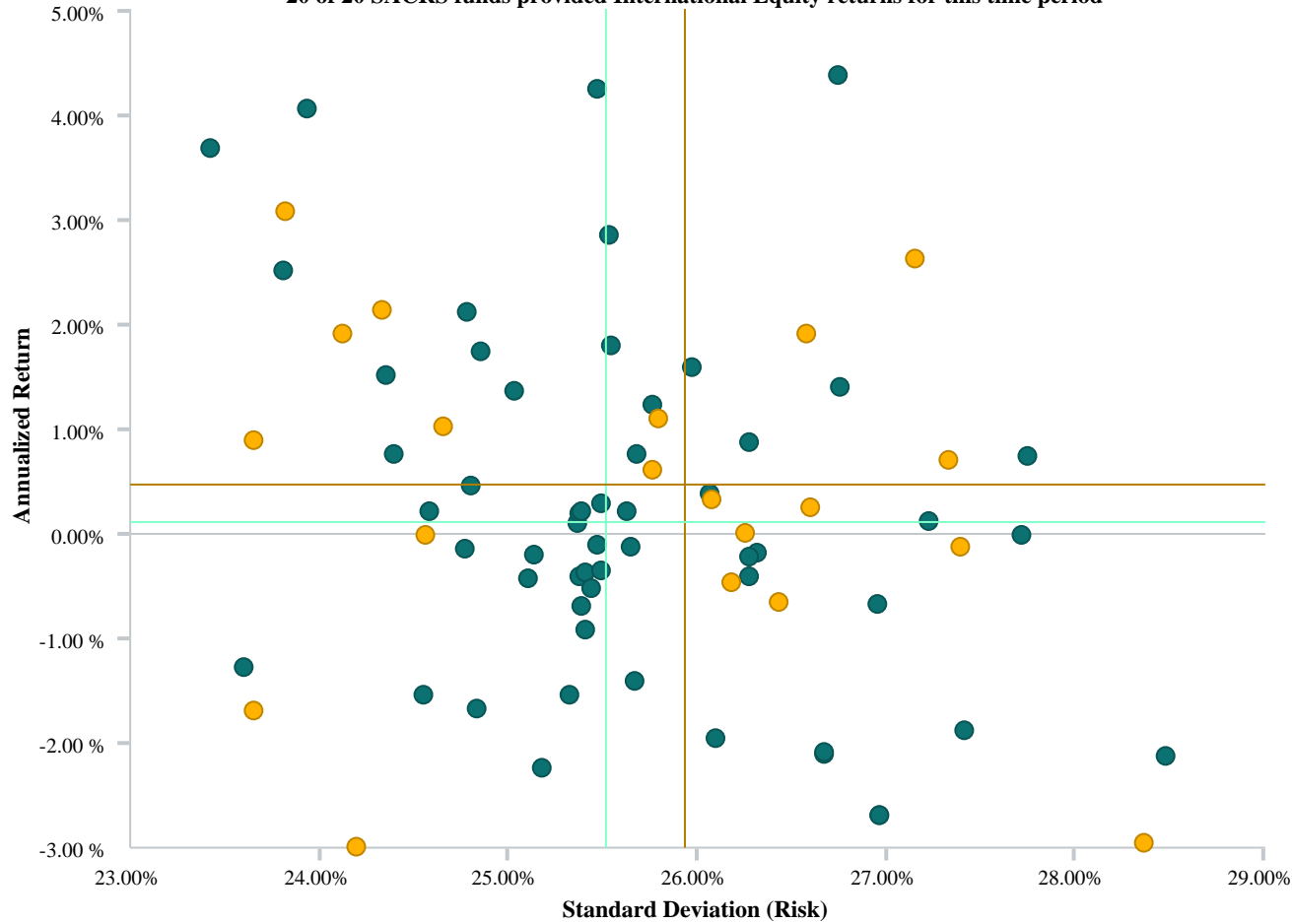
Funds with less history than the specified time period will not appear in the chart.

# Risk/Return Analysis

## 5 Year Annualized International Equity Returns vs. Standard Deviation

As of June 30, 2013

76 of 80 funds provided International Equity returns for this time period  
 20 of 20 SACRS funds provided International Equity returns for this time period



— Universe Median Risk: 25.52%    Median Return: 0.11%    Median Sharpe Ratio: 0.12

— SACRS Median Risk: 25.94%    Median Return: 0.47%    Median Sharpe Ratio: 0.14

ID	Risk	Return	Sharpe
129	23.82%	3.08%	0.24
101	27.17%	2.62%	0.22
69	24.34%	2.14%	0.20
80	24.12%	1.90%	0.19
49	26.58%	1.90%	0.19
15	25.80%	1.10%	0.16
17	24.67%	1.03%	0.15
52	23.66%	0.89%	0.15
57	27.34%	0.71%	0.15
75	25.77%	0.61%	0.14
61	26.08%	0.32%	0.13
119	26.61%	0.25%	0.13
86	26.27%	-0.01%	0.12
64	24.57%	-0.02%	0.11
55	27.40%	-0.13%	0.12
71	26.19%	-0.47%	0.11
99	26.44%	-0.66%	0.10
73	23.66%	-1.69%	0.04
94	28.37%	-2.97%	0.03
118	24.21%	-3.00%	-0.01

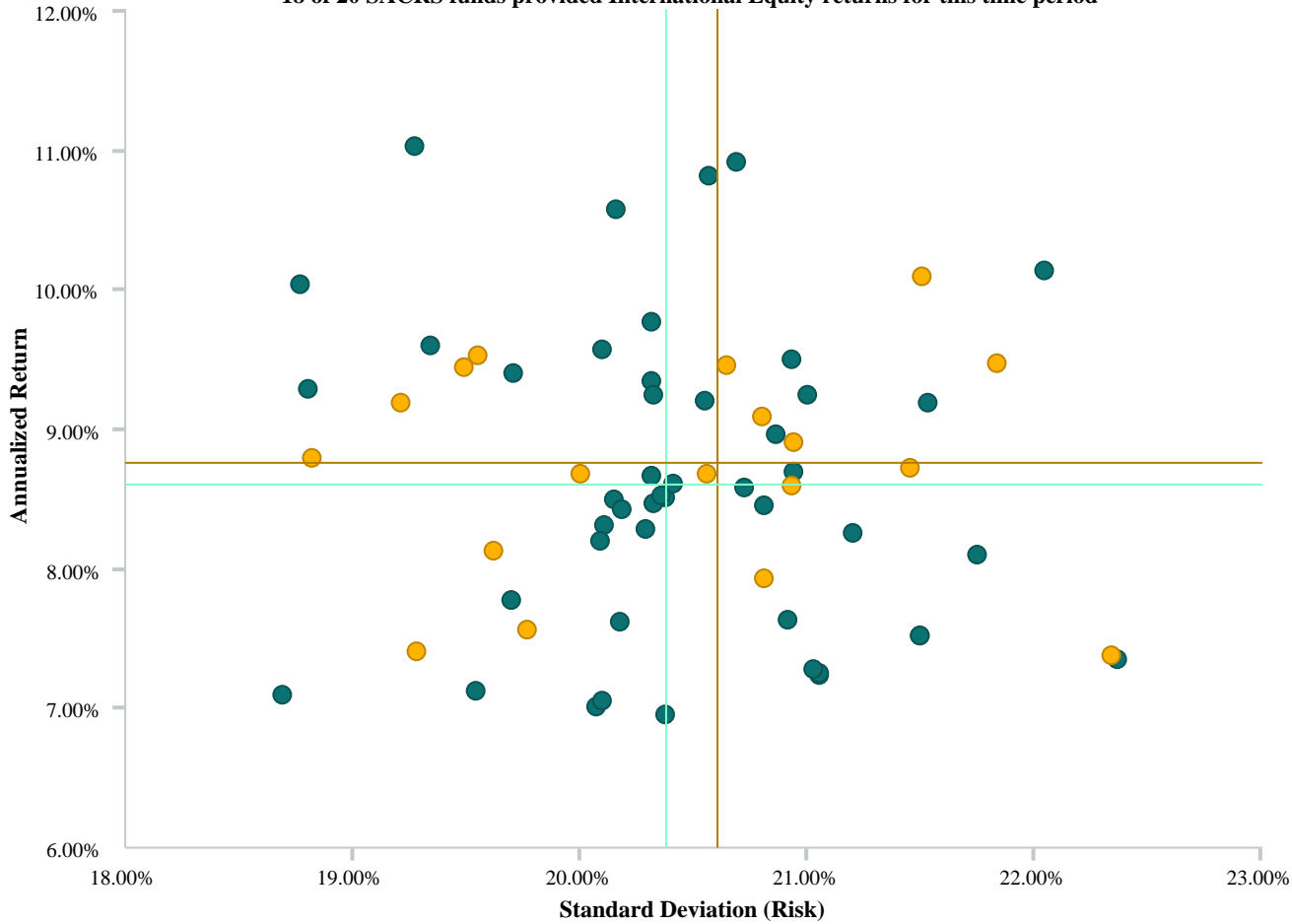
Funds with less history than the specified time period will not appear in the chart.

# Risk/Return Analysis

## 10 Year Annualized International Equity Returns vs. Standard Deviation

As of June 30, 2013

65 of 80 funds provided International Equity returns for this time period  
 18 of 20 SACRS funds provided International Equity returns for this time period



— Universe Median Risk: 20.38%    Median Return: 8.60%    Median Sharpe Ratio: 0.43

— SACRS Median Risk: 20.61%    Median Return: 8.75%    Median Sharpe Ratio: 0.44

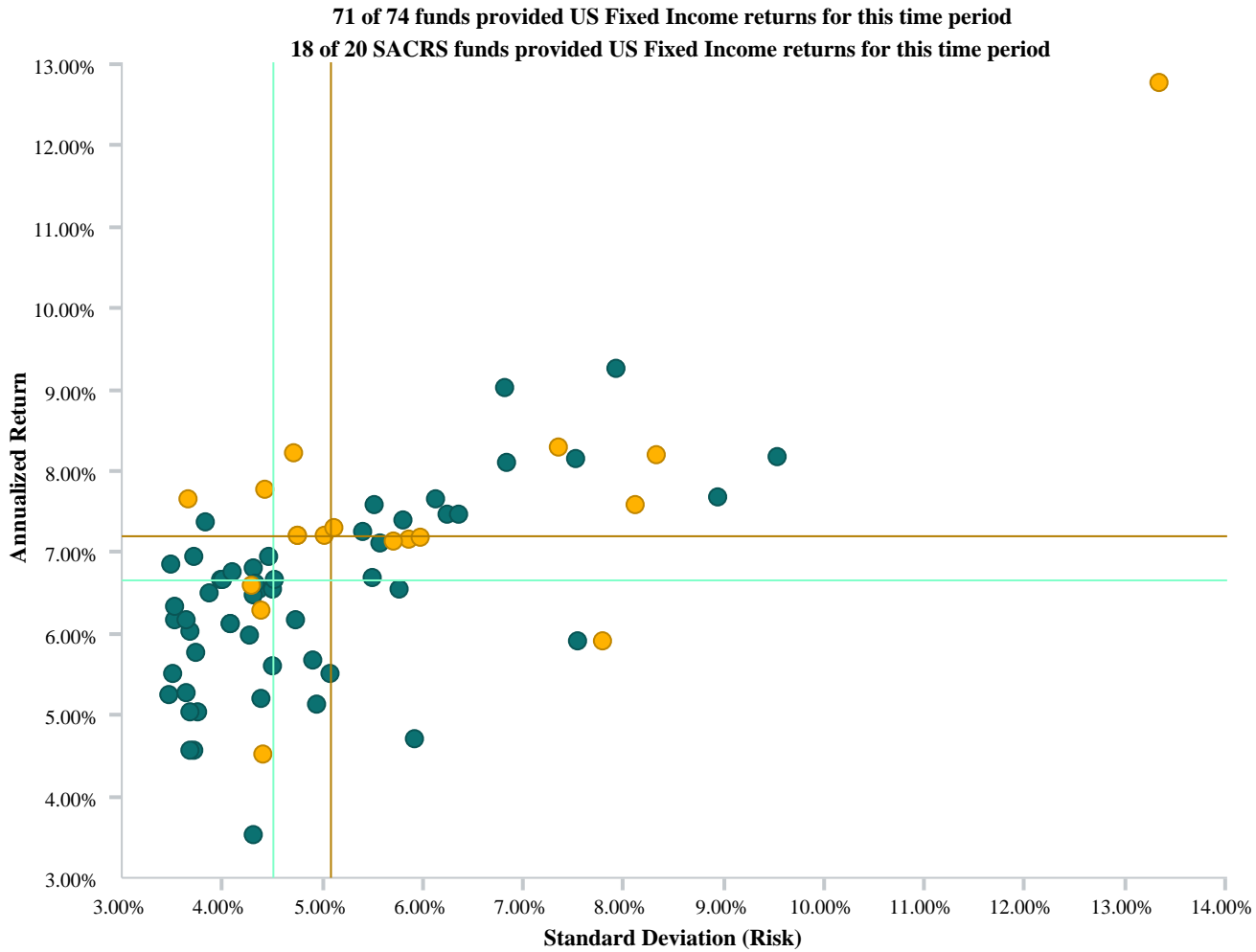
ID	Risk	Return	Sharpe
101	21.51%	10.09%	0.48
80	19.56%	9.53%	0.48
55	21.84%	9.47%	0.45
75	20.65%	9.45%	0.46
17	19.50%	9.43%	0.48
69	19.22%	9.18%	0.47
86	20.81%	9.09%	0.45
119	20.95%	8.90%	0.44
52	18.83%	8.79%	0.46
57	21.46%	8.71%	0.42
61	20.56%	8.68%	0.43
15	20.01%	8.67%	0.44
71	20.94%	8.59%	0.42
64	19.62%	8.13%	0.42
99	20.82%	7.92%	0.39
118	19.77%	7.56%	0.39
73	19.29%	7.40%	0.38
94	22.35%	7.37%	0.36

Funds with less history than the specified time period will not appear in the chart.

# Risk/Return Analysis

## 5 Year Annualized US Fixed Income Returns vs. Standard Deviation

### As of June 30, 2013



ID	Risk	Return	Sharpe
101	13.35%	12.77%	0.95
17	7.35%	8.29%	1.07
80	4.72%	8.21%	1.61
52	8.33%	8.18%	0.94
75	4.43%	7.76%	1.63
55	3.67%	7.66%	1.93
99	8.12%	7.57%	0.90
118	5.13%	7.30%	1.31
86	4.75%	7.21%	1.40
71	5.02%	7.19%	1.33
57	4.76%	7.19%	1.40
73	5.99%	7.17%	1.12
61	5.86%	7.14%	1.14
94	5.72%	7.14%	1.17
49	4.30%	6.58%	1.42
69	4.39%	6.27%	1.30
129	7.80%	5.89%	0.73
15	4.41%	4.51%	0.93

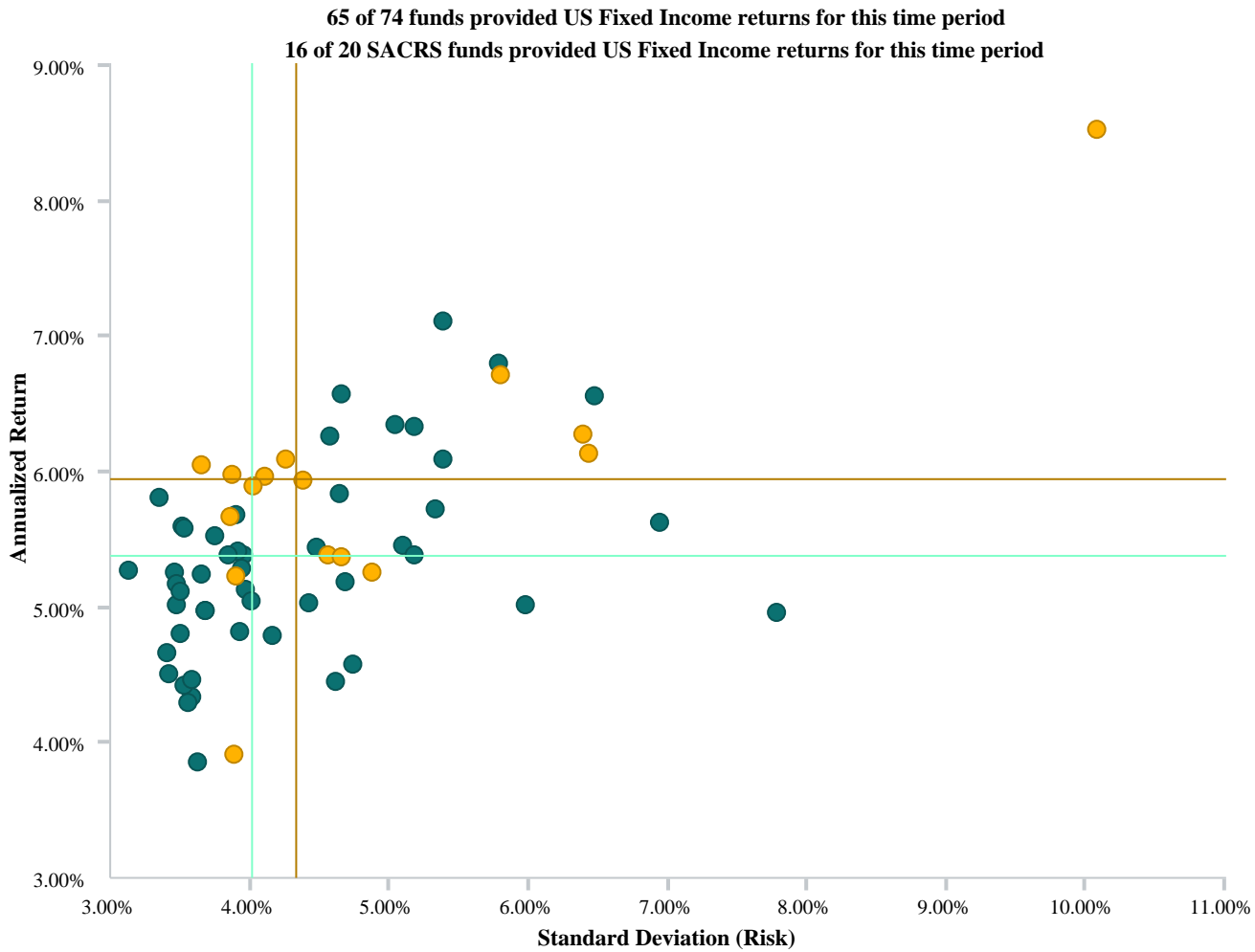
— Universe Median Risk: 4.52%    Median Return: 6.65%    Median Sharpe Ratio: 1.24  
— SACRS Median Risk: 5.08%    Median Return: 7.20%    Median Sharpe Ratio: 1.23

*Funds with less history than the specified time period will not appear in the chart.*

# Risk/Return Analysis

## 10 Year Annualized US Fixed Income Returns vs. Standard Deviation

### As of June 30, 2013



ID	Risk	Return	Sharpe
101	10.10%	8.51%	0.68
17	5.81%	6.71%	0.83
52	6.40%	6.27%	0.70
99	6.44%	6.12%	0.68
71	4.27%	6.09%	0.97
55	3.66%	6.04%	1.10
75	3.89%	5.97%	1.02
80	4.11%	5.95%	0.95
118	4.39%	5.93%	0.91
86	4.04%	5.88%	0.96
57	3.87%	5.66%	0.95
61	4.57%	5.37%	0.75
94	4.66%	5.36%	0.74
73	4.88%	5.25%	0.69
69	3.91%	5.23%	0.85
15	3.89%	3.91%	0.54

— Universe Median Risk: 4.02%    Median Return: 5.37%    Median Sharpe Ratio: 0.84  
— SACRS Median Risk: 4.33%    Median Return: 5.94%    Median Sharpe Ratio: 0.84

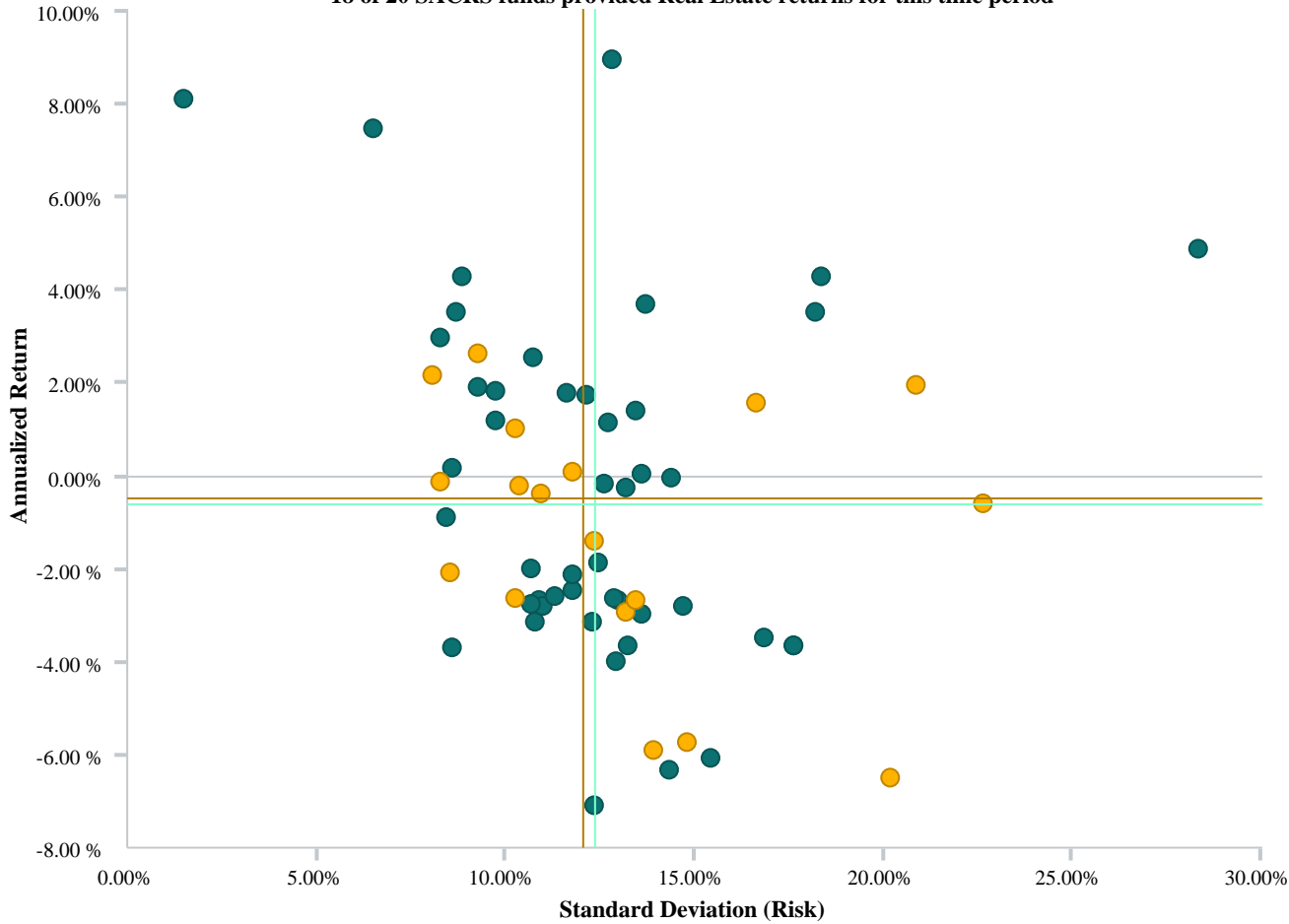
Funds with less history than the specified time period will not appear in the chart.

# Risk/Return Analysis

## 5 Year Annualized Real Estate Returns vs. Standard Deviation

### As of June 30, 2013

65 of 80 funds provided Real Estate returns for this time period  
18 of 20 SACRS funds provided Real Estate returns for this time period



— Universe Median Risk: 12.39%    Median Return: -0.60%    Median Sharpe Ratio: -0.01  
— SACRS Median Risk: 12.10%    Median Return: -0.50%    Median Sharpe Ratio: -0.01

ID	Risk	Return	Sharpe
15	9.28%	2.61%	0.29
71	8.08%	2.14%	0.27
118	20.88%	1.95%	0.20
49	16.69%	1.53%	0.17
129	10.27%	0.98%	0.12
73	11.80%	0.08%	0.04
69	8.32%	-0.13%	-0.01
80	10.39%	-0.24%	0.00
17	10.98%	-0.40%	0.00
119	22.69%	-0.60%	0.10
55	12.39%	-1.43%	-0.07
86	8.57%	-2.09%	-0.23
94	10.31%	-2.64%	-0.23
99	13.51%	-2.68%	-0.15
52	13.24%	-2.96%	-0.17
64	14.83%	-5.74%	-0.33
101	13.97%	-5.91%	-0.38
61	20.22%	-6.52%	-0.23

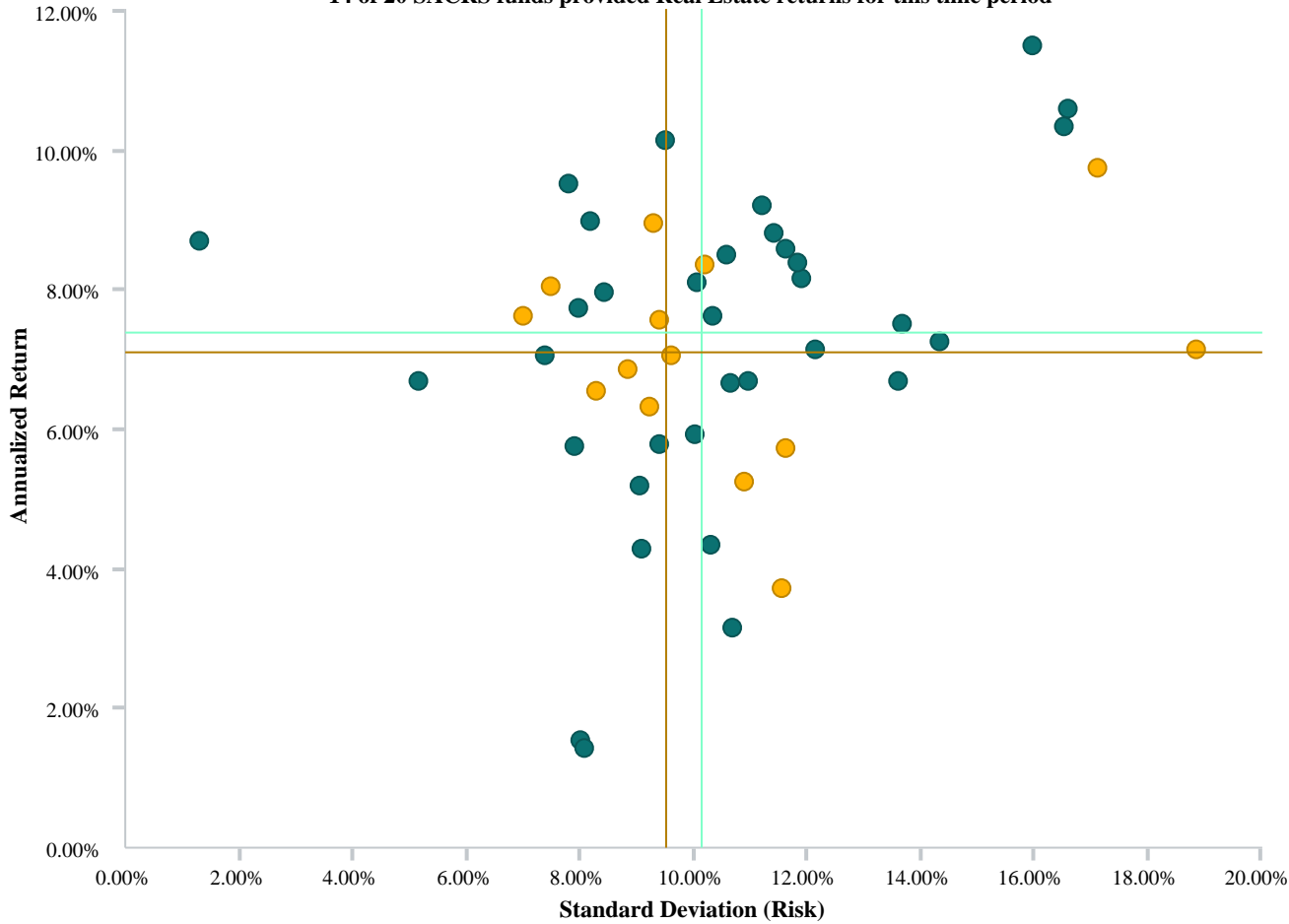
Funds with less history than the specified time period will not appear in the chart.

