

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD OF RETIREMENT

### BUSINESS MEETING

February 23, 2015

### 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 February 2, 2015.   | 5 – 12          |
| <b>IV.</b>  | <b><u>CONSENT AGENDA</u></b>   |                 |
|             | A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of January 2015.  | 13 – 14         |
|             | B. Receive and File Report of Checks Disbursed in January 2015.  | 15 – 23         |
|             | C. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Investments and Cash Equivalents, and Schedule of Investment Management Fees for the Period Ending December 31, 2014. | 24 – 29         |
|             | D. Receive and File Budget Summary for FY 2014-15 Month Ending January 31, 2015.   | 30              |

**V. ACTUARIAL INFORMATION**

- A. Review and Approval of the Updated Annual Actuarial Report as of June 30, 2014.
  - 1. Staff letter 31 – 32
  - 2. June 30, 2014 Updated Actuarial Valuation Report 33 – 121
  - 3. VCERA Actuarial Funding Policy 122 – 126

**VI. INVESTMENT MANAGER PRESENTATIONS**

- A. Receive Annual Investment Presentation, Prudential, James Glenn, Principal, PRISA Portfolio Manager and Mark Oczkus, Principal, Marketing and Client Relations (30 Minutes) 127 – 185
- B. Receive Annual Investment Presentation, UBS, Stephen J. Olstein, Executive Director (30 Minutes) 186 – 239

**VII. INVESTMENT INFORMATION**

- A. NEPC – Dan LeBeau, Consultant
  - 1. Discussion and Action Regarding NEPC Asset Allocation Recommendation 240 – 289
  - 2. Presentation of Investment Performance Report Quarter Ending December 31, 2014. 290 – 363  
**RECOMMENDED ACTION: Receive and file.**
  - 3. Preliminary Performance Report Month Ending January 31, 2015. 364 – 370  
**RECOMMENDED ACTION: Receive and file.**

**VIII. Ventura County Employees' Retirement Information System (VCERIS) Pension Administration Project**

- A. Staff letter 371 – 373
- B. Revised Vitech Change Order #6 374 – 376  
**RECOMMENDED ACTION: Approve.**
- C. VCERIS Project Quarterly Status Report. 377 – 388  
**RECOMMENDED ACTION: Receive and file.**

IX. **NEW BUSINESS**

- A. Review of 2014 Board Member Education Compliance
  - 1. Staff letter 389
  - 2. 2014 Board Member Education Compliance Report 390 – 393  
**RECOMMENDED ACTION: Receive and file.**
- B. Review of Board Travel and Education Policy
  - 1. Staff letter 394
  - 2. Draft Board Travel and Education Policy 395 – 401  
**RECOMMENDED ACTION: Approve.**
- C. Proposed Budget Adjustments for Board Approved Requests 402 – 403  
**RECOMMENDED ACTION: Approve.**
- D. Mid-Year Budget Update for FY 2014-15 404 – 406  
**RECOMMENDED ACTION: Approve.**
- E. VCERA Cost-of-Living Adjustments (COLA) as of April 1, 2015. 407 – 409
- F. Oral Update from the Personnel Review Committee on VCERA's Chief Investment Officer Recruitment
- G. Recommendation to Approve Trustee Winter's Attendance at the Wharton Investment Program on Portfolio Concepts and Management, April 27 – 30, 2015, Philadelphia, PA. 410 – 412
- H. Recommendation to Approve Trustee McCormick's Attendance at the 26<sup>th</sup> Annual Southern California Public Retirement Seminar; February 24, 2015; Lakewood, CA. 413 – 414
- I. CALAPRS Trustees' Roundtable Report, Submitted by Trustee Goulet and Trustee McCormick 415 – 416

**X. INFORMATIONAL**

- |   |           |
|---|-----------|
| A. SACRS Memo dated February 9, 2015.   | 417       |
| B. Opal's 12 <sup>th</sup> Annual Emerging Managers Summit and 2 <sup>nd</sup> Annual Opal Exchange; June 8 – 9, 2015 and June 9 – 11, 2015; Chicago, IL. | 418 – 433 |
| C. UBS Realty Investors Client Conference; March 21 – 25, 2015; Pasadena, CA.   | 434 – 436 |
| D. Deutsche Asset & Wealth Management's Real Assets Conference; March 17 – 19, 2015; Dana Point, CA.  | 437 – 439 |

**XI. PUBLIC COMMENT**

**XII. STAFF COMMENT**

**XIII. BOARD MEMBER COMMENT**

**XIV. ADJOURNMENT**

# **VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

## **BOARD OF RETIREMENT**

### **DISABILITY MEETING**

**February 2, 2015**

### **MINUTES**

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

**DIRECTORS** William W. Wilson, Vice Chair, Public Member  
**ABSENT:** Peter C. Foy, Public Member

**STAFF** Linda Webb, Retirement Administrator  
**PRESENT:** Lori Nemiroff, Assistant County Counsel  
Stephanie Caiazza, Program Assistant  
Donna Edwards, Retirement Benefits Specialist  
Chantell Garcia, Retirement Benefits Specialist

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

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

**ITEM:**

**I. CALL TO ORDER**

Chair Towner called the Disability Meeting of February 2, 2015, to order at 9:00 a.m.

**II. APPROVAL OF AGENDA**

**MOTION:** Approve the Agenda.

Moved by Henderson, seconded by Johnston.

Vote: Motion carried

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

No: -

Absent: Foy, Wilson

**III. APPROVAL OF MINUTES**

**A. Business Meeting of January 26, 2015.**

Trustee Sedell proposed an amendment to the minutes on page 6 under item IX.A.2. Consideration of Proposed CERL Legislation, correcting the motion to "Pursue engaging a lobbyist to advocate proposed CERL legislation."

The following motion was made:

**MOTION:** Approve the minutes as amended.

Moved by Goulet, seconded by Winter.

Vote: Motion carried

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

No: -

Absent: Foy, Wilson

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

MOTION: Approve.

Moved by Goulet, seconded by Hintz.

Vote: Motion carried

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

No: -

Absent: Foy, Wilson

Trustee Goulet commented that the status report showed that several medical analyses from Risk Management were past their deadlines.

**V. APPLICATIONS FOR DISABILITY RETIREMENT**

A. Application for Service Connected Disability Retirement, Topolinski, Ronald; Case No. 12-036.

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

2. Hearing Notice Served on January 23, 2015.

Paul Hilbun and Stephen D. Roberson, Attorney at Law, were present on behalf of County of Ventura Risk Management. Thomas Wicke, Attorney at Law, was present on behalf of the applicant.

Both parties declined to make a statement.

Trustee Goulet stated that he would not vote on this application because he found the report from Risk Management to be deficient.

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

MOTION: Grant the applicant, Ronald Topolinski, a service connected disability retirement.

Moved by Hintz, seconded by Henderson.

Vote: Motion carried

Yes: Johnston, Sedell, Winter, Hintz, Henderson, McCormick

No: -

Absent: Foy, Wilson

Abstain: Goulet

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

B. Application for Non-Service Connected Disability Retirement, Ramirez, Dana E.; Case No. 14-011.

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

2. Hearing Notice Served on January 23, 2015.

Paul Hilbun was present on behalf of County of Ventura Risk Management. The applicant, Dana E. Ramirez, was also present.

Risk Management declined to make a statement.

The applicant clarified his diagnosis for the record, as it was listed incorrectly in the report.

The following motion was made:

MOTION: Grant the applicant, Dana E. Ramirez, a non-service connected disability retirement.

Moved by Goulet, seconded by Sedell.

Vote: Motion carried

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

No: -

Absent: Foy, Wilson

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

## **VI. INVESTMENT INFORMATION**

A. Consideration of the Investment in the Pantheon Global Secondary Fund V.  
Thomas A. Hickey III and Jonathan S. Lipnick  
Presenting via Teleconference  
Time: 9:45 a.m.

1. Foley & Lardner LLP Briefing Memo (provided at the meeting)

2. Staff letter

While waiting for the teleconference to begin, the Board proceeded with agenda items VIII.B., VIII.C., and VIII.D.

Thomas A. Hickey III and Jonathan S. Lipnick of Foley & Lardner presented their legal review of the investment documents for Pantheon's Global Secondary Fund V.

A memorandum from Foley & Lardner was distributed to the Board and added to the meeting agenda materials as "Attachment A".

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

MOTION: Execute the Pantheon legal agreement, instruction to staff to request that audited return information be received in 90 days, and authorize the Chair to sign all accompanying agreements, side letters and forms necessary to fund the investment.

Moved by Henderson, seconded by Sedell.

Vote: Motion carried

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

No: -

Absent: Foy, Wilson

**VII. OLD BUSINESS**

- A. Consideration of Engaging Lobbyist to Pursue Proposed CERL Legislation (materials provided at the meeting).

Proposals for legislative advocacy services from the firms Nossaman LLP and Schott & Lites Advocates, LLC were distributed to the Board and added to the meeting agenda materials as "Attachments B and C".

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

MOTION: Engage Schott & Lites Advocates, LLC for services advocating the proposed CERL legislation, and authorize the Chair to sign the contract.

Moved by Goulet, seconded by Henderson.

Vote: Motion carried

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

No: -

Absent: Foy, Wilson

**VIII. NEW BUSINESS**

- A. Recommendation to Add James Cloninger to VCERA's Disability Hearing Officer Panel

**RECOMMENDED ACTION: Approve**

1. Staff letter
2. Submission from James Cloninger
3. Referee Services Agreement

The following motion was made:

MOTION: Approve.

Moved by Hintz, seconded by Henderson.

Vote: Motion carried

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

No: -

Absent: Foy, Wilson

- B. Recommendation to Approve Mr. Towner's Attendance at the 2015 Investments Institute, March 9 – 11, 2015, Rancho Mirage, CA.

**RECOMMENDED ACTION: Approve**

The following motion was made:

MOTION: Approve.

Moved by Hintz, seconded by Goulet.

Vote: Motion carried

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

No: -

Absent: Foy, Wilson

Trustee Sedell suggested that future Board travel recommendations be included on the Board's Consent Agenda instead of listed under New Business. Chair Towner stated that he would explore that option with staff.

- C. Recommendation to Approve Ms. McCormick's Attendance at the CALAPRS Trustees' Roundtable, February 6, 2015, San Jose, CA.

**RECOMMENDED ACTION: Approve**

The following motion was made:

MOTION: Approve.

Moved by Sedell, seconded by Hintz.

Vote: Motion carried

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

No: -

Absent: Foy, Wilson

- D. NEPC Public Funds Workshop Report, Submitted by Trustee Goulet and Trustee McCormick

The following motion was made:

MOTION: Receive and file.

Moved by Hintz, seconded by Sedell.

Vote: Motion carried

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

No: -

Absent: Foy, Wilson

**IX. INFORMATIONAL**

- A. Asset Allocation Article and Powerpoint, Shared by Trustee McCormick.

1. Asset Allocation Article
2. Global Dynamic Asset Allocation PowerPoint

**X. PUBLIC COMMENT**

None.

**XI. STAFF COMMENT**

Ms. Nemiroff informed the Board that Nossaman LLC announced that its annual Fiduciary Forum will be held on September 25, 2015.

**XII. BOARD MEMBER COMMENT**

Trustee Goulet noted that the current VCERA Board of Retirement Travel and Education Policy addresses trustee involvement in SACRS committee meetings but does not specify SACRS Board participation. Chairman Towner directed staff to add a review of the Travel and Education Policy to the agenda for the business meeting of February 23, 2015.

**XIII. ADJOURNMENT**

The meeting was adjourned at 10:04 a.m.

Respectfully submitted,

  
\_\_\_\_\_  
LINDA WEBB, Retirement Administrator

Approved,

\_\_\_\_\_  
TRACY TOWNER, Chairman

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

**JANUARY 2015**

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	TOTAL SERVICE	OTHER SERVICE	DEPARTMENT	EFFECTIVE DATE
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**REGULAR RETIREMENTS:**

Dolores A.	Benavente	G	1/24/1988	25.80		Human Services Agency	12/16/14
Bobby C.	Bowman	G	4/2/2000	6.30		Sheriff's Department	12/02/14
						(Deferred)	
Stephen P.	Chase	G	2/23/1986	6.00	* C=17.40	Board of Supervisors	12/16/14
						(Deferred)	
Josefina	Corral	G	7/12/1999	15.20		Health Care Agency	01/01/15
Bernice Y.	DeLeon	G	5/22/1994	20.60		Child Support Services	12/20/14
Katherine E.	Garner	G	9/23/1974	40.00		General Services Agency	12/20/14
Patti	Gillam	G	7/21/1991	22.40		Superior Courts	11/05/14
Ottis R.	Gillespie	S	8/28/1983	31.30		Fire Protection District	12/27/14
Ignacio	Godinez	G	12/17/1988	23.00		Regional Sanitation District	12/23/14
Doris	Harbison	G	11/26/2001	13.00		Human Services Agency	12/06/14
Stan J.	Hartman	G	7/18/2012	9.20		Health Care Agency	01/01/15
						(Non-member Spouse)	
Candace M.	Jacobson	G	11/28/1999	15.10		Health Care Agency	12/20/14
Donald R.	Lake	G	4/26/1981	29.70		Health Care Agency	12/17/14
RayMel	Lloyd	G	5/6/1991	21.80	* C=7.779	Regional Sanitation District	12/23/14
Sally J.	Long	G	12/3/1995	19.10	B=0.0959	Public Works	12/19/14
Patricia	McCourt	G	8/2/1981	33.40		County Counsel	12/27/14
William J.	Mitchell	G	2/21/1978	12.00	* C=21.4358	Health Care Agency	12/01/14
						(Deferred)	
Daniel S.	Rockwell	G	4/19/2004	10.00		Harbor Department	12/30/14
Rosemarie E.	Romo	G	07/29/2001	13.20		Sheriff's Department	12/19/14
Christopher A.	Sibel	G	03/12/1995	4.10	* C=15.9189	Public Works	11/15/14
Beverly J.	Swickard	S	06/23/2014	11.00		Fire Protection District	01/01/15
						(Non-member spouse, deferred)	
Kim L.	Uhlich	G	02/13/2005	13.40	B=1.0054 D=3.47	Local Agency Formation	12/16/14
Peggy S.	Vose	G	08/04/1991	23.50	B=0.1151	Library Services Agency	12/20/14

**DEFERRED RETIREMENTS:**

Elizabeth	Herring	G	02/22/09	5.82		Health Services Agency	01/16/15
Krystle	Madrid	G	10/27/2013	0.84	*	Health Care Agency	08/29/2014
Walter	Milam	S	11/07/2010	3.06	*	Sheriff's Department	11/28/2013
Geroge	Morris	S	03/12/2006	8.86		District Attorney	01/16/2015
Mariela	Murillo	G	05/03/2009	5.65		Superior Court	01/23/2015
Harry	Richards	G	01/13/2015	6.55		Information Technology Serv	01/13/2015
Jade H.	Smith	G	07/30/2006	8.43		District Attorney	01/01/2015

**SURVIVORS' CONTINUANCES:**

Maria D.	Agan
Frances E.	Arner-Costello
Barbara	Bauman
Nancy K.	Broughton
Blanca	Figueroa
Robert L.	Gregory
Diane C.	Price

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

Date: Friday, January 30, 2015  
 Time: 10:14AM  
 User: 108359

**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 07-15 As of: 1/30/2015

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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:</b>			<b>VCERA</b>							
Acct / Sub:	1002		00							
024645	CK	1/2/2015	124256 KATHRYN R. GOODMAN	07-15	019512	VO	REFUND CONTRIB	1/2/2015	0.00	2,452.03
024646	CK	1/8/2015	102752 LUCY C. CHAVEZ	07-15	019513	VO	REFUND T2 COL	1/8/2015	0.00	11,231.14
024647	CK	1/8/2015	104909 ALMA L. PATTERSON	07-15	019514	VO	REFUND T2 COL	1/8/2015	0.00	11,670.02
024648	CK	1/8/2015	F1214B1 LAURA CORREIA	07-15	019515	VO	DEATH BENEFIT	1/8/2015	0.00	4,000.00
024649	CK	1/8/2015	F2042 THEODORE WAKAI	07-15	019516	VO	PENSION PAYMENT	1/8/2015	0.00	1,205.92
024650	CK	1/8/2015	F4984 ALFREDO DUMALSEN	07-15	019517	VO	PENSION PAYMENT	1/8/2015	0.00	878.93
024651	CK	1/8/2015	F5283B2R USAA INVESTMENT MGMT. CO.	07-15	019518	VO	ROLLOVER	1/8/2015	0.00	2,887.47
024652	CK	1/8/2015	F8281 MELINDA KAIHARA-NORCOTT	07-15	019519	VO	PENSION PAYMENT	1/8/2015	0.00	2,480.92
024653	MC	Mask Check		07-15	07-15					
024654	VC	1/8/2015	990006 MICHAEL SEDELL	07-15	07-15					
024655	VC	1/8/2015	SEGAL SEGAL CONSULTING	07-15	07-15					
024656	VC	1/8/2015	SPRUCE SPRUCEGROVE INVESTMENT M	07-15	07-15					
024657	VC	1/8/2015	VOLT VOLT	07-15	07-15					

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**Ventura County Retirement Assn**  
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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
024658	VC	1/8/2015	WISSLEY DEBORAH Z. WISSLEY	07-15 07-15						
024659	CK	1/8/2015	990006 MICHAEL SEDELL	07-15	019520	VO	TRAVEL REIMB	1/8/2015	0.00	489.44
024659	CK	1/8/2015	990006 MICHAEL SEDELL	07-15	019521	VO	TRAVEL REIMB	1/8/2015	0.00	427.71
<b>Check Total</b>										<b>917.15</b>
024660	CK	1/8/2015	SEGAL SEGAL CONSULTING	07-15	019522	VO	ACTUARY FEES	1/8/2015	0.00	26,000.00
024661	CK	1/8/2015	SPRUCE SPRUCEGROVE INVESTMENT M	07-15	019523	VO	INVESTMENT FEES	1/8/2015	0.00	58,231.87
024662	CK	1/8/2015	VOLT VOLT	07-15	019524	VO	ADMIN EXP/PAS	1/8/2015	0.00	803.52
024662	CK	1/8/2015	VOLT VOLT	07-15	019525	VO	ADMIN EXP	1/8/2015	0.00	837.14
024662	CK	1/8/2015	VOLT VOLT	07-15	019526	VO	ADMIN EXP	1/8/2015	0.00	1,717.20
<b>Check Total</b>										<b>3,357.86</b>
024663	CK	1/8/2015	WISSLEY DEBORAH Z. WISSLEY	07-15	019527	VO	ADMIN EXP	1/8/2015	0.00	1,715.00
024663	CK	1/8/2015	WISSLEY DEBORAH Z. WISSLEY	07-15	019528	VO	ADMIN EXP	1/8/2015	0.00	1,732.50
<b>Check Total</b>										<b>3,447.50</b>
024664	CK	1/9/2015	F4940B1 JEAN KLEIN	07-15	019529	VO	DEATH BENEFIT	1/9/2015	0.00	6,889.44
024665	CK	1/14/2015	103730 SALLY J. LONG	07-15	019530	VO	REFUND T2 COL	1/14/2015	0.00	19,838.72
024666	CK	1/14/2015	104782 ROSEMARIE E. ROMO	07-15	019531	VO	REFUND T2 COL	1/14/2015	0.00	10,237.40
024667	CK	1/14/2015	106775 DORIS HARBISON	07-15	019532	VO	REFUND T2 COL	1/14/2015	0.00	11,870.21
024668	CK	1/14/2015	123092 CLEMENTE V. BRAVO	07-15	019533	VO	REFUND CONTRIB	1/14/2015	0.00	1,537.28

Date: Friday, January 30, 2015  
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**Ventura County Retirement Assn**  
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 Period: 07-15 As of: 1/30/2015