# Risk/Return Analysis

## 10 Year Annualized Real Estate Returns vs. Standard Deviation

### As of June 30, 2013

48 of 80 funds provided Real Estate returns for this time period  
 14 of 20 SACRS funds provided Real Estate returns for this time period



ID	Risk	Return	Sharpe
118	17.14%	9.74%	0.55
129	9.31%	8.96%	0.81
80	10.22%	8.35%	0.70
15	7.52%	8.05%	0.87
71	7.04%	7.61%	0.88
73	9.43%	7.56%	0.66
119	18.90%	7.14%	0.39
94	9.63%	7.05%	0.60
17	8.87%	6.86%	0.62
69	8.31%	6.55%	0.63
86	9.24%	6.30%	0.55
101	11.65%	5.72%	0.41
52	10.94%	5.24%	0.38
64	11.60%	3.71%	0.24

— Universe Median Risk: 10.16%    Median Return: 7.38%    Median Sharpe Ratio: 0.60

— SACRS Median Risk: 9.53%    Median Return: 7.10%    Median Sharpe Ratio: 0.61

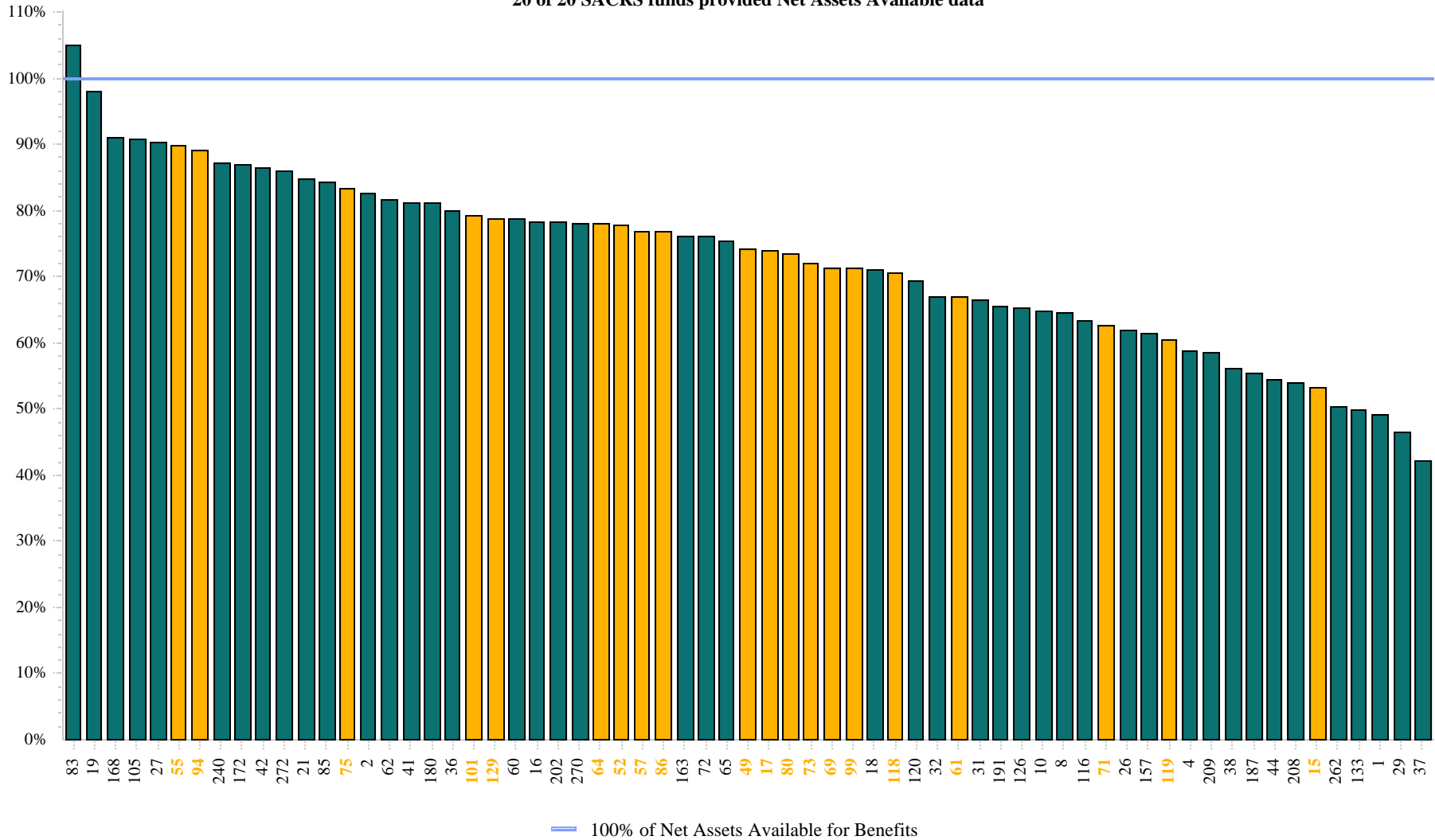
*Funds with less history than the specified time period will not appear in the chart.*

# Net Assets Available For Benefits

## Expressed as a Percentage of the Pension Benefit Obligation

### As of June 30, 2013

65 of 80 funds provided Net Assets Available data  
20 of 20 SACRS funds provided Net Assets Available data



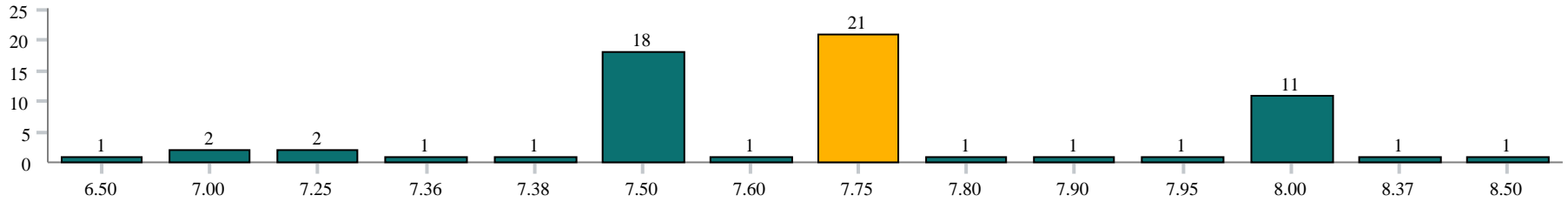
Funds that did not provide data will not appear in the chart.



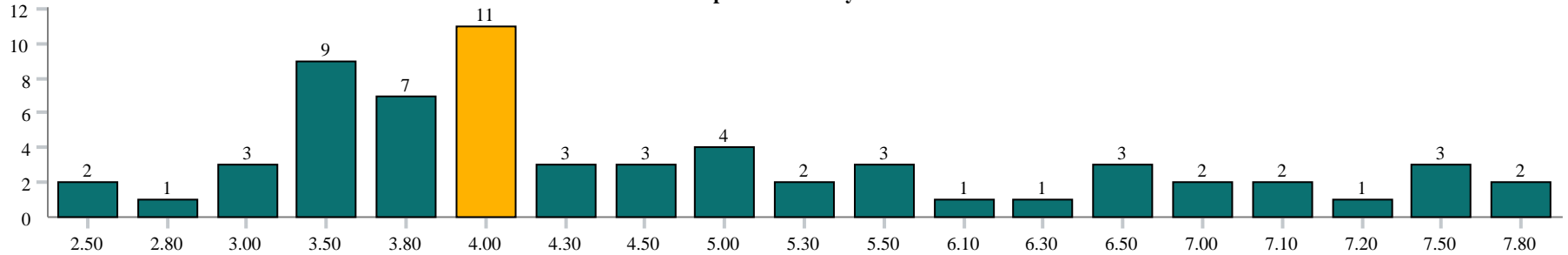
# Actuarial Assumption Rates

As of June 30, 2013

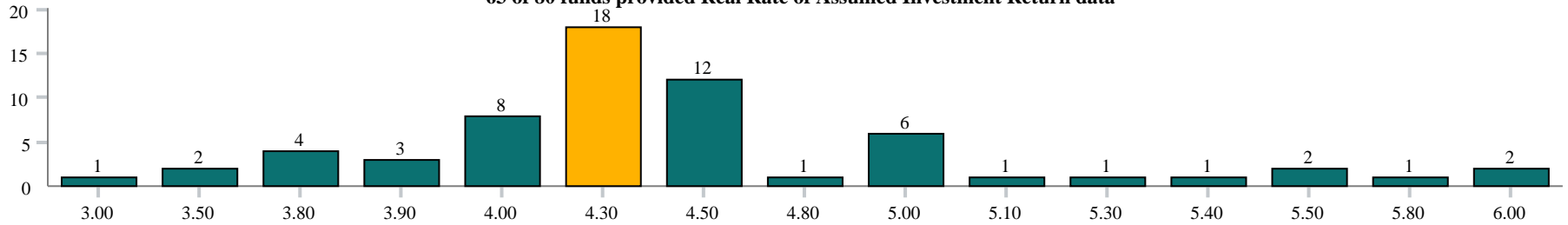
**Actuarial Rate Assumptions - 7.75% Median**  
63 of 80 funds provided Actuarial Rate data



**Salary Growth Rate Assumptions (Inflation plus Merit) - 4.00% Median**  
63 of 80 funds provided Salary Growth Rate data



**Real Rate of Assumed Investment Return (Interest Rate minus Inflation) - 4.25% Median**  
63 of 80 funds provided Real Rate of Assumed Investment Return data



■ SACRS Median

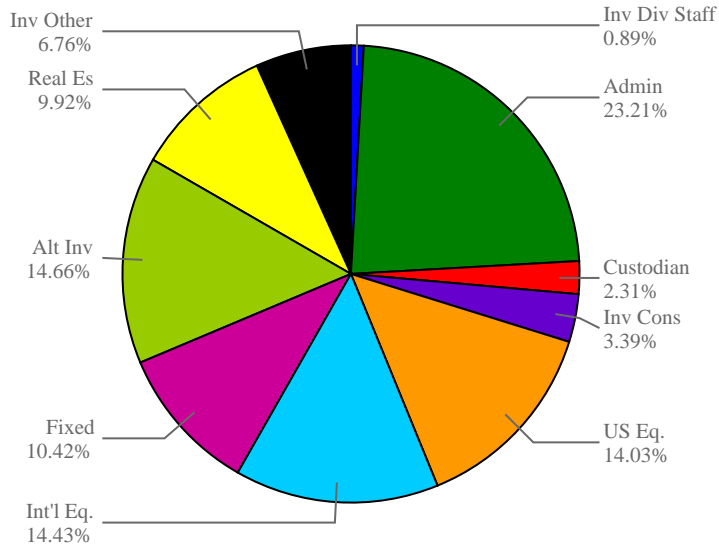
Funds that did not provide data will not appear in the chart.

# Total Administrative and Investment Fees

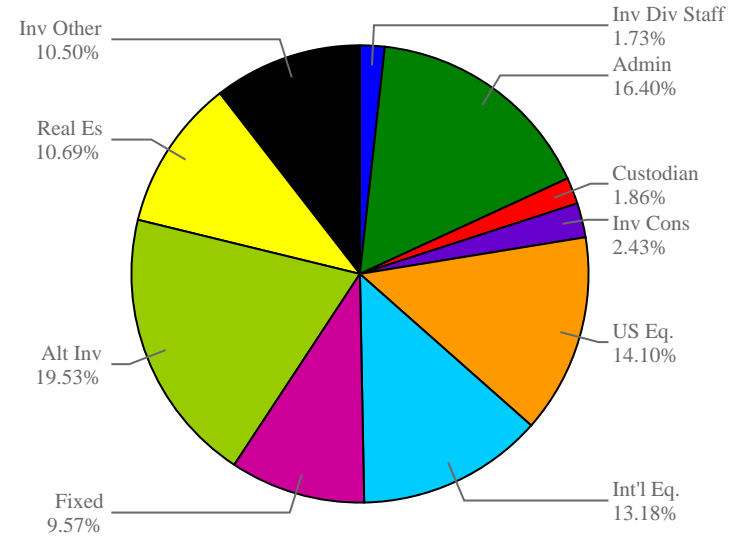
## SACRS vs. All Funds

As of June 30, 2013

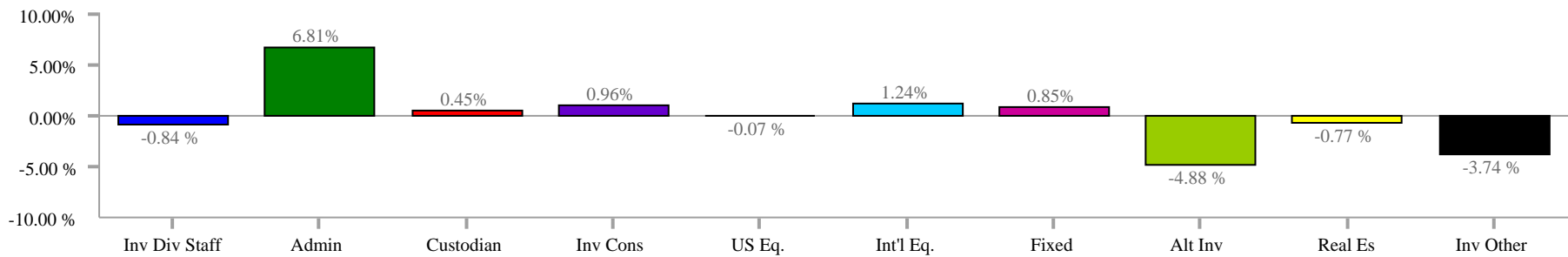
**SACRS**



**All Funds**



**Variance**



Allocations shown may not sum up to 100% exactly due to rounding.

## Total Fund Fee Summary in Basis Points

SACRS vs. Average by Asset Range

As of June 30, 2013

65 of 80 funds provided fee data for this time period

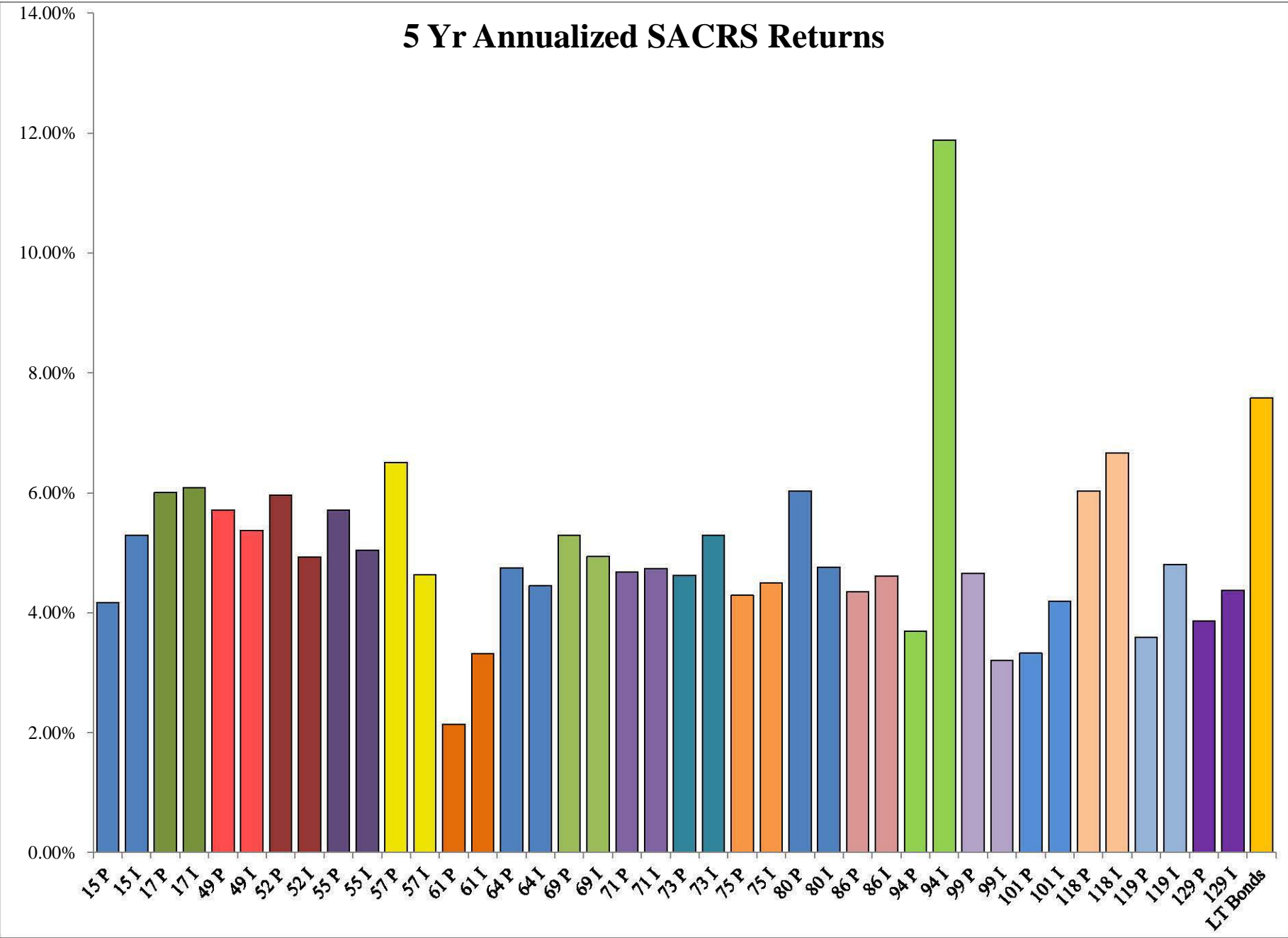
Administrative Expenses	SACRS	Under \$500 Million	\$500mm - \$1 Billion	\$1 - \$5 Billion	\$5 - \$10 Billion	\$10 - \$20 Billion	Over \$20 Billion
Internal Inv. Div. Staff	0.59	0.00	0.00	0.93	0.71	0.71	1.40
Actuary	0.70	3.78	1.51	0.58	0.34	0.16	0.15
Legal	1.63	0.88	0.81	1.06	1.12	0.21	0.15
Consultant	0.24	2.39	0.16	0.21	0.74	0.07	0.21
Audit	0.23	1.04	0.40	0.25	0.10	0.06	0.07
Other Professional	0.51	2.56	0.49	0.56	0.49	0.18	0.63
General Administrative	12.03	13.02	10.35	8.49	6.21	2.46	2.29
<b>Total Administrative Expenses</b>	<b>15.94</b>	<b>23.67</b>	<b>13.71</b>	<b>12.08</b>	<b>9.71</b>	<b>3.85</b>	<b>4.90</b>

Investment Expenses	SACRS	Under \$500 Million	\$500mm - \$1 Billion	\$1 - \$5 Billion	\$5 - \$10 Billion	\$10 - \$20 Billion	Over \$20 Billion
Custodial	1.53	2.12	2.47	1.47	0.63	0.63	0.27
Investment Consulting	2.24	2.27	2.19	1.77	1.43	0.87	0.37
Domestic Equity	9.28	12.65	10.17	9.57	6.84	5.79	3.65
International Equity	9.54	5.78	10.15	8.10	6.75	6.65	4.86
Fixed Income	6.89	6.42	8.66	5.25	4.61	4.82	3.56
Real Estate	6.56	4.14	4.52	5.60	6.42	2.88	6.93
Other Investment Management	4.47	14.03	0.00	6.07	5.59	1.36	5.34
<b>Total Investment Expenses (ex. Alt Inv)</b>	<b>40.52</b>	<b>47.41</b>	<b>38.16</b>	<b>37.82</b>	<b>32.27</b>	<b>23.00</b>	<b>24.99</b>
Alternative Investments	9.70	3.48	13.88	5.25	10.24	7.70	17.49
<b>Total Investment Expenses</b>	<b>50.21</b>	<b>50.89</b>	<b>52.04</b>	<b>43.07</b>	<b>42.51</b>	<b>30.70</b>	<b>42.48</b>

<b>Total Expenses</b>	<b>66.16</b>	<b>74.56</b>	<b>65.75</b>	<b>55.15</b>	<b>52.22</b>	<b>34.55</b>	<b>47.38</b>
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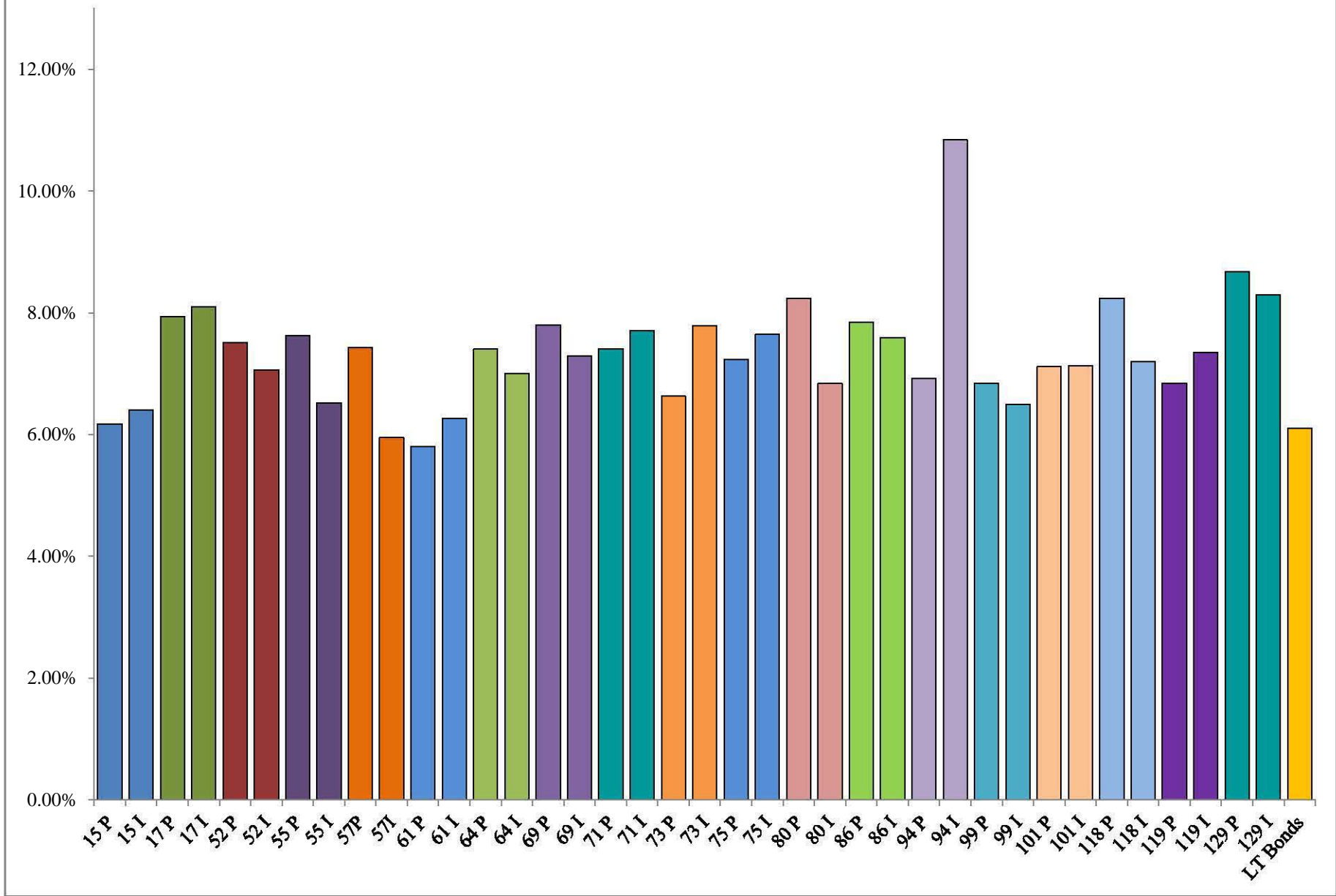
Expressed in basis points on total fund assets. Funds that did not provide fee data will not appear in the table.

### 5 Yr Annualized SACRS Returns



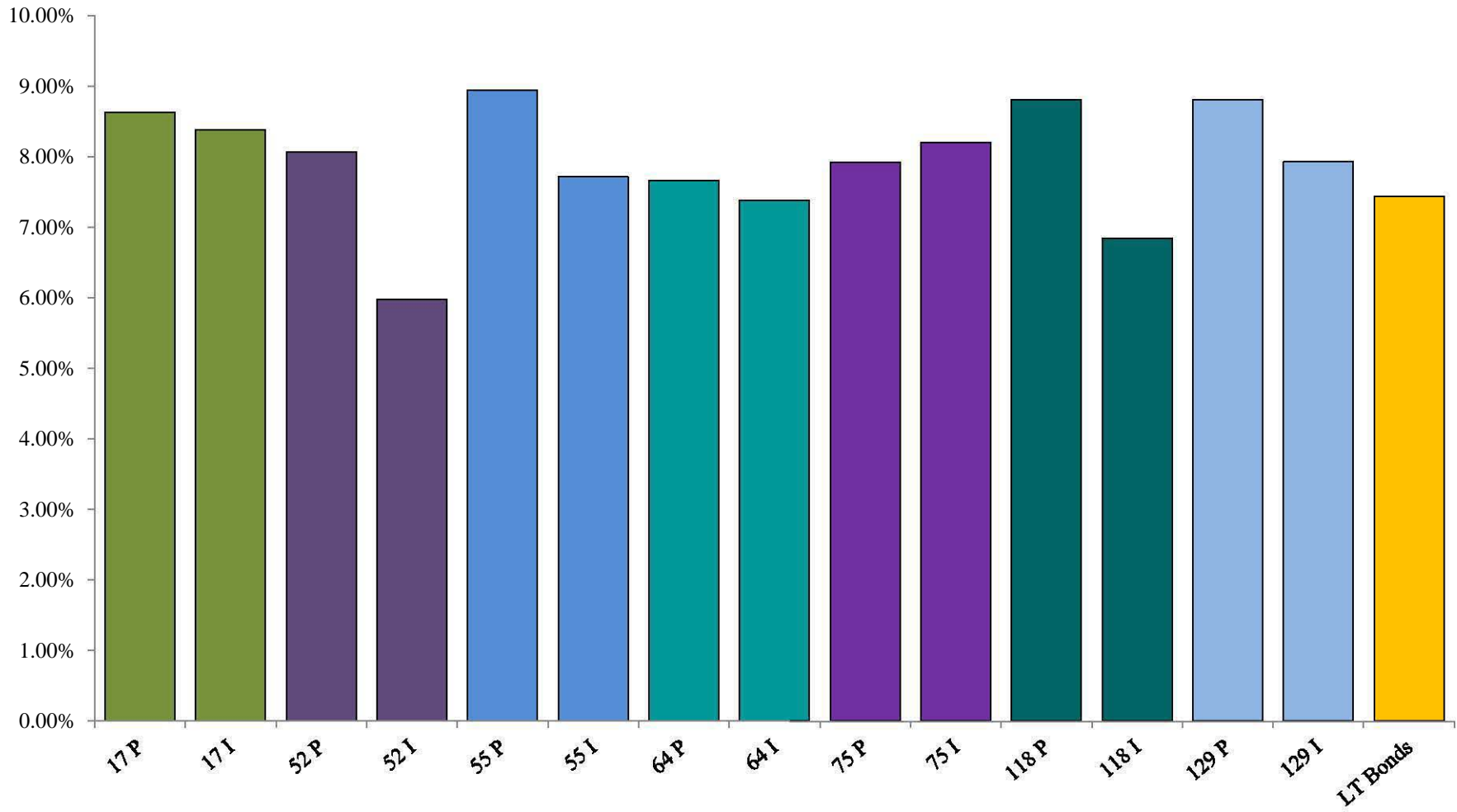
P - Total Fund Portfolio  
 I - Policy Index

# 10 Yr Annualized SACRS Returns



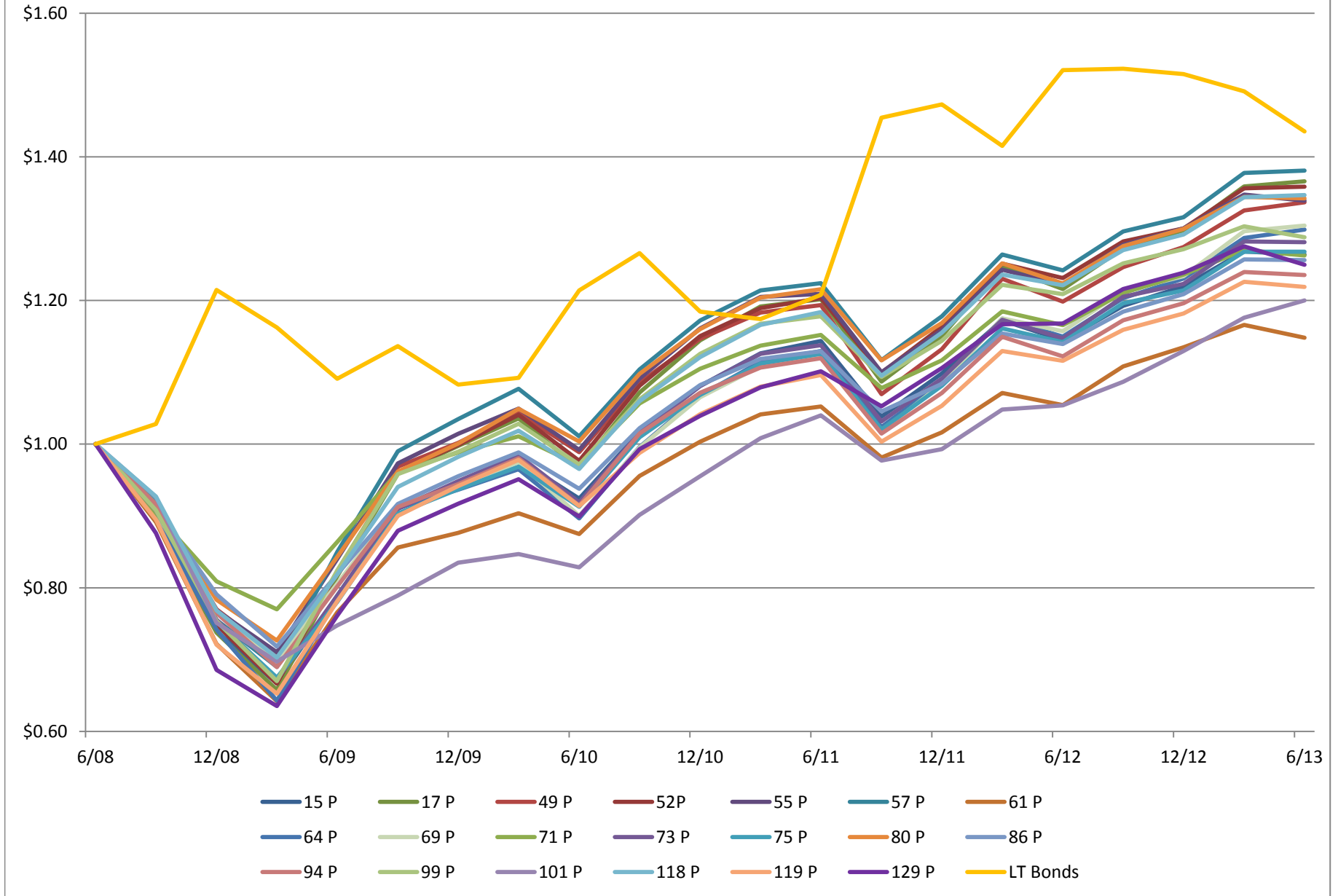
P - Total Fund Portfolio  
 I - Policy Index