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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
024669	CK	1/14/2015	123504 JESSE A. ARANA	07-15	019534	VO	REFUND CONTRIB	1/14/2015	0.00	3,948.20
024670	CK	1/14/2015	F0209 GEORGE BEAUREGARD	07-15	019535	VO	PENSION PAYMENT	1/14/2015	0.00	1,801.51
024671	CK	1/14/2015	F0245 RYOKO BILDERBACK	07-15	019536	VO	PENSION PAYMENT	1/14/2015	0.00	669.16
024672	CK	1/14/2015	F0885 SANDRA HAYDEN	07-15	019537	VO	PENSION PAYMENT	1/14/2015	0.00	1,348.02
024673	CK	1/14/2015	F1913 KAY TALLY	07-15	019538	VO	PENSION PAYMENT	1/14/2015	0.00	427.26
024674	CK	1/14/2015	F2030 GRACE VEINER	07-15	019539	VO	PENSION PAYMENT	1/14/2015	0.00	699.94
024675	CK	1/14/2015	F3293B1 THE LULA M. JORDAN TRUST OF	07-15	019540	VO	DEATH BENEFIT	1/14/2015	0.00	4,753.09
024676	CK	1/14/2015	ADP ADP LLC	07-15	019542	VO	ADMIN EXP	1/14/2015	0.00	11,464.01
024677	CK	1/14/2015	CALAPRS CALAPRS	07-15	019543	VO	ADMIN EXP	1/14/2015	0.00	2,000.00
024678	CK	1/14/2015	CMP CMP & ASSOCIATES, INC	07-15	019544	VO	IT/PAS	1/14/2015	0.00	25,667.50
024679	CK	1/14/2015	EXPRESS EXPRESS BUSINESS MACHINES	07-15	019545	VO	ADMIN EXP	1/14/2015	0.00	8,277.50
024680	CK	1/14/2015	NAPPA NAPPA	07-15	019546	VO	ADMIN EXP	1/14/2015	0.00	535.00
024681	CK	1/14/2015	PENSION THE PENSION BRIDGE, INC.	07-15	019547	VO	ADMIN EXP	1/14/2015	0.00	358.00
024682	CK	1/14/2015	VOLT VOLT	07-15	019548	VO	ADMIN EXP/PAS	1/14/2015	0.00	1,434.51

Date: Friday, January 30, 2015  
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**Ventura County Retirement Assn**  
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 Period: 07-15 As of: 1/30/2015

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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
024683	CK	1/14/2015	WOLTERS WOLTERS KLUWER LAW & BUSI	07-15	019549	VO	ADMIN EXP	1/14/2015	0.00	504.38
024684	CK	1/14/2015	124709 LINDA WEBB	07-15	019551	VO	TRAVEL REIMB	1/14/2015	0.00	2,369.33
024685	CK	1/14/2015	CALAPRS CALAPRS	07-15	019550	VO	ADMIN EXP	1/14/2015	0.00	500.00
024686	CK	1/15/2015	F2759 NANCY K. BROUGHTON	07-15	019552	VO	PENSION PAYMENT	1/15/2015	0.00	2,541.82
024687	CK	1/21/2015	101647 DOLORES A. BENAVENTE	07-15	019553	VO	REFUND T2 COL	1/21/2015	0.00	16,528.43
024688	CK	1/21/2015	109560 DANIEL S. ROCKWELL	07-15	019554	VO	REFUND T2 COL	1/21/2015	0.00	11,362.64
024689	CK	1/21/2015	117828 JAMES A. GRAY	07-15	019555	VO	REFUND CONTRIB	1/21/2015	0.00	49,460.87
024690	CK	1/21/2015	118779 JANE HOBBS	07-15	019556	VO	REFUND CONTRIB	1/21/2015	0.00	447.66
024691	CK	1/21/2015	121682 KRISTEN M. LEVIN	07-15	019557	VO	REFUND CONTRIB	1/21/2015	0.00	13,455.48
024692	CK	1/21/2015	123773 ANGEL S. VILICANA	07-15	019558	VO	REFUND CONTRIB	1/21/2015	0.00	2,121.19
024693	CK	1/21/2015	124315 JAMES W. SPRAY	07-15	019559	VO	REFUND CONTRIB	1/21/2015	0.00	983.89
024694	CK	1/21/2015	117713R WELLS FARGO BANK, N.A.	07-15	019560	VO	ROLLOVER	1/21/2015	0.00	6,239.16
024695	CK	1/21/2015	121799R FIDELITY MANAGEMENT TRUST	07-15	019561	VO	ROLLOVER	1/21/2015	0.00	15,948.66

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024696	CK	1/21/2015	121878R CHASE BANK NA	07-15	019562	VO	ROLLOVER	1/21/2015	0.00	8,422.55
024697	CK	1/21/2015	F0836B1 ELIZABETH ANN DAVIS	07-15	019563	VO	DEATH BENEFIT	1/21/2015	0.00	859.75
024698	CK	1/21/2015	F1581S DIANE C. PRICE	07-15	019564	VO	DEATH BENEFIT	1/21/2015	0.00	3,124.30
024699	CK	1/21/2015	F2759S NANCY K. BROUGHTON	07-15	019565	VO	DEATH BENEFIT	1/21/2015	0.00	1,324.21
024700	CK	1/21/2015	F4479S MARIA D. AGAN	07-15	019566	VO	DEATH BENEFIT	1/21/2015	0.00	3,463.95
024701	CK	1/21/2015	F5629 KRISTI E. HEATH	07-15	019567	VO	PENSION PAYMENT	1/21/2015	0.00	1,140.57
024702	CK	1/21/2015	F7394B2 ALISON NICOLE LUCKING	07-15	019569	VO	DEATH BENEFIT	1/21/2015	0.00	1,738.40
024703	CK	1/21/2015	F7394B3 WILLIAM A. LUCKING	07-15	019570	VO	DEATH BENEFIT	1/21/2015	0.00	1,738.40
024704	CK	1/21/2015	F7120SR WELLS FARGO ADVISORS	07-15	019591	VO	ROLLOVER	1/21/2015	0.00	4,162.28
024705	CK	1/21/2015	ACCESS ACCESS INFORMATION MANAGE	07-15	019571	VO	ADMIN EXP	1/21/2015	0.00	330.49
024706	CK	1/21/2015	BARNEY ABU COURT REPORTING INC	07-15	019572	VO	ADMIN EXP	1/21/2015	0.00	495.00
024707	CK	1/21/2015	BOFA BUSINESS CARD	07-15	019573	VO	ADMIN EX/IT/PAS	1/21/2015	0.00	1,174.51
024708	CK	1/21/2015	BROWN BROWN ARMSTRONG	07-15	019574	VO	ADMIN XP	1/21/2015	0.00	4,897.54
024709	CK	1/21/2015	CINTAS CINTAS CORP	07-15	019575	VO	ADMIN EXP	1/21/2015	0.00	130.40

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024710	CK	1/21/2015	CORPORATE STAPLES ADVANTAGE	07-15	019576	VO	ADMIN EXP	1/21/2015	0.00	126.66
024711	CK	1/21/2015	COUNTY COUNTY COUNSEL	07-15	019577	VO	LEGAL FEES	1/21/2015	0.00	27,802.88
024712	CK	1/21/2015	ELENA ELENA TREVINO DESIGN	07-15	019578	VO	ADMIN EXP	1/21/2015	0.00	10,000.00
024713	CK	1/21/2015	EXPRESS EXPRESS BUSINESS MACHINES	07-15	019579	VO	ADMIN EXP	1/21/2015	0.00	235.42
024714	CK	1/21/2015	HARRIS HARRIS WATER CONDITIONING	07-15	019580	VO	ADMIN EXP	1/21/2015	0.00	89.50
024715	CK	1/21/2015	LINEA LINEA SOLUTIONS	07-15	019581	VO	PAS/IT	1/21/2015	0.00	57,969.42
024716	CK	1/21/2015	MBS MANAGED BUSINESS SOLUTION	07-15	019582	VO	PAS	1/21/2015	0.00	1,185.00
024717	CK	1/21/2015	MEGAPATH MEGAPATH	07-15	019583	VO	IT/PAS	1/21/2015	0.00	638.46
024718	CK	1/21/2015	STATE STATE STREET BANK AND TRUS	07-15	019584	VO	INVESTMENT FEES	1/21/2015	0.00	8,058.31
024719	CK	1/21/2015	TWC TIME WARNER CABLE	07-15	019585	VO	IT	1/21/2015	0.00	481.97
024720	CK	1/21/2015	VITECH VITECH SYSTEMS GROUP INC	07-15	019586	VO	PAS	1/21/2015	0.00	141,700.00
024721	CK	1/21/2015	VSG VSG HOSTING, INC	07-15	019587	VO	PAS	1/21/2015	0.00	19,500.00
024722	CK	1/21/2015	VOLT VOLT	07-15	019588	VO	ADMIN EXP/PAS	1/21/2015	0.00	1,503.36

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024723	CK	1/21/2015	WISSLEY DEBORAH Z. WISSLEY	07-15	019589	VO	ADMIN EXP	1/21/2015	0.00	1,855.00
024724	CK	1/21/2015	F2614S GRETCHEN H. ROGERS	07-15	019590	VO	PENSION PAYMENT	1/21/2015	0.00	66.93
024725	CK	1/28/2015	AT&T AT & T MOBILITY	07-15	019592	VO	IT	1/28/2015	0.00	304.05
024726	CK	1/28/2015	BASS BASS COMMUNICATION SYSTEM	07-15	019593	VO	ADMIN EXP	1/28/2015	0.00	525.00
024727	CK	1/28/2015	CDW GOVERN CDW GOVERNMENT	07-15	019594	VO	IT	1/28/2015	0.00	469.67
024728	CK	1/28/2015	CORPORATE STAPLES ADVANTAGE	07-15	019595	VO	ADMIN EXP	1/28/2015	0.00	1,799.60
024729	CK	1/28/2015	FOLEY FOLEY AND LARDNER LLP	07-15	019596	VO	LEGAL FEES	1/28/2015	0.00	5,632.50
024730	CK	1/28/2015	JOEV JOE VIRNIG	07-15	019597	VO	ADMIN EXP	1/28/2015	0.00	75.00
024731	CK	1/28/2015	MF M.F. DAILY CORPORATION	07-15	019598	VO	ADMIN EXP	1/28/2015	0.00	16,536.92
024732	CK	1/28/2015	NEPC NEPC, LLC	07-15	019599	VO	INVESTMENT FEES	1/28/2015	0.00	70,076.09
024733	CK	1/28/2015	VITECH VITECH SYSTEMS GROUP INC	07-15	019600	VO	PAS	1/28/2015	0.00	69,600.00
024734	CK	1/28/2015	VOLT VOLT	07-15	019601	VO	ADMIN EXP	1/28/2015	0.00	618.84
024735	CK	1/28/2015	CA SDU CALIFORNIA STATE	07-15	019602	VO	CRT ORDERED PMT	1/28/2015	0.00	1,052.47
024736	CK	1/28/2015	CALPERS CALPERS LONG-TERM	07-15	019603	VO	INSURANCE	1/28/2015	0.00	18,042.09

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024737	CK	1/28/2015	CHILD21 OREGON DEPT OF JUSTICE	07-15	019604	VO	CRT ORDERED PMT	1/28/2015	0.00	171.74
024738	CK	1/28/2015	CHILD5 STATE DISBURSEMENT UNIT (S	07-15	019605	VO	CRT ORDERED PMT	1/28/2015	0.00	511.00
024739	CK	1/28/2015	CHILD9 SHERIDA SEGALL	07-15	019606	VO	CRT ORDERED PMT	1/28/2015	0.00	260.00
024740	CK	1/28/2015	CVMP COUNTY OF VENTURA	07-15	019607	VO	INSURANCE	1/28/2015	0.00	581,381.62
024741	CK	1/28/2015	FTBCA3 FRANCHISE TAX BOARD	07-15	019608	VO	GARNISHMENT	1/28/2015	0.00	137.26
024742	CK	1/28/2015	IRS6 INTERNAL REVENUE SERVICE	07-15	019609	VO	GARNISHMENT	1/28/2015	0.00	321.00
024743	CK	1/28/2015	IRS7 INTERNAL REVENUE SERVICE	07-15	019610	VO	GARNISHMENT	1/28/2015	0.00	500.00
024744	CK	1/28/2015	REAVC RETIRED EMPLOYEES' ASSOCIA	07-15	019611	VO	DUES	1/28/2015	0.00	4,285.50
024745	CK	1/28/2015	SEIU SEIU LOCAL 721	07-15	019612	VO	DUES	1/28/2015	0.00	295.50
024746	CK	1/28/2015	SPOUSE2 KELLY SEARCY	07-15	019613	VO	CRT ORDERED PMT	1/28/2015	0.00	1,874.00
024747	CK	1/28/2015	SPOUSE3 ANGELINA ORTIZ	07-15	019614	VO	CRT ORDERED PMT	1/28/2015	0.00	250.00
024748	CK	1/28/2015	SPOUSE4 CATHY C. PEET	07-15	019615	VO	CRT ORDERED PMT	1/28/2015	0.00	550.00
024749	CK	1/28/2015	SPOUSE5 SUZANNA CARR	07-15	019616	VO	CRT ORDERED PMT	1/28/2015	0.00	829.00

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024750	CK	1/28/2015	SPOUSE6 BARBARA JO GREENE	07-15	019617	VO	CRT ORDERED PMT	1/28/2015	0.00	675.00
024751	CK	1/28/2015	SPOUSE7 MARIA G. SANCHEZ	07-15	019618	VO	CRT ORDERED PMT	1/28/2015	0.00	104.00
024752	CK	1/28/2015	VCDSA VENTURA COUNTY DEPUTY	07-15	019619	VO	INSURANCE	1/28/2015	0.00	252,218.20
024753	CK	1/28/2015	VCPFF VENTURA COUNTY PROFESSIOI	07-15	019620	VO	INSURANCE	1/28/2015	0.00	72,609.30
024754	CK	1/28/2015	VRSD VENTURA REGIONAL	07-15	019621	VO	INSURANCE	1/28/2015	0.00	8,278.43
024755	CK	1/28/2015	VSP VISION SERVICE PLAN - (CA)	07-15	019622	VO	INSURANCE	1/28/2015	0.00	10,207.08

Check Count: 111

**Acct Sub Total: 1,789,387.19**

Check Type	Count	Amount Paid
Regular	105	1,789,387.19
Hand	0	0.00
Electronic Payment	0	0.00
Void	5	0.00
Stub	0	0.00
Zero	0	0.00
Mask	1	0.00
<b>Total:</b>	<b>111</b>	<b>1,789,387.19</b>

<b>Company Disc Total</b>	<b>0.00</b>	<b>Company Total</b>	<b>1,789,387.19</b>
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**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2014**

**ASSETS**

<b>CASH &amp; CASH EQUIVALENTS</b>	<b>\$67,611,364</b>
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**RECEIVABLES**

ACCRUED INTEREST AND DIVIDENDS	3,448,535
SECURITY SALES	34,367,005
MISCELLANEOUS	5,252
<b>TOTAL RECEIVABLES</b>	<b>37,820,793</b>

**INVESTMENTS AT FAIR VALUE**

DOMESTIC EQUITY SECURITIES	116,048,181
DOMESTIC EQUITY INDEX FUNDS	1,257,129,587
INTERNATIONAL EQUITY SECURITIES	348,890,805
INTERNATIONAL EQUITY INDEX FUNDS	249,106,026
GLOBAL EQUITY	430,311,722
PRIVATE EQUITY	110,836,391
DOMESTIC FIXED INCOME - CORE PLUS	615,384,328
DOMESTIC FIXED INCOME - U.S. INDEX	139,244,770
GLOBAL FIXED INCOME	255,072,313
REAL ESTATE	323,447,018
ALTERNATIVES	420,622,112
CASH OVERLAY - CLIFTON	16
<b>TOTAL INVESTMENTS</b>	<b>4,266,093,268</b>

<b>PENSION SOFTWARE DEVELOPMENT COSTS</b>	<b>6,459,436</b>
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<b>TOTAL ASSETS</b>	<b>4,377,984,861</b>
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**LIABILITIES**

SECURITY PURCHASES PAYABLE	30,732,389
ACCOUNTS PAYABLE	2,080,901
PREPAID CONTRIBUTIONS	72,337,589

<b>TOTAL LIABILITIES</b>	<b>105,150,880</b>
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<b>NET POSITION RESTRICTED FOR PENSIONS</b>	<b>\$4,272,833,981</b>
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**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2014**

**ADDITIONS**

**CONTRIBUTIONS**

EMPLOYER	\$82,050,803
EMPLOYEE	29,186,239
<b>TOTAL CONTRIBUTIONS</b>	<b>111,237,042</b>

**INVESTMENT INCOME**

NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	(30,426,895)
INTEREST INCOME	7,378,508
DIVIDEND INCOME	26,614,027
REAL ESTATE OPERATING INCOME, NET	7,805,020
SECURITY LENDING INCOME	67,543
<b>TOTAL INVESTMENT INCOME</b>	<b>11,438,203</b>

**LESS INVESTMENT EXPENSES**

MANAGEMENT & CUSTODIAL FEES	7,119,121
SECURITIES LENDING BORROWER REBATES	(3,192)
SECURITIES LENDING MANAGEMENT FEES	23,801
<b>TOTAL INVESTMENT EXPENSES</b>	<b>7,139,730</b>

<b>NET INVESTMENT INCOME</b>	<b>4,298,473</b>
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<b>TOTAL ADDITIONS</b>	<b>115,535,515</b>
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**DEDUCTIONS**

BENEFIT PAYMENTS	112,620,600
MEMBER REFUNDS	2,343,472
ADMINISTRATIVE EXPENSES	2,623,325
<b>TOTAL DEDUCTIONS</b>	<b>117,587,397</b>

<b>NET INCREASE/(DECREASE)</b>	<b>(2,051,883)</b>
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**NET POSITION RESTRICTED FOR PENSIONS**

<b>BEGINNING OF YEAR</b>	<b>4,274,885,864</b>
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<b>ENDING BALANCE</b>	<b>\$4,272,833,981</b>
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**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**INVESTMENTS AND CASH EQUIVALENTS**  
**DECEMBER 31, 2014**

**EQUITY**

**DOMESTIC EQUITY**

WESTERN ASSET INDEX PLUS	\$116,048,181	\$19,697,621
<b>TOTAL DOMESTIC EQUITY</b>	<b>116,048,181</b>	<b>19,697,621</b>

**DOMESTIC INDEX FUNDS**

BLACKROCK - US EQUITY MARKET	1,210,549,570	0
BLACKROCK - EXTENDED EQUITY	46,580,017	1
<b>TOTAL EQUITY INDEX FUNDS</b>	<b>1,257,129,587</b>	<b>1</b>

**INTERNATIONAL EQUITY**

SPRUCEGROVE	180,309,142	0
HEXAVEST	77,396,658	0
WALTER SCOTT	91,185,006	0
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>348,890,805</b>	<b>0</b>

**INTERNATIONAL INDEX FUNDS**

BLACKROCK - ACWIXUS	249,106,026	0
<b>TOTAL INTERNATIONAL INDEX FUNDS</b>	<b>249,106,026</b>	<b>0</b>

**GLOBAL EQUITY**

GRANTHAM MAYO AND VAN OTTERLOO (GMO)	207,898,270	0
BLACKROCK - GLOBAL INDEX	222,413,451	0
<b>TOTAL GLOBAL EQUITY</b>	<b>430,311,722</b>	<b>0</b>

**PRIVATE EQUITY**

ADAMS STREET	71,314,418	0
PANTHEON	8,083,286	0
HARBOURVEST	31,438,687	0
<b>TOTAL PRIVATE EQUITY</b>	<b>110,836,391</b>	<b>0</b>

**FIXED INCOME**

**DOMESTIC**

LOOMIS SAYLES AND COMPANY	68,915,160	2,009,314
REAMS	282,222,791	37,258
WESTERN ASSET MANAGEMENT	264,246,376	1,385,180
<b>TOTAL DOMESTIC</b>	<b>615,384,328</b>	<b>3,431,752</b>

**DOMESTIC INDEX FUNDS**

BLACKROCK - US DEBT INDEX	139,244,770	0
<b>TOTAL DOMESTIC INDEX FUNDS</b>	<b>139,244,770</b>	<b>0</b>

**GLOBAL**

LOOMIS SAYLES AND COMPANY	92,140,718	0
LOOMIS ALPHA	41,976,351	0
PIMCO	120,955,244	3,294,577
<b>TOTAL GLOBAL</b>	<b>255,072,313</b>	<b>3,294,577</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**INVESTMENTS AND CASH EQUIVALENTS**  
**DECEMBER 31, 2014**

<b>REAL ESTATE</b>		
PRUDENTIAL REAL ESTATE	107,886,266	0
RREEF	7,336,408	0
UBS REALTY	208,224,343	0
<b>TOTAL REAL ESTATE</b>	<b>323,447,018</b>	<b>0</b>
 <b>ALTERNATIVES</b>		
BRIDGEWATER	279,943,600	0
TORTOISE (MLP's)	140,678,512	2,601,949
<b>TOTAL ALTERNATIVES</b>	<b>420,622,112</b>	<b>2,601,949</b>
 CASH OVERLAY - CLIFTON GROUP	 16	 33,722,602
IN HOUSE CASH		4,862,863
<b>TOTAL INVESTMENTS AND CASH</b>	<b>\$4,266,093,268</b>	<b>\$67,611,364</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
SCHEDULE OF INVESTMENT MANAGEMENT FEES  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2014**

**EQUITY MANAGERS**

**DOMESTIC**

BLACKROCK - US EQUITY	\$123,220
BLACKROCK - EXTENDED EQUITY	9,071
WESTERN ASSET INDEX PLUS	126,755
<b>TOTAL</b>	<b>259,046</b>