## 20 Yr Annualized SACRS Returns

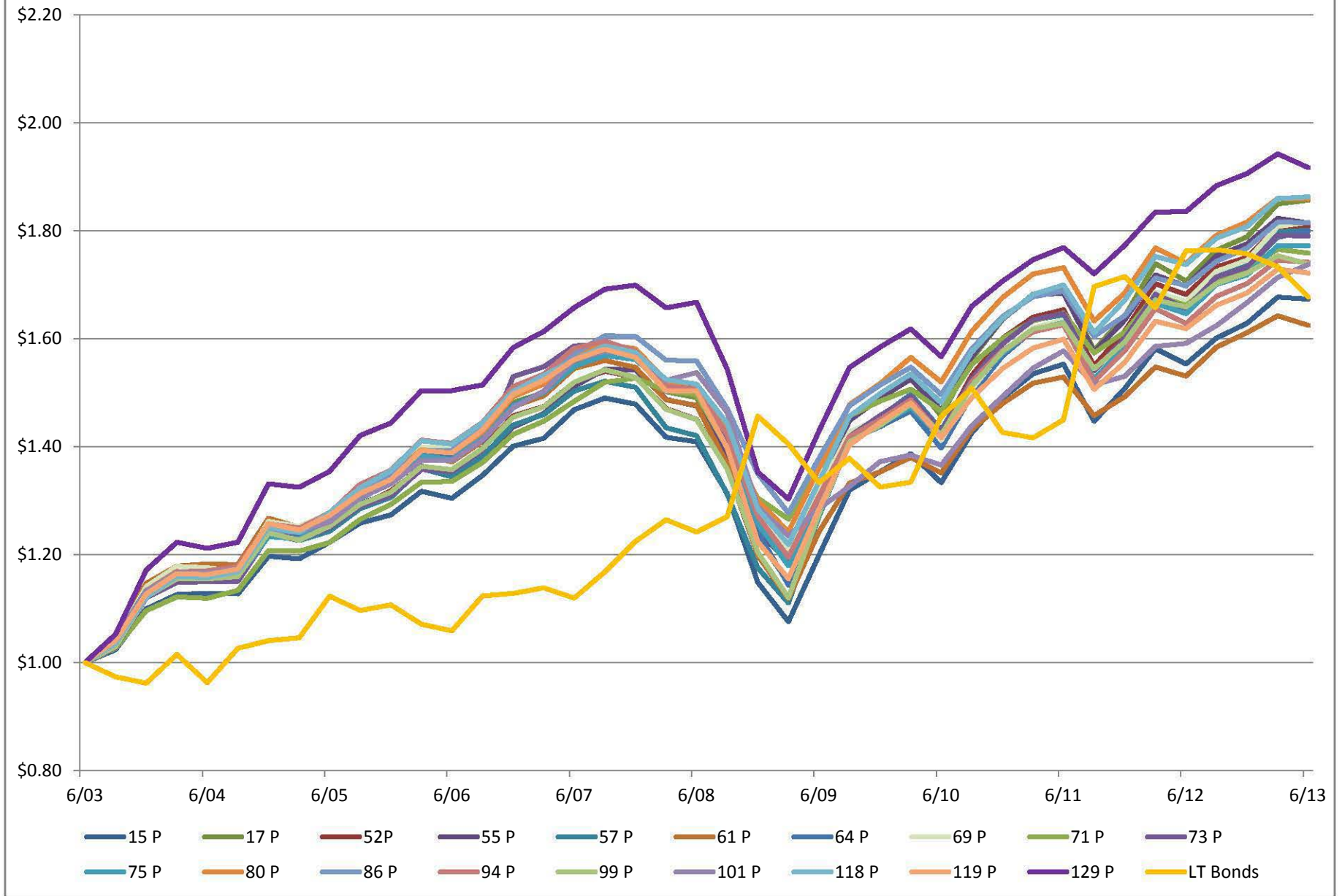


P - Total Fund Portfolio  
I - Policy Index

### 5 Yr SACRS Growth of a \$1.00

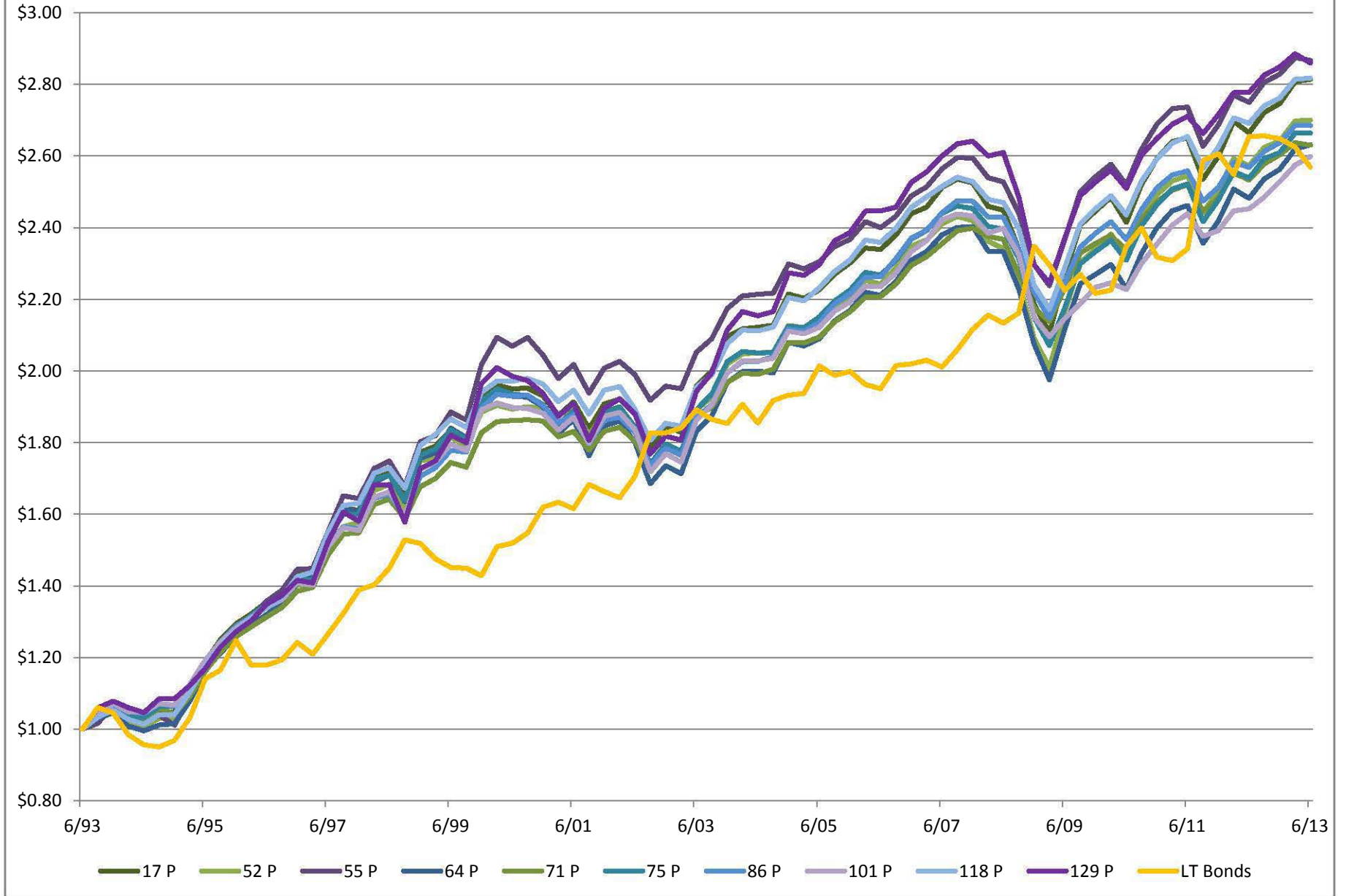


### 10 Yr SACRS Growth of a \$1.00

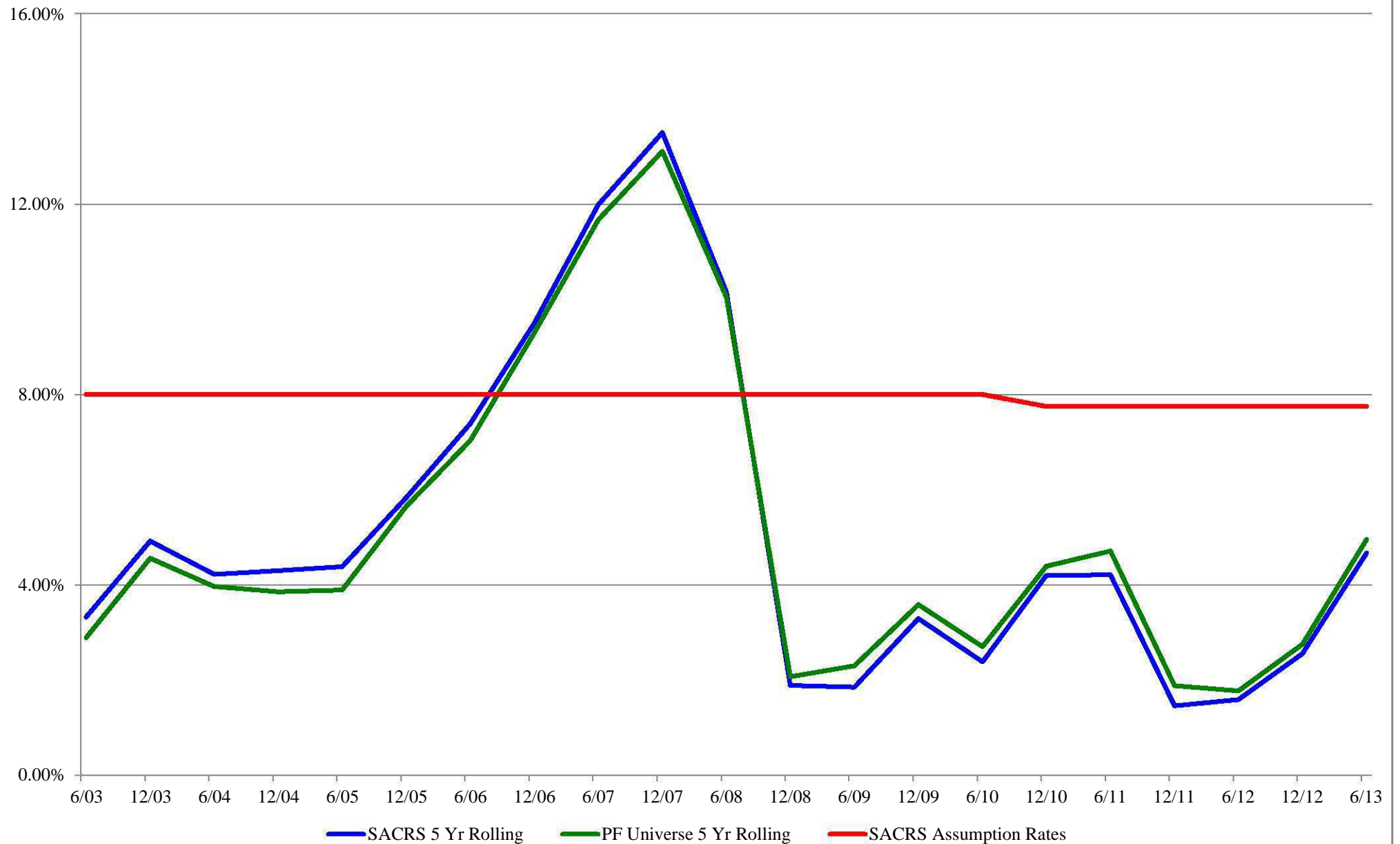




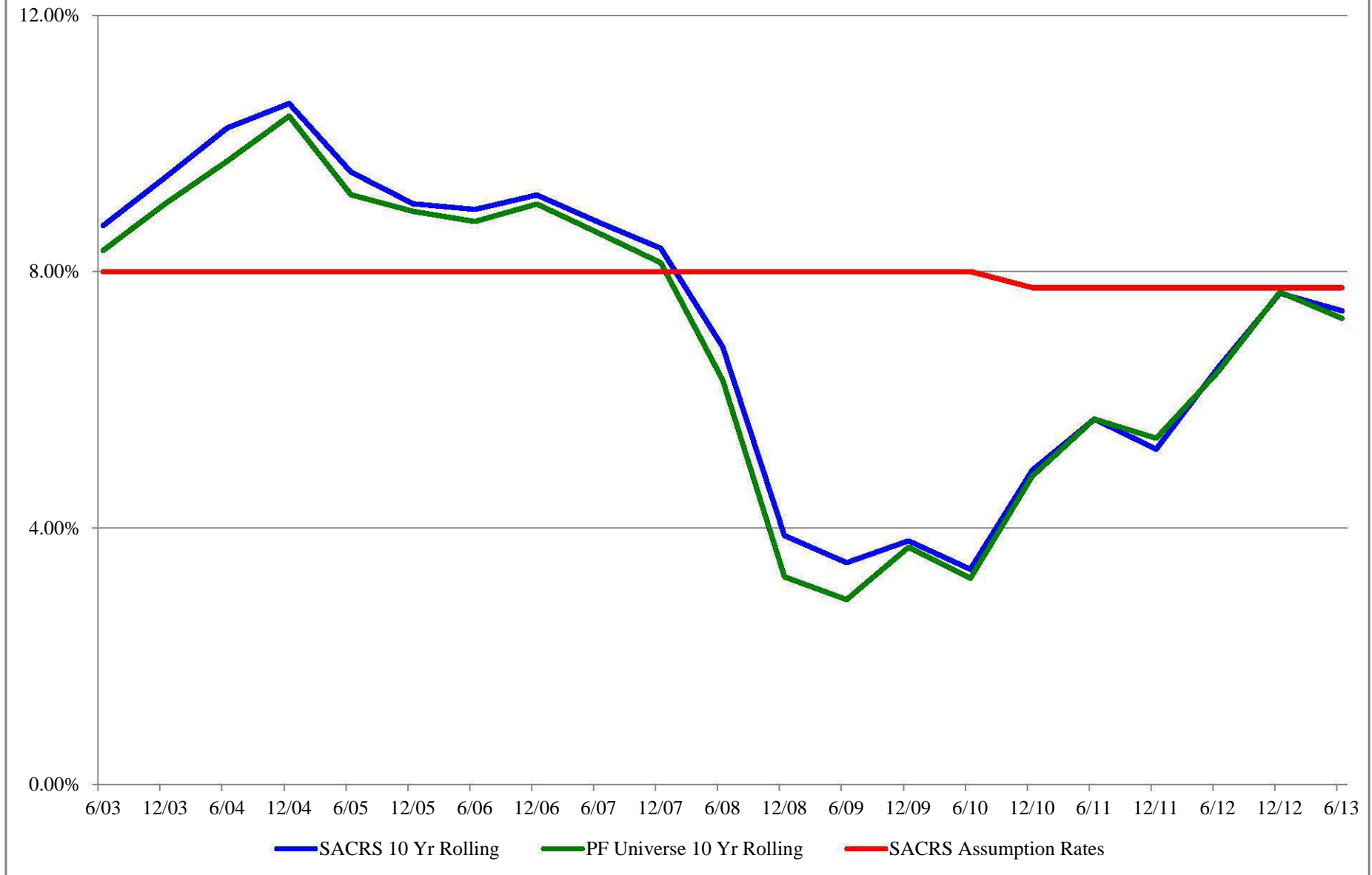
## 20 Yr SACRS Growth of a \$1.00



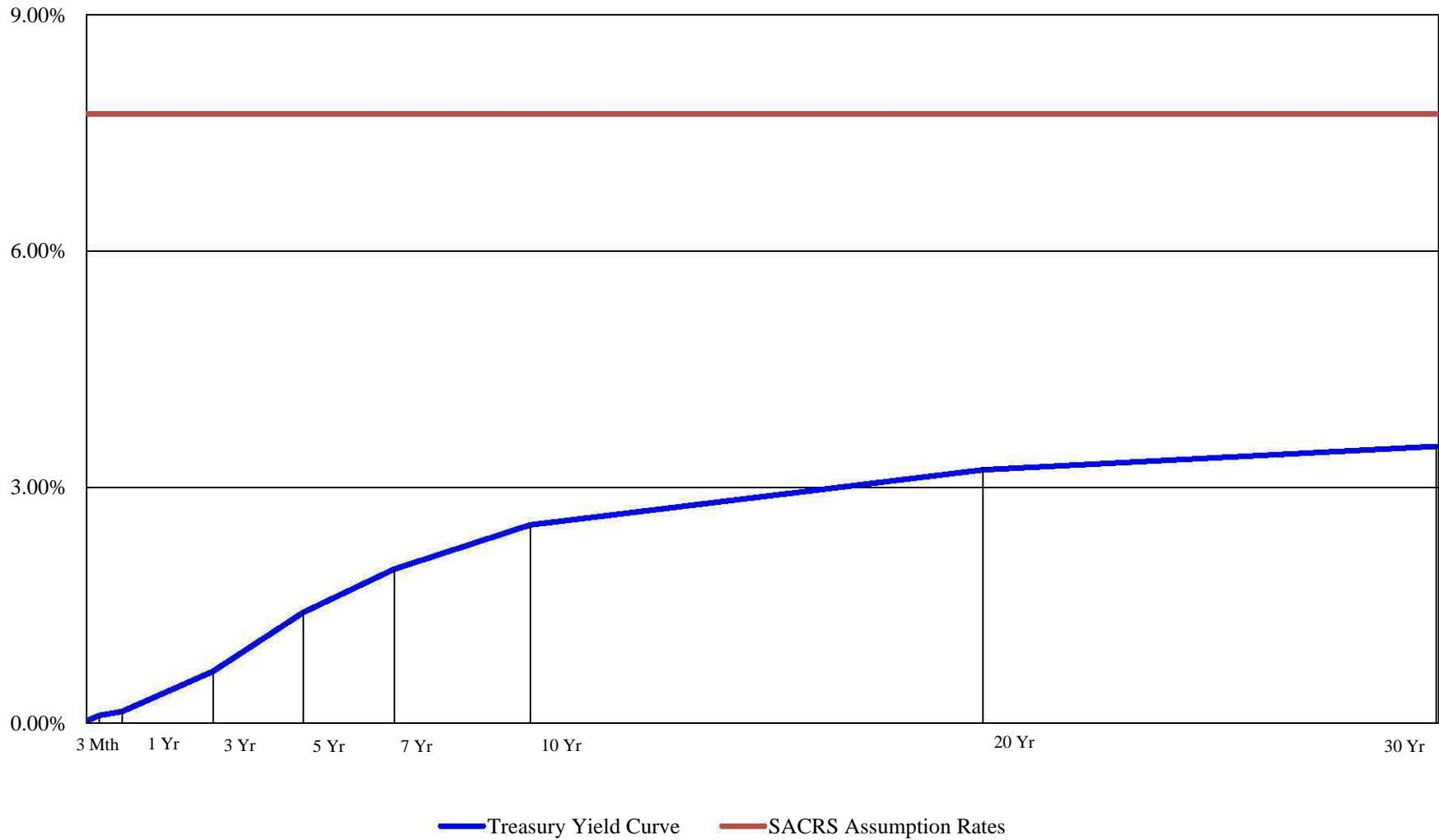
### SACRS Median 5 Yr Rolling Returns vs. Median Assumption Rates



### SACRS Median 10 Yr Rolling Returns vs. Median Assumption Rates



## SACRS Median Assumption Rates vs. Treasury Yield Curve as of June 30, 2013



# Addendum and Glossary

As of June 30, 2013

## Miscellaneous Comments

- Performance shown is gross of fees, with the exception of the following:
  - **Funds 36, 49, 127 and 128:** Performance shown is net of fees.
  - **Funds 5 and 20:** Performance shown is net of fees, except for Total Fund performance.
- Performance shown is calculated using quarterly performance provided by participating public funds.
- Performance shown may differ from a fund's actual performance due to rounding.
- Net Assets Available for Benefit includes funding percentage valuation as of dates between June 2012 and June 2013.
- Allocations shown reflect dedicated managers/mandates rather than actual exposure.

## Glossary of Terms

**Beta** - A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of a portfolio's non-diversifiable or systematic risk.

**Return** - Compounded rate of return for the period.

**%Return** - The time-weighted rate of return of a portfolio for a specified time period.

**Sharpe Ratio** - Represents the excess rate of return over the risk-free return (i.e., BofA ML 3 Mo US T-Bill Index), divided by the standard deviation of the excess return. The result is the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance.

**Standard Deviation** - A statistical measure of the range of a portfolio's performance. The variability of a return around its average return over a specified time period. Calculation is based on quarterly periodicity.

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1190 South Victoria Avenue, Suite 200  
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<http://www.ventura.org/vcera>

---

December 16, 2013

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

## **SUBJECT: CUSTODIAL FEE PROPOSAL**

Dear Board Members:

### **Recommendation**

Staff recommends approval of the proposed fee increase for custodial services as detailed in Attachment A. Further, staff requests the Chairman be authorized to sign the new fee agreement, effective January 1, 2014, on VCERA's behalf.

### **Background**

Custodial banking service fees are incurred by most, if not all, institutional investors. State Street Bank & Trust (State Street) has been a long-standing reliable partner providing a full range of custodial bank services to VCERA's investment program since 1997. Service fees have been \$95,000 annually since the last fee amendment in 2002. State Street's current fee proposal requests the standard fee charge be increased to \$325,000 annually plus additional incremental charges for third party FX (foreign exchange) transactions and class action administration. Third party FX transactions and class action administration were previously included within the \$95,000 annual charge.

The Board previously considered the matter on November 18, 2013 and deferred action until today's meeting.

### **Fiscal Impact**

An estimated \$321,275 (\$230,000 in flat fee, \$87,650 in FX, \$3,625 for class action) increase in annual custodial service fees is a material one (Attachment B), but the increase should be reviewed in the context of changing market conditions as well as from a historical perspective.

Market Perspective – revenue models for banks providing custodial services have changed appreciably over the past decade as market conditions have evolved. In the past, custodial banks would frequently offer custody services at near “break-

even" cost levels and looked to securities lending programs to generate profit margins. Securities lending program revenues have declined in recent years and custodial banks have been required to adapt revenue models with the changing market conditions. An illustration of the changing market conditions may be seen in Attachment A as VCERA generated \$191,000 in securities lending revenue in 2002, but is projected to generate only \$68,000 in 2013. A more detailed illustration of the decline in securities lending revenue is also provided in Attachment C. Both NEPC and Hewitt EnnisKnupp reviewed State Street's fee proposal and opined the proposal appeared fair given current market conditions.

Historical Perspective – VCERA has accrued significant savings in custody fees over the past decade. In approximately 2005, staff received a solicitation from a consulting group specialized in reducing custody fees on behalf of institutional investors. When informed of VCERA's \$95,000 annual fee, the consultant offered that he could be of no assistance to VCERA given the fee at that time was approximately one-half of the then market rate for a plan VCERA's size. Thus, one may reasonably conclude that VCERA has saved approximately \$1 million in custody fees over the past decade when viewed relative to market rates for custody services.

The estimated \$321,275 annual increase represents less than 1 basis point (1/100<sup>th</sup> of 1%) of VCERA's total assets under management and represents a 3.2 % increase in total investment management expenses as of June 30, 2013.

### **Conclusion**

Staff recommends your Board approve State Street's fee proposal in order to continue VCERA's long-standing relationship with a valued service provider.

Sincerely,



Tim Thonis  
Interim Retirement Administrator

Attachments (3)

Revenue Comparisons		
	2002	2013* (Option 1)
Revenue Source		
Flat Fee	\$95,000	\$325,000
Securities Lending*	\$191,135	\$67,847
STIF Revenue*	\$105,417	\$51,772
Class Action Revenue+	\$0	\$3,625
FX Revenue+	\$237	\$87,650
Other: [Describe]	\$0	\$0
<b>Totals</b>	\$391,789	\$535,894

\*6/30 Annualized



Fee Schedule Comparisons		
	2002	2013
		Option 1
Flat Fee*	\$95,000	\$325,000
STIF Fees	12bps	12
Sec Lending split	70/30	70/30
On line services	Included	Included
Class Action Administration	Included	\$125 per class action processed**
Third Party FX transactions	No fee	\$50 per transaction***
SSGM processed FX transactions	No fee	No Fee
Third Party Transitions	No fee	Included
*Flat Fee Includes:		
Administration	Included	Included
Domestic & Global Portfolios	Included	Included
Domestic & Global Transactions	Included	Included
Global Documentation	Included	Included
Income Collection	Included	Included
Corporate Actions	Included	Included
Tax Reclaims	Included	Included
Standard Pricing	Included	Included
Proxy Services	Included	Included
Bank Loan Servicing	Included	Included
Derivatives Processing	Included	Included
Asset Manager Services	Included	Included
Inv Mgr Reconciliation	Included	Included
Vendor Support	Included	Included
Unlimited Training	Included	Included

\*\*Potential Class Action revenue based on prior year activity \$3,625  
 (Flat Fee is not impacted if VCERA selects a 3rd party class action service provider)

\*\*\*Potential FX rev. based on prior year activity \$87,650

	<b>2002*</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2Q13**</b>
<b>REVENUE:</b>						
CUSTODY FEE	86,392	96,630	96,238	98,069	95,868	96,178
SECURITIES FINANCE REVENUE	191,135	144,991	114,564	127,121	98,638	67,847
STIF REVENUE	105,417	98,483	106,720	145,378	94,826	51,772
FX INCOME INCENTIVES	237	468	1,698	1,141	490	621
	\$383,181.00	\$340,572.00	\$319,220.47	\$371,708.74	\$289,822.30	\$216,418.00

*\*Actual custody fee for 2012, \$95K flat fee was effective mid-year*

*\*\*Annualized 2Q13 actual*



# STATE STREET.

## Ventura County Employees' Retirement Association

State Street Custody Fee Schedule - Effective January 1, 2014

<b>FLAT ANNUAL CUSTODY FEE</b>	<b>\$ 325,000</b>
<b>SECURITIES LENDING SPLIT VCERA/SS</b>	<b>70/30</b>
<b>STIF FEE - bps</b>	<b>12</b>

### SERVICES INCLUDED IN FLAT CUSTODY FEE

#### Total Assets Under Administration

Domestic Assets	Included
International Assets	Included
Loan Servicing Assets	Included

#### Portfolio Accounting & Reporting

Separately Managed Domestic Equity or Fixed Income	Included
Separately Managed International Equity or Fixed Income	Included
Mutual / Commingled Funds	Included
Bank Loan Fund	Included
Cash Accounts	Included
Overlay - FX/Swap/Options	Included
Private Equity/Real Estate	Included
Line items - Mutual Fund/Commingled Fund/Alternatives	Included

#### Transaction Processing Fees Per Trade (see Footnote below)

DTC Transactions	Included
Fed Book Entry Transactions	Included
Physical Transactions	Included
Stock Distribution - DWAC	Included
Physical (WTRN, Alternative Asset)	Included
Futures/Options	Included
OTC Derivatives Services	Included
Bank Loan Servicing	Included

#### International Transaction Processing

Group A	Group B	Group C			Included
Australia	Brazil	Argentina	Hungary	Poland	
Austria	Greece	Bahrain	Iceland	Qatar	
Belgium	India	Bangladesh	Israel	Romania	
Canada	Indonesia	Benin	Ivory Coast	Russia	
Canada - Fiducie Desjardins	Ireland	Bermuda	Jamaica	Saudi Arabia	
Cedel/Clearstream	Malaysia	Bosnia & Herzegov.	Jordan	Senegal	
Denmark	Mexico	Botswana	Kazakhstan	Serbia	
Euroclear	Portugal	Bulgaria	Kenya	Slovak Republic	
Finland	Puerto Rico	Burkina Faso	Kuwait	Slovenia	
France	South Korea	Cayman Island	Latvia	Sri Lanka	
Germany	Thailand	Chile	Lebanon	Swaziland	
Hong Kong		China	Lithuania	Taiwan	
Italy		Colombia	Mali	Togo	
Japan-Mizuho		Costa Rica	Malta	Trinidad & Tobago	
Japan-Sumitomo		Croatia	Mauritius	Tunisia	
Netherlands		Cyprus	Morocco	Turkey	
New Zealand		Czech Republic	Namibia	Uganda	
Norway		Dubai	Niger	Ukraine	
Singapore		Ecuador	Nigeria	United Arab Emirates	
South Africa		Egypt	Oman	Uruguay	
Spain		Estonia	Pakistan	Venezuela	
Sweden		Georgia	Palestine	Vietnam	
Switzerland		Ghana	Panama	Zambia	
United Kingdom		Guinea-Bissau	Peru	Zimbabwe	
			Philippines		

**Class Action Administration**

For class action claims processed and administered through State Street, an administrative fee of \$125 per fund will be applied.

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**FOOTNOTES AND OTHER CHARGES:**

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**Transaction Processing Fees**

Transaction Processing Fees are per trade processing fees charged for processing settlement of transactions by State Street on behalf of its clients in connection with the provision of custody services hereunder. These Transaction Processing Fees, unless otherwise waived, apply whether the client or its third party investment managers entered into such transactions with or through State Street or one of its affiliates or a third party dealer or broker. The processing fees are in addition to, and are not to be construed as payments in lieu of, any compensation (as described below) that may be earned by State Street or any of its affiliates or by a third party dealer or broker in connection with such transaction.

**Short Term Investment Fund**

State Street to be the exclusive short term investment fund (STIF) manager for all residual cash balances held across all customer portfolios. An administrative/management fee of **12** basis points will be netted directly from the yield of the fund.

**Settlement of Foreign Exchange (See foreign exchange footnote below)**

Through State Street Global Markets the custody transaction processing fee is waived.  
Through a Third Party there is a **\$50** per transaction fee.

**Foreign Exchange**

State Street Global Markets, as a separate division of State Street, offers principal or "dealer" trading services, as well as agency execution services (which include its proprietary electronic trading platforms) in a variety of asset classes, including most of those described in this schedule. The client or its third party fiduciary investment managers may select State Street Global Markets to effect principal or agency transactions; however, any such services irrespective of whether trade orders are transmitted through State Street's custody or trustee operations, are conducted under contractual or other arrangements that are distinct from its services and obligations under the trust/custody agreement. When State Street or State Street Global Markets act as counterparty (e.g., foreign exchange, over the counter derivatives, repurchase transactions) to the client, such transactions are principal transactions and State Street or State Street Global Markets enter into them as a dealer and not in a fiduciary, agency, or similar capacity (regardless of any other relationships between State Street and the client under the trust/custody agreement). In connection with such trading or agency execution services, State Street Global Markets may receive compensation from the client in a variety of forms, including a commission, click fee, revenue share, spread, mark-up, mark-down, interest, fee or similar amount.

**Out - of - Pocket Expenses**

Out of pocket expenses including, but not limited to, wires, stamp duties, re-registration fees, air freight, market imposed costs, derivative valuation expenses and other expenses not reasonably foreseen as part of the trust and custody relationship will be billed to the customer.

**Additional Fees**

New file transmission requests, custom reports, Independent valuation of derivatives may carry an additional fee to be quoted prior to implementation.

**Overdrafts**

An overdraft charge of Fed Funds plus **200** basis points will apply to all U.S. overdrafts.

**Securities Lending**

State Street to be the exclusive lending agent with access to all customer assets for securities lending activities. A securities lending collateral management fee will be netted from the yield prior to the securities lending fee split allocation.

*Fee schedule assumes no material changes to volume, structure or asset composition assumptions used to construct this fee schedule. Any such changes could result in the need for amended fee terms.*

**State Street Bank and Trust Company**

**Ventura County Employees' Retirement Association**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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>

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December 16, 2013

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

**SUBJECT: CORRECTED 2014 CALENDAR FOR INVESTMENT MANAGER PRESENTATIONS**

Dear Board Members:

**Recommendation**

Receive and file corrected Board calendar to change RREEF presentation from February 24, 2014, to December 15, 2014.

**Background & Discussion**

On November 18, 2013 your Board adopted the 2014 Board calendar, which included presentation dates for our investment managers. An error has been discovered with regard to the presentation date for RREEF. RREEF should have been scheduled for December 15, 2014 rather than February 24, 2014, in light of the 2013 presentation calendar which has RREEF scheduled for presentation on December 16.

This item has been reviewed by the executive team.

Sincerely,



Tim Thonis  
Interim Retirement Administrator

Attachment

VCERA's Rolling Board Calendar

Meeting Date	Investment Material Deadline	Meeting	Manager Presentations	Investment Performance Updates, Operational, Actuarial, Board Policy, Standing Items & Other Significant Items
1/6/2014	12/30/2013	Disability		Establish Personnel Committee (PC) for the review of the Retirement Administrator - Board PAS Monthly Rpt - Staff
1/27/2014	1/17/2014	Business	None	Quarterly Administrator Report - RA Quarterly Benefit Estimate Status Report - Ops December Monthly Performance - NEPC CalPEPRA Monthly Rpt - Counsel Annual Actuarial Report 2nd Hearing: Review & Approve - Segal CAFR Report: Review & Approve - Fiscal COLA Letter - Segal
2/3/2014	1/27/2014	Disability		PAS Monthly Rpt - Staff Quarterly PAS (VCERIS) Report - Linea
2/24/2014	2/14/2014	Business	Prudential – PRISA UBS Real Estate	Q4 Performance Report - NEPC January Monthly Performance - NEPC CalPEPRA Monthly Rpt - Counsel Annual Trustee Education Report - Fiscal Mid Year Budget Review - Fiscal
3/3/2014	2/24/2014	Disability		Disability Statistics Report Rollout - Ops PAS Monthly Rpt - Staff SACRS Spring Conference Items - COB
3/17/2014	3/11/2014	Business	Adams Street Pantheon HarbourVest	February Monthly Performance - NEPC CalPEPRA Monthly Rpt - Counsel SACRS Spring Conference Items - COB
4/7/2014	3/31/2014	Disability		PAS Monthly Rpt - Staff Conference Report(s): Manatt - Attendees
April	April	PC		Personnel Committee discusses the proposed evaluation criteria, relative weightings, and the evaluation form for the September Review.
4/21/2014	4/14/2014	Business	Sprucegrove SSgA Securities Lending	Quarterly Administrator Report - RA Quarterly Benefit Estimate Status Report - Ops March Monthly Performance - NEPC CalPEPRA Monthly Rpt - Counsel SACRS Spring Conference Items - COB
5/5/2014	4/28/2014	Disability		PAS Monthly Rpt - Staff Quarterly PAS (VCERIS) Report - Linea
5/19/2014	5/12/2014	Business	Tortoise Bridgewater	CalPEPRA Monthly Rpt - Counsel Q1 Performance Report - NEPC April Monthly Performance - NEPC
May/June	May/June	PC		Personnel Committee reviews the results of the evaluation forms.
6/2/2014	5/27/2014	Disability		First Hearing of the Budget and Business Plan - Staff PAS Monthly Rpt - Staff
6/16/2014	6/09/2014	Business	GMO Clifton/Parametric	Solicit Retreat Agenda Topics - NEPC May Monthly Performance - NEPC CalPEPRA Monthly Rpt - Counsel Second Hearing: Budget and Business Plan - Staff Education & Travel Policy Review - Staff Hearing Officer Contracts - Staff
7/7/2014	6/30/2014	Disability		PAS Monthly Rpt - Staff Fiduciary Liability Insurance Report - Risk Man.
July	n/a	PC		Personnel Committee meet with Administrator to discuss the review results.

VCERA's Rolling Board Calendar

Meeting Date	Investment Material Deadline	Meeting	Manager Presentations	Investment Performance Updates, Operational, Actuarial, Board Policy, Standing Items & Other Significant Items
7/21/2014	7/14/2014	Business	Walter Scott Hexavest	Closed Session: Annual Review of Retirement Administrator - Board and RA Quarterly Administrator Report - RA Quarterly Benefit Estimate Status Report - Ops Quarterly PAS (VCERIS) Report (early) - Linea CalPEPRA Monthly Rpt - Counsel Approve & Finalize Retreat Agenda Topics - NEPC June Monthly Performance - NEPC Annual Governance Report - Staff
9/8/2014	8/29/2014	Disability		PAS Monthly Rpt - Staff SACRS Fall Conference Items - COB
9/15/2014	9/8/2014	Business	Loomis PIMCo	Q2 Performance Report - NEPC July & August Monthly Performance - NEPC FY 2013-14 Final Budget Adjustments - Fiscal CalPEPRA Monthly Rpt - Counsel Annual Proxy Voting Certification Report - NEPC SACRS Fall Conference Items - COB
10/6/2014	9/29/2014	Disability		PAS Monthly Rpt - Staff
10/16/2014	10/10/2014	Investment	Board Investment Retreat	TBD TBD TBD TBD TBD
10/20/2014	10/13/2014	Business	Reams Western	SACRS Fall Conference Items - COB September Monthly Performance - NEPC CalPEPRA Monthly Rpt - Counsel Quarterly Administrator Report - RA Quarterly Benefit Estimate Status Report - Ops
11/3/2014	10/27/2014	Disability		PAS Monthly Rpt - Staff Quarterly PAS (VCERIS) Report - Linea
11/17/2014	11/10/2014	Business		Review Due Diligence Calendar - Staff & NEPC Set Board Meeting Dates & Investment Manager Presentations - Staff & NEPC Q3 Performance Report - NEPC October Monthly Performance - NEPC NEPC Public Funds Workshop Invite - NEPC SACRS Conference Oral Reports - Attendees CalPEPRA Monthly Rpt - Counsel
12/1/2014	11/24/2014	Disability		Appoint Chair and Vice Chair for 2014 - Board PAS Monthly Rpt - Staff
12/15/2014	12/8/2014	Business	Blackrock RREEF	Actuarial Report: Receive & File - Segal CalPEPRA Monthly Rpt - Counsel November Monthly Performance - NEPC SACRS peer comparison report - NEPC

Legend
Business Meetings
Disability Meetings (generally)
Personnel Committee (PC) Meetings
Ad Hoc Committee Meetings
Board Investment Retreat



# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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December 16, 2013

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

## **SUBJECT: AUTHORIZED SIGNATORIES – CLIFTON INVESTMENT GROUP**

Dear Board Members:

Staff recommends that your Board approve and authorize the Chairman to sign the attached form certifying that Henry C. Solis, Chief Financial Officer, and Tim Thonis, Interim Retirement Administrator, are authorized to provide information to the Clifton Group Investment Management Company.

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

Sincerely,



Tim Thonis  
Interim Retirement Administrator

Attachment

### AUTHORIZATION FORM

I, WILLIAM W. WILSON, the duly appointed CHAIRMAN of Ventura County Employees' Retirement Association ("Client"), hereby certify that the persons named below, holding the office opposite their name, are authorized to provide information to The Clifton Group Investment Management Company ("Clifton") related to the Investment Management Agreement by and between Client and Clifton dated 29 February 2008.

I hereby certify that;

1. The individuals are authorized to provide information on an individual basis and without limitation. Information may be provided to Clifton in electronic format, without a signature and Clifton is not required to verify that the message originated from the individual.
2. The e-mail addresses provided are correct.
3. The Client acknowledges and understands that Client is solely responsible for providing updates to Clifton in all matters regarding this authorization form.

The individuals provided here to Clifton supersede information provided previously in documents related to the matters set forth herein.

Name	Title	Email Address
Henry Solis	Chief Financial Officer	henry.solis@ventura.org
Tim Thonis	Interim Retirement Administrator	Tim.Thonis@ventura.org

Additional Authorization Requirements:

I hereby have executed this Authorization Form on this 16<sup>th</sup> day of DECEMBER 2013.

\_\_\_\_\_  
*Signature*

WILLIAM W. WILSON  
*Name*

CHAIRMAN  
*Title*

RESOLUTION OF THE BOARD OF RETIREMENT DELEGATING AUTHORITY TO  
THE INTERIM RETIREMENT ADMINISTRATOR AND CHIEF FINANCIAL OFFICER  
TO PROVIDE INVESTMENT INSTRUCTIONS TO BLACKROCK  
ASSET MANAGEMENT

WHEREAS, the Board of Retirement of the Ventura County Employees' Retirement Association hired BlackRock Asset Management to manage retirement system assets; and,

WHEREAS, the Ventura County Employees' Retirement Association currently invests in BlackRock Asset Management's ACWI Ex-US SuperFund A, Equity Index Fund, Extended Market Fund, and U.S. Debt Index Fund; and,

WHEREAS, the Ventura County Employees' Retirement Association periodically requires BlackRock Asset Management to purchase or sell positions in the funds managed on its behalf to rebalance asset allocation positions or to meet cash flow requirements; and,

WHEREAS, investment transactions with BlackRock Asset Management have been previously authorized solely by the Chief Financial Officer for the Ventura County Employees' Retirement Association; and,

WHEREAS, Tim Thonis was appointed Interim Retirement Administrator on December 5, 2013; and,

WHEREAS, the Board of Retirement previously appointed Henry Solis, CPA, to be Chief Financial Officer of the Ventura County Employees' Retirement; and

WHEREAS, it is necessary to file a new Specimen Signature Form with BlackRock Asset Management, accompanied by a Board of Retirement Resolution delegating authority to the Interim Retirement Administrator and Chief Financial Officer to provide investment trade instructions to BlackRock Asset Management.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED AS FOLLOWS:

The Board of Retirement delegates to Tim Thonis, Interim Retirement Administrator, and Henry Solis, CPA, Chief Financial Officer, the authority to provide BlackRock Asset Management with instructions relating to the purchase or sale of assets managed on behalf of the Ventura County Employees' Retirement Association effective as of December 16, 2013.

ADOPTED, this 16<sup>th</sup> day of December 2013.

---

WILLIAM W. WILSON, CHAIRMAN  
Board of Retirement



# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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---

December 16, 2013

To: All Investment Advisors of the Ventura County Employees' Retirement Association

From: William W. Wilson, Chair

**SUBJECT: APPOINTMENT OF INTERIM RETIREMENT ADMINISTRATOR**

The Board of Retirement of the Ventura County Employees' Retirement Association (VCERA) appointed Tim Thonis as Interim Retirement Administrator, effective December 5, 2013. Mr. Thonis served in this role on a previous occasion and has returned to assist the Board of Retirement for a brief period.

As Interim Retirement Administrator, Mr. Thonis is authorized to provide instruction on all investment-related matters in accordance with VCERA's investment guidelines and other objective controls currently in place.

Thank you in advance for your prompt attention to this matter. Mr. Thonis may be reached at (805) 339-4262 should you require additional information.

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

(805) 339-4250 · Fax: (805) 339-4269  
<http://www.ventura.org/vcera>

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December 16, 2013

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

## **SUBJECT: AUTHORITY TO SIGN VCERA SUBPOENAS**

Dear Board Members:

Staff recommends that the Board grant signatory authority to the Interim Retirement Administrator for VCERA disability hearing subpoenas. Presently only Mr. Henry Solis, VCERA's Chief Financial Officer, is authorized to sign VCERA's subpoenas. Granting authority to the Interim Retirement Administrator may assist staff in the timely processing of subpoena requests.

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

Sincerely,



Tim Thonis  
Interim Retirement Administrator

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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Ventura, CA 93003-6572  
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December 16, 2013

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

## **SUBJECT: JUNE 30, 2013 ACTUARIAL VALUATION; SUPPLEMENTAL MATERIALS**

Dear Board Members:

### **Recommendation**

Acknowledge the receipt of the Actuarial Valuation and Review as of June 30, 2013, a letter describing the Three-year Phase-in of Employer Contribution Rates and a letter describing Allocation Options for Costs Associated with the Cessation of Member Contributions after 30 Years of Service. Further, direct staff to provide copies of the actuarial materials to all employee organizations recognized by the County of Ventura.

### **Discussion**

Attached are the June 30, 2013, actuarial valuation report and two supplemental letters from The Segal Company (Segal) outlining the results of the Board's adoption of a three-year phase-in of employer contribution rates and options for describing cost allocation options related to 30-year plan members. As the Board is aware, the settlement agreement in the VCDSA, SEIU, VCPPOA, et al. v. Board of Retirement lawsuit provides that VCERA shall notify all employee organizations recognized by the County of Ventura of its receipt of the valuation and shall provide a copy of the actuarial valuation to each such organization at least 25 days prior to the Board taking action on the report.

Staff has arranged for Segal to be present at the January 27, 2014, business meeting to discuss the valuation report and related supplemental materials. Please attempt to submit any questions that arise in your review of the material to me in advance of the meeting so that Segal may be prepared to answer your questions at the meeting.

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

Sincerely,



Tim Thonis  
Interim Retirement Administrator

Attachments (3)

# Ventura County Employees' Retirement Association

Actuarial Valuation and Review  
as of June 30, 2013



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 9, 2013*

*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, 2013. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2014-2015 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 actuarial calculations were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary.*


*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.*

*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.*

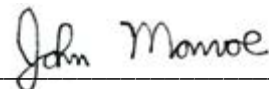
*We look forward to reviewing this report at your next meeting and to answering any questions.*

*Sincerely,*

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

By:   
\_\_\_\_\_  
*Paul Angelo, FSA, EA, MAAA, FCA  
Senior Vice President and Actuary*

*JWL/hy*

  
\_\_\_\_\_  
*John Monroe, ASA, EA, MAAA  
Vice President and Associate Actuary*

## SECTION 1

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

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### 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, 2013. 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, 2013, provided by the Retirement Office;
- The assets of the Plan as of June 30, 2013, 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

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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. 42*

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, 2014 through June 30, 2015.

### 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 13.5% for the July 1, 2012 to June 30, 2013 plan year. The valuation value of assets earned a return of 7.0% 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 loss when measured against the assumed rate of return of 7.75%. This actuarial investment loss increased the average employer contribution rate by 0.35% of compensation.

*Ref: Pg. 50*

➤ The ratio of the valuation value of assets to actuarial accrued liabilities increased from 77.7% to 79.2%. The Association's Unfunded Actuarial Accrued Liability (UAAL) decreased from \$976 million as of June 30, 2012 to \$953 million as of June 30, 2013. This decrease is primarily due to expected changes in the UAAL, lower than expected individual salary increases offset by lower than expected investment return (on the valuation value of assets) and other experience losses. A complete reconciliation of the Association's UAAL is provided in Section 3, Exhibit H.

*Ref: Pg. 41*

*Ref: Pg. 20*

➤ The average employer rate increased from 28.27% of payroll to 29.03% of payroll. This increase is primarily due to the investment loss (on the valuation value of assets), lower than expected total payroll growth and other experience losses, offset to some degree by lower than expected individual salary increases. 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

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- 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. This is the second year of the phase-in. The average employer contribution rate after reflecting the phase-in is 28.21% of payroll and is shown in a separate phase-in letter that follows this report. All results shown in this valuation report exclude the effect of the phase-in.
- The average member rate increased from 8.53% of payroll to 8.58% of payroll. A complete reconciliation of the member rate is provided in Section 2, Subsection D (see Chart 16).

*Ref: Pg. 21*

Note that based on our discussions with VCERA, we have used the discretion made recently available by AB 1380 to no longer round the PEPRA tier member's contribution rates to the nearest quarter of one percent as previously required by the California Public Employees' Pension Reform Act of 2013 (CalPEPRA). This is consistent with established practice for the Non-PEPRA tier plans and should allow for exactly one-half of the normal cost for the PEPRA tier plans to be paid by the employees and one-half by the employers. In addition, 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 tier member rate would change. AB1380 is effective January 1, 2014 and this report will be adopted after that date with the contribution rates also being effective after that date.

- The results in this report have been prepared using the tiers of benefit provided as of June 30, 2013. In particular, for the first time we have included the results based on demographics of actual members enrolled and reported in the new PEPRA tiers that became available on and after January 1, 2013 under CalPEPRA.
- As indicated in Section 2, Subsection B of this report, the net unrecognized investment loss as of June 30, 2013 is \$6 million (as compared to an unrecognized loss of \$202 million in the June 30, 2012 valuation). This investment loss 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 losses will be recognized over the next few years as shown in the footnote to Chart 7.
- The net deferred losses of \$6 million represent about 0.2% of the market value of assets. Unless offset by future investment gains or other favorable experience, the recognition of the \$6 million market losses is expected to have a slight 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 losses were recognized immediately in the valuation value of assets, the funded ratio would decrease from 79.2% to 79.0%.
  - If the net deferred losses were recognized immediately in the valuation value of assets, the average employer rate would increase from 29.03% to about 29.11% of payroll.

*Ref: Pg. 5*

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

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*Ref: Pg. 74*

- 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 assumed 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.
- The actuarial valuation report as of June 30, 2013 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.
- 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 these new Statements are not effective until the fiscal year ending June 30, 2014 for Plan reporting and the fiscal year ending June 30, 2015 for employer reporting, the financial reporting information in this report continues to be in accordance with Statements 25 and 27.

### 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, 2013		June 30, 2012	
<b>Employer Contribution Rates:</b> <sup>(1)(2)</sup>		Estimated		Estimated
	Total Rate	Annual Amount <sup>(3)</sup>	Total Rate	Annual Amount <sup>(3)</sup>
General Tier 1	50.20%	\$5,696	37.35%	\$5,784
General PEPRA Tier 1	46.11%	506	32.55%	0
General Tier 2	18.68%	39,639	18.42%	39,284
General PEPRA Tier 2	17.03%	539	17.39%	0
General Tier 2C <sup>(4)</sup>	19.65%	47,316	19.29%	47,506
General PEPRA Tier 2C <sup>(4)</sup>	17.91%	1,405	17.73%	0
General Combined	19.96%	95,101	19.49%	92,574
Safety	55.68%	90,249	54.57%	86,659
Safety PEPRA	53.56%	92	51.26%	0
Safety Combined	55.68%	90,341	54.57%	86,659
All Categories combined	29.03%	\$185,442	28.27%	\$179,233
<b>Average Member Contribution Rates:</b> <sup>(1)(5)</sup>		Estimated		Estimated
	Total Rate	Annual Amount <sup>(3)</sup>	Total Rate	Annual Amount <sup>(3)</sup>
General Tier 1	9.16%	\$1,039	8.97%	\$1,389
General PEPRA Tier 1	6.50%	71	5.75%	0
General Tier 2	5.78%	12,267	5.78%	12,327
General PEPRA Tier 2	6.83%	216	7.25%	0
General Tier 2C <sup>(4)</sup>	8.41%	20,253	8.41%	20,712
General PEPRA Tier 2C <sup>(4)</sup>	9.46%	742	10.02%	0
Safety	12.44%	20,163	12.35%	19,612
Safety PEPRA	16.14%	28	15.00%	0
All Categories combined	8.58%	\$54,779	8.53%	\$54,040

<sup>(1)</sup> Before reflection of any member rate that may be “picked-up” by the employer. Contributions are assumed to be paid throughout the year.

<sup>(2)</sup> 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.

<sup>(3)</sup> Based on projected compensation for each year shown.

<sup>(4)</sup> 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.

<sup>(5)</sup> The non-refundability factors as of June 30, 2013 are 0.94 for General Tier 1 and Tier 2 (non-PEPRA) and 0.98 for Safety Tier 1 (non-PEPRA) are unchanged from June 30, 2012.

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

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

	June 30, 2013	June 30, 2012
<b>Funded Status:</b>		
Actuarial accrued liability(AAL) <sup>(1)</sup>	\$4,575,063	\$4,373,227
Valuation value of assets (VVA) <sup>(1)</sup>	3,621,709	3,397,360
Market value of assets (MVA)	3,627,505	3,209,617
Funded percentage on VVA basis (VVA/AAL)	79.16%	77.69%
Funded percentage on MVA basis (MVA/AAL)	79.29%	73.39%
Unfunded actuarial accrued liability (UAAL) on VVA basis	\$953,354	\$975,867
Unfunded actuarial accrued liability (UAAL) on MVA basis	947,558	1,163,610
<b>Key Assumptions:</b>		
Interest rate	7.75%	7.75%
Inflation rate	3.25%	3.25%
Across the board salary increase	0.75%	0.75%

<sup>(1)</sup> 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, 2013	June 30, 2012	Percentage Change
<b>Active Members:</b>			
Number of members	8,068	8,019	0.6%
Average age	45.4	45.4	N/A
Average service	11.2	11.1	N/A
Projected total compensation	\$638,763,186	\$633,847,360	0.8%
Average projected compensation	\$79,172	\$79,043	0.2%
<b>Retired Member and Beneficiaries:</b>			
Number of members:			
Service retired	4,259	4,056	5.0%
Disability retired	828	828	0.0%
Beneficiaries	801	774	3.5%
Total	5,888	5,658	4.1%
Average age	69.1	68.9	N/A
Average monthly benefit <sup>(1)</sup>	\$2,862	\$2,769	3.4%
<b>Vested Terminated Members:</b>			
Number of terminated vested members <sup>(2)</sup>	2,249	2,161	4.1%
Average age	46.1	45.9	N/A
<b>Total Members:</b>	16,205	15,838	2.3%
<b>Summary of Financial Data (dollar amounts in thousands):</b>			
Market value of assets	\$3,627,505	\$3,209,617	13.0%
Return on market value of assets	13.51%	1.49%	N/A
Actuarial value of assets	\$3,633,626	\$3,411,149	6.5%
Return on actuarial value of assets	6.97%	5.72%	N/A
Valuation value of assets	\$3,621,709	\$3,397,360	6.6%
Return on valuation value of assets	7.00%	5.75%	N/A

<sup>(1)</sup> Excludes monthly benefits for vested fixed supplemental and supplemental medical benefit amounts.

<sup>(2)</sup> 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: 2004 – 2013**

<b>Year Ended June 30</b>	<b>Active Members</b>	<b>Vested Terminated Members<sup>(1)</sup></b>	<b>Retired Members and Beneficiaries</b>	<b>Total Non-Actives</b>	<b>Ratio of Non-Actives to Actives</b>
2004	7,626	1,351	4,031	5,382	0.71
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

<sup>(1)</sup> 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 8,068 active members with an average age of 45.4, average service of 11.2 years and average compensation of \$79,172. The 8,019 active members in the prior valuation had an average age of 45.4, average service of 11.1 years and average compensation of \$79,043.

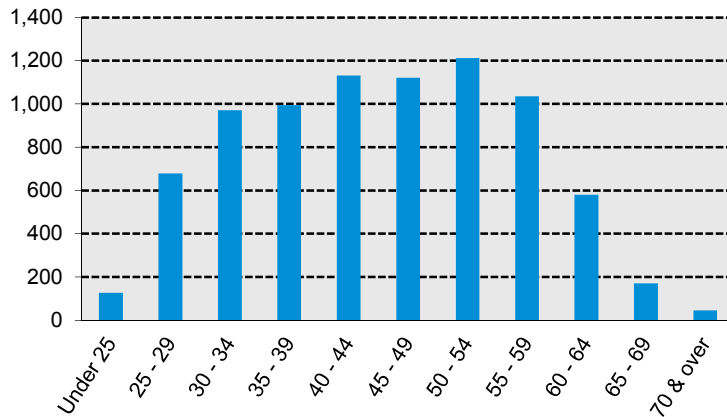
Among the active members, there were none with unknown age.

**Inactive Members**

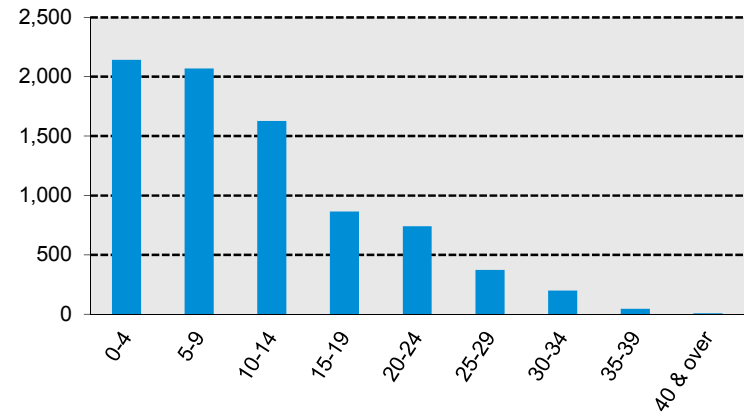
In this year's valuation, there were 2,249 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 2,161 in the prior valuation.