**INTERNATIONAL**

BLACKROCK - ACWIXUS	130,440
SPRUCEGROVE	351,055
HEXAVEST	185,830
WALTER SCOTT	412,189
<b>TOTAL</b>	<b>1,079,514</b>

**GLOBAL**

GRANTHAM MAYO VAN OTTERLOO (GMO)	601,135
BLACKROCK - GLOBAL INDEX	44,853
<b>TOTAL</b>	<b>645,988</b>

**PRIVATE EQUITY**

ADAMS STREET	821,608
HARBOURVEST	183,456
PANTHEON	75,000
<b>TOTAL</b>	<b>1,080,064</b>

**FIXED INCOME MANAGERS**

**DOMESTIC**

BLACKROCK - US DEBT INDEX	47,558
LOOMIS, SAYLES AND COMPANY	142,503
REAMS ASSET MANAGEMENT	358,138
WESTERN ASSET MANAGEMENT	247,911
<b>TOTAL</b>	<b>796,111</b>

**GLOBAL**

LOOMIS, SAYLES AND COMPANY	142,414
LOOMIS ALPHA	84,438
PIMCO	213,961
<b>TOTAL</b>	<b>440,813</b>

**REAL ESTATE**

PRUDENTIAL REAL ESTATE ADVISORS	396,586
RREEF	69,094
UBS REALTY	982,634
<b>TOTAL</b>	<b>1,448,314</b>

**ALTERNATIVES**

BRIDGEWATER	547,561
TORTOISE	467,609
<b>TOTAL</b>	<b>1,015,169</b>

**CASH OVERLAY - CLIFTON**

53,911

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**SCHEDULE OF INVESTMENT MANAGEMENT FEES**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2014**

<b>SECURITIES LENDING</b>	
BORROWERS REBATE	(3,192)
MANAGEMENT FEES	23,801
<b>TOTAL</b>	<u><b>20,609</b></u>
 <b>OTHER</b>	
INVESTMENT CONSULTANT	138,826
INVESTMENT CUSTODIAN	161,365
<b>TOTAL</b>	<u><b>300,191</b></u>
 <b>TOTAL INVESTMENT MANAGMENT FEES</b>	<u><u><b>\$7,139,730</b></u></u>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**BUDGET SUMMARY FISCAL YEAR 2014-2015**  
**January 2015 - 58% of Fiscal Year Expended**

<u>EXPENDITURE DESCRIPTIONS</u>	<u>Adopted 2014/2015 Budget</u>	<u>Adjusted 2014/2015 Budget</u>	<u>Jan-15</u>	<u>Year to Date Expended</u>	<u>Available Balance</u>	<u>Percent Expended</u>
<b>Salaries &amp; Benefits:</b>						
Salaries	\$ 1,842,500.00	\$ 1,842,500.00	\$ 128,571.09	\$ 844,337.71	\$ 998,162.29	45.83%
Extra-Help	62,600.00	62,600.00	6,914.57	45,319.94	17,280.06	72.40%
Overtime	1,000.00	1,000.00	1,621.87	1,951.82	(951.82)	195.18%
Supplemental Payments	59,600.00	59,600.00	3,839.61	25,082.17	34,517.83	42.08%
Vacation Redemption	102,500.00	102,500.00	3,613.10	47,000.56	55,499.44	45.85%
Retirement Contributions	366,000.00	366,000.00	26,506.38	173,400.48	192,599.52	47.38%
OASDI Contributions	115,600.00	115,600.00	8,348.83	51,773.59	63,826.41	44.79%
FICA-Medicare	29,100.00	29,100.00	1,952.57	12,994.37	16,105.63	44.65%
Retiree Health Benefit	13,300.00	13,300.00	2,170.80	14,030.00	(730.00)	105.49%
Group Health Insurance	182,100.00	182,100.00	12,771.00	83,087.40	99,012.60	45.63%
Life Insurance/Mgmt	1,100.00	1,100.00	76.12	523.86	576.14	47.62%
Unemployment Insurance	2,300.00	2,300.00	157.26	1,020.72	1,279.28	44.38%
Management Disability Insurance	4,500.00	4,500.00	937.70	3,874.77	625.23	86.11%
Worker' Compensation Insurance	13,400.00	13,400.00	1,030.34	6,709.74	6,690.26	50.07%
401K Plan Contribution	33,100.00	33,100.00	2,249.67	13,656.45	19,443.55	41.26%
Transfers In	150,700.00	150,700.00	1,163.29	41,819.18	108,880.82	27.75%
Transfers Out	(150,700.00)	(150,700.00)	(1,163.29)	(41,819.18)	(108,880.82)	27.75%
<b>Total Salaries &amp; Benefits</b>	<b>\$ 2,828,700.00</b>	<b>\$ 2,828,700.00</b>	<b>\$ 200,760.91</b>	<b>\$ 1,324,763.58</b>	<b>\$ 1,503,936.42</b>	<b>46.83%</b>
<b>Services &amp; Supplies:</b>						
Telecommunication Services - ISF	\$ 37,800.00	\$ 37,800.00	\$ 4,638.15	\$ 21,849.49	\$ 15,950.51	57.80%
General Insurance - ISF	12,200.00	12,200.00	0.00	6,104.00	6,096.00	50.03%
Office Equipment Maintenance	1,000.00	1,000.00	0.00	269.90	730.10	26.99%
Membership and Dues	9,500.00	9,500.00	2,000.00	8,244.00	1,256.00	86.78%
Education Allowance	10,000.00	10,000.00	0.00	4,000.00	6,000.00	40.00%
Cost Allocation Charges	(35,400.00)	(35,400.00)	0.00	0.00	(35,400.00)	0.00%
Printing Services - Not ISF	3,000.00	3,000.00	0.00	2,070.27	929.73	69.01%
Books & Publications	2,500.00	2,500.00	504.38	1,078.04	1,421.96	43.12%
Office Supplies	20,000.00	20,000.00	2,161.68	7,565.43	12,434.57	37.83%
Postage & Express	59,700.00	59,700.00	4,191.47	36,087.96	23,612.04	60.45%
Printing Charges - ISF	10,000.00	10,000.00	0.00	11,088.53	(1,088.53)	110.89%
Copy Machine Services - ISF	6,500.00	6,500.00	0.00	291.15	6,208.85	4.48%
Board Member Fees	12,000.00	12,000.00	0.00	5,800.00	6,200.00	48.33%
Professional Services	1,074,000.00	1,074,000.00	97,678.68	544,610.93	529,389.07	50.71%
Storage Charges	5,500.00	5,500.00	330.49	2,376.46	3,123.54	43.21%
Equipment	0.00	0.00	8,277.50	8,277.50	(8,277.50)	#DIV/0!
Office Lease Payments	186,000.00	186,000.00	16,536.92	107,740.34	78,259.66	57.92%
Private Vehicle Mileage	9,000.00	9,000.00	489.44	2,581.86	6,418.14	28.69%
Conference, Seminar and Travel	63,000.00	63,000.00	7,623.43	29,124.79	33,875.21	46.23%
Furniture	5,000.00	5,000.00	0.00	512.11	4,487.89	10.24%
Facilities Charges	3,900.00	3,900.00	182.00	3,478.47	421.53	89.19%
Transfers In	16,000.00	16,000.00	466.02	4,783.49	11,216.51	29.90%
Transfers Out	(16,000.00)	(16,000.00)	(466.02)	(4,783.49)	(11,216.51)	29.90%
<b>Total Services &amp; Supplies</b>	<b>\$ 1,495,200.00</b>	<b>\$ 1,495,200.00</b>	<b>\$ 144,614.14</b>	<b>\$ 803,151.23</b>	<b>\$ 692,048.77</b>	<b>53.72%</b>
<b>Total Sal, Ben, Serv &amp; Supp</b>	<b>\$ 4,323,900.00</b>	<b>\$ 4,323,900.00</b>	<b>\$ 345,375.05</b>	<b>\$ 2,127,914.81</b>	<b>\$ 2,195,985.19</b>	<b>49.21%</b>
<b>Technology:</b>						
Computer Hardware	\$ 32,600.00	\$ 32,600.00	\$ 499.09	900.81	\$ 31,699.19	2.76%
Computer Software	193,000.00	193,000.00	0.00	45,293.27	147,706.73	23.47%
Systems & Application Support	670,200.00	670,200.00	53,004.53	258,146.94	412,053.06	38.52%
Pension Administration System	1,621,400.00	1,621,400.00	268,639.82	971,099.64	650,300.36	59.89%
<b>Total Technology</b>	<b>\$ 2,517,200.00</b>	<b>\$ 2,517,200.00</b>	<b>\$ 322,143.44</b>	<b>\$ 1,275,440.66</b>	<b>\$ 1,241,759.34</b>	<b>50.67%</b>
<b>Contingency</b>	<b>\$ 615,200.00</b>	<b>\$ 615,200.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 615,200.00</b>	<b>0.00%</b>
<b>Total Current Year</b>	<b>\$ 7,456,300.00</b>	<b>\$ 7,456,300.00</b>	<b>\$ 667,518.49</b>	<b>\$ 3,403,355.47</b>	<b>\$ 4,052,944.53</b>	<b>45.64%</b>

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003-6572  
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February 23, 2015

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

## **SUBJECT: RECOMMENDATION TO APPROVE THE JUNE 30, 2014 ACTUARIAL VALUATION REPORT WITH CORRECTIONS**

Dear Board Members:

At the January 26, 2015 business meeting, Paul Angelo and John Monroe from Segal were present to present the June 30, 2014 actuarial valuation. At that time they recommended revisions to the report to allow the Unfunded Actuarial Accrued Liability (UAAL) related to COLAs to be distributed among the General Members who are eligible for a COLA.

The Board moved to table approval of the report to allow stakeholders adequate to review the report with revisions.

The detailed revisions are as follows:

- Cover letter – Changed date
- Page iii – Added second paragraph
- Page v – June 30, 2014 employer rate changes for General Tiers that have a COLA.
- Page 8 – Changed “loss” to “gain” on item 4 (per Art's comments).
- Page 13 – Last paragraph, now includes sentence regarding COLA rates calculated on a combined basis.
- Page 16 – Rate changes for General Tiers that have a COLA.
- Page 17 – Edited footnote 2 to now include sentence regarding COLA rates calculated on a combined basis.
- Page 59 – Added information near bottom of page regarding calculation of UAAL rates on a combined basis and change in method.
- Page 73 – Rate changes for General Tiers that have a COLA.
- Page 74 – Edited footnote 2 to now include sentence regarding COLA rates calculated on a combined basis.

February 23, 2015

Page 2 of 2

In addition to revisions to the report itself, the Board's funding policy has a recommended inserted sentence on page 3, item 9, to read, "The COLA UAAL contribution rate for General Tiers that have a Cost-of-Living Adjustment (COLA) is determined as a combined rate based on those tiers." A redline version is provided.

**Recommendation:**

Approve the updated June 30, 2014 actuarial valuation report with the indicated revisions.

Sincerely,



Linda Webb  
Retirement Administrator

# **Ventura County Employees' Retirement Association**

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



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

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*February 17, 2015*

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

*Dear Board Members:*

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

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

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

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

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

*Sincerely,*

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

*By:*

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

*AW/hy*

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

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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, 2014. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

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

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

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

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

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

---

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

*Ref: Pg. 41*

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

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

### SIGNIFICANT ISSUES IN THIS VALUATION

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

*Ref: Pg. 10*

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

*Ref: Pg. 49*

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

*Ref: Pg. 40*

*Ref: Pg. 20*

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

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

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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. For the June 30, 2014 valuation, the phase-in has been completed. Note that the June 30, 2013 results shown in this valuation report do not include the effect of the phase-in.
- Ref: Pg. 16* ➤ The results of this valuation reflect a change in actuarial methods recommended by Segal. Similar to the change adopted by the Board in 2012 to calculate Basic UAAL rates on a combined basis for all General Tiers, the COLA UAAL rates for all General Tiers that have a COLA are now calculated on a combined basis. This will result in more stable COLA UAAL rates for General Tier 1 over time.
- Ref: Pg. 21* ➤ The average member rate increased from 8.58% of payroll to 8.61% of payroll. A complete reconciliation of the member rate is provided in Section 2, Subsection D (see Chart 16).
- Ref: Pg. 5* ➤ As indicated in Section 2, Subsection B of this report, the net unrecognized investment gain as of June 30, 2014 is \$310 million (as compared to an unrecognized loss of \$6 million in the June 30, 2013 valuation). This investment gain will be recognized in the determination of the actuarial value of assets for funding purposes over the next few years. This means that if the plan earns the assumed rate of investment return of 7.75% per year (net of expenses) on a **market value** basis then the deferred gains will be recognized over the next few years as shown in the footnote to Chart 7.
- The net deferred gains of \$310 million represent about 7.3% of the market value of assets. Unless offset by future investment losses or other unfavorable experience, the recognition of the \$310 million market gains is expected to have an impact on the Association's future funded ratio and average employer contribution rate. This potential impact may be illustrated as follows:
  - If the net deferred gains were recognized immediately in the valuation value of assets, the funded ratio would increase from 82.7% to 89.2%.
  - If the net deferred gains were recognized immediately in the valuation value of assets, the average employer rate would decrease from 28.11% to about 23.90% of payroll.
- Ref: Pg. 73* ➤ As requested by VCERA staff, Appendix C and Appendix D show the employer and member contribution rates based on a 50/50 sharing of Normal Cost for non-PEPRA Tiers. For purposes of these calculations, we have been directed by VCERA to assume that the cessation of member contributions after 30 years of service for non-PEPRA members continues per the County Employees Retirement Law (CERL) and that the cost associated with this provision is to be paid for by employers.

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

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- The actuarial valuation report as of June 30, 2014 is based on financial information as of that date. Changes in the value of assets subsequent to that date are not reflected. Declines in asset values will increase the actuarial cost of the Plan, while increases will decrease the actuarial cost of the Plan.
- The Governmental Accounting Standards Board (GASB) approved two new Statements affecting the reporting of pension liabilities for accounting purposes. Statement 67 replaces Statement 25 and is for plan reporting. Statement 68 replaces Statement 27 and is for employer reporting. It is important to note that the new GASB rules only redefine pension expense for financial reporting purposes, and do not apply to contribution amounts for actual pension funding purposes. Employers and plans can still develop and adopt funding policies under current practices. Because Statement 68 is not effective until the fiscal year ending June 30, 2015 for VCERA employer reporting, we have continued to include financial reporting information in this report in accordance with Statement 27. Financial reporting information for Statement 67 is provided in a separate report that follows this report.

*Ref: Pg. 22*

*Ref: Pg. 48-50*

### Impact of Future Experience on Contribution Rates

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

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

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

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

	June 30, 2014		June 30, 2013 <sup>(2)</sup>	
<b>Employer Contribution Rates:</b> <sup>(1)</sup>	Total Rate	Estimated Annual Amount <sup>(3)</sup>	Total Rate	Estimated Annual Amount <sup>(3)</sup>
General Tier 1	22.93%	\$2,293	50.20%	\$5,696
General PEPRA Tier 1 <sup>(4)</sup>	N/A	N/A	46.11%	506
General Tier 2	18.07%	37,913	18.68%	39,639
General PEPRA Tier 2	16.63%	1,978	17.03%	539
General Tier 2C <sup>(5)</sup>	20.70%	47,340	19.65%	47,316
General PEPRA Tier 2C <sup>(5)</sup>	19.21%	4,603	17.91%	1,405
General Combined	19.43%	94,127	19.96%	95,101
Safety	53.87%	86,233	55.68%	90,249
Safety PEPRA	50.30%	1,913	53.56%	92
Safety Combined	53.79%	88,146	55.68%	90,341
All Categories combined	28.11%	\$182,273	29.03%	\$185,442
<b>Average Member Contribution Rates:</b> <sup>(1)(6)</sup>	Total Rate	Estimated Annual Amount <sup>(3)</sup>	Total Rate	Estimated Annual Amount <sup>(3)</sup>
General Tier 1	9.16%	\$916	9.16%	\$1,039
General PEPRA Tier 1 <sup>(4)</sup>	N/A	N/A	6.50%	71
General Tier 2	5.78%	12,129	5.78%	12,267
General PEPRA Tier 2	6.92%	823	6.83%	216
General Tier 2C <sup>(5)</sup>	8.41%	19,231	8.41%	20,253
General PEPRA Tier 2C <sup>(5)</sup>	9.55%	2,288	9.46%	742
Safety	12.40%	19,849	12.44%	20,163
Safety PEPRA	14.69%	559	16.14%	28
All Categories combined	8.61%	\$55,795	8.58%	\$54,779

<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> There are no active members in General PEPRA Tier 1 as of June 30, 2014.

<sup>(5)</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>(6)</sup> The non-refundability factors as of June 30, 2014 are 0.97 for General Tier 1 and Tier 2 (non-PEPRA) and 0.99 for Safety (non-PEPRA) compared to 0.94 for General Tier 1 and Tier 2 (non-PEPRA) and 0.98 for Safety (non-PEPRA) from June 30, 2013.

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

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

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	June 30, 2014	June 30, 2013
<b>Funded Status:</b>		
Actuarial accrued liability(AAL) <sup>(1)</sup>	\$4,731,016	\$4,575,063
Valuation value of assets (VVA) <sup>(1)</sup>	3,910,801	3,621,709
Market value of assets (MVA)	4,274,886	3,627,505
Funded percentage on VVA basis (VVA/AAL)	82.66%	79.16%
Funded percentage on MVA basis (MVA/AAL)	90.36%	79.29%
Unfunded actuarial accrued liability (UAAL) on VVA basis	\$820,215	\$953,354
Unfunded actuarial accrued liability (UAAL) on MVA basis	456,130	947,558
<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, 2014	June 30, 2013	Percentage Change
<b>Active Members:</b>			
Number of members	8,210	8,068	1.8%
Average age	45.3	45.4	N/A
Average service	11.2	11.2	N/A
Projected total compensation	\$648,257,042	\$638,763,186	1.5%
Average projected compensation	\$78,959	\$79,172	-0.3%
<b>Retired Member and Beneficiaries:</b>			
Number of members:			
Service retired	4,452	4,259	4.5%
Disability retired	837	828	1.1%
Beneficiaries	832	801	3.9%
Total	6,121	5,888	4.0%
Average age	69.4	69.1	N/A
Average monthly benefit <sup>(1)</sup>	\$2,897	\$2,862	1.2%
<b>Vested Terminated Members:</b>			
Number of terminated vested members <sup>(2)</sup>	2,339	2,249	4.0%
Average age	46.2	46.1	N/A
<b>Total Members:</b>	16,670	16,205	2.9%
<b>Summary of Financial Data (dollar amounts in thousands):</b>			
Market value of assets	\$4,274,886	\$3,627,505	17.8%
Return on market value of assets	18.06%	13.51%	N/A
Actuarial value of assets	\$3,964,814	\$3,633,626	9.1%
Return on actuarial value of assets	9.32%	6.97%	N/A
Valuation value of assets	\$3,910,801	\$3,621,709	8.0%
Return on valuation value of assets	8.13%	7.00%	N/A

<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: 2005 – 2014

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

<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 8,210 active members with an average age of 45.3, average service of 11.2 years and average compensation of \$78,959. The 8,068 active members in the prior valuation had an average age of 45.4, average service of 11.2 years and average compensation of \$79,172.

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

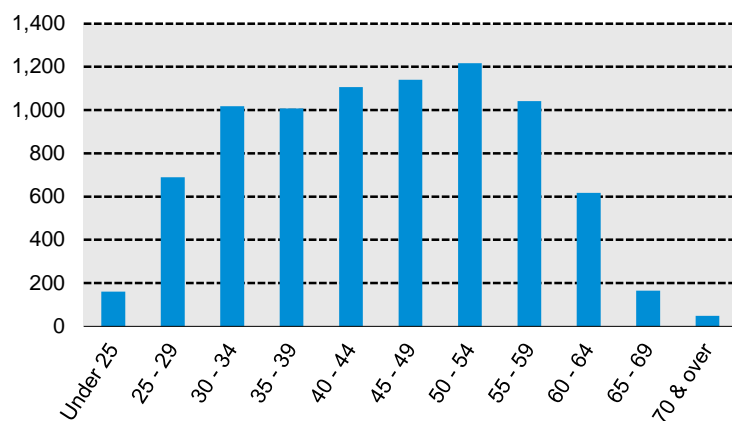
### Inactive Members

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

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

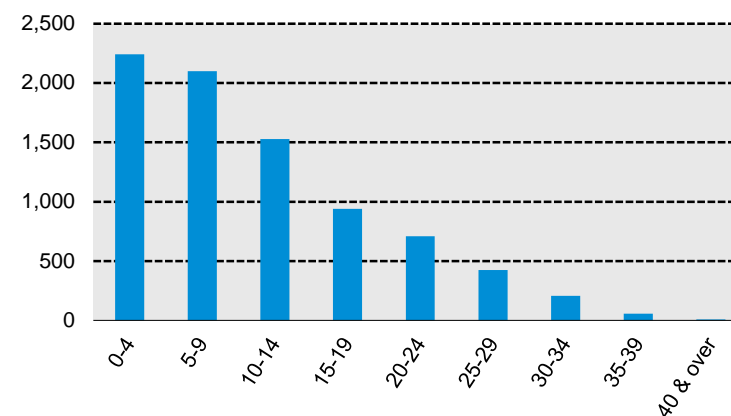
**CHART 2**

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



**CHART 3**

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



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

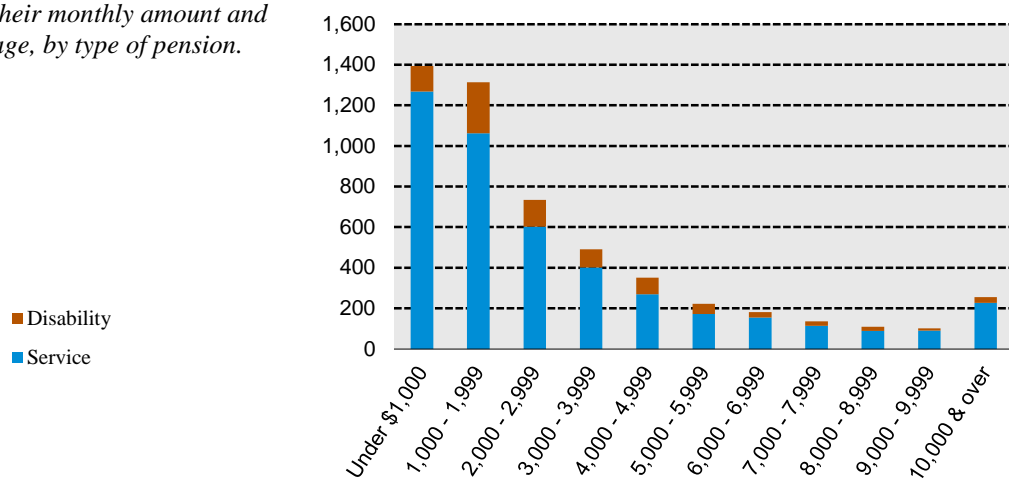
### Retired Members and Beneficiaries

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

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

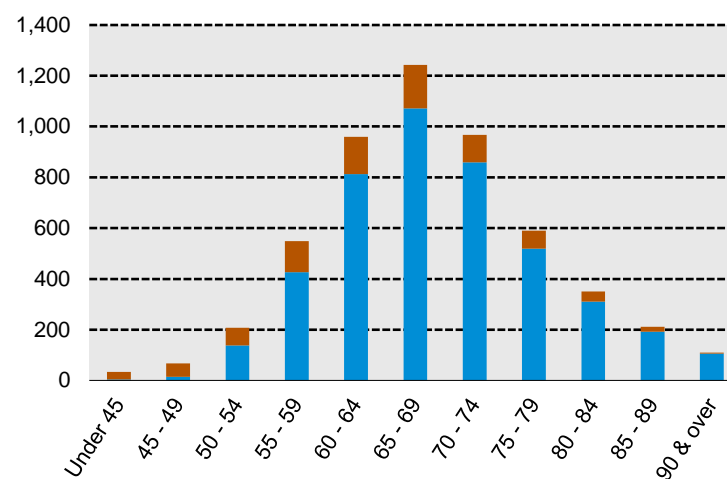
**CHART 4**

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



**CHART 5**

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



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

### B. FINANCIAL INFORMATION

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

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

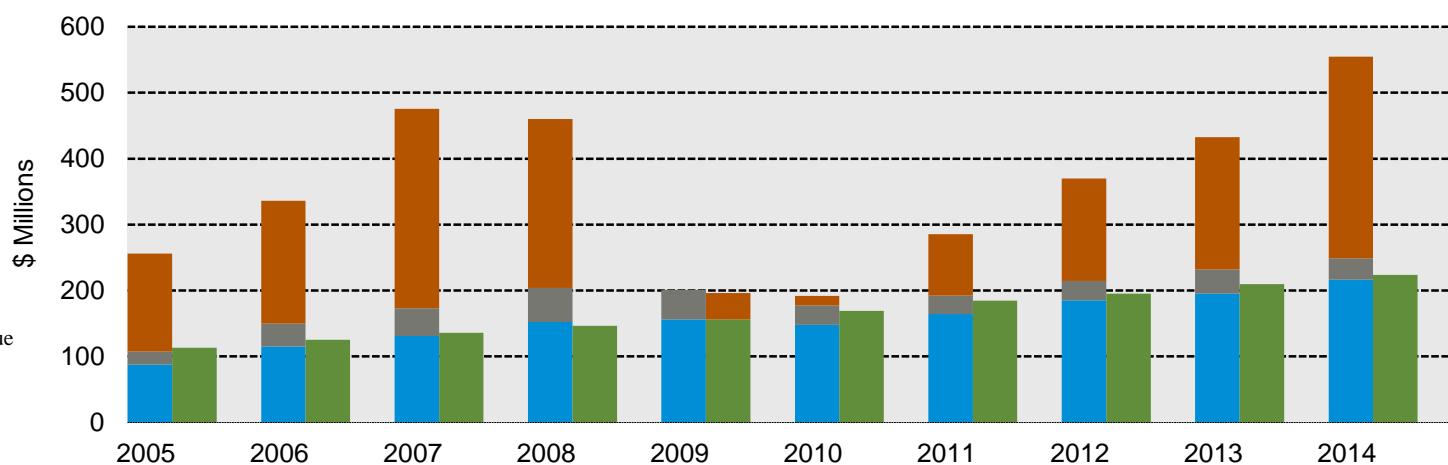
It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Retirement has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single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

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

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

**CHART 6**

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



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

### CHART 7

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

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

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

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

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

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

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

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

### CHART 8

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

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

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

*Note: Results may not add due to rounding.*

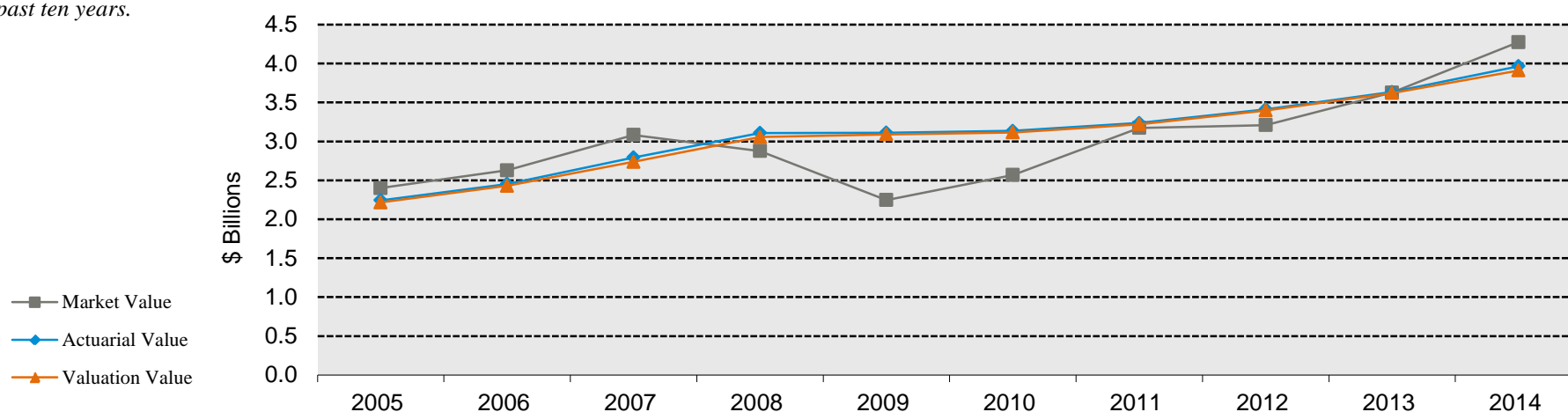
## SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

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

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

**CHART 9**

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



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

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

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

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### CHART 10

#### Actuarial Experience for Year Ended June 30, 2014

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

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<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

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### Investment Rate of Return

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

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

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

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### CHART 11

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

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

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

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

### CHART 12

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

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

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

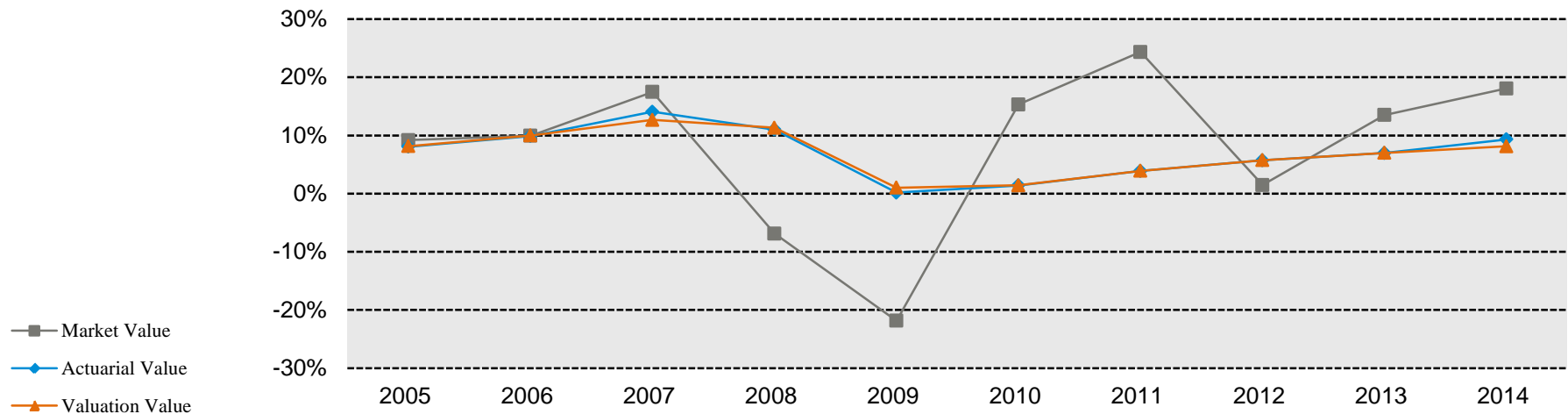
## SECTION 2: Valuation Results for the Ventura County Employees' Retirement Association

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

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

**CHART 13**

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



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

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

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

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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 all General Tiers. Effective with the June 30, 2014 valuation, the COLA UAAL rate has been calculated on a combined basis for General Tiers that have a COLA. The recommended employer contribution rates determined under this

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

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combined methodology are 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 employers.

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

### Member Contributions *Non-PEPRA Members*

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

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

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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-service pay redemptions that may potentially increase a member's final average compensation and hence retirement benefit.

### *PEPRA Members*

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

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

The PEPRA member contribution rates are provided in Appendix B.

### Tier 2 COLA Procedures

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

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

### CHART 14a

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

	June 30, 2014 Actuarial Valuation					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount <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	8.11%	\$811	2.43%	\$243	10.54%	\$1,054
UAAL <sup>(2)</sup>	<u>9.71%</u>	<u>971</u>	<u>2.68%</u>	<u>268</u>	<u>12.39%</u>	<u>1,239</u>
Total Contribution	17.82%	\$1,782	5.11%	\$511	22.93%	\$2,293
<b>General Tier 2 Members w/o COLA</b>						
Normal Cost	8.36%	\$17,543	0.00%	\$0	8.36%	\$17,543
UAAL <sup>(2)</sup>	<u>9.71%</u>	<u>20,370</u>	<u>0.00%</u>	<u>0</u>	<u>9.71%</u>	<u>20,370</u>
Total Contribution	18.07%	\$37,913	0.00%	\$0	18.07%	\$37,913
<b>General PEPRA Tier 2 Members w/o COLA</b>						
Normal Cost	6.92%	\$823	0.00%	\$0	6.92%	\$823
UAAL <sup>(2)</sup>	<u>9.71%</u>	<u>1,155</u>	<u>0.00%</u>	<u>0</u>	<u>9.71%</u>	<u>1,155</u>
Total Contribution	16.63%	\$1,978	0.00%	\$0	16.63%	\$1,978
<b>General Tier 2 Members w/COLA</b>						
Normal Cost <sup>(3)</sup>	8.36%	\$19,117	-0.05%	-\$115	8.31%	\$19,002
UAAL <sup>(2)(4)</sup>	<u>9.71%</u>	<u>22,204</u>	<u>2.68%</u>	<u>6,134</u>	<u>12.39%</u>	<u>28,338</u>
Total Contribution	18.07%	\$41,321	2.63%	\$6,019	20.70%	\$47,340
<b>General PEPRA Tier 2 Members w/COLA</b>						
Normal Cost <sup>(3)</sup>	6.92%	\$1,658	-0.10%	-\$24	6.82%	\$1,634
UAAL <sup>(2)(4)</sup>	<u>9.71%</u>	<u>2,326</u>	<u>2.68%</u>	<u>643</u>	<u>12.39%</u>	<u>2,969</u>
Total Contribution	16.63%	\$3,984	2.58%	\$619	19.21%	\$4,603
<b>All General Members<sup>(5)</sup></b>						
Normal Cost	8.25%	\$39,952	0.02%	\$104	8.27%	\$40,056
UAAL	<u>9.71%</u>	<u>47,026</u>	<u>1.45%</u>	<u>7,045</u>	<u>11.16%</u>	<u>54,071</u>
Total Contribution	17.96%	\$86,978	1.47%	\$7,149	19.43%	\$94,127

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

### CHART 14a (continued)

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

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

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

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

<sup>(2)</sup> Basic UAAL rates have been calculated on a combined basis for all General Tiers. COLA UAAL rates have been calculated on a combined basis for all General Tiers that have a COLA (excludes General Tier 2 without COLA and General PEPRAs Tier 2 without COLA).

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

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

<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.

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

### CHART 14b

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

	June 30, 2013 Actuarial Valuation <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 14b (continued)

#### Recommended Employer Contribution Rates (Dollar Amounts in Thousands) – Prior 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

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

### Reconciliation of Recommended Employer Contribution Rate

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

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

#### CHART 15

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

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

<sup>(1)</sup> Based on projected payroll for each year.

<sup>(2)</sup> The Association's valuation value of assets earned 8.13% which was greater 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, 2014 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation.

### Reconciliation of Recommended Member Contribution Rate

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

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

#### CHART 16

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

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

<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 GASB 27

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

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

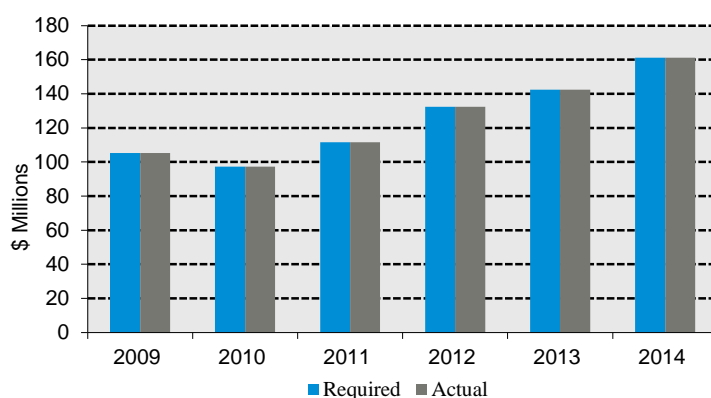
The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the valuation value of assets to the actuarial accrued liabilities of the plan as calculated under GASB standards. High ratios indicate a well-funded plan with assets sufficient to cover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

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

*These graphs show key GASB factors.*

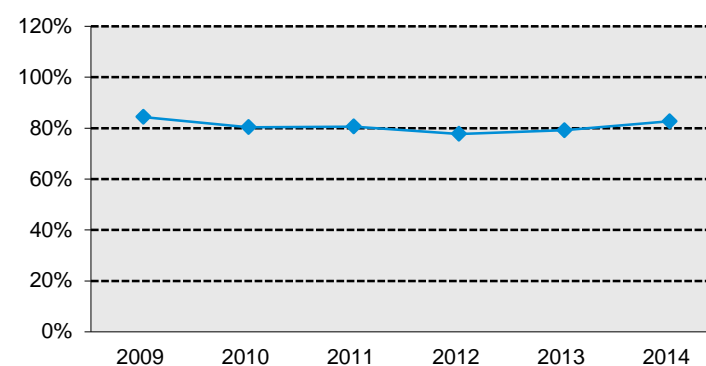
**CHART 17**

**Required Versus Actual Contributions**



**CHART 18**

**Funded Ratio**



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

### F. VOLATILITY RATIOS

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

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

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

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

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

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

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

### CHART 19

#### Volatility Ratios for Years Ended June 30, 2009 – 2014

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

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

#### EXHIBIT A

#### Table of Plan Coverage

##### i. General Tier 1

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

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

<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

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

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
<b>Active members in valuation:</b>			
Number	755	235	221.3%
Average age	35.8	35.2	N/A
Average service	0.7	0.2	N/A
Projected total compensation <sup>(1)</sup>	\$35,858,216	\$11,009,761	225.7%
Projected average compensation	\$47,494	\$46,850	1.4%
Account balances	\$2,164,512	\$207,028	945.5%
Total active vested members	0	0	N/A
<b>Vested terminated members<sup>(2)</sup></b>	64	12	433.3%
<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
	2014	2013	
<b>Active members in valuation:</b>			
Number	1,471	1,502	-2.1%
Average age	41.9	41.2	N/A
Average service	14.6	13.9	N/A
Projected total compensation <sup>(1)</sup>	\$160,074,949	\$162,085,238	-1.2%
Projected average compensation	\$108,820	\$107,913	0.8%
Account balances	\$161,930,571	\$153,365,442	5.6%
Total active vested members	1,274	1,260	1.1%
<b>Vested terminated members<sup>(2)</sup></b>	284	271	4.8%
<b>Retired members:</b>			
Number in pay status	677	658	2.9%
Average age	65.7	65.2	N/A
Average monthly benefit <sup>(3)</sup>	\$7,141	\$6,981	2.3%
<b>Disabled members:</b>			
Number in pay status	385	378	1.9%
Average age	63.4	63.1	N/A
Average monthly benefit <sup>(3)</sup>	\$5,044	\$4,967	1.6%
<b>Beneficiaries:</b>			
Number in pay status	217	206	5.3%
Average age	67.3	67.3	N/A
Average monthly benefit <sup>(3)</sup>	\$2,805	\$2,801	0.1%

<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. PEPR Safety

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
<b>Active members in valuation:</b>			
Number	67	3	2133.3%
Average age	28.9	31.8	N/A
Average service	0.7	0.2	N/A
Projected total compensation <sup>(1)</sup>	\$3,803,268	\$170,918	2125.2%
Projected average compensation	\$56,765	\$56,973	-0.4%
Account balances	\$335,236	\$4,103	8070.5%
Total active vested members	0	0	N/A
<b>Vested terminated members<sup>(2)</sup></b>	3	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, 2014  
By Age and Years of Service**

**i. General Tier 1**

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

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

**EXHIBIT B (continued)**

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

**By Age and Years of Service**

**ii. General Tier 2**

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

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

**EXHIBIT B**

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

**By Age and Years of Service**

**iii. PEPR General Tier 2**

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

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

**EXHIBIT B (continued)**

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

**By Age and Years of Service**

**iv. Safety**

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

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

**EXHIBIT B**

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

**By Age and Years of Service**

**v. PEPRA Safety**

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

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

**EXHIBIT C**

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

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

<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**

	<b>Year Ended June 30, 2014</b>	<b>Year Ended June 30, 2013</b>
<b>Contribution income:</b>		
Employer contributions	\$169,703,083	\$150,687,842
Member contributions	<u>46,674,443</u>	<u>44,463,983</u>
Contribution income	\$216,377,526	\$195,151,825
<b>Investment income:</b>		
Interest, dividends and other income	\$49,344,497	\$50,691,908
Adjustment toward market value <sup>(1)</sup>	305,935,366	200,561,615
Less investment and administrative fees	<u>(16,936,134)</u>	<u>(13,971,026)</u>
Net investment income	<u>\$338,343,729</u>	<u>\$237,282,497</u>
<b>Total income available for benefits</b>	<b>\$554,721,255</b>	<b>\$432,434,322</b>
<b>Less benefit payments</b>	<b>(\$223,532,290)</b>	<b>(\$209,957,957)</b>
<b>Change in reserve for future benefits</b>	<b>\$331,188,965</b>	<b>\$222,476,365</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, 2014</b>	<b>Year Ended June 30, 2013</b>
<b>Cash equivalents</b>	\$63,604,211	\$63,940,819
<b>Pension software development cost</b>	6,459,436	3,443,718
<b>Accounts receivable:</b>		
Member and employer contributions	\$5,691,835	\$4,487,879
Accrued interest and dividends	3,358,253	3,537,646
Securities sold	\$23,833,386	24,075,489
Other	<u>16,979</u>	<u>14,078</u>
Total accounts receivable	\$32,900,453	\$32,115,092
<b>Investments:</b>		
Equities	\$2,490,857,698	\$2,299,255,552
Fixed income	970,048,742	884,109,813
Real estate	306,840,325	283,379,695
Investments received on securities lending	62,402,546	50,542,569
Others	<u>428,072,939</u>	<u>109,469,955</u>
Total investments at market value	<u>\$4,258,222,250</u>	<u>\$3,626,757,584</u>
<b>Total assets</b>	<b>\$4,361,186,350</b>	<b>\$3,726,257,213</b>
<b>Liabilities:</b>		
Securities lending	(\$62,402,546)	(\$50,542,569)
Security purchases	(21,181,466)	(45,685,949)
Accounts payable	(2,689,643)	(2,497,655)
Prepaid contributions	<u>(26,831)</u>	<u>(25,573)</u>
Total liabilities	(\$86,300,486)	(\$98,751,746)
<b>Net assets at market value</b>	<b><u>\$4,274,885,864</u></b>	<b><u>\$3,627,505,467</u></b>
<b>Net assets at actuarial value</b>	<b><u>\$3,964,814,499</u></b>	<b><u>\$3,633,625,534</u></b>
<b>Net assets at valuation value</b>	<b><u>\$3,910,800,797</u></b>	<b><u>\$3,621,708,536</u></b>