*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, 2013**



**CHART 3**  
**Distribution of Active Members by Years of Service as of June 30, 2013**



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

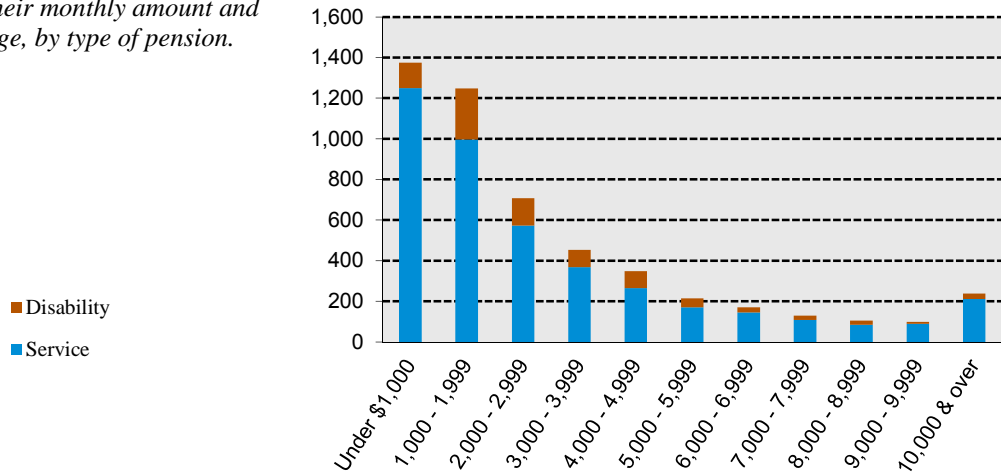
**Retired Members and Beneficiaries**

As of June 30, 2013, 5,087 retired members and 801 beneficiaries were receiving total monthly benefits of \$16,851,966. For comparison, in the previous valuation, there were 4,884 retired members and 774 beneficiaries receiving monthly benefits of \$15,665,096. 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.*

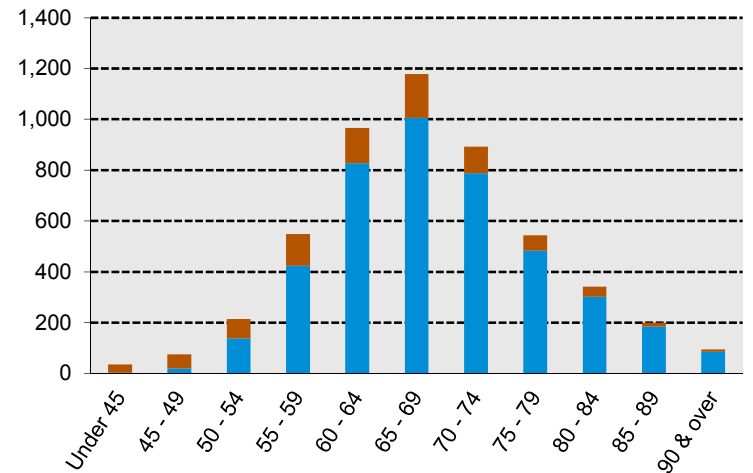
**CHART 4**

**Distribution of Retired Members by Type and by Monthly Amount as of June 30, 2013**



**CHART 5**

**Distribution of Retired Members by Type and by Age as of June 30, 2013**



**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.

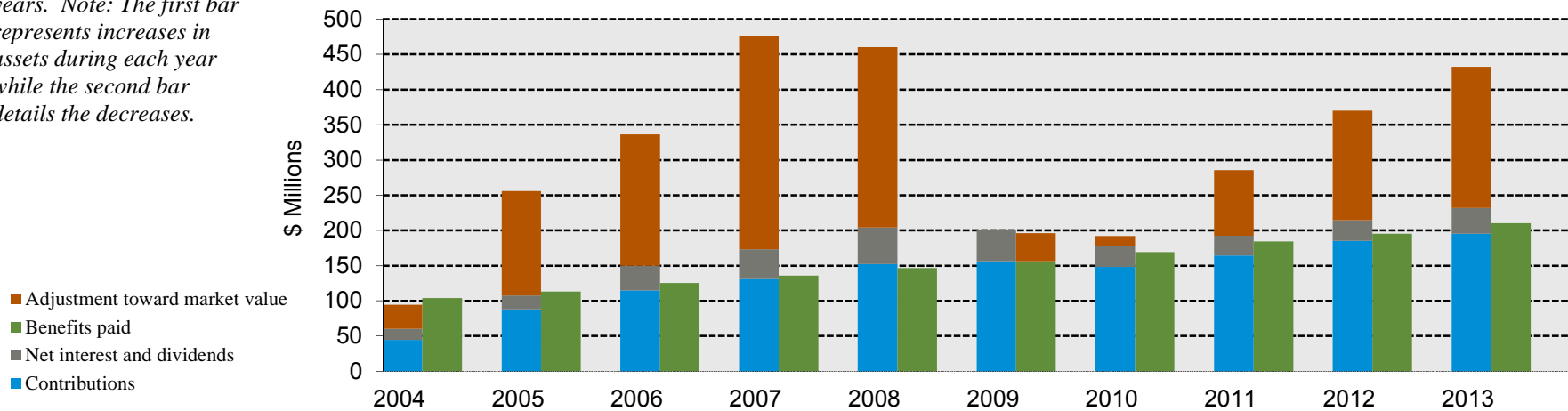
Retirement plan assets change as a result of the net impact of these income and expense components. The adjustment toward market value shown in the chart is the “non-cash” earnings on investments implicitly included in the actuarial value of assets. Additional financial information, including a summary 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, 2004 – 2013**



**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, 2013**

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

1. Market Value of Assets			\$3,627,505,467
2. Calculation of unrecognized return	Original Amount	Deferral Percentage	Unrecognized Return*
(a) Period ended June 30, 2013	\$66,644,214	90.00%	\$59,979,793
(b) Period ended December 31, 2012	101,488,670	80.00%	81,190,936
(c) Period ended June 30, 2012	83,335,657	70.00%	58,334,960
(d) Period ended December 31, 2011	(283,550,123)	60.00%	(170,130,074)
(e) Combined deferred loss as of June 30, 2011**	(63,892,227)	55.56%	(35,495,682)
(f) Total unrecognized return***			(6,120,067)
3. Actuarial Value of Assets: (1) – (2f)			\$3,633,625,534
4. Actuarial Value as percentage of Market Value			100.2%
5. Non-valuation reserves:			
(a) Supplemental medical benefit			\$11,916,998
(b) Statutory contingency			0
(c) Subtotal			\$11,916,998
6. Valuation Value of Assets: (3) – (5c)			\$3,621,708,536

\* 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, 2013 recognized in each of the next five years:

(a) Amount Recognized during 2013/2014	\$(20,614,589)
(b) Amount Recognized during 2014/2015	(20,614,589)
(c) Amount Recognized during 2015/2016	(13,515,453)
(d) Amount Recognized during 2016/2017	41,960,143
(e) Amount Recognized during 2017/2018	<u>6,664,421</u>
	\$(6,120,067)

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

**CHART 8**

**Allocation of Valuation Value of Assets as of June 30, 2013**

The calculation of the valuation value of assets from June 30, 2012 to June 30, 2013 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	\$624,963,954	\$1,306,883,712	\$1,465,512,253	\$3,397,359,919
2. Member Contributions	443,482	25,278,864	6,304,738	32,027,084
3. Member Buybacks	249,594	1,003,979	337,867	1,591,440
4. Employer Pick-up Contributions Credited to Member Account	220,922	6,010,789	4,613,748	10,845,459
5. Employer Contributions	3,257,479	67,255,287	80,175,075	150,687,841
6. Refunds of Member Contributions and Death Benefits Paid	249,165	4,013,769	456,799	4,719,733
7. Retiree Benefit Payments Excluding Supplemental Medical Payments	72,368,727	49,090,417	81,906,826	203,365,970
8. Subtotal (Items 1 + 2 + 3 + 4 + 5 – 6 – 7)	\$556,517,539	\$1,353,328,445	\$1,474,580,056	\$3,384,426,040
9. Weighted Average Fund Balance: Item 1 + ½ of (Items 2, 3, 4, 5) – ½ of (Items 6, 7)	590,740,747	1,330,106,079	1,470,046,155	3,390,892,980
10. Earnings Allocated in Proportion to Item 9	41,337,913	93,076,040	102,868,543	237,282,496
11. Valuation Value of Assets (Items 8 + 10)	\$597,855,452	\$1,446,404,485	\$1,577,448,599	\$3,621,708,536

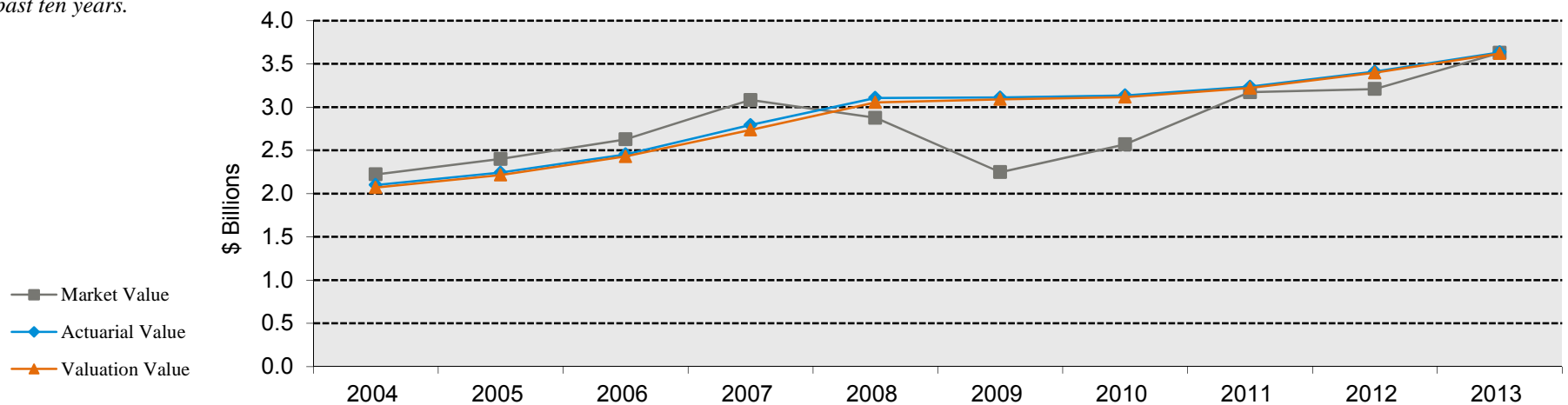
*Note: Results may not add due to rounding.*

**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, 2004 – 2013**





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

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**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 loss was \$15.4 million, a \$25.5 million loss from investments, a \$36.1 million loss from contribution experience and a \$46.2 million gain from all other sources. The net experience variation from individual sources other than investments and contribution experience was 1.0% 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, 2013**

1. Net loss from investments <sup>(1)</sup>	\$(25,512,000)
2. Net loss from contribution experience	(36,109,000)
3. Net gain from other experience <sup>(2)</sup>	<u>46,186,000</u>
4. Net experience loss: (1) + (2) + (3)	\$(15,435,000)

<sup>(1)</sup> Details in Chart 11.

<sup>(2)</sup> 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, 2012 valuation). The actual rate of return on the valuation value of assets for the 2012/2013 plan year was 7.00%.

Since the actual return for the year was less than the assumed return, the VCERA experienced an actuarial loss during the year ended June 30, 2013 with regard to its investments.

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

**CHART 11**

**Investment Experience for Year Ended June 30, 2013 – Market Value, Actuarial Value and Valuation Value of Assets**

	<b>Market Value</b>	<b>Actuarial Value</b>	<b>Valuation Value</b>
1. Actual return	\$432,694,392	\$237,282,497	\$237,282,497
2. Average value of assets	3,202,214,141	3,403,746,103	3,390,892,980
3. Actual rate of return: (1) ÷ (2)	13.51%	6.97%	7.00%
4. Assumed rate of return	7.75%	7.75%	7.75%
5. Expected return: (2) x (4)	\$248,171,596	\$263,790,323	\$262,794,206
6. Actuarial gain/(loss): (1) – (5)	<u>\$184,522,796</u>	<u>\$(26,507,826)</u>	<u>\$(25,511,709)</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: 2004 – 2013**

Year Ended June 30	Market Value Investment Return		Actuarial Value Investment Return		Valuation Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent
2004	\$315,448,393	16.28%	\$49,628,346	2.39%	\$70,837,167	3.49%
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%
Total	\$1,820,966,902		\$1,683,782,177		\$1,696,925,987	
Five-Year Average Return		5.82%		3.72%		3.90%
Ten-Year Average Return		6.93%		6.11%		6.21%

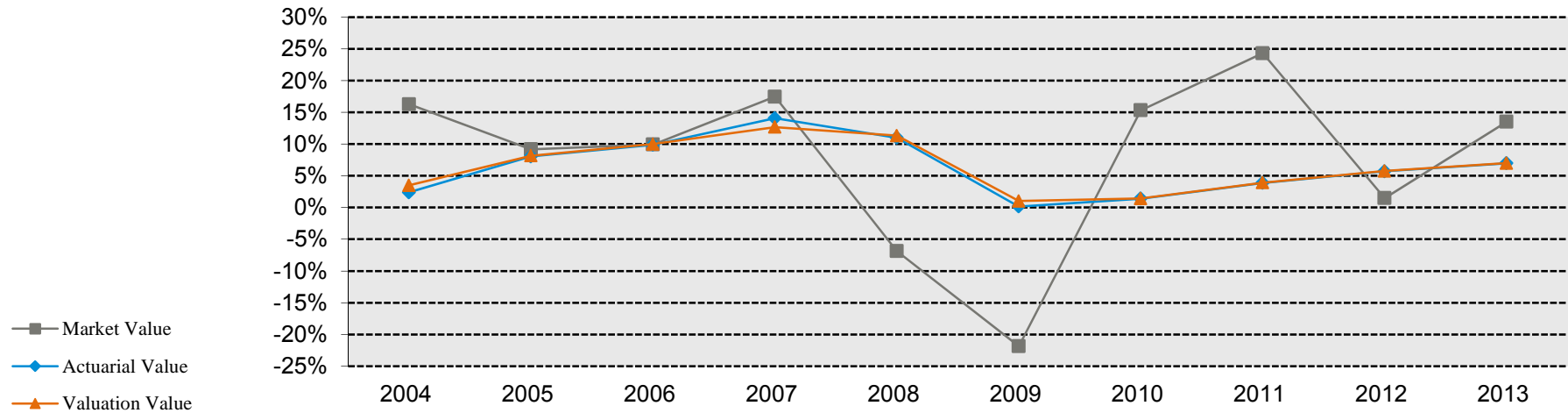
*Note: Each year's yield is weighted by the average asset value in that year.*

**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 2004 - 2013.*

**CHART 13**  
**Market, Actuarial and Valuation Rates of Return for Years Ended June 30, 2004 - 2013**



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

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### **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, 2013 amounted to \$46.2 million which is 1.0% of the actuarial accrued liability. This gain was mainly due to individual salary increases less than assumed. See Exhibit H for a detailed development of the Unfunded Actuarial Accrued Liability.

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

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### 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

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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 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.

### 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 basic member rate, we follow the Board's past practice and have not included any in-

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

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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 recently 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. AB1380 is effective January 1, 2014 and this report will be adopted after that date with the contribution rates also being effective after that date.

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, 2013 Actuarial Valuation <sup>(1)</sup>					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount <sup>(2)</sup>	Rate	Estimated Annual Amount <sup>(2)</sup>	Rate	Estimated Annual Amount <sup>(2)</sup>
<b>General Tier 1 Members</b>						
Normal Cost	8.15%	\$925	2.44%	\$277	10.59%	\$1,202
UAAL <sup>(3)</sup>	<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
<b>General PEPRA Tier 1 Members</b>						
Normal Cost	4.70%	\$52	1.80%	\$19	6.50%	\$71
UAAL <sup>(3)</sup>	<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
<b>General Tier 2 Members w/o COLA</b>						
Normal Cost	8.48%	\$17,997	0.00%	\$0	8.48%	\$17,997
UAAL <sup>(3)</sup>	<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
<b>General PEPRA Tier 2 Members w/o COLA</b>						
Normal Cost	6.83%	\$216	0.00%	\$0	6.83%	\$216
UAAL <sup>(3)</sup>	<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
<b>General Tier 2 Members w/COLA</b>						
Normal Cost <sup>(4)</sup>	8.48%	\$20,422	-0.04%	-\$97	8.44%	\$20,325
UAAL <sup>(3)(5)</sup>	<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
<b>General PEPRA Tier 2 Members w/COLA</b>						
Normal Cost <sup>(4)</sup>	6.83%	\$536	-0.13%	-\$10	6.70%	\$526
UAAL <sup>(3)(5)</sup>	<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
<b>All General Members<sup>(6)</sup></b>						
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 14a (continued)**

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

	June 30, 2013 Actuarial Valuation <sup>(1)</sup>					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount <sup>(2)</sup>	Rate	Estimated Annual Amount <sup>(2)</sup>	Rate	Estimated Annual Amount <sup>(2)</sup>
<b>Safety Members</b>						
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
<b>Safety PEPRA Members</b>						
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
<b>All Safety Members<sup>(6)</sup></b>						
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
<b>All Categories Combined<sup>(6)</sup></b>						
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

<sup>(1)</sup> 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.

<sup>(2)</sup> 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

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

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

<sup>(5)</sup> 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.

<sup>(6)</sup> 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, 2012 Actuarial Valuation <sup>(1)</sup>					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount <sup>(2)</sup>	Rate	Estimated Annual Amount <sup>(2)</sup>	Rate	Estimated Annual Amount <sup>(2)</sup>
<b>General Tier 1 Members</b>						
Normal Cost	7.90%	\$1,224	2.48%	\$384	10.38%	\$1,608
UAAL <sup>(3)</sup>	<u>9.92%</u>	<u>1,536</u>	<u>17.05%</u>	<u>2,640</u>	<u>26.97%</u>	<u>4,176</u>
Total Contribution	17.82%	\$2,760	19.53%	\$3,024	37.35%	\$5,784
<b>General PEPRA Tier 1 Members</b>						
Normal Cost	3.95%	\$0	1.63%	\$0	5.58%	\$0
UAAL <sup>(3)</sup>	<u>9.92%</u>	<u>0</u>	<u>17.05%</u>	<u>0</u>	<u>26.97%</u>	<u>0</u>
Total Contribution	13.87%	\$0	18.68%	\$0	32.55%	\$0
<b>General Tier 2 Members w/o COLA</b>						
Normal Cost	8.50%	\$18,128	0.00%	\$0	8.50%	\$18,128
UAAL <sup>(3)</sup>	<u>9.92%</u>	<u>21,156</u>	<u>0.00%</u>	<u>0</u>	<u>9.92%</u>	<u>21,156</u>
Total Contribution	18.42%	\$39,284	0.00%	\$0	18.42%	\$39,284
<b>General PEPRA Tier 2 Members w/o COLA</b>						
Normal Cost	7.47%	\$0	0.00%	\$0	7.47%	\$0
UAAL <sup>(3)</sup>	<u>9.92%</u>	<u>0</u>	<u>0.00%</u>	<u>0</u>	<u>9.92%</u>	<u>0</u>
Total Contribution	17.39%	\$0	0.00%	\$0	17.39%	\$0
<b>General Tier 2 Members w/COLA</b>						
Normal Cost <sup>(4)</sup>	8.50%	\$20,934	-0.04%	-\$99	8.46%	\$20,835
UAAL <sup>(3)(5)</sup>	<u>9.92%</u>	<u>24,429</u>	<u>0.91%</u>	<u>2,242</u>	<u>10.83%</u>	<u>26,671</u>
Total Contribution	18.42%	\$45,363	0.87%	\$2,143	19.29%	\$47,506
<b>General PEPRA Tier 2 Members w/COLA</b>						
Normal Cost <sup>(4)</sup>	7.33%	\$0	-0.43%	\$0	6.90%	\$0
UAAL <sup>(3)(5)</sup>	<u>9.92%</u>	<u>0</u>	<u>0.91%</u>	<u>0</u>	<u>10.83%</u>	<u>0</u>
Total Contribution	17.25%	\$0	0.48%	\$0	17.73%	\$0
<b>All General Members<sup>(6)</sup></b>						
Normal Cost	8.48%	\$40,286	0.06%	\$285	8.54%	\$40,571
UAAL	<u>9.92%</u>	<u>47,121</u>	<u>1.03%</u>	<u>4,882</u>	<u>10.95%</u>	<u>52,003</u>
Total Contribution	18.40%	\$87,407	1.09%	\$5,167	19.49%	\$92,574

**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, 2012 Actuarial Valuation <sup>(1)</sup>					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount <sup>(2)</sup>	Rate	Estimated Annual Amount <sup>(2)</sup>	Rate	Estimated Annual Amount <sup>(2)</sup>
<b>Safety Members</b>						
Normal Cost	13.92%	\$22,106	4.29%	\$6,812	18.21%	\$28,918
UAAL	<u>39.72%</u>	<u>63,077</u>	<u>-3.36%</u>	<u>-5,336</u>	<u>36.36%</u>	<u>57,741</u>
Total Contribution	53.64%	\$85,183	0.93%	\$1,476	54.57%	\$86,659
<b>Safety PEPPRA Members</b>						
Normal Cost	10.58%	\$0	4.32%	\$0	14.90%	\$0
UAAL	<u>39.72%</u>	<u>0</u>	<u>-3.36%</u>	<u>0</u>	<u>36.36%</u>	<u>0</u>
Total Contribution	50.30%	\$0	0.96%	\$0	51.26%	\$0
<b>All Safety Members<sup>(6)</sup></b>						
Normal Cost	13.92%	\$22,106	4.29%	\$6,812	18.21%	\$28,918
UAAL	<u>39.72%</u>	<u>63,077</u>	<u>-3.36%</u>	<u>-5,336</u>	<u>36.36%</u>	<u>57,741</u>
Total Contribution	53.64%	\$85,183	0.93%	\$1,476	54.57%	\$86,659
<b>All Categories Combined<sup>(6)</sup></b>						
Normal Cost	9.84%	\$62,392	1.12%	\$7,097	10.96%	\$69,489
UAAL	<u>17.39%</u>	<u>110,198</u>	<u>-0.08%</u>	<u>-454</u>	<u>17.31%</u>	<u>109,744</u>
Total Contribution	27.23%	\$172,590	1.04%	\$6,643	28.27%	\$179,233

<sup>(1)</sup> 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.

<sup>(2)</sup> Amounts are in thousands, assumed to be paid throughout the year, and are based on June 30, 2012 annual payroll (also in thousands) shown below:

General Tier 1	\$15,488
General PEPPRA Tier 1	0
General Tier 2	213,275
General PEPPRA Tier 2	0
General Tier 2C	246,280
General PEPPRA Tier 2C	0
Safety	158,805
Safety PEPPRA	<u>0</u>
Total	\$633,848

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

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

<sup>(5)</sup> Includes 0.51% in COLA UAAL costs attributed to the first two years of service accrued for the fixed 2% COLA pursuant to Government Code 31627.

<sup>(6)</sup> 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, 2013 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, 2012 to June 30, 2013 (Dollar Amounts in Thousands)

	Contribution Rate	Estimated Annual Dollar Cost <sup>(1)</sup>
<b>Recommended Average Employer Contribution Rate as of June 30, 2012<sup>(4)</sup></b>	28.27%	\$179,233
Effect of investment loss <sup>(2)</sup>	0.35%	2,236
Effect of difference in actual versus expected individual salary increases	(0.68)%	(4,344)
Effect of difference in actual versus expected total payroll growth	0.55%	3,513
Effect of difference in actual versus expected contributions due to delay in implementation of contribution rates calculated in June 30, 2012 valuation	0.50%	3,194
Effect of net other changes <sup>(3)</sup>	<u>0.04%</u>	<u>1,610</u>
<b>Total change</b>	<u>0.76%</u>	<u>\$6,209</u>
<b>Recommended Average Employer Contribution Rate as of June 30, 2013<sup>(4)</sup></b>	29.03%	\$185,442

<sup>(1)</sup> Based on projected payroll for each year.

<sup>(2)</sup> The Association's valuation value of assets earned 7.00% which was less than the 7.75% assumed rate of return.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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, 2013 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, 2012 to June 30, 2013**  
**(Dollar Amounts in Thousands)**

	Contribution Rate	Estimated Annual Dollar Cost <sup>(1)</sup>
<b>Recommended Average Member Contribution Rate in June 30, 2012 Valuation</b>	8.53%	\$54,040
Effect of changes in demographic profile of employee group <sup>(2)</sup>	<u>0.05%</u>	<u>739</u>
<b>Recommended Average Member Contribution Rate in June 30, 2013 Valuation</b>	8.58%	\$54,779

<sup>(1)</sup> Based on projected payroll for each year.

<sup>(2)</sup> 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 THE GASB**

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.

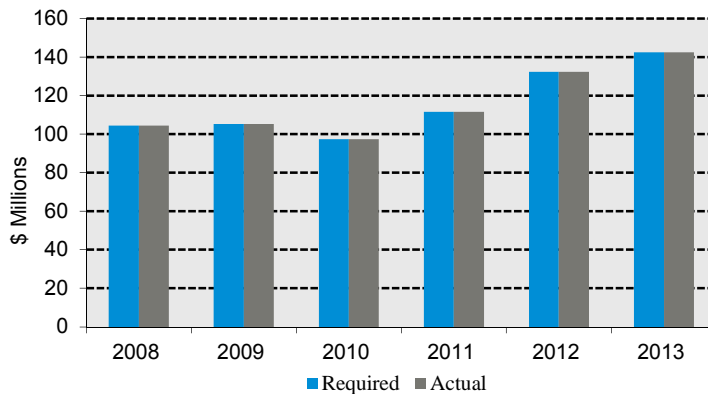
Critical information to the GASB is the historical comparison of the GASB required contributions to the actual contributions. This comparison demonstrates whether a plan is being funded on an actuarially sound basis and in accordance with the GASB funding requirements. Chart 17 below presents a graphical 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 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.

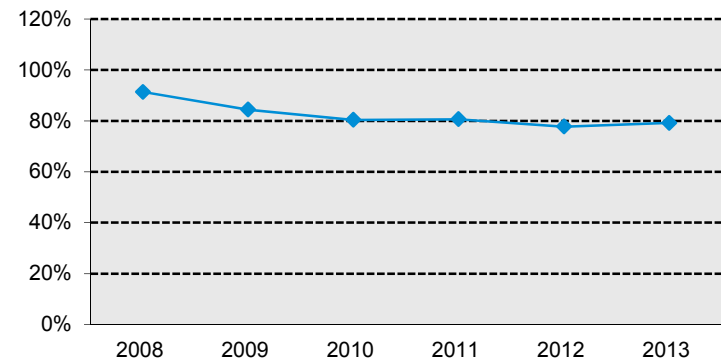
The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

*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 5.7. This means that a 1% asset gain/(loss) (relative to the assumed investment return) translates to about 5.7% of one-year's payroll. Since VCERA amortizes actuarial gains and losses over a period of 15 years, there would be a 0.5% 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 7.2. This is about 26% 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 – 2013**

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



**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
	2013	2012	
<b>Active members in valuation:</b>			
Number	109	153	-28.8%
Average age	58.7	55.2	N/A
Average service	29.4	26.3	N/A
Projected total compensation <sup>(1)</sup>	\$11,347,554	\$15,488,166	-26.7%
Projected average compensation	\$104,106	\$101,230	2.8%
Account balances	\$18,445,454	\$23,388,135	-21.1%
Total active vested members	105	134	-21.6%
<b>Vested terminated members<sup>(2)</sup></b>			
	62	63	-1.6%
<b>Retired members:</b>			
Number in pay status	1,539	1,558	-1.2%
Average age	74.2	73.8	N/A
Average monthly benefit <sup>(3)</sup>	\$3,403	\$3,238	5.1%
<b>Disabled members:</b>			
Number in pay status	123	127	-3.1%
Average age	72.6	72.0	N/A
Average monthly benefit <sup>(3)</sup>	\$2,244	\$2,173	3.3%
<b>Beneficiaries:</b>			
Number in pay status	367	366	0.3%
Average age	79.1	79.0	N/A
Average monthly benefit <sup>(3)</sup>	\$1,451	\$1,386	4.7%

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

<sup>(2)</sup> Includes terminated members with member contributions on deposit.

<sup>(3)</sup> 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
	2013	2012	
<b>Active members in valuation:</b>			
Number	6,201	6,376	-2.7%
Average age	46.6	46.2	N/A
Average service	10.7	10.1	N/A
Projected total compensation <sup>(1)</sup>	\$453,050,594	\$459,554,673	-1.4%
Projected average compensation	\$73,061	\$72,076	1.4%
Account balances	\$344,670,730	\$329,457,543	4.6%
Total active vested members	4,564	4,382	4.2%
<b>Vested terminated members<sup>(2)</sup></b>			
	1,902	1,828	4.0%
<b>Retired members:</b>			
Number in pay status	2,062	1,883	9.5%
Average age	67.3	66.9	N/A
Average monthly benefit <sup>(3)</sup>	\$1,510	\$1,425	6.0%
<b>Disabled members:</b>			
Number in pay status	327	323	1.2%
Average age	62.1	61.8	N/A
Average monthly benefit <sup>(3)</sup>	\$1,416	\$1,390	1.9%
<b>Beneficiaries:</b>			
Number in pay status	228	211	8.1%
Average age	66.5	66.0	N/A
Average monthly benefit <sup>(3)</sup>	\$799	\$751	6.4%

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

<sup>(2)</sup> Includes terminated members with member contributions on deposit.

<sup>(3)</sup> 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**

<b>Category</b>	<b>Year Ended June 30</b>		<b>Change From Prior Year</b>
	<b>2013</b>	<b>2012</b>	
<b>Active members in valuation:</b>			
Number	18	0	N/A
Average age	26.3	N/A	N/A
Average service	0.2	N/A	N/A
Projected total compensation <sup>(1)</sup>	\$1,099,121	N/A	N/A
Projected average compensation	\$61,062	N/A	N/A
Account balances	\$4,521	N/A	N/A
Total active vested members	0	0	N/A
<b>Vested terminated members<sup>(2)</sup></b>			
	2	0	N/A
<b>Retired members:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit <sup>(3)</sup>	N/A	N/A	N/A
<b>Disabled members:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit <sup>(3)</sup>	N/A	N/A	N/A
<b>Beneficiaries:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit <sup>(3)</sup>	N/A	N/A	N/A

<sup>(1)</sup> Calculated by increasing annualized bi-weekly compensation rates as of valuation date by one-half year of inflation and “across the board” salary increases.

<sup>(2)</sup> Includes terminated members with member contributions on deposit.

<sup>(3)</sup> 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**

<b>Category</b>	<b>Year Ended June 30</b>		<b>Change From Prior Year</b>
	<b>2013</b>	<b>2012</b>	
<b>Active members in valuation:</b>			
Number	235	0	N/A
Average age	35.2	N/A	N/A
Average service	0.2	N/A	N/A
Projected total compensation <sup>(1)</sup>	\$11,009,761	N/A	N/A
Projected average compensation	\$46,850	N/A	N/A
Account balances	\$207,028	N/A	N/A
Total active vested members	0	0	N/A
<b>Vested terminated members<sup>(2)</sup></b>	12	0	N/A
<b>Retired members:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit <sup>(3)</sup>	N/A	N/A	N/A
<b>Disabled members:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit <sup>(3)</sup>	N/A	N/A	N/A
<b>Beneficiaries:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit <sup>(3)</sup>	N/A	N/A	N/A

<sup>(1)</sup> Calculated by increasing annualized bi-weekly compensation rates as of valuation date by one-half year of inflation and “across the board” salary increases.

<sup>(2)</sup> Includes terminated members with member contributions on deposit.

<sup>(3)</sup> 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
	2013	2012	
<b>Active members in valuation:</b>			
Number	1,502	1,490	0.8%
Average age	41.2	41.1	N/A
Average service	13.9	13.9	N/A
Projected total compensation <sup>(1)</sup>	\$162,085,238	\$158,804,521	2.1%
Projected average compensation	\$107,913	\$106,580	1.3%
Account balances	\$153,365,442	\$150,059,478	2.2%
Total active vested members	1,260	1,221	3.2%
<b>Vested terminated members<sup>(2)</sup></b>			
	271	270	0.4%
<b>Retired members:</b>			
Number in pay status	658	615	7.0%
Average age	65.2	64.8	N/A
Average monthly benefit <sup>(3)</sup>	\$6,981	\$6,798	2.7%
<b>Disabled members:</b>			
Number in pay status	378	378	0.0%
Average age	63.1	62.4	N/A
Average monthly benefit <sup>(3)</sup>	\$4,967	\$4,824	3.0%
<b>Beneficiaries:</b>			
Number in pay status	206	197	4.6%
Average age	67.3	67.0	N/A
Average monthly benefit <sup>(3)</sup>	\$2,801	\$2,751	1.8%

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

<sup>(2)</sup> Includes terminated members with member contributions on deposit.

<sup>(3)</sup> 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. PEPRSA Safety**

<b>Category</b>	<b>Year Ended June 30</b>		<b>Change From Prior Year</b>
	<b>2013</b>	<b>2012</b>	
<b>Active members in valuation:</b>			
Number	3	0	N/A
Average age	31.8	N/A	N/A
Average service	0.2	N/A	N/A
Projected total compensation <sup>(1)</sup>	\$170,918	N/A	N/A
Projected average compensation	\$56,973	N/A	N/A
Account balances	\$4,103	N/A	N/A
Total active vested members	0	0	N/A
<b>Vested terminated members<sup>(2)</sup></b>			
	0	0	N/A
<b>Retired members:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit <sup>(3)</sup>	N/A	N/A	N/A
<b>Disabled members:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit <sup>(3)</sup>	N/A	N/A	N/A
<b>Beneficiaries:</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit <sup>(3)</sup>	N/A	N/A	N/A

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

<sup>(2)</sup> Includes terminated members with member contributions on deposit.

<sup>(3)</sup> 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, 2013  
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	2	2	--	--	--	--	--	--	--	--
	\$69,377	\$69,378	--	--	--	--	--	--	--	--
30 - 34	2	2	--	--	--	--	--	--	--	--
	73,003	73,004	--	--	--	--	--	--	--	--
35 - 39	--	--	--	--	--	--	--	--	--	--
40 - 44	--	--	--	--	--	--	--	--	--	--
45 - 49	2	--	--	1	1	--	--	--	--	--
	193,790	--	--	\$175,454	\$212,126	--	--	--	--	--
50 - 54	11	--	1	1	--	4	1	3	1	--
	156,800	--	\$171,299	200,770	--	\$209,232	\$191,598	\$89,990	\$54,237	--
55 - 59	44	--	1	2	2	2	3	12	21	1
	104,923	--	217,277	158,497	128,558	150,215	164,450	97,608	84,389	\$87,960
60 - 64	37	--	1	2	3	4	4	9	10	4
	87,298	--	78,427	164,452	121,515	129,663	61,827	77,352	73,630	64,934
65 - 69	8	--	1	1	--	1	--	2	2	1
	107,145	--	110,639	98,535	--	130,614	--	129,538	104,828	48,640
70 & over	3	--	--	--	--	--	--	--	2	1
	82,203	--	--	--	--	--	--	--	100,124	46,360
Total	109	4	4	7	6	11	8	26	36	7
	\$104,106	\$71,191	\$144,410	\$160,094	\$138,965	\$162,421	\$116,532	\$92,174	\$82,573	\$63,242

**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, 2013**

**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	52	51	1	--	--	--	--	--	--	--
	\$46,990	\$47,215	\$35,512	--	--	--	--	--	--	--
25 - 29	434	324	110	--	--	--	--	--	--	--
	57,346	58,768	53,159	--	--	--	--	--	--	--
30 - 34	687	324	289	74	--	--	--	--	--	--
	67,563	67,049	68,446	\$66,369	--	--	--	--	--	--
35 - 39	706	212	269	196	29	--	--	--	--	--
	68,882	63,270	72,317	70,022	\$70,330	--	--	--	--	--
40 - 44	831	202	256	231	100	41	1	--	--	--
	75,158	70,255	75,407	80,063	75,429	\$70,101	\$48,640	--	--	--
45 - 49	876	155	230	226	132	109	24	--	--	--
	76,133	68,602	74,305	75,963	89,900	75,029	73,183	--	--	--
50 - 54	1,005	149	237	213	137	147	86	35	1	--
	76,749	70,326	74,109	77,761	78,353	78,642	85,215	\$80,805	\$75,639	--
55 - 59	887	131	183	170	128	147	81	47	--	--
	78,642	72,249	72,066	76,632	79,480	83,257	93,606	86,829	--	--
60 - 64	520	72	113	126	65	76	45	23	--	--
	75,802	73,254	71,104	76,924	77,346	74,493	85,079	82,537	--	--
65 - 69	160	17	38	37	26	28	11	2	1	--
	76,701	73,566	75,072	79,346	73,601	73,416	92,654	75,102	94,337	--
70 & over	43	4	15	10	5	3	3	3	--	--
	68,530	95,985	60,104	71,395	63,766	76,438	58,217	74,857	--	--
Total	6,201	1,641	1,741	1,283	622	551	251	110	2	--
	\$73,061	\$65,974	\$71,254	\$75,784	\$79,770	\$77,673	\$86,606	\$83,475	\$84,988	--



**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, 2013**

**By Age and Years of Service**

**iii. PEPR 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	7	7	--	--	--	--	--	--	--	--
	\$61,062	\$61,062	--	--	--	--	--	--	--	--
25 - 29	9	9	--	--	--	--	--	--	--	--
	61,062	61,062	--	--	--	--	--	--	--	--
30 - 34	1	1	--	--	--	--	--	--	--	--
	61,062	61,062	--	--	--	--	--	--	--	--
35 - 39	1	1	--	--	--	--	--	--	--	--
	61,062	61,062	--	--	--	--	--	--	--	--
40 - 44	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
45 - 49	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
50 - 54	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
55 - 59	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
60 - 64	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	18	18	--	--	--	--	--	--	--	--
	\$61,062	\$61,062	--	--	--	--	--	--	--	--

**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, 2013**

**By Age and Years of Service**

**iv. 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	32	32	--	--	--	--	--	--	--	--
	\$32,713	\$32,713	--	--	--	--	--	--	--	--
25 - 29	64	64	--	--	--	--	--	--	--	--
	45,652	45,652	--	--	--	--	--	--	--	--
30 - 34	47	47	--	--	--	--	--	--	--	--
	47,887	47,887	--	--	--	--	--	--	--	--
35 - 39	30	30	--	--	--	--	--	--	--	--
	45,784	45,784	--	--	--	--	--	--	--	--
40 - 44	19	19	--	--	--	--	--	--	--	--
	45,650	45,650	--	--	--	--	--	--	--	--
45 - 49	16	16	--	--	--	--	--	--	--	--
	65,121	65,121	--	--	--	--	--	--	--	--
50 - 54	7	7	--	--	--	--	--	--	--	--
	50,319	50,319	--	--	--	--	--	--	--	--
55 - 59	14	14	--	--	--	--	--	--	--	--
	55,271	55,271	--	--	--	--	--	--	--	--
60 - 64	4	4	--	--	--	--	--	--	--	--
	50,736	50,736	--	--	--	--	--	--	--	--
65 - 69	2	2	--	--	--	--	--	--	--	--
	89,382	89,383	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	235	235	--	--	--	--	--	--	--	--
	\$46,850	\$46,850	--	--	--	--	--	--	--	--

**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, 2013**

**By Age and Years of Service**

**v. 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	35	35	--	--	--	--	--	--	--	--
	\$79,308	\$79,308	--	--	--	--	--	--	--	--
25 - 29	168	106	62	--	--	--	--	--	--	--
	81,214	74,736	\$92,289	--	--	--	--	--	--	--
30 - 34	234	50	146	38	--	--	--	--	--	--
	95,110	88,700	96,009	\$100,092	--	--	--	--	--	--
35 - 39	256	28	70	127	31	--	--	--	--	--
	105,563	93,250	100,644	107,831	\$118,499	--	--	--	--	--
40 - 44	282	11	21	104	117	29	--	--	--	--
	111,639	88,016	99,338	108,454	115,614	\$124,896	--	--	--	--
45 - 49	227	4	14	52	57	75	24	1	--	--
	115,665	90,485	102,075	104,600	117,266	121,781	\$128,811	\$116,530	--	--
50 - 54	189	4	4	9	18	53	61	40	--	--
	130,106	126,062	105,035	107,975	115,240	127,072	132,090	145,682	--	--
55 - 59	91	4	4	5	11	16	24	21	6	--
	128,268	141,226	126,762	97,606	102,700	114,390	131,790	142,129	\$167,463	--
60 - 64	20	--	3	3	2	5	6	--	1	--
	119,254	--	142,880	117,960	112,587	107,717	126,469	--	79,983	--
65 - 69	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	1,502	242	324	338	236	178	115	62	7	--
	\$107,913	\$83,236	\$97,701	\$106,598	\$115,736	\$122,805	\$131,050	\$144,008	\$154,966	--

**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, 2013**

**By Age and Years of Service**

**vi. PEPR 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	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
25 - 29	2	2	--	--	--	--	--	--	--	--
	\$41,796	\$41,796	--	--	--	--	--	--	--	--
30 - 34	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
35 - 39	1	1	--	--	--	--	--	--	--	--
	87,327	87,327	--	--	--	--	--	--	--	--
40 - 44	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
45 - 49	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
50 - 54	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
55 - 59	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
60 - 64	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	3	3	--	--	--	--	--	--	--	--
	\$56,973	\$56,973	--	--	--	--	--	--	--	--

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

**EXHIBIT C**

**Reconciliation of Member Data – June 30, 2012 to June 30, 2013**

	<b>Active Members</b>	<b>Vested Terminated Members<sup>(1)</sup></b>	<b>Pensioners</b>	<b>Disableds</b>	<b>Beneficiaries</b>	<b>Total</b>
Number as of June 30, 2012	8,019	2,161	4,056	828	774	15,838
New members	565	50	0	0	65	680
Terminations – with vested rights	-213	213	0	0	0	0
Contributions refunds	-112	-58	0	0	0	-170
Retirements	-199	-81	280	0	0	0
New disabilities	-11	-5	-5	21	0	0
Return to work	29	-28	-1	0	0	0
Died with or without beneficiary	-10	-3	-83	-21	-28	-145
Data adjustments	0	0	12	0	-10	2
Number as of June 30, 2013	8,068	2,249	4,259	828	801	16,205

<sup>(1)</sup> *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, 2013	Year Ended June 30, 2012
<b>Contribution income:</b>		
Employer contributions	\$150,687,842	\$140,772,726
Member contributions	<u>44,463,983</u>	<u>44,486,749</u>
Contribution income	\$195,151,825	\$185,259,475
<b>Investment income:</b>		
Interest, dividends and other income	\$50,691,908	\$42,088,643
Adjustment toward market value <sup>(1)</sup>	200,561,615	155,520,370
Less investment and administrative fees	<u>(13,971,026)</u>	<u>(12,821,915)</u>
Net investment income	<u>\$237,282,497</u>	<u>\$184,787,098</u>
<b>Total income available for benefits</b>	<b>\$432,434,322</b>	<b>\$370,046,573</b>
<b>Less benefit payments</b>	<b>\$(209,957,957)</b>	<b>\$(195,114,694)</b>
<b>Change in reserve for future benefits</b>	<b>\$222,476,365</b>	<b>\$174,931,879</b>

<sup>(1)</sup> 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**

	<b>Year Ended June 30, 2013</b>	<b>Year Ended June 30, 2012</b>
<b>Cash equivalents</b>	\$63,940,819	\$118,800,271
<b>Accounts receivable:</b>		
Securities sold	\$4,487,879	\$29,531,517
Accrued interest and dividends	3,537,646	5,175,132
Member and employer contributions	24,075,489	3,754,115
Other	<u>14,078</u>	<u>21,686</u>
Total accounts receivable	\$32,115,092	\$38,482,450
<b>Investments:</b>		
Equities	\$2,299,255,552	\$1,998,047,913
Fixed income	884,109,813	840,596,038
Real estate	283,379,695	283,239,366
Pension software development cost	3,443,718	686,886
Investments received on securities lending	50,542,569	94,634,819
Others	<u>109,469,955</u>	<u>0</u>
Total investments at market value	<u>\$3,630,201,302</u>	<u>\$3,217,205,022</u>
<b>Total assets</b>	<b>\$3,726,257,213</b>	<b>\$3,374,487,743</b>
<b>Liabilities:</b>		
Securities lending	\$(50,542,569)	\$(94,634,819)
Security purchases	(45,685,949)	(68,472,851)
Accounts payable	(2,497,655)	(1,737,362)
Prepaid contributions	<u>(25,573)</u>	<u>(25,504)</u>
Total liabilities	\$(98,751,746)	\$(164,870,536)
<b>Net assets at market value</b>	<u><b>\$3,627,505,467</b></u>	<u><b>\$3,209,617,207</b></u>
<b>Net assets at actuarial value</b>	<u><b>\$3,633,625,534</b></u>	<u><b>\$3,411,149,169</b></u>
<b>Net assets at valuation value</b>	<u><b>\$3,621,708,536</b></u>	<u><b>\$3,397,359,919</b></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)**

<b><u>Assets</u></b>	<b><u>June 30, 2013</u></b>	<b><u>June 30, 2012</u></b>
1. Total valuation value of assets	\$3,621,709	\$3,397,359
2. Present value of future contributions by members	444,668	441,272
3. Present value of future employer contributions for:		
a. Entry age normal cost	524,833	524,608
b. Unfunded actuarial accrued liability	<u>953,354</u>	<u>975,867</u>
4. Total current and future assets	\$5,544,564	\$5,339,106
<b><u>Liabilities</u></b>		
5. Present value of benefits for retirees and beneficiaries	\$2,549,515	\$2,400,567
6. Present value of benefits for vested terminated members	131,431	125,886
7. Present value of benefits for active members	<u>2,863,618</u>	<u>2,812,653</u>
8. Total liabilities	\$5,544,564	\$5,339,106



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

**EXHIBIT G**

**Summary of Allocated Reserves**

<b>Reserves</b>		
	<b><u>June 30, 2013</u></b>	<b><u>June 30, 2012</u></b>
Member contributions reserve <sup>(1)</sup>	\$584,474,197	\$569,892,474
Employer advance reserve <sup>(1)</sup>	1,664,856,154	1,488,500,882
Offset: Interest crediting shortfall tracking account <sup>(1)</sup>	(824,240,436)	(721,502,957)
Retiree reserve <sup>(1)</sup>	2,051,529,206	1,919,116,136
Supplemental death benefit reserve <sup>(1)</sup>	13,408,521	12,782,317
Vested fixed supplemental (\$108.44) reserve <sup>(1)</sup>	131,680,894	128,571,067
Undistributed earnings <sup>(1)</sup>	0	0
Valuation reserves	<u>\$3,621,708,536</u>	<u>\$3,397,359,919</u>
Supplemental medical (\$27.50) reserve <sup>(2)</sup>	11,916,998	13,789,250
Contingency reserve <sup>(2)</sup>	0	0
Total reserves (actuarial value)	<u>\$3,633,625,534</u>	<u>\$3,411,149,169</u>
Market stabilization reserve <sup>(2)</sup>	<u>(6,120,067)</u>	<u>(201,531,962)</u>
Net market value	\$3,627,505,467	\$3,209,617,207

<sup>(1)</sup> *Included in valuation value of assets.*

<sup>(2)</sup> *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, 2013**

1. Unfunded actuarial accrued liability at beginning of year		\$975,867,000
2. Total Normal Cost payable at middle of year		124,115,000
3. Expected employer and member contributions		(231,260,000)
4. Interest (whole year on (1) plus half year on (2) + (3))		<u>69,197,000</u>
5. Expected unfunded actuarial accrued liability at end of year		<u>\$937,919,000</u>
6. Actuarial (gain)/loss due to all changes:		
(a) Investment return	\$25,512,000	
(b) Actual contributions less than expected	36,109,000	
(c) Lower than expected individual salary increases	(49,186,000)	
(d) Other experience	<u>3,000,000</u>	
Total changes		<u>\$15,435,000</u>
7. Unfunded actuarial accrued liability at end of year		<u>\$953,354,000</u>

*Note: Net gain from other experience of \$46.2 million (as shown on page 8) is equal to: 6(c) + 6(d).*

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

**EXHIBIT I**

**Table of Amortization Bases**

	<b>Date Established</b>	<b>Source</b>	<b>Initial Amount</b>	<b>Outstanding Balance</b>	<b>Years Remaining</b>	<b>Payment</b>
<b>General Tier 1</b>	June 30, 2004	Restart of Amortization	\$63,394,000	\$42,714,000	6	\$8,084,000
	June 30, 2005	Actuarial (Gain)/Loss	22,085,000	16,381,000	7	2,703,000
	June 30, 2006	Actuarial (Gain)/Loss	7,048,000	5,637,000	8	828,000
	June 30, 2006	Assumption Change	41,538,000	33,187,000	8	4,873,000
	June 30, 2007	Actuarial (Gain)/Loss	(19,901,000)	(16,876,000)	9	(2,240,000)
	June 30, 2008	Actuarial (Gain)/Loss	(18,128,000)	(16,120,000)	10	(1,958,000)
	June 30, 2009	Actuarial (Gain)/Loss	55,190,000	50,912,000	11	5,717,000
	June 30, 2009	Assumption Change	18,574,000	17,125,000	11	1,923,000
	June 30, 2010	Actuarial (Gain)/Loss	50,018,000	47,485,000	12	4,969,000
	June 30, 2011	Actuarial (Gain)/Loss	36,225,000	35,163,000	13	3,453,000
	June 30, 2012	Actuarial (Gain)/Loss	29,865,000	29,467,000	14	2,731,000
	June 30, 2012	Demographic Assumption Change	38,104,000	38,239,000	19	2,829,000
	June 30, 2012	Economic Assumption Change	19,517,000	19,583,000	19	1,449,000
	June 30, 2013	Actuarial (Gain)/Loss	31,670,000	<u>31,670,000</u>	15	<u>2,784,000</u>
						\$334,567,000
						\$38,145,000
<b>General Tier 2</b>	June 30, 2004	Restart of Amortization	\$49,731,000	\$33,515,000	6	\$6,343,000
	June 30, 2005	Actuarial (Gain)/Loss	7,622,000	5,660,000	7	934,000
	June 30, 2006	Actuarial (Gain)/Loss	(9,108,000)	(7,281,000)	8	(1,069,000)
	June 30, 2006	Assumption Change	19,085,000	15,248,000	8	2,239,000
	June 30, 2006	Plan Provision Change	14,731,000	11,764,000	8	1,727,000
	June 30, 2007	Actuarial (Gain)/Loss	(39,508,000)	(33,509,000)	9	(4,448,000)
	June 30, 2008	Actuarial (Gain)/Loss	(34,794,000)	(30,922,000)	10	(3,757,000)
	June 30, 2009	Actuarial (Gain)/Loss	71,253,000	65,721,000	11	7,380,000
	June 30, 2009	Assumption Change	22,696,000	20,932,000	11	2,350,000
	June 30, 2010	Actuarial (Gain)/Loss	47,615,000	45,209,000	12	4,731,000
	June 30, 2011	Actuarial (Gain)/Loss	(6,949,000)	(6,757,000)	13	(664,000)
	June 30, 2012	Actuarial (Gain)/Loss	(18,106,000)	(17,864,000)	14	(1,656,000)
	June 30, 2012	Demographic Assumption Change	29,420,000	29,523,000	19	2,184,000
	June 30, 2012	Economic Assumption Change	32,874,000	32,995,000	19	2,441,000
June 30, 2013	Actuarial (Gain)/Loss	(23,823,000)	<u>(23,823,000)</u>	15	<u>(2,095,000)</u>	
						\$140,411,000
						\$16,640,000

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

**EXHIBIT I (continued)**

**Table of Amortization Bases**

	<b>Date Established</b>	<b>Source</b>	<b>Initial Amount</b>	<b>Outstanding Balance</b>	<b>Years Remaining</b>	<b>Payment</b>
<b>Safety</b>	June 30, 2004	Restart of Amortization	\$210,319,000	\$141,705,000	6	\$26,819,000
	June 30, 2005	Actuarial (Gain)/Loss	19,142,000	14,200,000	7	2,343,000
	June 30, 2006	Actuarial (Gain)/Loss	3,418,000	2,727,000	8	400,000
	June 30, 2006	Assumption Change	42,167,000	33,690,000	8	4,947,000
	June 30, 2007	Actuarial (Gain)/Loss	(37,489,000)	(31,785,000)	9	(4,219,000)
	June 30, 2008	Actuarial (Gain)/Loss	(22,443,000)	(19,938,000)	10	(2,422,000)
	June 30, 2009	Actuarial (Gain)/Loss	78,157,000	72,093,000	11	8,095,000
	June 30, 2009	Assumption Change	49,982,000	46,105,000	11	5,177,000
	June 30, 2010	Actuarial (Gain)/Loss	108,448,000	102,979,000	12	10,776,000
	June 30, 2011	Actuarial (Gain)/Loss	8,879,000	8,621,000	13	847,000
	June 30, 2012	Actuarial (Gain)/Loss	(7,501,000)	(7,395,000)	14	(685,000)
	June 30, 2012	Demographic Assumption Change	55,513,000	55,714,000	19	4,122,000
	June 30, 2012	Economic Assumption Change	51,887,000	52,072,000	19	3,852,000
	June 30, 2013	Actuarial (Gain)/Loss	7,588,000	<u>7,588,000</u>	15	<u>667,000</u>
				\$478,376,000		\$60,719,000
<b>Total VCERA</b>	June 30, 2004	Restart of Amortization	\$323,444,000	\$217,934,000	6	\$41,246,000
	June 30, 2005	Actuarial (Gain)/Loss	48,849,000	36,241,000	7	5,980,000
	June 30, 2006	Actuarial (Gain)/Loss	1,358,000	1,083,000	8	159,000
	June 30, 2006	Assumption Change	102,790,000	82,125,000	8	12,059,000
	June 30, 2006	Plan Provision Change	14,731,000	11,764,000	8	1,727,000
	June 30, 2007	Actuarial (Gain)/Loss	(96,898,000)	(82,170,000)	9	(10,907,000)
	June 30, 2008	Actuarial (Gain)/Loss	(75,365,000)	(66,980,000)	10	(8,137,000)
	June 30, 2009	Actuarial (Gain)/Loss	204,600,000	188,726,000	11	21,192,000
	June 30, 2009	Assumption Change	91,252,000	84,162,000	11	9,450,000
	June 30, 2010	Actuarial (Gain)/Loss	206,081,000	195,673,000	12	20,476,000
	June 30, 2011	Actuarial (Gain)/Loss	38,155,000	37,027,000	13	3,636,000
	June 30, 2012	Actuarial (Gain)/Loss	4,258,000	4,208,000	14	390,000
	June 30, 2012	Demographic Assumption Change	123,037,000	123,476,000	19	9,135,000
	June 30, 2012	Economic Assumption Change	104,278,000	104,650,000	19	7,742,000
	June 30, 2013	Actuarial (Gain)/Loss	15,435,000	<u>15,435,000</u>	15	<u>1,356,000</u>
				\$953,354,000		\$115,504,000

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

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**EXHIBIT J**

**Section 415 Limitations**

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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 \$205,000 for 2013 and \$210,000 for 2014. 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**

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**EXHIBIT K**

**Definitions of Pension Terms**

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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 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**

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**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

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### EXHIBIT I

#### Summary of Actuarial Valuation Results

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

1. Retired members as of the valuation date (including 801 beneficiaries in pay status)	5,888
2. Members inactive during year ended June 30, 2013 with vested rights <sup>(1)</sup>	2,249
3. Members active during the year ended June 30, 2013	8,068

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

1. Normal cost		\$124,741
2. Present value of future benefits		5,544,564
3. Present value of future normal costs		969,501
4. Actuarial accrued liability <sup>(2)</sup>		4,575,063
Retired members and beneficiaries	\$2,549,515	
Inactive members with vested rights <sup>(1)</sup>	131,431	
Active members	1,894,117	
5. Valuation value of assets <sup>(2)</sup> (\$3,627,505 at market value as reported by Retirement Association)		3,621,709
6. Unfunded actuarial accrued liability		\$953,354

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<sup>(1)</sup> Includes terminated members with member contributions on deposit.

<sup>(2)</sup> 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**

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**EXHIBIT I (continued)**

**Summary of Actuarial Valuation Results**

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

	<b>Dollar Amount</b>	<b>% of Payroll</b>
1. Total normal cost	\$124,741	19.53%
2. Expected employee contributions	<u>-54,779</u>	<u>-8.58%</u>
3. Employer normal cost: (1) + (2)	\$69,962	10.95%
4. Amortization of unfunded actuarial accrued liability	<u>115,480</u>	<u>18.08%</u>
5. Total recommended average employer contribution: (3) + (4)	\$185,442	29.03%
8. Projected compensation	\$638,764	

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

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**EXHIBIT II**

**Supplementary Information Required by the GASB – Schedule of Employer Contributions**

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<b>Plan Year Ended June 30</b>	<b>Annual Required Contributions</b>	<b>Actual Contributions</b>	<b>Percentage Contributed</b>
2008	\$104,429,000	\$104,429,000	100.0%
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%

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

**EXHIBIT III**

**Supplementary Information Required by the GASB – Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Valuation Value of Assets<sup>(1)</sup> (a)</b>	<b>Actuarial Accrued Liability (AAL)<sup>(2)</sup> (b)</b>	<b>Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)</b>	<b>Funded Ratio (a) / (b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]</b>
06/30/2008	\$3,055,756,000	\$3,345,804,000	\$290,048,000	91.33%	\$599,173,000	48.41%
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%

<sup>(1)</sup> Excludes assets for supplemental medical benefit reserve and statutory contingency reserve.

<sup>(2)</sup> 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 the GASB**

<b>Valuation date</b>	June 30, 2013
<b>Actuarial cost method</b>	Entry Age Actuarial Cost Method
<b>Amortization method</b>	Level percent of payroll (4.00% payroll growth assumed)
<b>Remaining amortization period</b>	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.
<b>Asset valuation method</b>	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.
<b>Actuarial assumptions:</b>	
Investment rate of return	7.75% <sup>(1)</sup>
Projected salary increases	4.50% - 12.50% <sup>(2)</sup> 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.
<b>Plan membership:</b>	
Retired members and beneficiaries receiving benefits	5,888
Terminated members entitled to, but not yet receiving benefits <sup>(3)</sup>	2,249
Active members	<u>8,068</u>
Total	16,205

<sup>(1)</sup> Includes inflation at 3.25%.

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

<sup>(3)</sup> Includes terminated members with member contributions on deposit.

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

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**EXHIBIT V**

**Actuarial Assumptions and Methods**

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**Actuarial Assumptions**

**Post – Retirement Mortality Rates:**

- Healthy:* For all Members: RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2025 set back one year.
- Disabled:* 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.  
For Safety Members: RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2025 set back one year.  
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.
- Beneficiaries:* Beneficiaries are assumed to have the same mortality as a General Member of the opposite sex who has taken a service (non-disability) retirement.
- Member Contribution Rates:* 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.  
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.