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

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#### EXHIBIT F

#### Actuarial Balance Sheet

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

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

#### Actuarial Balance Sheet (\$ in 000s)

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

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

#### EXHIBIT G

#### Summary of Allocated Reserves

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

<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**

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**EXHIBIT H**

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

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

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

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

#### EXHIBIT I

#### Table of Amortization Bases

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

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

#### EXHIBIT I (continued)

#### Table of Amortization Bases

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

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

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

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

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

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

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

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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 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

### EXHIBIT I

#### Summary of Actuarial Valuation Results

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

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

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

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

<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):

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

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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 GASB 27 – 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>
2009	\$105,278,000	\$105,278,000	100.0%
2010	97,324,000	97,324,000	100.0%
2011	111,585,000	111,585,000	100.0%
2012	132,386,000	132,386,000	100.0%
2013	142,370,000	142,370,000	100.0%
2014	161,247,000	161,247,000	100.0%

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

**EXHIBIT III**

**Supplementary Information Required by GASB 27 – 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>
06/30/2009	\$3,090,148,000	\$3,663,701,000	\$573,553,000	84.34%	\$634,777,000	90.36%
06/30/2010	3,115,984,000	3,877,443,000	761,459,000	80.36%	654,829,000	116.28%
06/30/2011	3,220,388,000	3,995,352,000	774,964,000	80.60%	637,037,000	121.65%
06/30/2012	3,397,360,000	4,373,227,000	975,867,000	77.69%	633,848,000	153.96%
06/30/2013	3,621,709,000	4,575,063,000	953,354,000	79.16%	638,764,000	149.25%
06/30/2014	3,910,801,000	4,731,016,000	820,215,000	82.66%	648,257,000	126.53%

<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 GASB 27

<b>Valuation date</b>	June 30, 2014
<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	6,121
Terminated members entitled to, but not yet receiving benefits <sup>(3)</sup>	2,339
Active members	<u>8,210</u>
Total	16,670

<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:**

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

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

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##### Termination Rates Before Retirement:

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

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

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

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##### Termination Rates Before Retirement (continued):

Age	Rate (%) Disability	
	General <sup>(1)</sup>	Safety <sup>(2)</sup>
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):

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

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

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

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

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

### Retirement Rates:

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

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

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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:

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

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

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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.

Basic UAAL contribution rates have been calculated on a combined basis for all General Tiers. COLA UAAL contribution rates have been calculated on a combined basis for all General Tiers that have a COLA.

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#### **Changes in Actuarial Assumptions and Methods:**

The UAAL amortization policy has been changed since the previous valuation. This method now also determines COLA UAAL contribution rates on a combined basis for all General Tiers that have a COLA.

## 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.

<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 with membership dates on or after January 1, 2013 and before April 17, 2014.
<i>PEPRA General Tier 2</i>	All General members with membership dates on or after January 1, 2013, except as noted above for PEPRA General Tier 1.
<i>PEPRA Safety</i>	All Safety members with membership dates on or after January 1, 2013.
<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, 2014 is \$260,000. The limit is indexed for inflation on an annual basis.

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

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

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##### Service:

Years of service. (Yrs)

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##### 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).

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##### Benefit Formula:

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

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

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

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

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

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

<i>General Tier 2 and PEPRA General Tier 2</i>	SEIU members receive a fixed 2% cost-of-living adjustment, not subject to changes in the CPI, that applies to future service after March, 2003. This benefit has been valued consistent with the methodologies described in our October 9, 2006 report entitled "Funding Policies and Procedures for General Tier II COLA Benefit".
<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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<b>Plan Changes:</b>	There have been no changes in plan provisions since the previous actuarial valuation that had a material impact on plan liabilities.
<b>Plan Provisions Not Valued:</b>	<p>The Board of Retirement has approved a Supplemental Medical Benefit. This benefit is funded from Undistributed Excess Earnings, paid from a reserve that is not included in the Valuation Value of Assets and is subject at all times to the availability of funds.</p> <p>The Supplemental Medical Benefit is \$27.50 per month and is payable to virtually all retirees and beneficiaries.</p>

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

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

<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, 2014 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)

##### Calculated Under Recommended Assumptions

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

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

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

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

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

Interest: 7.75%

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

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

Salary Increase: See Exhibit V.

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

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

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

###### Calculated Under Recommended Assumptions

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

Interest: 7.75%

COLA: 3.00%

COLA Loading: 55.72%

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

Salary Increase: See Exhibit V.

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

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

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### Appendix B

#### Member Contribution Rates for PEPRA Members

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

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 2014 is \$115,064. (For an employer that is not enrolled in Social Security, the maximum amount is \$138,077) (reference Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2014 (reference Section 7522.10(d)).

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

### Appendix C

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

	June 30, 2014 Actuarial Valuation					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount <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>	7.72%	\$772	2.50%	\$250	10.22%	\$1,022
UAAL <sup>(3)</sup>	<u>9.71%</u>	<u>971</u>	<u>2.68%</u>	<u>268</u>	<u>12.39%</u>	<u>1,239</u>
Total Contribution	17.43%	\$1,743	5.18%	\$518	22.61%	\$2,261
<b>General Tier 2 Members w/o COLA</b>						
Normal Cost	7.09%	\$14,878	0.00%	\$0	7.09%	\$14,878
UAAL <sup>(3)</sup>	<u>9.71%</u>	<u>20,370</u>	<u>0.00%</u>	<u>0</u>	<u>9.71%</u>	<u>20,370</u>
Total Contribution	16.80%	\$35,248	0.00%	\$0	16.80%	\$35,248
<b>General PEPRA Tier 2 Members w/o COLA</b>						
Normal Cost	6.92%	\$823	0.00%	\$0	6.92%	\$823
UAAL <sup>(3)</sup>	<u>9.71%</u>	<u>1,155</u>	<u>0.00%</u>	<u>0</u>	<u>9.71%</u>	<u>1,155</u>
Total Contribution	16.63%	\$1,978	0.00%	\$0	16.63%	\$1,978
<b>General Tier 2 Members w/COLA</b>						
Normal Cost <sup>(4)</sup>	7.09%	\$16,213	-0.05%	-\$115	7.04%	\$16,098
UAAL <sup>(3)(5)</sup>	<u>9.71%</u>	<u>22,204</u>	<u>2.68%</u>	<u>6,134</u>	<u>12.39%</u>	<u>28,338</u>
Total Contribution	16.80%	\$38,417	2.63%	\$6,019	19.43%	\$44,436
<b>General PEPRA Tier 2 Members w/COLA</b>						
Normal Cost <sup>(4)</sup>	6.92%	\$1,658	-0.10%	-\$24	6.82%	\$1,634
UAAL <sup>(3)(5)</sup>	<u>9.71%</u>	<u>2,326</u>	<u>2.68%</u>	<u>643</u>	<u>12.39%</u>	<u>2,969</u>
Total Contribution	16.63%	\$3,984	2.58%	\$619	19.21%	\$4,603
<b>All General Members<sup>(6)</sup></b>						
Normal Cost	7.09%	\$34,344	0.02%	\$111	7.11%	\$34,455
UAAL	<u>9.71%</u>	<u>47,026</u>	<u>1.45%</u>	<u>7,045</u>	<u>11.16%</u>	<u>54,071</u>
Total Contribution	16.80%	\$81,370	1.47%	\$7,156	18.27%	\$88,526

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

### Appendix C (continued)

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

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

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

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

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

<sup>(3)</sup> Basic UAAL rates have been calculated on a combined basis for all General Tiers. COLA UAAL rates have been calculated on a combined basis for all General Tiers that have a COLA (excludes General Tier 2 without COLA and General PEPRA Tier 2 without COLA).

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

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

<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 1.13% to account for the cost associated with the cessation of member contributions after 30 years of service.

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

##### Appendix D

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

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

<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.

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

### Appendix E

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

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

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

### Appendix E (continued)

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

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

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

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

<sup>(2)</sup> Basic UAAL rates have not 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 0.56% in COLA UAAL costs attributed to the first two years of service accrued for the fixed 2% COLA pursuant to Government Code 31627.

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

### Appendix E (continued)

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

	June 30, 2013 Actuarial Valuation <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>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 – Prior Valuation Under Non-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</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.

# **VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

## **ACTUARIAL FUNDING POLICY**

### **I. Background and Objectives**

- 1) The purpose of this Actuarial Funding Policy is to formally document the funding objectives and policy set by the Board of Retirement (Board) for the Ventura County Employees' Retirement Association (VCERA). The Board establishes this Actuarial Funding Policy to help ensure the systematic funding of future benefit payments for members of VCERA. In addition, this document records certain guidelines established by the Board to assist in administering VCERA in a consistent and efficient manner.

This Actuarial Funding Policy supersedes any previous Actuarial Funding Policies.

- 2) The objectives of this policy are to:
  - a) To achieve long-term full funding of the cost of benefits provided by VCERA;
  - b) To seek reasonable and equitable allocation of the cost of benefits over time; and,
  - c) To minimize volatility of the plan sponsor's contribution to the extent reasonably possible, consistent with other policy goals.

### **II. Funding Guidelines and Policy Components**

- 3) VCERA's annual funding requirement is comprised of a payment of the Normal Cost and a payment on the Unfunded Actuarial Accrued Liability (UAAL). The Normal Cost and the amount of payment on UAAL are determined by the following three components of this funding policy:
  - a) Actuarial Cost Method: the techniques to allocate the cost/liability of retirement benefit to a given period;
  - b) Asset Smoothing Method: the techniques that spread the recognition of investment gains or losses over a period of time for the purposes of determining the Actuarial Value of Assets used in the actuarial valuation process; and
  - c) Amortization Policy: the decisions on how, in terms of duration and pattern, to reduce the difference between the Actuarial Accrued Liability and the Actuarial Value of Assets in a systematic manner.

- 4) Actuarial Cost Method: The Entry Age Normal method shall be applied to the projected benefits in determining the Normal Cost and the Actuarial Accrued Liability. The Normal Cost shall be determined on an individual basis for each active member.
- 5) Asset Smoothing Method: The investment gains or losses of each valuation period, as a result of comparing the actual market return to the expected market return, shall be recognized in level amounts over 5 years in calculating the Actuarial Value of Assets.
- 6) Amortization Policy:
  - a) 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.
  - b) 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.
  - c) Any new UAAL as a result of change in actuarial assumptions or methods will be amortized over a period of 20 years.
  - d) Unless an alternative amortization period is recommended by the Actuary and accepted by the Board based on the results of an actuarial analysis:
    - 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.
  - e) UAAL shall be amortized over “closed” amortization periods so that the amortization period for each layer decreases by one year with each actuarial valuation.
  - f) UAAL shall 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.

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

#### IV. Other Policy Considerations

- 7) In order to allow the employers to more accurately budget for pension contributions and other practical considerations, the contribution rates determined in each valuation (as of June 30) will apply to the fiscal year beginning 12 months after the valuation date. Any shortfall or excess contributions as a result of the implementation lag will be amortized as part of VCERA’s UAAL in the following valuation.
- 8) Any change in contribution rate requirement that results from plan amendment is generally implemented in the actuarial valuation that follows the effective date of the plan amendment or as soon as administratively feasible.
- 9) The Basic UAAL contribution rate for General Tier 1 and Tier 2 is determined as a combined rate based on both of those tiers. [The COLA UAAL contribution rate for General Tiers that have a Cost-of-Living Adjustment \(COLA\) is determined as a combined rate based on those tiers.](#)

#### V. Glossary of Funding Policy Terms

- 10) Present Value of Benefits (PVB) or total cost: the “value” at a particular point in time of all projected future benefit payments for current plan members. The “future benefit payments” and the “value” of those payments are determined using actuarial assumptions as to future events. Examples of these assumptions are estimates of retirement patterns, salary increases, investment returns, etc. Another way to think of the PVB is that if the plan has assets equal to the PVB and all actuarial assumptions are met, then no future contributions would be needed to provide all future service benefits for all members, including future service and salary increases for active members.
- 11) Actuarial Cost Method: allocates a portion of the total cost (PVB) to each year of service, both past service and future service.
- 12) Normal Cost (NC): the cost allocated under the Actuarial Cost Method to each year of active member service.

- 13) Entry Age Normal Actuarial Cost Method: a funding method that calculates the Normal Cost as a level percentage of pay over the working lifetime of the plan's members.
- 14) Actuarial Accrued Liability (AAL): the value at a particular point in time of all past Normal Costs. This is the amount of assets the plan would have today if the current plan provisions, actuarial assumptions and participant data had always been in effect, contributions equal to the Normal Cost had been made and all actuarial assumptions came true.
- 15) Market Value of Assets: the fair value of assets of the plan as reported in the plan's audited financial statements.
- 16) Actuarial Value of Assets (AVA) or smoothed value: a market-related value of the plan assets for determining contribution requirements. The AVA tracks the market value of assets over time, smoothes out short term fluctuations in market values and produces a smoother pattern of contributions than would result from using market value.
- 17) Valuation Value of Assets (VVA): the value of assets used in the actuarial valuation to determine contribution rate requirements. It is equal to the Actuarial Value of Assets reduced by the value of any non-valuation reserves.
- 18) Unfunded Actuarial Accrued Liability (UAAL): the positive difference, if any, between the AAL and the VVA.
- 19) Surplus: the positive difference, if any, between the VVA and the AAL.
- 20) Actuarial Value Funded Ratio: the ratio of the VVA to the AAL.
- 21) Market Value Funded Ratio: the ratio of the MVA to the AAL.
- 22) Actuarial Gains and Losses: changes in UAAL or surplus due to actual experience different from what is assumed in the actuarial valuation. For example, if during a given year the assets earn more than the investment return assumption, the amount of earnings above the assumption will cause an unexpected reduction in UAAL, or "actuarial gain" as of the next valuation. These include contribution gains and losses that result from actual contributions made being greater or less than the level determined under the policy.
- 23) Valuation Date: June 30 of every year.

## **VI. Process Review**

- 24) This is a working policy document and may be modified as the Board deems necessary. The Board will review this policy at least once every three (3) years to ensure that it remains relevant and appropriate.

## **VII. Process History**

25) The Board reviewed and approved this policy on May 21, 2012.



# PRISA SA

VENTURA COUNTY EMPLOYEES RETIREMENT ASSOCIATION | FEBRUARY 23, 2015

James Glen  
PRINCIPAL

Mark Oczkus  
PRINCIPAL





## VENTURA COUNTY EMPLOYEES RETIREMENT ASSOCIATION

### PRISA Assets as of December 31, 2014

#### CONTRIBUTIONS (03/31/05 INCEPTION DATE):

3/31/2005 \$40,000,000.00

9/30/2005 \$20,000,000.00

**TOTAL CONTRIBUTIONS: \$60,000,000.00**

#### INVESTMENT EARNINGS:

Investment Income \$43,122,782.50

Appreciation \$4,763,483.94

**TOTAL INVESTMENT EARNINGS: \$47,886,266.43**

#### DISBURSEMENTS:

Withdrawals \$0

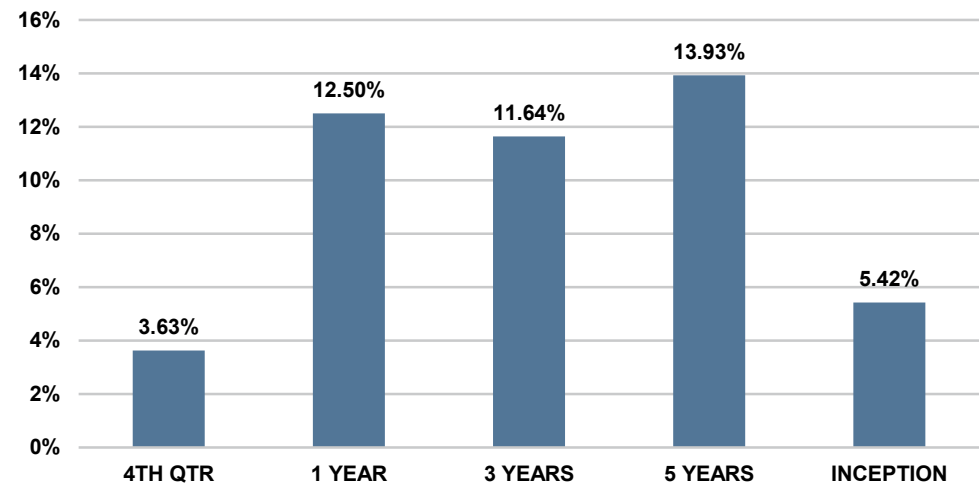
Deducted Fees \$0

Cash Flow Distributions \$0

**TOTAL DISBURSEMENTS: \$0**

**MARKET VALUE \$107,886,266.43**

#### NET DOLLAR-WEIGHTED PERFORMANCE – AS OF DECEMBER 31, 2014



#### OPERATING CASH FLOW:

Total Distributed: \$0

Total Reinvested: \$32,114,341

Current Election: Reinvesting

4Q14 Cashflow: \$1,064,135

#### CAPITAL COMMITMENTS:

Undrawn Commitments: \$0

Note: Past performance is not a guarantee or reliable indicator of future results.



## VENTURA COUNTY EMPLOYEES RETIREMENT ASSOCIATION CASH FLOW

Date	Deposits	Withdrawals	Distributed Cash Flow	Reinvested Cash Flow	Deducted Fees	Directly Billed Fees	Fee Rebate
3/31/2005	\$40,000,000.00						
6/30/2005	\$20,000,000.00				(\$107,958.16)		
9/30/2005				\$751,200.94	(\$114,613.92)		
12/31/2005				\$735,998.74	(\$142,364.33)		
3/31/2006				\$867,466.73	(\$156,938.03)		
6/30/2006				\$1,023,109.82	(\$160,967.38)		
9/30/2006				\$1,067,532.97	(\$173,411.65)		
12/29/2006				\$1,131,098.58	(\$167,101.11)		
3/30/2007				\$1,030,320.32	(\$162,006.97)		
6/30/2007				\$938,946.35	(\$178,531.42)		
9/30/2007				\$1,217,976.72	(\$182,199.44)		
12/31/2007				\$1,202,605.84	(\$178,654.55)		
3/31/2008				\$1,119,812.84	(\$179,479.24)		
6/30/2008				\$1,114,802.14	(\$176,745.89)		
9/30/2008				\$1,055,908.48	(\$196,822.82)		
12/31/2008				\$1,313,754.74	(\$174,509.47)		
3/31/2009				\$923,153.37	(\$174,716.64)		
6/30/2009				\$901,906.05	(\$121,484.77)		
9/30/2009					(\$122,590.46)		
12/31/2009					(\$124,110.54)		



## VENTURA COUNTY EMPLOYEES RETIREMENT ASSOCIATION CASH FLOW

Date	Deposits	Withdrawals	Distributed Cash Flow	Reinvested Cash Flow	Deducted Fees	Directly Billed Fees	Fee Rebate
3/31/2010					(\$172,786.02)		
6/30/2010				\$795,227.06	(\$168,198.88)		
9/30/2010				\$726,736.71	(\$168,318.20)		
12/31/2010				\$753,365.44	(\$168,488.31)		\$33,019.21
3/31/2011				\$786,132.99	(\$167,392.79)		
6/30/2011				\$746,595.60	(\$170,348.08)		
9/30/2011				\$771,776.89	(\$161,455.88)		
12/31/2011				\$683,092.31	(\$165,717.95)		
3/31/2012				\$699,701.57		(\$175,678.22)	
6/30/2012				\$862,852.50		(\$178,269.82)	
9/30/2012				\$852,897.08		(\$178,017.71)	
12/31/2012				\$891,833.85		(\$175,442.18)	
3/31/2013				\$766,381.08		(\$175,764.99)	
6/30/2013				\$853,312.10		(\$180,630.13)	
9/30/2013				\$884,942.45		(\$189,290.81)	
12/31/2013				\$973,343.41		(\$187,551.78)	
3/31/2014				\$946,054.66		(\$185,709.15)	
6/30/2014				\$848,831.47		(\$183,646.74)	
9/30/2014				\$811,534.23		(\$198,752.72)	
12/31/2014				\$1,064,134.55		(\$197,833.43)	
<b>Total</b>	<b>\$60,000,000.00</b>	<b>\$ -</b>	<b>\$0.00</b>	<b>\$32,114,340.58</b>	<b>(\$4,337,912.90)</b>	<b>(\$2,206,587.68)</b>	<b>\$33,019.21</b>

**Total Fees: (\$6,511,481.37)**

Note: Past performance is not a guarantee or reliable indicator of future results.





**PRISA SA**

Please note that throughout the presentation when we refer to “PRISA” or “PRISA Composite” or the “Fund” it represents the aggregate or composite of PRISA LP and PRISA Separate Account (“PRISA SA”).

**Please see Appendix for important disclosures about PRISA’s structure.**

Note: Data as of December 31, 2014 is preliminary and subject to change. Unless otherwise stated, all return information provided in this presentation is before the deduction of Manager Compensation/Fees and is not a guarantee or a reliable indicator of future results. All performance targets throughout this presentation are made as of December 31, 2014 and are not guaranteed. Effective January 1, 2013, PREI changed its method for calculating income and appreciation returns to one which uses separate geometric linking for each component, which is consistent with recent changes in Global Investment Performance Standards. As a result, when linking multiple periods’ returns, the cumulative effect of cross compounding may cause the sum of income and appreciation returns to not equal the total return. Please refer to the Appendix for returns after the deduction of Manager Compensation/Fees and for other important disclosures regarding the information contained herein.





## U.S. REAL ESTATE MARKET OUTLOOK

### Demand Drivers: More Broad-based Expansion

- U.S. economic growth is strong while most of the rest of the world is generally struggling. If the global economy were healthier, U.S. growth would likely be even stronger than we anticipate this year.
- Further strengthening of the U.S. labor market is reflecting a broadening economic recovery with more broad-based job growth.
- Lower energy prices are a net positive for U.S. economy as evidenced by rising consumer confidence, which is back to levels not seen since 2007. Lower energy prices are expected to add 50 to 100 bps to U.S. GDP growth over the next year or so.
- Forward-looking demand indicators suggest continued absorption of real estate space. While cap rate driven appreciation will likely moderate this year, we expect property fundamentals and income growth to improve further.

### Property Fundamentals Improving

- **Apartment:** Demographic trends and increasing job growth in the 25 - 29 age cohort (aka the "living in Mom's basement crowd") are fueling growth in renters, resulting in resilient occupancy and rent growth in spite of steady supply additions in most markets.
- **Office:** Office-using employment growth and the Leading Economic Indicators index suggest even stronger demand for space this year. We expect occupancies and rents to move higher as supply remains limited across most markets.
- **Warehouse:** Tenant demand is very healthy in a growing number of markets, but the rapid response of new supply may blunt rent growth. Development makes more sense than buying in many markets as leased product typically trades above replacement cost.
- **Retail:** The space market recovery is gaining strength, as consumer confidence and spending increase, and supply is extremely limited. We expect cap rate compression to extend beyond fortress regional malls and grocery-anchored centers.
- **Hotel:** Occupancies continue to strengthen, and ADR growth remains robust. Supply is expected to expand this year, but we look for continued strong RevPAR gains as demand remains robust.
- **Storage:** Highest occupancies on record, limited development, strong NOI growth outlook.

### Strong Investment Demand

- Investors remain confident in economic outlook and impact on real estate fundamentals. Investment volume is anticipated to sustain a solid rate of increase this year as the returns outlook compares favorably to other asset classes.
- We expect the wall of domestic and foreign capital to exert downward pressure on cap rates from already low levels.

Source: PREI Investment Research. As of February 2015.



## WHAT IS PRISA?<sup>1</sup>

- Launched in 1970, PRISA was the first open-end, commingled core real estate fund
- Well-diversified portfolio of quality, income producing assets
- PRISA has a focus on income and a proven track record of strong income performance
- PRISA's since inception total gross return before fees is 8.9% (July 1970)<sup>2</sup>
- Targeting total returns of 7.5% to 9.5%<sup>3</sup> over a complete market cycle, while meeting or exceeding the NFI-ODCE index
- PRISA was structured as an Insurance Company Separate Account from 1970-2012. Effective January 1, 2013, PRISA LP was formed to allow non-U.S. (and non-ERISA eligible) investors to invest in PRISA assets

### PRISA COMPOSITE FACTS (AS OF DECEMBER 31, 2014)

Gross Investment Value <sup>4</sup>	<b>\$18.4 B</b>
Net Investment Value <sup>4</sup>	<b>\$14.6 B</b>
Cash Balance <sup>4</sup>	<b>\$275.6 M</b>
Leverage (GAV)	<b>21.9%</b>
Number of Investors	<b>280</b>
Number of Investments	<b>263</b>

<sup>1</sup> PRISA represents the aggregate or composite of PRISA LP and PRISA Separate Account (PRISA SA).

<sup>2</sup> Total net return since inception is 7.8% (as of 4Q14). Returns prior to 1/1/13 are based upon PRISA SA. Past performance is not a guarantee or reliable indicator of future results.

<sup>3</sup> Target returns are not guaranteed. Targeted total net returns of 6.5% to 8.5%.

<sup>4</sup> "Gross Investment Value," "Net Investment Value" and Cash Balance represents the value of the assets held by PRISA SA and PRISA LP without netting out PRISA SA's respective interest therein. PRISA LP's net asset value is \$1,585.2M as of December 31, 2014.

### LEASING HIGHLIGHT



**Emerystation Greenway, Emeryville, CA**

In the fourth quarter, this asset achieved a core occupancy of 100% as a result of the execution of a lease with Standard Health Care, totaling 97,141 sf. The stable tenancy, long term and credit worthiness of this tenant, will be accretive to current value.



## PRISA SA 2014 REPORT CARD

### Performance

8.5% - 10.5%<sup>1</sup>

- Full Year total return: 13.33%<sup>2</sup>
- Exceeded the targeted gross return projection and NFI-ODCE

### NOI Growth

4.3% budgeted

- Same property NOI up 4.8%<sup>3</sup> for the year, ahead of the budget expectation
- Same property portfolio occupancy climbed 90 bps over the year to 91.0%

### Property Type Exposure

Office/Industrial ↑  
Apartment/Storage ↔  
Retail/Hotel ↓

- 4Q14 exposure and allocation movement compared to YE13:
  - Office 38.4% (+353 bps) / Industrial 13.9% (+12 bps)
  - Apartment 21.9% (-159 bps) / Storage 6.3% (+33 bps)
  - Retail 16.5% (-155 bps) / Hotel 3.0% (-84 bps)

### Risk Metrics

Core 90%/Non-Core 10%  
LTV 23%-25%

- Non-core allocation well below 10% threshold; overall exposure at 7.6% (4Q14) from 13.1% (4Q13)
- LTV of 21.9% approaching target (23%-25%) – intend to modestly increase leverage while maintaining our low cost of debt, taking advantage of lender flexibility and extending the average remaining term

### Transactions

Acquisitions \$1,000M Gross  
Sales \$500M Gross

- Acquisitions Closed During 2014: \$1,172.1M with a strategic focus on office assets
- Sales Closed During 2014: \$247.7M dispositions targeting non-strategic assets. Large sale slipped to 2015

<sup>1</sup> Targeted net total return: 7.5% - 9.5%. Target returns are not guaranteed. <sup>2</sup> Net full year total return is 12.55%. Past Performance is not a guarantee or a reliable indicator of future results. <sup>3</sup> Excludes large lease termination fees, including the termination fees, same property income growth would be 6.3%.



## PRISA SA DEDICATED PORTFOLIO MANAGEMENT TEAM

### PORTFOLIO MANAGERS



#### FRANK GARCIA

**Managing Director**  
Senior Portfolio Manager  
Real Estate Experience: 22  
Years with Prudential: 2



#### JOANNA MULFORD

**Managing Director**  
Portfolio Manager &  
PRISA's CFO  
Real Estate Experience: 18  
Years with Prudential: 25



#### JAMES GLEN

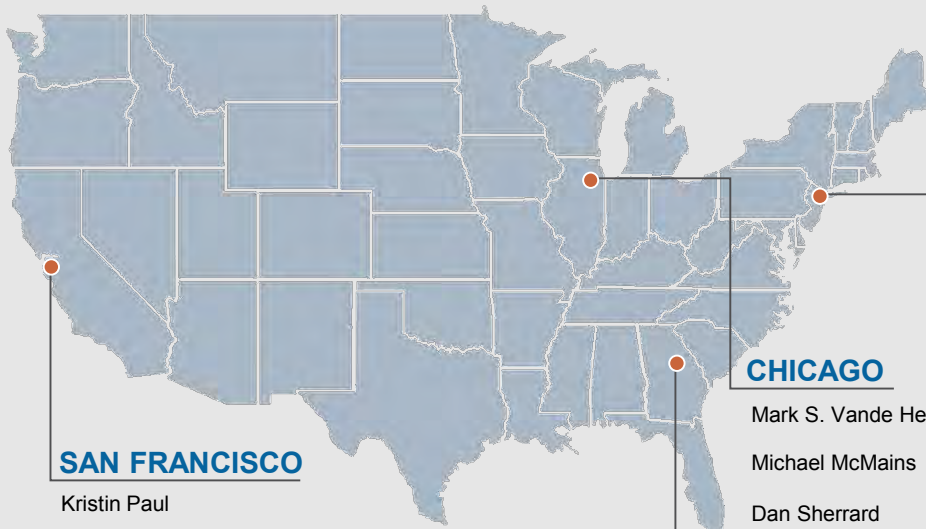
**Principal**  
Portfolio Manager  
Real Estate Experience: 14  
Years with Prudential: <1



#### JEREMY KEENAN

**Vice President**  
Assistant Portfolio Manager  
Real Estate Experience: 8  
Years with Prudential: 3

### DEDICATED ASSET MANAGERS



#### SAN FRANCISCO

Kristin Paul  
Jennifer Freedman  
Pedro Sanchez  
Harry Ashforth  
Vivian Hua  
Daniel Kane

#### ATLANTA

Thomas G. Smith  
Martha Burrows  
Alex Griffin  
William Yowell

#### CHICAGO

Mark S. Vande Hey  
Michael McMains  
Dan Sherrard  
Ryan Bloom  
David Levine

#### MADISON

William Anderson  
Carly Miller  
Sarah Downey  
Douglas Roberts  
Timothy Bassett  
Melissa Furman  
Kevin Sullivan  
Ana Maria Olmedo  
Zafer Latef  
Bonnie Poeta  
Mark Selvaggi

● Additional U.S. PREI Offices    ..... Portfolio Analytics Team

**PRISA also benefits from the following shared services across the PREI platform: Research, Acquisitions, Dispositions, Capital Markets, Risk Management, Human Resources, Legal and Compliance.**

Note: As of February 2015. A total of 39 dedicated professionals, including 9 from the Operations team.

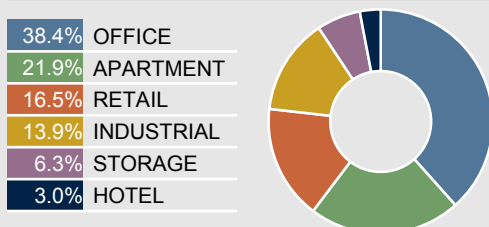
CONFIDENTIAL INFORMATION. NOT FOR FURTHER DISTRIBUTION.

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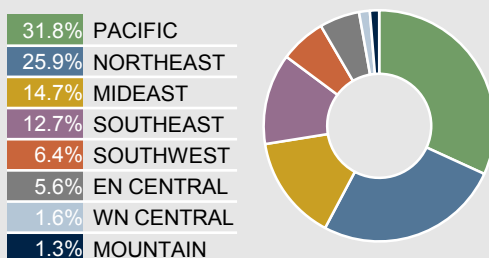
## PRISA SA SNAPSHOT | DECEMBER 31, 2014

### PROPERTY DIVERSIFICATION<sup>1</sup>



PRISA's property type diversification reflects sector allocations relative to NFI-ODCE designed to support strong income in this economic environment.

### GEOGRAPHIC DIVERSIFICATION<sup>1</sup>



PRISA is more heavily weighted to the major markets than NFI-ODCE. PRISA's strategic market exposure represents 77% of the portfolio, which is significantly more than NFI-ODCE (70%).<sup>2</sup>

### THE BASICS

Gross Investment Value	\$18.4 B
Net Investment Value	\$14.6 B
Cash Balance	\$275.6 M
Number of Investments	263

### PRISA COMPOSITE

Client Activity	4Q14	FULL-YEAR
Deposits	\$221.6 M	\$687.9 M
Cash Flow Reinvested	\$74.5 M	\$255.5 M
Withdrawals	\$199.7 M	\$422.6 M
Cash Flow Distributions	\$67.2 M	\$240.8 M
Deposit Queue	\$2,007.3 M	
Number of Investors	280	

### RISK METRICS

	CURRENT	TARGET
Core / Non-Core	92%/8%	90% / 10%
Leverage Ratio	21.9%	< 30.0%
Debt to Income Multiple	5.0x	< 5.0x

### THE DEBT PICTURE

% Fixed / Floating <sup>3</sup>	79%/21%
Recourse Leverage Ratio	2.2%
Weighted Average Cost of Debt	3.5%
Weighted Average Maturity	5.9 Yrs
DEBT MATURING:	
	\$203.3 M
2015	
	\$230.4 M
2016	
	\$528.4 M
2017	

### APPRAISAL ASSUMPTIONS

Direct Cap Rate	5.36%
Discount Rate	7.16%
Terminal Cap Rate	5.88%
Avg. Rent Growth	3.39%

### TRANSACTIONS (GROSS)

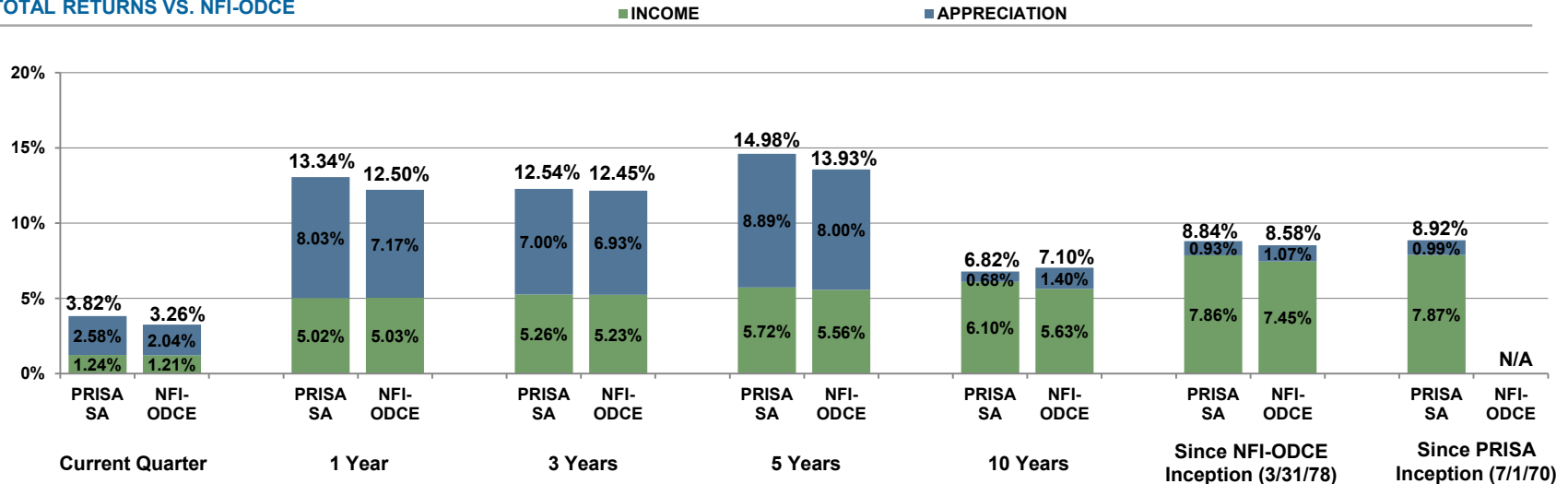
Full-Year Acquisitions	\$1,172.1M
Full-Year Target	\$1,000M
Full-Year Dispositions <sup>4</sup>	\$247.7M
Full-Year Target	\$500M

<sup>1</sup> Based on PRISA's share of gross market value in properties and all debt investments. <sup>2</sup> NFI-ODCE does not publish detail property information at the market level. Strategic market information is calculated by extracting NFI-ODCE properties from the NPI datasets. NPI datasets are based on the final report published by NCREIF on January 26, 2015. <sup>3</sup> Includes floating rate loans with caps. <sup>4</sup> Includes the disposition of Miller Rhoads and Gray Grigio Land, which are legacy assets 100% owned by PRISA SA. PRISA LP had no interest at the time of sale. Note: There is no guarantee these targets will be achieved.



## PRISA SA PERFORMANCE | DECEMBER 31, 2014

### TOTAL RETURNS VS. NFI-ODCE



- Improving fundamentals across PRISA SA's well diversified, high-quality portfolio drove a solid return this quarter and for the year.
- PRISA SA's performance leads ODCE by 56 bps for the quarter and 84 bps for the year. The Fund continues to exceed the benchmark in the three, five and since NFI-ODCE inception time periods.
- The Fund's strong performance in the current quarter, was reflective of broad value increases across the portfolio, with outsized appreciation in the office, industrial and storage sectors.
- PRISA SA's income return outpaced ODCE in Q4 and remains above the benchmark for the three, five, ten and since NFI-ODCE inception time periods.
- The Fund's income is supported by improving NOI growth – up 4.8%<sup>1</sup> for the year.
- Strong occupancy, balanced lease rollover and favorable long-term fixed rate debt is expected to help sustain PRISA SA's income return going forward.

<sup>1</sup> Excludes large lease termination fees from tenants. Including the termination fees, same property income growth at the Fund level would be 6.3%.

Note: Returns shown are time-weighted rates of return calculated in conformity with performance reporting standards and are before the deduction of Manager Compensation/Fees. Returns for NFI-ODCE are based on the final report published by NCREIF on January 30, 2015. Past performance is not a guarantee or a reliable indicator of future results. Please refer to the appendix for further information.



## PRISA SA 2014 SAME PROPERTY INCOME GROWTH | DECEMBER 31, 2014

- PRISA SA exceeded the 2014 income growth projection of 4.3%.
- The largest contributor to income growth was the office sector, primarily driven by Eleven Times Square and International Place driven by higher occupancy and burn off of free rent.
- Same property occupancy increased by 90 bps to 91%. The sectors with the largest increases in occupancy were industrial, office and storage.