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

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**Termination Rates Before Retirement:**

<b>Age</b>	<b>Rate (%) Mortality</b>			
	<b>General</b>		<b>Safety</b>	
	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
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**

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**Termination Rates Before Retirement (continued):**

<b>Age</b>	<b>Rate (%)</b>	
	<b>Disability</b>	
	<b>General<sup>(1)</sup></b>	<b>Safety<sup>(2)</sup></b>
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

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

<sup>(2)</sup> 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**

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**Termination Rates Before Retirement (continued):**

<b>Rate (%)</b>		
<b>Withdrawal (Less than Five Years of Service)*</b>		
<b>Years of Service</b>	<b>General</b>	<b>Safety</b>
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

<b>Withdrawal (Five or More Years of Service)*</b>		
<b>Age</b>	<b>General</b>	<b>Safety</b>
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:**

<u>Age</u>	<u>General Tier 1 and 2</u>	<u>PEPRA General Tier 1 and 2</u>	<u>Safety</u>	<u>PEPRA Safety</u>
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**

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**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.

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**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.

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**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:

<u>Years of Service</u>	<u>General</u>	<u>Safety</u>
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

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##### **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.

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##### **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

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- 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.

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#### **Changes in Actuarial Assumptions and Methods:**

New assumptions have been included in this valuation for retirement rates and increases in the Section 7522.10 compensation limit for PEPRAs members.

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

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**EXHIBIT VI**

**Summary of Plan Provisions**

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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.

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<b>Membership Eligibility:</b>	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 and certain executive management with membership dates on or after January 1, 2013.
<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 12.
<i>PEPRA Safety</i>	All Safety members with membership dates on or after January 1, 2013.

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<b>Final Compensation for Benefit Determination:</b>	
<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**

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**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, 2013 is \$255,000. 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 \$113,700 for 2013 (\$136,440, 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:**

	<b>Retirement Age</b>	<b>Benefit Formula</b>
<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**

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	<b>Retirement Age</b>	<b>Benefit Formula</b>
<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	$(2.43\% \times \text{FAC3} - 1/3 \times 2.43\% \times \$350 \times 12) \times \text{Yrs}$
	<b>Retirement Age</b>	<b>Benefit Formula</b>
<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	$(2.50\% \times \text{FAS3} \times \text{Yrs})$
	<b>Retirement Age</b>	<b>Benefit Formula</b>
<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	$(2.62\% \times \text{FAC1} \times \text{Yrs})$
	<b>Retirement Age</b>	<b>Benefit Formula</b>
<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**

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**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

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**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).

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**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).

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**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**

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*Five or More Years of Service* An additional lump sum benefit of one-year of compensation is paid if Line-of-Duty death for Safety member (§31787.6).  
OR  
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).

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**Death After Retirement:**

*All Members*  
*Service Retirement or*  
*Ordinary Disability Retirement* 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).  
*Line-of-Duty Disability* 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).

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**Withdrawal Benefits:**

*Less than Five Years of Service* Refund of accumulated employee contributions with interest (§31628) or entitled to earned benefits commencing at anytime after eligible to retire (§31629.5).  
*Five or More Years of Service* If contributions left on deposit, entitled to earned benefits commencing at any time after eligible to retire (§31700).

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**Post-retirement**

**Cost-of-Living Benefits:**

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

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<i>General Tier 2 and PEPR 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".
<b>Supplemental Benefit:</b>	A supplemental benefit in the amount of \$108.44 per month is paid to retirees and their survivors.
<b>Member Contributions:</b>	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.
<b>Other Information:</b>	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

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**Plan Changes:** All members with membership dates on or after January 1, 2013 enter the new PEPRAs tiers.

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**Plan Provisions Not Valued:** 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.

The Supplemental Medical Benefit is \$27.50 per month and is payable to virtually all retirees and beneficiaries.

**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, 2013 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)**

**Calculated Under Recommended Assumptions**

<b>Entry Age</b>	<b>Basic</b>		<b>COLA</b>		<b>Total</b>	
	<b>First \$350</b>	<b>Over \$350</b>	<b>First \$350</b>	<b>Over \$350</b>	<b>First \$350</b>	<b>Over \$350</b>
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, 2013 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)**

**Calculated Under Recommended Assumptions**

<b>Entry Age</b>	<b>Basic</b>		<b>COLA</b>		<b>Total</b>	
	<b>First \$350</b>	<b>Over \$350</b>	<b>First \$350</b>	<b>Over \$350</b>	<b>First \$350</b>	<b>Over \$350</b>
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, 2013 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)  
Calculated Under Recommended Assumptions**

Entry Age	Basic Only		Entry Age	Basic Only	
	First \$350	Over \$350		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**

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**Safety Members' Contribution Rates from the June 30, 2013 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)**

**Calculated Under Recommended Assumptions**

<b>Entry Age</b>	<b>Basic</b>	<b>COLA</b>	<b>Total</b>
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**

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**Safety Members' Contribution Rates from the June 30, 2013 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)**

**Calculated Under Recommended Assumptions**

<b>Entry Age</b>	<b>Basic</b>	<b>COLA</b>	<b>Total</b>
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**

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**Appendix B  
Member Contribution Rates for PEPRA Members**

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	<b>Basic</b>	<b>COLA</b>	<b>Total</b>
General Tier 1	4.70%	1.80%	6.50%
General Tier 2 without COLA	6.83%	0.00%	6.83%
General Tier 2 with COLA	6.83%	2.63% <sup>(1)</sup>	9.46%
Safety	11.27%	4.87%	16.14%

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

<sup>(1)</sup> *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 2013 is equal to the Social Security Taxable Wage Base or \$113,700. (For an employer that is not enrolled in Social Security, the maximum amount is \$136,440 or 120% of the Social Security Taxable Wage Base) (reference Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2013 (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, 2013 Actuarial Valuation <sup>(1)</sup>					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount <sup>(2)</sup>	Rate	Estimated Annual Amount <sup>(2)</sup>	Rate	Estimated Annual Amount <sup>(2)</sup>
<b>General Tier 1 Members</b>						
Normal Cost	7.46%	\$847	2.42%	\$274	9.88%	\$1,121
UAAL <sup>(3)</sup>	<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	17.66%	\$2,004	31.83%	\$3,611	49.49%	\$5,615
<b>General PEPRA Tier 1 Members</b>						
Normal Cost	4.70%	\$52	1.80%	\$19	6.50%	\$71
UAAL <sup>(3)</sup>	<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
<b>General Tier 2 Members w/o COLA</b>						
Normal Cost	7.16%	\$15,196	0.00%	\$0	7.16%	\$15,196
UAAL <sup>(3)</sup>	<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	17.36%	\$36,838	0.00%	\$0	17.36%	\$36,838
<b>General PEPRA Tier 2 Members w/o COLA</b>						
Normal Cost	6.83%	\$216	0.00%	\$0	6.83%	\$216
UAAL <sup>(3)</sup>	<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
<b>General Tier 2 Members w/COLA</b>						
Normal Cost <sup>(4)</sup>	7.16%	\$17,243	-0.04%	-\$96	7.12%	\$17,147
UAAL <sup>(3)(5)</sup>	<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	17.36%	\$41,802	0.97%	\$2,336	18.33%	\$44,138
<b>General PEPRA Tier 2 Members w/COLA</b>						
Normal Cost <sup>(4)</sup>	6.83%	\$536	-0.13%	-\$10	6.70%	\$526
UAAL <sup>(3)(5)</sup>	<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
<b>All General Members<sup>(6)</sup></b>						
Normal Cost	7.15%	\$34,090	0.04%	\$187	7.19%	\$34,277
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	17.35%	\$82,683	1.33%	\$6,358	18.68%	\$89,041

**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**

	<b>June 30, 2013 Actuarial Valuation<sup>(1)</sup></b>					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount <sup>(2)</sup>	Rate	Estimated Annual Amount <sup>(2)</sup>	Rate	Estimated Annual Amount <sup>(2)</sup>
<b>Safety Members</b>						
Normal Cost	11.00%	\$17,829	4.37%	\$7,083	15.37%	\$24,912
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	53.87%	\$87,315	-1.08%	-\$1,751	52.79%	\$85,564
<b>Safety PEPRA Members</b>						
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
<b>All Safety Members<sup>(6)</sup></b>						
Normal Cost	11.00%	\$17,848	4.37%	\$7,092	15.37%	\$24,940
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	53.87%	\$87,407	-1.08%	-\$1,751	52.79%	\$85,656
<b>All Categories Combined<sup>(6)</sup></b>						
Normal Cost	8.13%	\$51,938	1.14%	\$7,279	9.27%	\$59,217
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	26.63%	\$170,090	0.72%	\$4,607	27.35%	\$174,697

<sup>(1)</sup> 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.

<sup>(2)</sup> 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

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

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

<sup>(5)</sup> 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.

<sup>(6)</sup> 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 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 <sup>(1)</sup>	5.25%	7.87%	1.70%	2.56%	6.95%	10.43%
General Tier 2 without COLA	4.87%	7.30%	0.00%	0.00%	4.87%	7.30%
General Tier 2 COLA	4.87%	7.30%	2.63% <sup>(2)</sup>	2.63% <sup>(2)</sup>	7.50%	9.93%
Safety <sup>(3)</sup>	11.83%	11.83%	4.70%	4.70%	16.53%	16.53%

<sup>(1)</sup> The total member rate over \$350 has been adjusted by 0.42% (and by 0.28% for the first \$350) so that member contributions total 50% of the total dollar Normal Cost after accounting for the cessation of member contributions after 30 years of service.

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

<sup>(3)</sup> The total member rate has been adjusted by 1.16% so that member contributions total 50% of the total dollar Normal Cost after accounting for the cessation of member contributions after 30 years of service.

**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**

	<b>June 30, 2013 Actuarial Valuation<sup>(1)</sup></b>					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount <sup>(2)</sup>	Rate	Estimated Annual Amount <sup>(2)</sup>	Rate	Estimated Annual Amount <sup>(2)</sup>
<b>General Tier 1 Members</b>						
Normal Cost	8.15%	\$925	2.44%	\$277	10.59%	\$1,202
UAAL <sup>(3)</sup>	<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
<b>General PEPRA Tier 1 Members</b>						
Normal Cost	4.70%	\$52	1.80%	\$19	6.50%	\$71
UAAL <sup>(3)</sup>	<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
<b>General Tier 2 Members w/o COLA</b>						
Normal Cost	8.48%	\$17,997	0.00%	\$0	8.48%	\$17,997
UAAL <sup>(3)</sup>	<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
<b>General PEPRA Tier 2 Members w/o COLA</b>						
Normal Cost	6.83%	\$216	0.00%	\$0	6.83%	\$216
UAAL <sup>(3)</sup>	<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
<b>General Tier 2 Members w/COLA</b>						
Normal Cost <sup>(4)</sup>	8.48%	\$20,422	-0.04%	-\$97	8.44%	\$20,325
UAAL <sup>(3)(5)</sup>	<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
<b>General PEPRA Tier 2 Members w/COLA</b>						
Normal Cost <sup>(4)</sup>	6.83%	\$536	-0.13%	-\$10	6.70%	\$526
UAAL <sup>(3)(5)</sup>	<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
<b>All General Members</b>						
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 – Current Valuation Under Non-Combined Methodology**

	<b>June 30, 2013 Actuarial Valuation<sup>(1)</sup></b>					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount <sup>(2)</sup>	Rate	Estimated Annual Amount <sup>(2)</sup>	Rate	Estimated Annual Amount <sup>(2)</sup>
<b>Safety Members</b>						
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
<b>Safety PEPRA Members</b>						
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
<b>All Safety Members</b>						
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
<b>All Categories Combined</b>						
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

<sup>(1)</sup> 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.

<sup>(2)</sup> 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

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

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

<sup>(5)</sup> 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.

**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**

	<b>June 30, 2012 Actuarial Valuation<sup>(1)</sup></b>					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount <sup>(2)</sup>	Rate	Estimated Annual Amount <sup>(2)</sup>	Rate	Estimated Annual Amount <sup>(2)</sup>
<b>General Tier 1 Members</b>						
Normal Cost	7.90%	\$1,224	2.48%	\$384	10.38%	\$1,608
UAAL <sup>(3)</sup>	<u>202.47%</u>	<u>31,359</u>	<u>17.05%</u>	<u>2,640</u>	<u>219.52%</u>	<u>33,999</u>
Total Contribution	210.37%	\$32,583	19.53%	\$3,024	229.90%	\$35,607
<b>General PEPRA Tier 1 Members</b>						
Normal Cost	3.95%	\$0	1.63%	\$0	5.58%	\$0
UAAL <sup>(3)</sup>	<u>202.47%</u>	<u>0</u>	<u>17.05%</u>	<u>0</u>	<u>219.52%</u>	<u>0</u>
Total Contribution	206.42%	\$0	18.68%	\$0	225.10%	\$0
<b>General Tier 2 Members w/o COLA</b>						
Normal Cost	8.50%	\$18,128	0.00%	\$0	8.50%	\$18,128
UAAL <sup>(3)</sup>	<u>3.43%</u>	<u>7,315</u>	<u>0.00%</u>	<u>0</u>	<u>3.43%</u>	<u>7,315</u>
Total Contribution	11.93%	\$25,443	0.00%	\$0	11.93%	\$25,443
<b>General PEPRA Tier 2 Members w/o COLA</b>						
Normal Cost	7.47%	\$0	0.00%	\$0	7.47%	\$0
UAAL <sup>(3)</sup>	<u>3.43%</u>	<u>0</u>	<u>0.00%</u>	<u>0</u>	<u>3.43%</u>	<u>0</u>
Total Contribution	10.90%	\$0	0.00%	\$0	10.90%	\$0
<b>General Tier 2 Members w/COLA</b>						
Normal Cost <sup>(4)</sup>	8.50%	\$20,934	-0.04%	-\$99	8.46%	\$20,835
UAAL <sup>(3)(5)</sup>	<u>3.43%</u>	<u>8,447</u>	<u>0.91%</u>	<u>2,242</u>	<u>4.34%</u>	<u>10,689</u>
Total Contribution	11.93%	\$29,381	0.87%	\$2,143	12.80%	\$31,524
<b>General PEPRA Tier 2 Members w/COLA</b>						
Normal Cost <sup>(4)</sup>	7.33%	\$0	-0.43%	\$0	6.90%	\$0
UAAL <sup>(3)(5)</sup>	<u>3.43%</u>	<u>0</u>	<u>0.91%</u>	<u>0</u>	<u>4.34%</u>	<u>0</u>
Total Contribution	10.76%	\$0	0.48%	\$0	11.24%	\$0
<b>All General Members</b>						
Normal Cost	8.48%	\$40,286	0.06%	\$285	8.54%	\$40,571
UAAL	<u>9.92%</u>	<u>47,121</u>	<u>1.03%</u>	<u>4,882</u>	<u>10.95%</u>	<u>52,003</u>
Total Contribution	18.40%	\$87,407	1.09%	\$5,167	19.49%	\$92,574



**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**

	<b>June 30, 2012 Actuarial Valuation<sup>(1)</sup></b>					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount <sup>(2)</sup>	Rate	Estimated Annual Amount <sup>(2)</sup>	Rate	Estimated Annual Amount <sup>(2)</sup>
<b>Safety Members</b>						
Normal Cost	13.92%	\$22,106	4.29%	\$6,812	18.21%	\$28,918
UAAL	<u>39.72%</u>	<u>63,077</u>	<u>-3.36%</u>	<u>-5,336</u>	<u>36.36%</u>	<u>57,741</u>
Total Contribution	53.64%	\$85,183	0.93%	\$1,476	54.57%	\$86,659
<b>Safety PEPRA Members</b>						
Normal Cost	10.58%	\$0	4.32%	\$0	14.90%	\$0
UAAL	<u>39.72%</u>	<u>0</u>	<u>-3.36%</u>	<u>0</u>	<u>36.36%</u>	<u>0</u>
Total Contribution	50.30%	\$0	0.96%	\$0	51.26%	\$0
<b>All Safety Members</b>						
Normal Cost	13.92%	\$22,106	4.29%	\$6,812	18.21%	\$28,918
UAAL	<u>39.72%</u>	<u>63,077</u>	<u>-3.36%</u>	<u>-5,336</u>	<u>36.36%</u>	<u>57,741</u>
Total Contribution	53.64%	\$85,183	0.93%	\$1,476	54.57%	\$86,659
<b>All Categories Combined</b>						
Normal Cost	9.84%	\$62,392	1.12%	\$7,097	10.96%	\$69,489
UAAL	<u>17.39%</u>	<u>110,198</u>	<u>-0.08%</u>	<u>-455</u>	<u>17.31%</u>	<u>109,744</u>
Total Contribution	27.23%	\$172,590	1.04%	\$6,643	28.27%	\$179,233

<sup>(1)</sup> 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.

<sup>(2)</sup> Amounts are in thousands, assumed to be paid throughout the year, and are based on June 30, 2012 annual payroll (also in thousands) shown below:

General Tier 1	\$15,488
General PEPRA Tier 1	0
General Tier 2	213,275
General PEPRA Tier 2	0
General Tier 2C	246,280
General PEPRA Tier 2C	0
Safety	158,805
Safety PEPRA	<u>0</u>
Total	\$633,848

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

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

<sup>(5)</sup> Includes 0.51% in COLA UAAL costs attributed to the first two years of service accrued for the fixed 2% COLA pursuant to Government Code 31627.

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December 9, 2013

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

**Re: Ventura County Employees' Retirement Association  
Three-Year Phase-in of Employer Contribution Rates**

Dear Members of the Board:

The Board elected to phase-in (over a three-year period) the impact of the new economic actuarial assumptions and the new individual Entry Age Normal actuarial cost method on the employer contribution rates as calculated in the June 30, 2012 Actuarial Valuation. This letter provides the second year “phased-in” employer contribution rates for the 2014/2015 fiscal year by cost group in the enclosed Exhibit A and the “phased-in” employer contribution rates based on a 50/50 sharing of Normal Cost for non-PEPRA Tiers in the enclosed Exhibit B.

**Phase-in of Employer Contribution Rates for 2014/2015**

The following table shows the full impact, by cost group, of the previously adopted economic actuarial assumptions and actuarial cost method on the employer contribution rate for the 2013/2014 fiscal year based on the June 30, 2012 Actuarial Valuation. The impact is measured as a percentage of compensation. These percentages are the portion of the increase in the total employer contribution rates from the 2012 valuation that will be phased-in over three years to Unfunded Actuarial Accrued Liability (UAAL) employer contribution rate components.

<b>Cost Group:</b>	<b>Impact of New Economic Actuarial Assumptions and New Actuarial Cost Method:</b>
General Tier 1 members	6.29% of compensation
General Tier 2 members without COLA	1.86% of compensation
General Tier 2 members with COLA	2.14% of compensation
All General members	2.15% of compensation
All Safety members	3.41% of compensation
All categories combined	2.45% of compensation

Exhibit A shows the “phased-in” employer contribution rates for the 2014/2015 fiscal year. The total rates for each cost group in this Exhibit (as compared with the June 30, 2013 actuarial valuation) reflect only two-third of the increase due to the new economic actuarial assumptions and the new actuarial cost method in the June 30, 2012 Actuarial Valuation.

Exhibit B shows the same “phased-in” employer contribution rates for the 2014/2015 fiscal year but based on a 50/50 sharing of Normal Cost methodology 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 is in effect and that the member cost associated with this provision is to be paid for by members with less than 30 years.

All of these rates may be adopted in conjunction with the June 30, 2013 Actuarial Valuation for the fiscal year that extends from July 1, 2014 through June 30, 2015.

Note that different changes are reflected in the detailed components of the employer contribution rates depending on the effect of the new economic actuarial assumptions and the new actuarial cost method on that specific rate component.

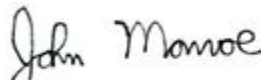
We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any questions.

Respectfully submitted,



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



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

AW/kek

## Exhibit A

### Recommended Employer Contribution Rates with Three-year Phase-in (Dollar Amounts in Thousands) – Current Valuation Under Combined Methodology

	June 30, 2013 Actuarial Valuation					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>
<b>General Tier 1 Members</b>						
Normal Cost	8.15%	\$925	2.44%	\$277	10.59%	\$1,202
UAAL <sup>(2)</sup>	<u>9.63%</u>	<u>1,093</u>	<u>27.88%</u>	<u>3,164</u>	<u>37.51%</u>	<u>4,257</u>
Total Contribution	17.78%	\$2,018	30.32%	\$3,441	48.10%	\$5,459
<b>General PEPR A Tier 1 Members</b>						
Normal Cost	4.70%	\$52	1.80%	\$19	6.50%	\$71
UAAL <sup>(2)</sup>	<u>9.63%</u>	<u>106</u>	<u>27.88%</u>	<u>306</u>	<u>37.51%</u>	<u>412</u>
Total Contribution	14.33%	\$158	29.68%	\$325	44.01%	\$483
<b>General Tier 2 Members w/o COLA</b>						
Normal Cost	8.48%	\$17,997	0.00%	\$0	8.48%	\$17,997
UAAL <sup>(2)</sup>	<u>9.58%</u>	<u>20,332</u>	<u>0.00%</u>	<u>0</u>	<u>9.58%</u>	<u>20,332</u>
Total Contribution	18.06%	\$38,329	0.00%	\$0	18.06%	\$38,329
<b>General PEPR A Tier 2 Members w/o COLA</b>						
Normal Cost	6.83%	\$216	0.00%	\$0	6.83%	\$216
UAAL <sup>(2)</sup>	<u>9.58%</u>	<u>303</u>	<u>0.00%</u>	<u>0</u>	<u>9.58%</u>	<u>303</u>
Total Contribution	16.41%	\$519	0.00%	\$0	16.41%	\$519
<b>General Tier 2 Members w/COLA</b>						
Normal Cost <sup>(3)</sup>	8.48%	\$20,422	-0.04%	-\$97	8.44%	\$20,325
UAAL <sup>(2)(4)</sup>	<u>9.58%</u>	<u>23,071</u>	<u>0.92%</u>	<u>2,215</u>	<u>10.50%</u>	<u>25,286</u>
Total Contribution	18.06%	\$43,493	0.88%	\$2,118	18.94%	\$45,611
<b>General PEPR A Tier 2 Members w/COLA</b>						
Normal Cost <sup>(3)</sup>	6.83%	\$536	-0.13%	-\$10	6.70%	\$526
UAAL <sup>(2)(4)</sup>	<u>9.58%</u>	<u>752</u>	<u>0.92%</u>	<u>72</u>	<u>10.50%</u>	<u>824</u>
Total Contribution	16.41%	\$1,288	0.79%	\$62	17.20%	\$1,350
<b>All General Members<sup>(5)</sup></b>						
Normal Cost	8.43%	\$40,148	0.04%	\$189	8.47%	\$40,337
UAAL	<u>9.58%</u>	<u>45,657</u>	<u>1.21%</u>	<u>5,757</u>	<u>10.79%</u>	<u>51,414</u>
Total Contribution	18.01%	\$85,805	1.25%	\$5,946	19.26%	\$91,751

**Exhibit A (continued)**

**Recommended Employer Contribution Rates with Three-year Phase-in (Dollar Amounts in Thousands) – Current Valuation Under Combined Methodology**

	June 30, 2013 Actuarial Valuation					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>
<b>Safety Members</b>						
Normal Cost	13.96%	\$22,627	4.30%	\$6,970	18.26%	\$29,597
UAAL	<u>42.20%</u>	<u>68,400</u>	<u>-5.92%</u>	<u>-9,596</u>	<u>36.28%</u>	<u>58,804</u>
Total Contribution	56.16%	\$91,027	-1.62%	-\$2,626	54.54%	\$88,401
<b>Safety PEPRA Members</b>						
Normal Cost	11.27%	\$19	4.87%	\$9	16.14%	\$28
UAAL	<u>42.20%</u>	<u>72</u>	<u>-5.92%</u>	<u>-10</u>	<u>36.28%</u>	<u>62</u>
Total Contribution	53.47%	\$91	-1.05%	-\$1	52.42%	\$90
<b>All Safety Members<sup>(5)</sup></b>						
Normal Cost	13.96%	\$22,646	4.30%	\$6,979	18.26%	\$29,625
UAAL	<u>42.20%</u>	<u>68,472</u>	<u>-5.92%</u>	<u>-9,606</u>	<u>36.28%</u>	<u>58,866</u>
Total Contribution	56.16%	\$91,118	-1.62%	-\$2,627	54.54%	\$88,491
<b>All Categories Combined<sup>(5)</sup></b>						
Normal Cost	9.83%	\$62,794	1.12%	\$7,168	10.95%	\$69,962
UAAL	<u>17.87%</u>	<u>114,129</u>	<u>-0.61%</u>	<u>-3,849</u>	<u>17.26%</u>	<u>110,280</u>
Total Contribution	27.70%	\$176,923	0.51%	\$3,319	28.21%	\$180,242

<sup>(1)</sup> 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

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

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

<sup>(4)</sup> 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.

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

**Exhibit B****Recommended Employer Contribution Rates with Three-year Phase-in (Dollar Amounts in Thousands) Based on 50/50 Sharing of Normal Cost for Non-PEPRA Tiers – Current Valuation Under Combined Methodology**

	June 30, 2013 Actuarial Valuation					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>
<b>General Tier 1 Members</b>						
Normal Cost	7.46%	\$847	2.42%	\$274	9.88%	\$1,121
UAAL <sup>(2)</sup>	<u>9.63%</u>	<u>1,093</u>	<u>27.88%</u>	<u>3,164</u>	<u>37.51%</u>	<u>4,257</u>
Total Contribution	17.09%	\$1,940	30.30%	\$3,438	47.39%	\$5,378
<b>General PEPRA Tier 1 Members</b>						
Normal Cost	4.70%	\$52	1.80%	\$19	6.50%	\$71
UAAL <sup>(2)</sup>	<u>9.63%</u>	<u>106</u>	<u>27.88%</u>	<u>306</u>	<u>37.51%</u>	<u>412</u>
Total Contribution	14.33%	\$158	29.68%	\$325	44.01%	\$483
<b>General Tier 2 Members w/o COLA</b>						
Normal Cost	7.16%	\$15,196	0.00%	\$0	7.16%	\$15,196
UAAL <sup>(2)</sup>	<u>9.58%</u>	<u>20,332</u>	<u>0.00%</u>	<u>0</u>	<u>9.58%</u>	<u>20,332</u>
Total Contribution	16.74%	\$35,528	0.00%	\$0	16.74%	\$35,528
<b>General PEPRA Tier 2 Members w/o COLA</b>						
Normal Cost	6.83%	\$216	0.00%	\$0	6.83%	\$216
UAAL <sup>(2)</sup>	<u>9.58%</u>	<u>303</u>	<u>0.00%</u>	<u>0</u>	<u>9.58%</u>	<u>303</u>
Total Contribution	16.41%	\$519	0.00%	\$0	16.41%	\$519
<b>General Tier 2 Members w/COLA</b>						
Normal Cost <sup>(3)</sup>	7.16%	\$17,243	-0.04%	-\$96	7.12%	\$17,147
UAAL <sup>(2)(4)</sup>	<u>9.58%</u>	<u>23,071</u>	<u>0.92%</u>	<u>2,215</u>	<u>10.50%</u>	<u>25,286</u>
Total Contribution	16.74%	\$40,314	0.88%	\$2,119	17.62%	\$42,433
<b>General PEPRA Tier 2 Members w/COLA</b>						
Normal Cost <sup>(3)</sup>	6.83%	\$536	-0.13%	-\$10	6.70%	\$526
UAAL <sup>(2)(4)</sup>	<u>9.58%</u>	<u>752</u>	<u>0.92%</u>	<u>72</u>	<u>10.50%</u>	<u>824</u>
Total Contribution	16.41%	\$1,288	0.79%	\$62	17.20%	\$1,350
<b>All General Members<sup>(5)</sup></b>						
Normal Cost	7.15%	\$34,090	0.04%	\$187	7.19%	\$34,277
UAAL	<u>9.58%</u>	<u>45,657</u>	<u>1.21%</u>	<u>5,757</u>	<u>10.79%</u>	<u>51,414</u>
Total Contribution	16.73%	\$79,747	1.25%	\$5,944	17.98%	\$85,691

**Exhibit B (continued)**

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

	June 30, 2013 Actuarial Valuation					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>
<b>Safety Members</b>						
Normal Cost	11.00%	\$17,829	4.37%	\$7,083	15.37%	\$24,912
UAAL	<u>42.20%</u>	<u>68,400</u>	<u>-5.92%</u>	<u>-9,596</u>	<u>36.28%</u>	<u>58,804</u>
Total Contribution	53.20%	\$86,229	-1.55%	-\$2,513	51.65%	\$83,716
<b>Safety PEPRA Members</b>						
Normal Cost	11.27%	\$19	4.87%	\$9	16.14%	\$28
UAAL	<u>42.20%</u>	<u>72</u>	<u>-5.92%</u>	<u>-10</u>	<u>36.28%</u>	<u>62</u>
Total Contribution	53.47%	\$91	-1.05%	-\$1	52.42%	\$90
<b>All Safety Members<sup>(5)</sup></b>						
Normal Cost	11.00%	\$17,848	4.37%	\$7,092	15.37%	\$24,940
UAAL	<u>42.20%</u>	<u>68,472</u>	<u>-5.92%</u>	<u>-9,606</u>	<u>36.28%</u>	<u>58,866</u>
Total Contribution	53.20%	\$86,320	-1.55%	-\$2,514	51.65%	\$83,806
<b>All Categories Combined<sup>(5)</sup></b>						
Normal Cost	8.13%	\$51,938	1.14%	\$7,279	9.27%	\$59,217
UAAL	<u>17.87%</u>	<u>114,129</u>	<u>-0.61%</u>	<u>-3,849</u>	<u>17.26%</u>	<u>110,280</u>
Total Contribution	26.00%	\$166,067	0.53%	\$3,430	26.53%	\$169,497

<sup>(1)</sup> 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	171
Total	\$638,764

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

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

<sup>(4)</sup> 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.