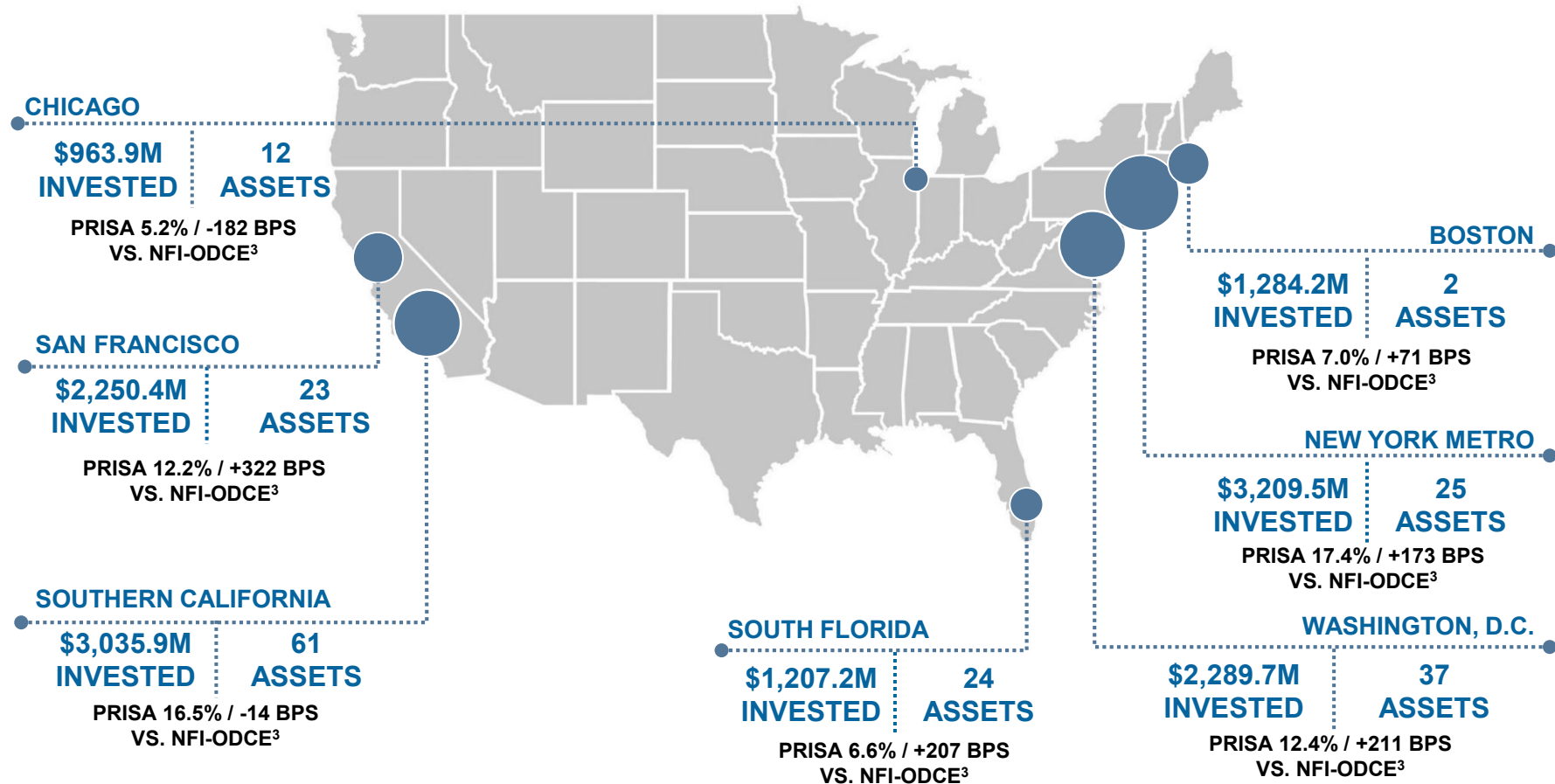
Comparable NOI By Property Type <sup>1</sup>	Twelve Months Ended 12/31/14 (\$ in MM)	Twelve Months Ended 12/31/13 (\$ in MM)	% Change
Apartment	\$177.2	\$175.1	1.2%
Hotel	24.0	24.1	-0.4%
Industrial	93.0	89.4	4.1%
Office	256.2	233.1	9.9%
Retail	188.7	183.4	2.9%
Storage	62.0	59.6	4.0%
<b>Total Comparable Property NOI<sup>2</sup></b>	<b>\$801.1</b>	<b>\$764.6</b>	<b>4.8%</b>

<sup>1</sup> 100% Property level unlevered. To provide a more meaningful basis for comparison between periods, net property income excludes income from properties that were purchased or sold during the comparative time periods, land and debt investments. Results are not guaranteed. Past performance is not a guarantee or reliable indicator of future results. <sup>2</sup> Excludes large lease termination fees from tenants. Including the termination fees, same property income growth in the office sector and at the Fund level would be 14.7% and 6.3%, respectively.



## PRISA SA'S STRATEGIC MARKETS<sup>1,2</sup> | DECEMBER 31, 2014

PRISA SA's strategic market exposure represents 77% of the portfolio (vs. 69% of NFI-ODCE<sup>3</sup>)



<sup>1</sup> Based on PRISA SA's share of gross market value in properties and all debt investments. <sup>2</sup> The number of assets does not include the Storage Portfolio and the Atrium Portfolio. <sup>3</sup> NFI-ODCE does not publish detail property information at the market level. Market information is calculated by extracting NFI-ODCE property data from the NCREIF Research Database. NFI-ODCE data is based on the final report published by NCREIF on October 30, 2014.



## PRISA SA INVESTMENT STRATEGY

- Given PREI's house view that the U.S. economy will continue to expand for the next several years, PRISA SA's strategic plan will seek both core and non-core investment opportunities that focus on property types and markets that will benefit from improving fundamentals
- Disciplined approach to acquisitions
- Dispositions
  - Non strategic assets and submarkets

	PRISA SA 12/31/2014 <sup>1</sup>	NFI-ODCE 12/31/2014 <sup>2</sup>	PRISA SA 2015-2017 Plan	PRISA SA Target 2015-2017 <sup>3</sup>	Target Vs. Benchmark 2015-2017	2015-2017 Plan
<b>Office</b>	38.4%	37.5%	↑	37-39%	Overweight	Over long term, maintain a modest underweight to the benchmark as well as overweight to CBD. In the near-term, pursue high quality assets in markets with expected strong job growth. Begin selling more commodity-like assets toward the end of the plan period.
<b>Industrial</b>	13.9%	13.7%	↑	13-14%	Neutral	Increase industrial exposure primarily through select build-to-core opportunities, putting the Fund's valuable industrial land into production, and investment in existing product. Build up concentrations in SoCal, Baltimore-Washington corridor and Miami. Begin building concentration in East Bay (CA).
<b>Apartments</b>	21.9%	25.0%	↓	22-23%	Underweight	Maintain exposure at underweight. Acquire or develop assets in longer-term strategic markets and sell assets in markets with low barriers to entry. Maintain focus on urban, infill projects catering to the renter by choice.
<b>Retail</b>	16.5%	19.1%	↑	17-19%	Neutral	Target well located necessity-based centers that will benefit from the continued improvement in the health of the consumer and housing markets. Sell non-strategic assets.
<b>Hotel</b>	3.0%	1.6%	↓	2-3%	Overweight	Target established hotels in supply constrained areas with long-term strong and varied demand drivers. Sell existing assets strategically.
<b>Storage</b>	6.3%	1.9%	↔	5-6%	Overweight	Target non-branded storage holdings, primarily in-fill locations. Upgrade physical and marketing aspects and leverage operational expertise and efficiencies.

<sup>1</sup> Based upon PRISA SA's share of GMV in properties and all debt investments

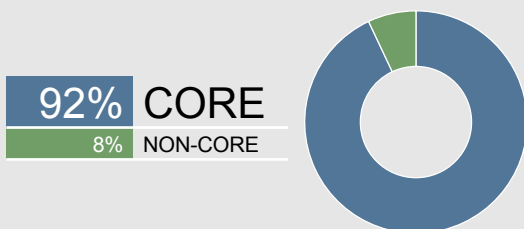
<sup>2</sup> Diversification for NFI-ODCE is based on the 4Q14 report published by NCREIF on January 30, 2015.

<sup>3</sup> There is no guarantee that these targets will be achieved.



## PRISA HIGH QUALITY PORTFOLIO - CORE COMPONENT | DECEMBER 31, 2014

### CORE COMPOSITION

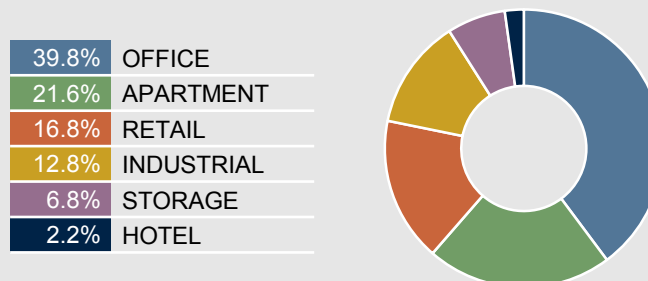


- We define “core” essentially as assets that are 80%+ leased.
- 80% of the core portfolio is invested in the prime gateway markets like New York, San Francisco, Washington D.C., Boston, Chicago, South Florida and Southern California.
- The weighted average cap rate for the core portfolio is 5.36%.
- PRISA anticipates income growth in 2015 of 5.8% largely driven by the office portfolio.

### LEASED STATUS AND LEASE ROLLOVER

	SF/Units	Total Portfolio		Core Portfolio		
		12/31/13	12/31/14	12/31/13	12/31/14	Average Lease Expiration 2015-2019
Industrial	21.9M	89.8%	91.6%	93.8%	95.2%	12.1%
Office	14.9M	87.6%	87.7%	89.3%	89.6%	8.6%
Retail	12.9M	91.9%	91.6%	93.4%	93.2%	10.5%
Apartment	13,080	92.6%	92.2%	93.1%	93.4%	N/A
Hotel <sup>1</sup>	1,149	77.7%	75.5%	77.7%	75.5%	N/A
Storage <sup>1</sup>	73,585	91.0%	91.8%	91.0%	91.8%	N/A
<b>Total<sup>2</sup></b>		<b>90.1%</b>	<b>90.1%</b>	<b>91.8%</b>	<b>91.9%</b>	

### CORE PROPERTY TYPE DIVERSIFICATION<sup>3</sup>



<sup>1</sup> Represents average lease status for the quarter.

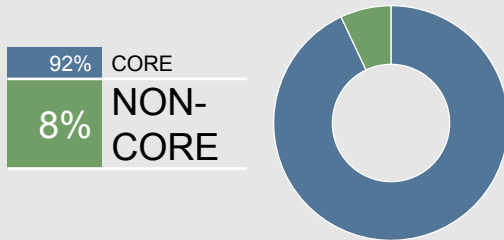
<sup>2</sup> Leased status for total portfolio based on gross market value and excludes hotels.

<sup>3</sup> Based on the PRISA's share of gross market value in properties and all debt investments.



## PRISA HIGH QUALITY PORTFOLIO - NON-CORE COMPONENT | DECEMBER 31, 2014

### NON-CORE COMPOSITION

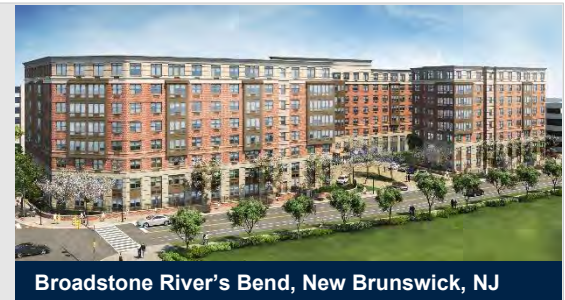
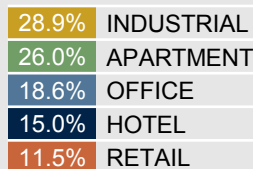


- The non-core component is primarily comprised of build-to-core development and assets in lease-up
- Lease-up assets move to the core portfolio once they achieve leasing of 80%
- PRISA's total land exposure represents only 1.2% of its total gross assets
- During 4Q14, PRISA acquired Tower 46, a newly constructed vacant trophy office tower located in Midtown Manhattan, increasing the non-core bucket to 7.6%

### SUMMARY OF NON-CORE ASSETS

Investment Type	% Leased	# of Projects	PRISA's GMV (\$ Millions)	% of Non-Core
<b>Development Properties</b>				
Apartment		3	\$242.9	17.2%
Industrial		7	225.3	16.0%
<b>Total Development<sup>1</sup></b>		<b>10</b>	<b>\$468.2</b>	<b>33.2%</b>
<b>Lease-Up Properties</b>				
Office	0%	1	\$225.1	16.0%
Retail	58%	1	103.5	7.3%
Apartment	34%	1	59.0	4.2%
Industrial	30%	2	48.6	3.4%
<b>Total Lease-Up</b>	<b>20%</b>	<b>5</b>	<b>\$436.2</b>	<b>30.9%</b>
Mezzanine & Other <sup>2</sup>		3	\$273.9	19.4%
Land		22	232.1	16.5%
<b>Total</b>		<b>40</b>	<b>\$1,410.4</b>	<b>100.0%</b>

### NON-CORE PROPERTY TYPE DIVERSIFICATION<sup>3</sup>



<sup>1</sup> For development properties, exposure is based on PRISA's share of total development cost at completion. When considering gross amount spent to date of \$262.7M, non-core exposure is 6.6%.

<sup>2</sup> Includes mezzanine, mortgage loans and preferred equity investments.

<sup>3</sup> Based on the PRISA's share of gross market value in properties and all debt investments.



## PRISA BUILD-TO-CORE PROGRESS REPORT - DECEMBER 31, 2014

### THE MODERN – PHASE I

#### BROADSTONE MEDICAL CENTER



Houston, TX



Fort Lee, NJ

#### ELAN 1640



Fort Lauderdale, FL

<b>Units</b>	299
<b>Risk Profile</b>	Non-Core
<b>Status</b>	Under Construction
	Occupancy in 3Q15
<b>Cost At Completion</b>	\$45 M
	(\$151 K per unit)
<b>Cost To Date</b>	\$17.9 M
<b>Market Value:</b>	\$17.9 M
<b>Stab. Dev. Yield<sup>1</sup></b>	7.3%
<b>Recent Trades:</b>	
<b>Cap Rates</b>	4.8% - 5.3%
<b>Per Unit</b>	\$190 K - \$260 K

<b>Units</b>	450
<b>Risk Profile</b>	Non-Core
<b>Status</b>	Under Construction
	Occupancy in 4Q14
<b>Cost At Completion</b>	\$224 M
	(\$497 K per unit)
<b>Cost To Date</b>	\$216.2 M
<b>Market Value:</b>	\$244.6 M
<b>Stab. Dev. Yield<sup>1</sup></b>	7.1%
<b>Recent Trades:</b>	
<b>Cap Rates</b>	4.0% - 5.0%
<b>Per Unit</b>	\$408 K - \$1.1 M

<b>Units</b>	261
<b>Risk Profile</b>	Non-Core
<b>Status</b>	Under Lease-Up
	Occupancy in 4Q14
<b>Cost At Completion</b>	\$63 M
	(\$242 K per unit)
<b>Cost To Date</b>	\$60.5 M
<b>Market Value:</b>	\$71.7 M
<b>Stab. Dev. Yield<sup>1</sup></b>	7.1%
<b>Recent Trades:</b>	
<b>Cap Rates</b>	3.8% - 4.7%
<b>Per Unit</b>	\$217 K - \$275 K

<sup>1</sup> Based on underwriting metrics estimated as of the date of Investment Committee approval.



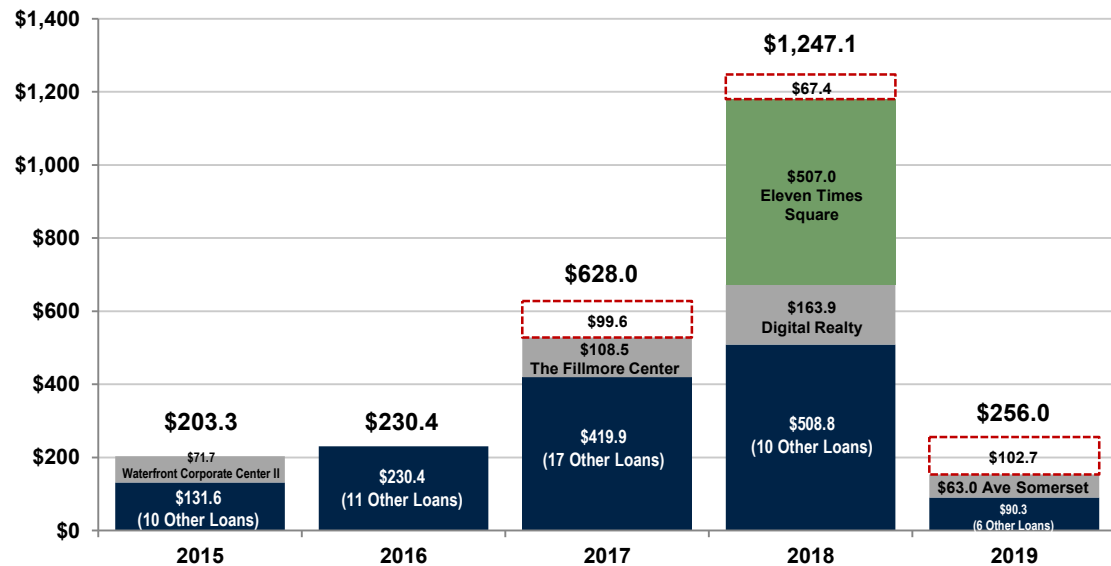
## DEBT STRATEGY | DECEMBER 31, 2014

### LEVERAGE STRATEGY

- Plan to increase LTV to 23%-25% by locking in low rate debt on long term hold assets and adding additional fund level debt through the private bond market, which provides flexibility on shorter term hold assets
- As of December 31, 2014, 49% or \$9.1 B of the assets are unencumbered
- In Q4, PRISA SA refinanced the International Place loan which matures in 2015. The new loan has a 10-year term and a fixed interest rate of 4.38%, which is 83 bps below the prior loan
- In Q4, PRISA SA closed a new unsecured line of credit of \$500M that replaces the existing facility. The new facility has more favorable economic terms than the prior facility and up to a five year term.

Leverage	12/31/13 Actual	12/31/14 Actual	Target Plan Period
Leverage Ratio	20.8%	21.9%	23.0% - 25.0%
Debt to Income Multiple	4.2x	5.0x	4.5x - 5.0x
Total Cost of Debt	3.8%	3.5%	N/A
Weighted Average Maturity	5.5 years	5.9 years	6 – 7 years

### PROJECTED DEBT MATURITIES (\$ MILLIONS)<sup>1,2</sup>



<sup>1</sup> Represents portfolio level debt, 100% of wholly owned, consolidated joint ventures and PRISA SA's share of equity joint ventures.

<sup>2</sup> Red boxes represent additional draw capacity on existing construction and predevelopment loans. Note: Projections are not guaranteed.



## ACQUISITION HIGHLIGHT - TOWER 46, NEW YORK, NY

### CLASS A OFFICE WITH LEASING OPPORTUNITY LOCATED IN A STRATEGIC MARKET

#### GENERAL DESCRIPTION

**Property Type:** Office

**Year Built:** 2013

**Partner:** SL Green

**Size:** 319,488 sf

**Leased Status:** 0%

**Purchase Price:** \$300M (\$939 psf)

**Est. All-in Cost:** \$379M (\$1,186 psf)

**Risk Profile:** Non-Core

**Property Certification:** LEED Silver  
Certification Pending

#### UNDERWRITING METRICS (UNLEVERED)<sup>1</sup>

**Stabilized NOI Return:** 5.5%

**Estimated IRR (3-Yr Hold):** 9.2%

**Exit Cap Rate (3-Yr Hold):** 4.3%

**Exit Value (3-Yr Hold):** \$1,466 psf



#### BACKGROUND & MARKET UPDATE

- **Class 'A' Trophy Quality:** Tower 46 is a newly constructed office condominium located on 46<sup>th</sup> Street, between Fifth and Sixth Avenues. The Property offers expansive 360-degree views with floor-to-ceiling windows. PRISA's interest in the property consists primarily of the building's top floors, its most coveted and valuable space that is expected to command premium rents. The flexible, floor plate can attract both small and large tenants
- **Discount to Replacement Cost:** Tower 46 offered PRISA an opportunity to acquire a brand new asset without taking development risk at pricing below replacement cost. The anticipated all-in basis (\$1,186 psf) represents a 25% discount to today's replacement cost (approx. \$1,590 psf). The 3-Yr exit price (\$1,466 psf) compares favorably to recent trades in the market.
- **Proven Sponsorship:** The Property was acquired as a joint venture with SL Green, NYC's largest office landlord, who will have a significant 25% equity investment in the Property. This transaction provides PRISA the opportunity to benefit from SL Green's in-house expertise in management, leasing, and construction, and expand on its already successful relationship at 100 Park Avenue.

<sup>1</sup>Based on underwriting metrics estimated as of the date of the Investment Committee case. Note: As of December 31, 2014. There is no guarantee that returns for these or similar investments in the future will be achieved.



## ACQUISITION HIGHLIGHT – SOLIS SHARON SQUARE, CHARLOTTE, NC

### NEWLY DEVELOPED APARTMENT PROPERTY

#### GENERAL DESCRIPTION<sup>1</sup>

**Property Type:** Apartment  
**Year Built:** 2014  
**Size:** 239 units  
**Leased Status:** 65%  
**Purchase Price:** \$67M (\$278K per unit)  
**Est. All-in Cost:** \$74M (\$310K per unit)  
**Risk Profile:** Non-Core

#### UNDERWRITING METRICS (UNLEVERED)

**Going-In Cap Rate:** 4.5%  
**Stabilized NOI Return (Yr-2):** 5.5%  
**Avg 5-Yr NOI Return:** 5.4%  
**Avg 5-Yr COC Return:** 5.4%  
**Estimated IRR (5-Yr Hold):** 6.9%



#### BACKGROUND & MARKET UPDATE

- Solis is a newly developed apartment property in Charlotte, NC.
- The property is located at the intersection of Fairview Road and Sharon Road in Southpark, a densely populated retail, office, and residential node five miles south of Uptown Charlotte. The property's location offers walkability to over 2.2 million square feet of high quality restaurants and shops, including an evolving mix of select boutiques and chef-driven restaurants located in the property's ground floor retail space.
- The property is across the street from North Carolina's largest and most prestigious mall and is adjacent to a Whole Foods.
- The Southpark submarket is experiencing rapid growth centered around its "live, work, play" environment. The greater Charlotte market continues to experience strong population and job growth, specifically in the financial services sector.
- The location of this asset, given its proximity to large office and retail centers, and strong market fundamentals provides stable cash flow with some upside for a long-term hold.