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



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December 9, 2013

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

**Re: Ventura County Employees' Retirement Association  
Options for Allocating the Cost Associated with the Cessation of Member  
Contributions After 30 Years of Service for Non-PEPRA Tiers**

Dear Members of the Board:

As requested by VCERA staff, we have calculated the employer and member contribution rates based on a 50/50 sharing of Normal Cost for non-PEPRA Tiers under three options that differ in how the cost associated with the cessation of member contributions after 30 years of service for non-PEPRA members is allocated between the employers and the members. The information that follows describes each of the three options and the attached exhibits show the employer and member contribution rates under all three options with the three-year phase-in reflected in the employer rates.

Note that the employer and member contribution rates under Option 1 below were also provided in Appendix C and D in the June 30, 2013 valuation report, where the employer rates are without the three-year phase-in. Exhibit B of the June 30, 2013 phase-in letter contains the employer contribution rates under that same option with the three-year phase-in.

**Options for Allocating the Cost Associated with the Cessation of Member Contributions  
After 30 Years of Service**

Under each of the options discussed here, the Normal Cost is first determined without regard to the cessation of member contributions after 30 years of service. For the 50/50 sharing of Normal Costs for non-PEPRA Tiers, the Normal Cost rates are then determined assuming that both the members and the employers will continue to make contributions after 30 years of service and those rates are split equally between the employers and members. However, due to the fact that some non-PEPRA members (mainly Safety) with more than 30 years of service are not required to contribute, the actual Normal Cost as a dollar amount collected from members would be less than 50% of the total Normal Cost (as a dollar amount). In order to be sure that the total Normal Cost is contributed, this shortfall in contributions due to the cessation of member contributions



after 30 years of service needs to be made up, and the associated cost could be allocated between the employers and the members under any of the following three options.

**Option 1: The cost goes to members with less than 30 years of service.**

Under this option, the member contribution rate has been adjusted upward to account for all of the cost associated with the cessation of member contributions after 30 years of service. The contributions collected from members will total 50% of the Normal Cost (as a dollar amount) and be equal to the dollar amount collected from the employers. The employer and member contributions rates under this Option 1 are shown in the attached Exhibits A and B (after the three year phase-in). Under this option the member rates are higher than the employer Normal Cost rates (because they are not collected from members with over 30 years of service) but the total dollars paid by members and employers is the same.

As mentioned earlier, these rates are also shown in shown in Appendix C and D in the June 30, 2013 valuation report, where the employer rates are without the three year phase-in. Exhibit B of the June 30, 2013 phase-in letter contains the employer contribution rates with the three-year phase-in.

**Option 2: The cost goes to the employers.**

Under this option, the employer Normal Cost contribution rate has been adjusted upward to account for all of the cost associated with the cessation of member contributions after 30 years of service. The contributions collected from members will total less than 50% of the Normal Cost (as a dollar amount) and the amount collected from the employers will equal the remainder of the Normal Cost (as a dollar amount). Those employer contributions will then be greater than 50% of the Normal Cost, both in dollars and as a rate. The employer and member contribution rates under this Option 2 are shown in the attached Exhibits C and D with the three-year phase-in.

**Option 3: Allocate the cost 50/50 to both employers and members.**

Under this option, both the employer and member Normal Cost contribution rates have been adjusted upward to each account for the cost associated with the cessation of member contributions after 30 years of service. Under this option, the Normal Cost rates are exactly the same for both the employers and the members. However, the contributions collected from members will still total less than 50% of the Normal Cost (as a dollar amount) and the amount collected from the employers will equal the remainder of the Normal Cost (as a dollar amount). This means the employers will pay more than 50% of the Normal Cost in dollars because the employer rate is applied to all payroll while the same member rate is not applied to payroll for members with over 30 years of service. The employer and member contribution rates under this Option 3 are shown in the attached Exhibits E and F with the three-year phase-in.

The rates shown may be adopted in conjunction with the June 30, 2013 Actuarial Valuation for the fiscal year that extends from July 1, 2014 through June 30, 2015.

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.

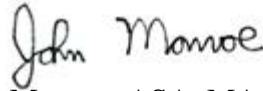
Board of Retirement  
Ventura County Employees' Retirement Association  
December 9, 2013  
Page 2

Please let us know if you have any questions.

Respectfully submitted,



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



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

AW/hy

**Exhibit A**

**Option 1 – Cost Associated with Cessation of Member Contributions after 30 Years of Service is Paid by the Members**

**Recommended Employer Contribution Rates with Three-year Phase-in (Dollar Amounts in Thousands) Based on 50/50 Sharing of Normal Cost for Non-PEPRA Tiers – Under Combined Methodology**

	<b>June 30, 2013 Actuarial Valuation</b>					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>
<b>General Tier 1 Members</b>						
Normal Cost	7.46%	\$847	2.42%	\$274	9.88%	\$1,121
UAAL <sup>(2)</sup>	<u>9.63%</u>	<u>1,093</u>	<u>27.88%</u>	<u>3,164</u>	<u>37.51%</u>	<u>4,257</u>
Total Contribution	17.09%	\$1,940	30.30%	\$3,438	47.39%	\$5,378
<b>General PEPRA Tier 1 Members</b>						
Normal Cost	4.70%	\$52	1.80%	\$19	6.50%	\$71
UAAL <sup>(2)</sup>	<u>9.63%</u>	<u>106</u>	<u>27.88%</u>	<u>306</u>	<u>37.51%</u>	<u>412</u>
Total Contribution	14.33%	\$158	29.68%	\$325	44.01%	\$483
<b>General Tier 2 Members w/o COLA</b>						
Normal Cost	7.16%	\$15,196	0.00%	\$0	7.16%	\$15,196
UAAL <sup>(2)</sup>	<u>9.58%</u>	<u>20,332</u>	<u>0.00%</u>	<u>0</u>	<u>9.58%</u>	<u>20,332</u>
Total Contribution	16.74%	\$35,528	0.00%	\$0	16.74%	\$35,528
<b>General PEPRA Tier 2 Members w/o COLA</b>						
Normal Cost	6.83%	\$216	0.00%	\$0	6.83%	\$216
UAAL <sup>(2)</sup>	<u>9.58%</u>	<u>303</u>	<u>0.00%</u>	<u>0</u>	<u>9.58%</u>	<u>303</u>
Total Contribution	16.41%	\$519	0.00%	\$0	16.41%	\$519
<b>General Tier 2 Members w/COLA</b>						
Normal Cost <sup>(3)</sup>	7.16%	\$17,243	-0.04%	-\$96	7.12%	\$17,147
UAAL <sup>(2)(4)</sup>	<u>9.58%</u>	<u>23,071</u>	<u>0.92%</u>	<u>2,215</u>	<u>10.50%</u>	<u>25,286</u>
Total Contribution	16.74%	\$40,314	0.88%	\$2,119	17.62%	\$42,433
<b>General PEPRA Tier 2 Members w/COLA</b>						
Normal Cost <sup>(3)</sup>	6.83%	\$536	-0.13%	-\$10	6.70%	\$526
UAAL <sup>(2)(4)</sup>	<u>9.58%</u>	<u>752</u>	<u>0.92%</u>	<u>72</u>	<u>10.50%</u>	<u>824</u>
Total Contribution	16.41%	\$1,288	0.79%	\$62	17.20%	\$1,350
<b>All General Members<sup>(5)</sup></b>						
Normal Cost	7.15%	\$34,090	0.04%	\$187	7.19%	\$34,277
UAAL	<u>9.58%</u>	<u>45,657</u>	<u>1.21%</u>	<u>5,757</u>	<u>10.79%</u>	<u>51,414</u>
Total Contribution	16.73%	\$79,747	1.25%	\$5,944	17.98%	\$85,691

**Exhibit A (continued)**

**Option 1 – Cost Associated with Cessation of Member Contributions after 30 Years of Service is Paid by the Members**

**Recommended Employer Contribution Rates with Three-year Phase-in (Dollar Amounts in Thousands) Based on 50/50 Sharing of Normal Cost for Non-PEPRA Tiers – Under Combined Methodology**

	June 30, 2013 Actuarial Valuation					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>
<b>Safety Members</b>						
Normal Cost	11.00%	\$17,829	4.37%	\$7,083	15.37%	\$24,912
UAAL	<u>42.20%</u>	<u>68,400</u>	<u>-5.92%</u>	<u>-9,596</u>	<u>36.28%</u>	<u>58,804</u>
Total Contribution	53.20%	\$86,229	-1.55%	-\$2,513	51.65%	\$83,716
<b>Safety PEPRA Members</b>						
Normal Cost	11.27%	\$19	4.87%	\$9	16.14%	\$28
UAAL	<u>42.20%</u>	<u>72</u>	<u>-5.92%</u>	<u>-10</u>	<u>36.28%</u>	<u>62</u>
Total Contribution	53.47%	\$91	-1.05%	-\$1	52.42%	\$90
<b>All Safety Members<sup>(5)</sup></b>						
Normal Cost	11.00%	\$17,848	4.37%	\$7,092	15.37%	\$24,940
UAAL	<u>42.20%</u>	<u>68,472</u>	<u>-5.92%</u>	<u>-9,606</u>	<u>36.28%</u>	<u>58,866</u>
Total Contribution	53.20%	\$86,320	-1.55%	-\$2,514	51.65%	\$83,806
<b>All Categories Combined<sup>(5)</sup></b>						
Normal Cost	8.13%	\$51,938	1.14%	\$7,279	9.27%	\$59,217
UAAL	<u>17.87%</u>	<u>114,129</u>	<u>-0.61%</u>	<u>-3,849</u>	<u>17.26%</u>	<u>110,280</u>
Total Contribution	26.00%	\$166,067	0.53%	\$3,430	26.53%	\$169,497

<sup>(1)</sup> 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

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

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

<sup>(4)</sup> 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.

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

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**Exhibit B****Option 1 – Cost Associated with Cessation of Member Contributions after 30 Years of Service is Paid by the Members  
Member Contribution Rates Based on 50/50 Sharing of Normal Cost for Non-PEPRA Tiers**

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	Basic		COLA		Total	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
General Tier 1 <sup>(1)</sup>	5.25%	7.87%	1.70%	2.56%	6.95%	10.43%
General Tier 2 without COLA	4.87%	7.30%	0.00%	0.00%	4.87%	7.30%
General Tier 2 COLA	4.87%	7.30%	2.63% <sup>(2)</sup>	2.63% <sup>(2)</sup>	7.50%	9.93%
Safety <sup>(3)</sup>	11.83%	11.83%	4.70%	4.70%	16.53%	16.53%

<sup>(1)</sup> The total member rate over \$350 has been adjusted by 0.42% (and by 0.28% for the first \$350) so that member contributions total 50% of the total dollar Normal Cost after accounting for the cessation of member contributions after 30 years of service.

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

<sup>(3)</sup> The total member rate has been adjusted by 1.16% so that member contributions total 50% of the total dollar Normal Cost after accounting for the cessation of member contributions after 30 years of service.

**Exhibit C**

**Option 2 – Cost Associated with Cessation of Member Contributions after 30 Years of Service is Paid by the Employers**

**Recommended Employer Contribution Rates with Three-year Phase-in (Dollar Amounts in Thousands) Based on 50/50 Sharing of Normal Cost for Non-PEPRA Tiers – Under Combined Methodology**

	June 30, 2013 Actuarial Valuation					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>
<b>General Tier 1 Members</b>						
Normal Cost <sup>(2)</sup>	7.75%	\$879	2.52%	\$286	10.27%	\$1,165
UAAL <sup>(3)</sup>	<u>9.63%</u>	<u>1,093</u>	<u>27.88%</u>	<u>3,164</u>	<u>37.51%</u>	<u>4,257</u>
Total Contribution	17.38%	\$1,972	30.40%	\$3,450	47.78%	\$5,422
<b>General PEPRA Tier 1 Members</b>						
Normal Cost	4.70%	\$52	1.80%	\$19	6.50%	\$71
UAAL <sup>(3)</sup>	<u>9.63%</u>	<u>106</u>	<u>27.88%</u>	<u>306</u>	<u>37.51%</u>	<u>412</u>
Total Contribution	14.33%	\$158	29.68%	\$325	44.01%	\$483
<b>General Tier 2 Members w/o COLA</b>						
Normal Cost	7.16%	\$15,196	0.00%	\$0	7.16%	\$15,196
UAAL <sup>(3)</sup>	<u>9.58%</u>	<u>20,332</u>	<u>0.00%</u>	<u>0</u>	<u>9.58%</u>	<u>20,332</u>
Total Contribution	16.74%	\$35,528	0.00%	\$0	16.74%	\$35,528
<b>General PEPRA Tier 2 Members w/o COLA</b>						
Normal Cost	6.83%	\$216	0.00%	\$0	6.83%	\$216
UAAL <sup>(3)</sup>	<u>9.58%</u>	<u>303</u>	<u>0.00%</u>	<u>0</u>	<u>9.58%</u>	<u>303</u>
Total Contribution	16.41%	\$519	0.00%	\$0	16.41%	\$519
<b>General Tier 2 Members w/COLA</b>						
Normal Cost <sup>(4)</sup>	7.16%	\$17,243	-0.04%	-\$96	7.12%	\$17,147
UAAL <sup>(3)(5)</sup>	<u>9.58%</u>	<u>23,071</u>	<u>0.92%</u>	<u>2,215</u>	<u>10.50%</u>	<u>25,286</u>
Total Contribution	16.74%	\$40,314	0.88%	\$2,119	17.62%	\$42,433
<b>General PEPRA Tier 2 Members w/COLA</b>						
Normal Cost <sup>(4)</sup>	6.83%	\$536	-0.13%	-\$10	6.70%	\$526
UAAL <sup>(3)(5)</sup>	<u>9.58%</u>	<u>752</u>	<u>0.92%</u>	<u>72</u>	<u>10.50%</u>	<u>824</u>
Total Contribution	16.41%	\$1,288	0.79%	\$62	17.20%	\$1,350
<b>All General Members<sup>(6)</sup></b>						
Normal Cost	7.16%	\$34,122	0.04%	\$199	7.20%	\$34,321
UAAL	<u>9.58%</u>	<u>45,657</u>	<u>1.21%</u>	<u>5,757</u>	<u>10.79%</u>	<u>51,414</u>
Total Contribution	16.74%	\$79,779	1.25%	\$5,956	17.99%	\$85,735

**Exhibit C (continued)**

**Option 2 – Cost Associated with Cessation of Member Contributions after 30 Years of Service is Paid by the Employers**

**Recommended Employer Contribution Rates with Three-year Phase-in (Dollar Amounts in Thousands) Based on 50/50 Sharing of Normal Cost for Non-PEPRA Tiers – Under Combined Methodology**

	June 30, 2013 Actuarial Valuation					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>
<b>Safety Members</b>						
Normal Cost <sup>(7)</sup>	11.77%	\$19,077	4.68%	\$7,586	16.45%	\$26,663
UAAL	<u>42.20%</u>	<u>68,400</u>	<u>-5.92%</u>	<u>-9,596</u>	<u>36.28%</u>	<u>58,804</u>
Total Contribution	53.97%	\$87,477	-1.24%	-\$2,010	52.73%	\$85,467
<b>Safety PEPRA Members</b>						
Normal Cost	11.27%	\$19	4.87%	\$9	16.14%	\$28
UAAL	<u>42.20%</u>	<u>72</u>	<u>-5.92%</u>	<u>-10</u>	<u>36.28%</u>	<u>62</u>
Total Contribution	53.47%	\$91	-1.05%	-\$1	52.42%	\$90
<b>All Safety Members<sup>(6)</sup></b>						
Normal Cost	11.77%	\$19,096	4.68%	\$7,595	16.45%	\$26,691
UAAL	<u>42.20%</u>	<u>68,472</u>	<u>-5.92%</u>	<u>-9,606</u>	<u>36.28%</u>	<u>58,866</u>
Total Contribution	53.97%	\$87,568	-1.24%	-\$2,011	52.73%	\$85,557
<b>All Categories Combined<sup>(6)</sup></b>						
Normal Cost	8.33%	\$53,218	1.22%	\$7,794	9.55%	\$61,012
UAAL	<u>17.87%</u>	<u>114,129</u>	<u>-0.61%</u>	<u>-3,849</u>	<u>17.26%</u>	<u>110,280</u>
Total Contribution	26.20%	\$167,347	0.61%	\$3,945	26.81%	\$171,292

<sup>(1)</sup> 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

<sup>(2)</sup> The total employer rate has been adjusted by 0.39% to account for the cost associated with the cessation of member contributions after 30 years of service.

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

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

<sup>(5)</sup> 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.

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

<sup>(7)</sup> The total employer rate has been adjusted by 1.08% to account for the cost associated with the cessation of member contributions after 30 years of service.

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**Exhibit D****Option 2 – Cost Associated with Cessation of Member Contributions after 30 Years of Service is Paid by the Employers  
Member Contribution Rates Based on 50/50 Sharing of Normal Cost for Non-PEPRA Tiers**

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	Basic		COLA		Total	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
General Tier 1	5.04%	7.56%	1.63%	2.45%	6.67%	10.01%
General Tier 2 without COLA	4.87%	7.30%	0.00%	0.00%	4.87%	7.30%
General Tier 2 COLA	4.87%	7.30%	2.63% <sup>(1)</sup>	2.63% <sup>(1)</sup>	7.50%	9.93%
Safety	11.00%	11.00%	4.37%	4.37%	15.37%	15.37%

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



**Exhibit E**

**Option 3 – Cost Associated with Cessation of Member Contributions after 30 Years of Service is Split Between the Employers and Members**

**Recommended Employer Contribution Rates with Three-year Phase-in (Dollar Amounts in Thousands) Based on 50/50 Sharing of Normal Cost for Non-PEPRA Tiers – Under Combined Methodology**

	June 30, 2013 Actuarial Valuation					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>
<b>General Tier 1 Members</b>						
Normal Cost <sup>(2)</sup>	7.61%	\$863	2.48%	\$281	10.08%	\$1,144
UAAL <sup>(3)</sup>	<u>9.63%</u>	<u>1,093</u>	<u>27.88%</u>	<u>3,164</u>	<u>37.51%</u>	<u>4,257</u>
Total Contribution	17.24%	\$1,956	30.36%	\$3,445	47.59%	\$5,401
<b>General PEPRA Tier 1 Members</b>						
Normal Cost	4.70%	\$52	1.80%	\$19	6.50%	\$71
UAAL <sup>(3)</sup>	<u>9.63%</u>	<u>106</u>	<u>27.88%</u>	<u>306</u>	<u>37.51%</u>	<u>412</u>
Total Contribution	14.33%	\$158	29.68%	\$325	44.01%	\$483
<b>General Tier 2 Members w/o COLA</b>						
Normal Cost	7.16%	\$15,196	0.00%	\$0	7.16%	\$15,196
UAAL <sup>(3)</sup>	<u>9.58%</u>	<u>20,332</u>	<u>0.00%</u>	<u>0</u>	<u>9.58%</u>	<u>20,332</u>
Total Contribution	16.74%	\$35,528	0.00%	\$0	16.74%	\$35,528
<b>General PEPRA Tier 2 Members w/o COLA</b>						
Normal Cost	6.83%	\$216	0.00%	\$0	6.83%	\$216
UAAL <sup>(3)</sup>	<u>9.58%</u>	<u>303</u>	<u>0.00%</u>	<u>0</u>	<u>9.58%</u>	<u>303</u>
Total Contribution	16.41%	\$519	0.00%	\$0	16.41%	\$519
<b>General Tier 2 Members w/COLA</b>						
Normal Cost <sup>(4)</sup>	7.16%	\$17,243	-0.04%	-\$96	7.12%	\$17,147
UAAL <sup>(3)(5)</sup>	<u>9.58%</u>	<u>23,071</u>	<u>0.92%</u>	<u>2,215</u>	<u>10.50%</u>	<u>25,286</u>
Total Contribution	16.74%	\$40,314	0.88%	\$2,119	17.62%	\$42,433
<b>General PEPRA Tier 2 Members w/COLA</b>						
Normal Cost <sup>(4)</sup>	6.83%	\$536	-0.13%	-\$10	6.70%	\$526
UAAL <sup>(3)(5)</sup>	<u>9.58%</u>	<u>752</u>	<u>0.92%</u>	<u>72</u>	<u>10.50%</u>	<u>824</u>
Total Contribution	16.41%	\$1,288	0.79%	\$62	17.20%	\$1,350
<b>All General Members<sup>(6)</sup></b>						
Normal Cost	7.16%	\$34,106	0.04%	\$194	7.20%	\$34,300
UAAL	<u>9.58%</u>	<u>45,657</u>	<u>1.21%</u>	<u>5,757</u>	<u>10.79%</u>	<u>51,414</u>
Total Contribution	16.74%	\$79,763	1.25%	\$5,951	17.99%	\$85,714

**Exhibit E (continued)**

**Option 3 – Cost Associated with Cessation of Member Contributions after 30 Years of Service is Split Between the Employers and Members**

**Recommended Employer Contribution Rates with Three-year Phase-in (Dollar Amounts in Thousands) Based on 50/50 Sharing of Normal Cost for Non-PEPRA Tiers – Under Combined Methodology**

	June 30, 2013 Actuarial Valuation					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>
<b>Safety Members</b>						
Normal Cost <sup>(7)</sup>	11.50%	\$18,640	4.43%	\$7,180	15.93%	\$25,820
UAAL	<u>42.20%</u>	<u>68,400</u>	<u>-5.92%</u>	<u>-9,596</u>	<u>36.28%</u>	<u>58,804</u>
Total Contribution	53.70%	\$87,040	-1.49%	-\$2,416	52.21%	\$84,624
<b>Safety PEPRA Members</b>						
Normal Cost	11.27%	\$19	4.87%	\$9	16.14%	\$28
UAAL	<u>42.20%</u>	<u>72</u>	<u>-5.92%</u>	<u>-10</u>	<u>36.28%</u>	<u>62</u>
Total Contribution	53.47%	\$91	-1.05%	-\$1	52.42%	\$90
<b>All Safety Members<sup>(6)</sup></b>						
Normal Cost	11.50%	\$18,659	4.43%	\$7,189	15.93%	\$25,848
UAAL	<u>42.20%</u>	<u>68,472</u>	<u>-5.92%</u>	<u>-9,606</u>	<u>36.28%</u>	<u>58,866</u>
Total Contribution	53.70%	\$87,131	-1.49%	-\$2,417	52.21%	\$84,714
<b>All Categories Combined<sup>(6)</sup></b>						
Normal Cost	8.26%	\$52,765	1.16%	\$7,383	9.42%	\$60,148
UAAL	<u>17.87%</u>	<u>114,129</u>	<u>-0.61%</u>	<u>-3,849</u>	<u>17.26%</u>	<u>110,280</u>
Total Contribution	26.13%	\$166,894	0.55%	\$3,534	26.68%	\$170,428

<sup>(1)</sup> 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

<sup>(2)</sup> The total employer rate has been adjusted by 0.20% to account for a portion of the cost associated with the cessation of member contributions after 30 years of service.

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

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

<sup>(5)</sup> 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.

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

<sup>(7)</sup> The total employer rate has been adjusted by 0.56% to account for a portion of the cost associated with the cessation of member contributions after 30 years of service.

**Exhibit F**

**Option 3 – Cost Associated with Cessation of Member Contributions after 30 Years of Service is Split Between the Employers and Members**

**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 <sup>(1)</sup>	5.14%	7.71%	1.67%	2.51%	6.81%	10.22%
General Tier 2 without COLA	4.87%	7.30%	0.00%	0.00%	4.87%	7.30%
General Tier 2 COLA	4.87%	7.30%	2.63% <sup>(2)</sup>	2.63% <sup>(2)</sup>	7.50%	9.93%
Safety <sup>(3)</sup>	11.50%	11.50%	4.43%	4.43%	15.93%	15.93%

<sup>(1)</sup> The total member rate over \$350 has been adjusted by 0.21% (and by 0.14% for the first \$350) to account for a portion of the cost associated with the cessation of member contributions after 30 years of service.

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

<sup>(3)</sup> The total member rate has been adjusted by 0.56% to account for a portion of the cost associated with the cessation of member contributions after 30 years of service.

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December 11, 2013

Board of Retirement  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, California 93009

**Subject:** Request for Authorization to Request Publication of Decision in *Porter v. Board of Retirement of the Orange County Employees' Retirement System*, Concerning Effective Date of Disability Retirement.

**Recommendation:**

Authorize staff to join with two other retirement systems in engaging Ashley Dunning, of Manatt, Phelps and Phillips, to submit letter to Court of Appeal to request publication of the decision in the case of *Porter v. Board of Retirement of the Orange County Employees' Retirement System* ("*Porter*").

**Discussion:**

On November 26, 2013, the Court of Appeal for the Fourth Appellate District issued an opinion in the case of *Porter*, but did not order that the opinion be published in the official reports. A copy of the opinion is attached. The opinion clarifies an issue concerning the effective date of a disability retirement under Government Code section 31724, which governs all county retirement systems. Government Code section 31724 directs that a disability retirement allowance is not to begin until the expiration of a "leave of absence with compensation under Division Four . . . of the

Labor Code,” or after expiration of any sick leave to which the member is entitled. The issue in *Porter* was whether a member on leave of absence who receives temporary disability payments under the worker’s compensation statutes is on “leave of absence with compensation” as that term is used in Government Code section 31724. The trial court in *Porter* ruled that temporary disability payments do not qualify as “compensation” under Government Code section 31724, and that “leave of absence with compensation under Division Four . . . of the Labor Code” refers to payment made to safety members under Labor Code section 4850, which constitute full wages and salary. The Orange County Employees’ Retirement System appealed. In a well-reasoned opinion, the Court of Appeal affirmed the judgment of the trial court.

In rendering its opinion, the Court of Appeal considered that (1) the term “compensation” is defined under the Workers’ Compensation Act to include all payments conferred upon an injured employee, whereas under the County Employees Retirement Law (“CERL”), “compensation” is used with reference to payment to an employee of wages or salary for services performed; (2) law enforcement and firefighters receive leaves of absences up to a year with full pay in lieu of temporary disability payments, whereas temporary disability payments are paid to non-safety officers as “indemnification for injury sustained,” in amounts that are less than full salary; (3) the legislative history shows a legislative intent to allow a safety member to have his/her disability retirement become effective after the expiration of receipt of compensation under section 4850 of the Labor Code; (4) in disability statutes under the Public Employees Retirement Law, the Legislature has used different terminology, specifically including nonindustrial disability insurance benefits as leave of absence, thereby indicating that it knows how to include disability payments within the definition of “leave of absence with compensation” had that been its intent; and (5) section 31646.1, which is an optional provision under CERL, refers to a member’s receipt of temporary disability payments under the Labor Code during an “uncompensated leave of absence,” indicating that such payments are not the type of compensation that is included in the term “leave of absence with compensation” under Government Code section 31724.

The Ventura County Employees’ Retirement Association’s (“VCERA”) practice, like that of several, other retirement systems, is consistent with the Court of Appeal’s ruling. The San Bernardino County Employees’ Retirement Association (“SBCERA”) and Tulare County Employees’ Retirement Association (“TCERA”) are interested in joining VCERA in seeking publication of the *Porter* decision. The basis for the proposed request for publication is that the opinion’s detailed analysis on this topic makes a significant contribution to a legal issue of continuing public interest. (Cal. Rules of Court, rule 8.1105(c)(6), (7).) Further, the opinion clarifies an important area of law

for county retirement systems. (Cal. Rules of Court, rule 8.1105(c)(3).) Because all county retirement systems must determine the effective date of a disability retirement under the same statute, it is helpful to have a well-reasoned published decision to promote consistency.

In determining whether to seek publication, we contacted several systems to find out if anyone had objection to seeking publication. There was no opposition, though a concern was raised that the decision may highlight the fact that a member may receive, for a limited period of time, both temporary disability payments and a disability retirement allowance, which may be viewed negatively. While this concern should be acknowledged, we think that on balance, the benefits of publication outweigh this risk of negative attention.

We have determined that the most effective strategy for pursuing publication is to join together and engage Ashley Dunning of Manatt, Phelps and Phillips to submit the request for publication on behalf of VCERA, SBCERA and TCERA. We anticipate VCERA's cost to be approximately \$400, but not likely to exceed \$1,000. It is not only cost effective for the three systems to share the costs, but the letter will be more persuasive coming from three systems together.

The deadline for seeking publication is Monday, December 16, 2013, the same date as your board is being asked to authorize the engagement. Accordingly, we have authorized Ms. Dunning to include VCERA in the request for publication with the understanding that if your board does not approve the instant request, we would withdraw from the letter prior to it being filed.

In conclusion, we recommend that your board authorize staff to join with SBCERA and TCERA in engaging Ms. Dunning to submit a request for publication of the *Porter* decision.

Board of Retirement  
December 11, 2013  
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I will be happy to respond to any question in advance of or at the December 16, 2013, board meeting.

Very truly yours,



LORI A. NEMIROFF  
Assistant County Counsel  
(805) 654-2643

LAN:pt