<sup>1</sup> PRISA's initial investment is in the form of a senior mortgage with a purchase option, which we intend to exercise in late 2015 after further stabilization of the property.  
 Note: As of December 31, 2014. There is no guarantee that returns for these or similar investments in the future will be achieved.



## PRISA – PRELIMINARY 2015 OUTLOOK & OBJECTIVES

### PERFORMANCE

- Deliver gross returns of **8.5% - 11.0%**<sup>1</sup>

### INCOME & ACQUISITIONS

- Fundamentals continue to strengthen across the major property types, with the possible exception of apartments which are expected to remain stable. The office, industrial and retail sectors are expected to continue to gain momentum.
- Target income of **5.0% - 5.5%**
- Target appreciation of **3.5% - 5.5%**

### TRANSACTION STRATEGY

- Acquisition Target: **\$1.5B – 2.0B** - Increase office and retail exposure in markets with improving fundamentals. Add build-to-core industrial and apartment assets in select markets. Evaluate tactical opportunities that present favorable risk-adjusted returns
- Disposition Target: **\$750M – 1.0B** - Continue to take advantage of strong capital markets by selling commodity type assets

### RISK METRICS

- Modestly increase leverage (target LTV of 23%-25%) while maintaining our low cost of debt, taking advantage of lender flexibility and extending the average remaining term
- Evaluate select non-core opportunities that may increase our non-core allocation from 7.6% to our target limit of 10%
- Maintain disciplined approach to acquisitions

<sup>1</sup> Total net returns are 7.5% - 10.0%.  
Note: Target returns are not guaranteed.



SoNo East, Chicago, IL



## APPENDIX





## PRISA SA OFFICE PORTFOLIO OVERVIEW | SEPTEMBER 30, 2014

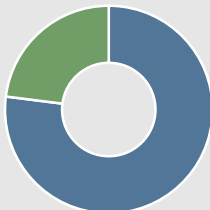
PRISA SA's CBD office properties have accounted for an outsized share of relative performance over the last year.<sup>1</sup> PRISA SA expects to realize additional value through rent growth as below market rate leases expire at our recent office acquisitions.

### SNAPSHOT

PRISA SA's share of GMV <sup>2</sup>	<b>\$6,543.1M</b>
Current Weighting	<b>37.0%</b>
NCREIF Property Index	<b>36.7%</b>
NFI-ODCE <sup>3</sup>	<b>36.9%</b>
Desired Weighting	
Near/Medium Term	<b>Overweight</b>
Long-term Weighting	<b>Underweight</b>

### PRISA SA

77%	CBD
23%	SUBURBAN



### NFI-ODCE<sup>4</sup>

56%	CBD
44%	SUBURBAN



### MAJOR OFFICE MARKET EXPOSURE:

Market (CSA)	PRISA SA's Share of GMV	% of Total	NFI-ODCE <sup>4</sup>
New York	\$1,656.5	25%	20%
Boston	1,226.2	19%	11%
S.F. Bay Area	1,202.5	18%	13%
Southern California*	809.7	12%	14%
Washington, DC	553.3	8%	12%
<b>Subtotal</b>	<b>5,448.2</b>	<b>82%</b>	<b>70%</b>
Other Markets	1,094.9	18%	30%
<b>Total</b>	<b>\$6,543.1</b>	<b>100%</b>	<b>100%</b>

\*Includes the Los Angeles CSA and San Diego MSA.

### LEASED STATUS:

	6/30/2014 Leased Status	9/30/2014 Leased Status	% of Square Footage Expiring In			
			2014 <sup>5</sup>	2015	2016	2017
Total	87.5%	88.5%	3.9%	7.8%	9.3%	8.9%
Stabilized	88.1%	89.1%	3.9%	7.8%	9.4%	9.0%

**Leverage Ratio: 27.3%**

<sup>1</sup> Performance objectives are not guaranteed. Actual results may vary.

<sup>2</sup> NAV as of September 30, 2014 \$4,944.4 M.

<sup>3</sup> Diversification for NFI-ODCE is based on the final report published by NCREIF on October 30, 2014.

<sup>4</sup> NFI-ODCE does not publish detailed property information for NFI-ODCE at the market level. Market information is calculated by extracting NFI-ODCE property data from the NCREIF Research Database. Final NFI-ODCE data is based on the final report published by NCREIF on October 30, 2014.

<sup>5</sup> Remainder of 2014.



## 100 PARK AVENUE, NEW YORK, NY

### TROPHY OFFICE PROPERTY IN PRIME NYC LOCATION

#### GENERAL DESCRIPTION

**Property Type:** Office

**Year Built:** 1949 (renovated 2005-2008)

**Partner:** SL Green

**Size:** 894,131 sf

**Leased Status:** 97%

**Cost:** \$398M (\$445 psf)

**Market Value:** \$770M (\$861 psf)

**Risk Profile:** Core

**Property Certification:** LEED Gold Certified

#### APPRAISAL METRICS

**Direct Cap Rate:** 4.8%

**Discount Rate:** 6.3%

**Exit Cap Rate:** 5.0%

**Exit Value (10-Yr Hold):** \$1,089 psf



#### BACKGROUND & MARKET UPDATE

- 100 Park Avenue is a trophy office property located within two blocks of Grand Central Station in Manhattan. PRISA acquired the building in 1974. A 49.9% interest was sold to SL Green in February 2000.
- From 2005-2008, a renovation was completed that included a new glass curtain wall on Park Avenue and steel paneling on the remaining exterior, a lobby and elevator cab renovation and the replacement/upgrading of the base building systems and HVAC.
- In 2009, the building received the NYC Regional BOMA award for best renovated building.
- In February 2014, the loan was refinanced and upsized to \$360M for 7 years at a rate of Libor + 175 bps.

Top Tenants <sup>1</sup>	SF
BDO USA LLP	121,441
AECOM Technology	108,631
J&W Seligman & Co.	103,615
Wells Fargo Trade	103,118

<sup>1</sup> Based on square footage.

Note: As of December 31, 2014. There is no guarantee that returns for these or similar investments in the future will be achieved



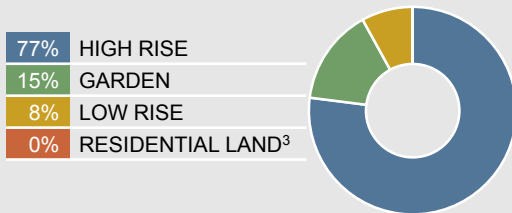
## PRISA SA APARTMENT PORTFOLIO OVERVIEW | SEPTEMBER 30, 2014

The apartment portfolio is comprised of mostly new, Class A, infill apartments, many of which have a transit and/or retail component.

### SNAPSHOT

PRISA SA's share of GMV <sup>1</sup>	<b>\$3,988.7M</b>
Current Weighting	<b>22.5%</b>
NCREIF Property Index	<b>24.7%</b>
NFI-ODCE <sup>2</sup>	<b>25.2%</b>
Desired Weighting	<b>Underweight</b>

### PRISA SA



### NFI-ODCE<sup>4</sup>



### MAJOR MARKET EXPOSURE:

Market (CSA)	PRISA SA's Share of GMV	% of Total	NFI-ODCE <sup>4</sup>
Southern California*	\$739.9	19%	15%
Washington, DC	632.4	16%	12%
New York	591.9	15%	14%
S.F. Bay Area	541.7	14%	5%
Chicago	296.0	7%	10%
<b>Subtotal</b>	<b>2,801.9</b>	<b>71%</b>	<b>56%</b>
Other Markets	1,186.8	29%	44%
<b>Total</b>	<b>\$3,988.7</b>	<b>100%</b>	<b>100%</b>

\*Includes the Los Angeles CSA and San Diego MSA.

### LEASED STATUS:

	6/30/2014 Leased Status	9/30/2014 Leased Status
Total	94.6%	93.8%
Stabilized	94.6%	93.8%

**Leverage Ratio: 31.4%**

<sup>1</sup> NAV as of September 30, 2014 \$2,809.6 M.

<sup>2</sup> Diversification for NFI-ODCE is based on the final report published by NCREIF on October 30, 2014.

<sup>3</sup> Land is less than 1%.

<sup>4</sup> NFI-ODCE does not publish detailed property information for NFI-ODCE at the market level. Market information is calculated by extracting NFI-ODCE property data from the NCREIF Research Database. Final NFI-ODCE data is based on the final report published by NCREIF on October 30, 2014.



## THE FILLMORE CENTER, SAN FRANCISCO, CA

### HIGH-RISE LUXURY APARTMENT COMMUNITY

#### GENERAL DESCRIPTION

**Property Type:** Residential

**Year Built:** 1987-1991

**Size:** 1,114 units

**Leased Status:** 97%

**Cost:** \$261M (\$234K per unit)

**Market Value:** \$539M (\$484K per unit)

**Risk Profile:** Core

**Property Certification:** LEED Silver Certified

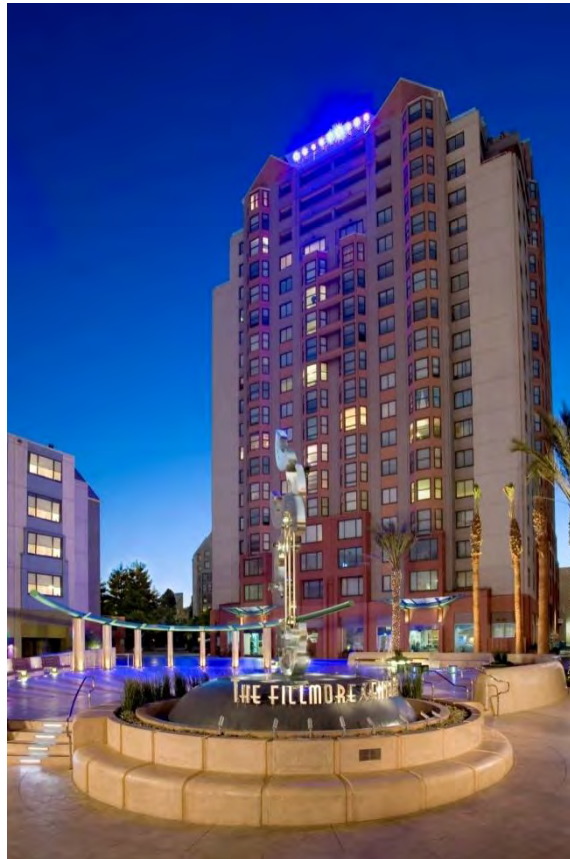
#### APPRAISAL METRICS

**Direct Cap Rate:** 4.3%

**Discount Rate:** 7.0%

**Exit Cap Rate:** 5.3%

**Exit Value (10-Yr Hold):** \$607K per unit



#### BACKGROUND & MARKET UPDATE

- The Fillmore Center is a 1,114-unit luxury apartment community with 101,805 sf of retail located in the Fillmore District of San Francisco. Amenities include interior courtyards with a waterfall, outdoor barbeque grills, pet parks, onsite parking and a free shuttle service to and from the CBD. The SF Fitness Center (31,025 sf) is leased to a local operator. Select unit amenities include patios, fireplaces, and full size appliances.
- The property is located amidst a variety of retail and commercial properties, including boutiques, restaurants, and live-entertainment venues.

Unit Type	# of Units
Studio	310
1-Bedroom	430
2-Bedroom	342
3-Bedroom	32
<b>Total</b>	<b>1,114</b>

Note: As of December 31, 2014. There is no guarantee that returns for these or similar investments in the future will be achieved.



## PRISA SA RETAIL PORTFOLIO OVERVIEW | SEPTEMBER 30, 2014

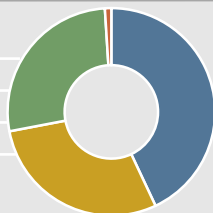
Neighborhood and power centers provides for stability and enhanced liquidity.

### SNAPSHOT

PRISA SA's share of GMV <sup>1</sup>	<b>\$3,003.7M</b>
Current Weighting	<b>17.0%</b>
NCREIF Property Index	<b>23.3%</b>
NFI-ODCE <sup>2</sup>	<b>19.1%</b>
Desired Weighting	<b>Neutral</b>

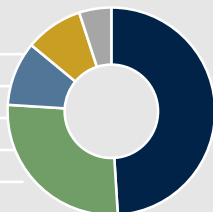
### PRISA SA

43%	POWER
29%	LIFESTYLE
27%	NEIGHBORHOOD
1%	RETAIL LAND



### NFI-ODCE<sup>3</sup>

49%	REGIONAL MALL
27%	NEIGHBORHOOD
10%	POWER
9%	LIFESTYLE
5%	OTHER



### MAJOR MARKET EXPOSURE:

Market (CSA)	PRISA SA's Share of GMV	% of Total	NFI-ODCE <sup>3</sup>
Southern California*	\$449.9	15%	20%
Washington, DC	438.8	15%	7%
Dallas	356.8	12%	7%
Atlanta	328.3	11%	3%
South Florida	247.5	8%	8%
<b>Subtotal</b>	<b>1,821.3</b>	<b>61%</b>	<b>45%</b>
Other Markets	1,182.4	39%	55%
<b>Total</b>	<b>\$3,003.7</b>	<b>100%</b>	<b>100%</b>

\*Includes the Los Angeles CSA and San Diego MSA.

### LEASED STATUS:

	6/30/2014 Leased Status	9/30/2014 Leased Status		% of Square Footage Expiring In		
			2014 <sup>4</sup>	2015	2016	2017
Total	91.6%	92.1%	1.8%	10.4%	13.1%	11.2%
Stabilized	93.4%	94.0%	1.6%	6.4%	12.9%	10.4%

**Leverage Ratio: 17.5%**

<sup>1</sup> NAV as of September 30, 2014 \$2,517.4 M.

<sup>2</sup> Diversification for NFI-ODCE is based on the final report published by NCREIF on October 30, 2014.

<sup>3</sup> NFI-ODCE does not publish detailed property information for NFI-ODCE at the market level. Market information is calculated by extracting NFI-ODCE property data from the NCREIF Research Database. Final NFI-ODCE data is based on the final report published by NCREIF on October 30, 2014.

<sup>4</sup> Remainder of 2014.



## ANNAPOLIS TOWNE CENTRE AT PAROLE, ANNAPOLIS, MD

### UPSCALE MIXED-USE CENTER

#### GENERAL DESCRIPTION

**Property Type:** Retail

**Year Built:** 2009

**Partner:** Greenberg Gibbons Company

**Size:** 484,426 sf

**Leased Status:** 94%

**Cost:** \$226M (\$466 psf)

**Market Value:** \$296M (\$611 psf)

**Risk Profile:** Core

#### APPRAISAL METRICS

**Direct Cap Rate:** 5.3%

**Discount Rate:** 6.8%

**Exit Cap Rate:** 5.8%

**Exit Value (10-Yr Hold):** \$667 psf



#### BACKGROUND & MARKET UPDATE

- Annapolis Towne Centre at Parole is part of a mixed-use property in Annapolis, Maryland. This upscale, open air retail center provides an urban shopping experience in a suburban setting. The property features a strong tenant merchandising mix with four anchor tenants and 52 in-line tenants, yielding a total occupancy of 94%.
- The property is located in Anne Arundel County, which is in close proximity to Washington DC and Baltimore. Convenient to US Route 301 and US Route 50, the property offers direct commuter access to both cities.

Top Tenants <sup>1</sup>	SF
Whole Foods	70,795
24 Hour Fitness	43,157
Bed, Bath, and Beyond	42,446

<sup>1</sup> Based on square footage.

Note: As of December 31, 2014. There is no guarantee that returns for these or similar investments in the future will be achieved.



## PRISA SA INDUSTRIAL PORTFOLIO OVERVIEW | SEPTEMBER 30, 2014

Newly delivered industrial assets provide the opportunity for near-term value increases as lease-up progresses.

### SNAPSHOT

PRISA SA's share of GMV<sup>1</sup> **\$2,447.8M**

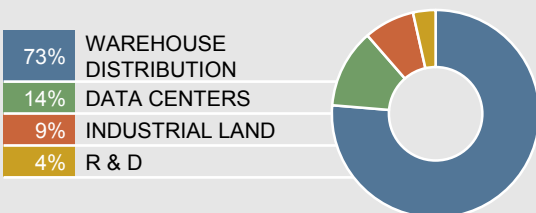
Current Weighting **13.8%**

NCREIF Property Index **13.7%**

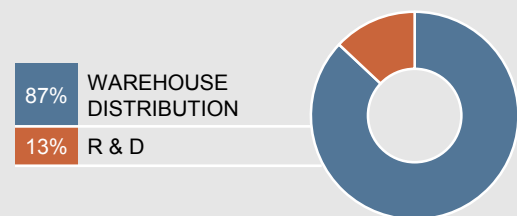
NFI-ODCE<sup>2</sup> **14.2%**

Desired Weighting **Neutral**

### PRISA SA



### NFI-ODCE<sup>3</sup>



### MAJOR MARKET EXPOSURE:

Market (CSA)	PRISA SA's Share of GMV	% of Total	NFI-ODCE <sup>3</sup>
Southern California*	\$830.0	34%	27%
Washington, DC	478.4	20%	7%
Seattle	190.7	8%	8%
Dallas	184.3	8%	10%
New York	151.2	6%	6%
<b>Subtotal</b>	<b>1,834.6</b>	<b>76%</b>	<b>58%</b>
Other Markets	613.2	24%	42%
<b>Total</b>	<b>\$2,447.8</b>	<b>100%</b>	<b>100%</b>

\*Includes the Los Angeles CSA and San Diego MSA.

### LEASED STATUS:

	6/30/2014 Leased Status	9/30/2014 Leased Status	2014 <sup>4</sup>	% of Square Footage Expiring In 2015	2016	2017
Total	90.2%	90.2%	1.8%	10.4%	13.1%	11.2%
Stabilized	94.7%	94.7%	1.9%	11.1%	13.8%	11.9%

**Leverage Ratio: 12.0%**

<sup>1</sup> NAV as of September 30, 2014 \$2,167.9 M.

<sup>2</sup> Diversification for NFI-ODCE is based on the final report published by NCREIF on October 30, 2014.

<sup>3</sup> NFI-ODCE does not publish detailed property information for NFI-ODCE at the market level. Market information is calculated by extracting NFI-ODCE property data from the NCREIF Research Database. Final NFI-ODCE data is based on the final report published by NCREIF on October 30, 2014.

<sup>4</sup> Remainder of 2014.



## PACIFIC GATEWAY INDUSTRIAL, TORRANCE, CA

### PORT ORIENTED INDUSTRIAL PARK

#### GENERAL DESCRIPTION

**Property Type:** Industrial

**Year Built:** 1979

**Size:** 1,212,927 sf

**Leased Status:** 100%

**Cost:** \$118M (\$97 psf)

**Market Value:** \$157M (\$129 psf)

**Risk Profile:** Core

**Property Certification<sup>1</sup>:** LEED New Construction Silver Certified

#### APPRAISAL METRICS

**Direct Cap Rate:** 5.1%

**Discount Rate:** 7.3%

**Exit Cap Rate:** 5.4%

**Exit Value (10-Yr Hold):** \$142 psf



#### BACKGROUND & MARKET UPDATE

- The property is located in the South Bay submarket, which is in close proximity to the ports of Los Angeles and Long Beach, as well as Los Angeles International Airport. Additionally, the property is less than a half mile from the intersection of Interstates 110 and 405, two major north/south and east/west highways in California.
- These assets are part of a larger industrial development project which consists of 15 free-standing industrial buildings with clear heights ranging between 22 and 30 feet. The majority of the buildings are classified as either warehouse or distribution facilities.
- In 4Q14, Mitsubishi signed a new lease at 19310 Pacific Gateway Drive (142,053 sf), bringing the portfolio occupancy to 100%, with starting rents matching pro-forma underwriting. In 1Q15, Mitsubishi exercised their option to purchase the 19310 building for \$196 psf, which is 65% above the \$119 psf market value.

Top Tenants <sup>2</sup>	SF
Nippon Express USA	301,860
Mitsubishi Logistics	142,053
K-Line Logistics	66,600
Shimadzu Medical Systems	66,495

<sup>1</sup> One building is LEED new construction silver certified.

<sup>2</sup> Based on square footage.

Note: As of December 31, 2014. There is no guarantee that returns for these or similar investments in the future will be achieved.



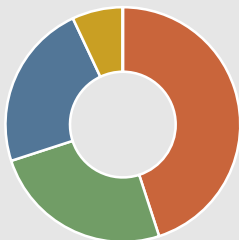
## PRISA SA STORAGE PORTFOLIO OVERVIEW | SEPTEMBER 30, 2014

### SNAPSHOT

PRISA SA's share of GMV <sup>1</sup>	<b>\$1,136.8M</b>
Current Weighting	<b>6.4%</b>
NCREIF Property Index	<b>N/A</b>
NFI-ODCE <sup>2</sup>	<b>1.9%</b>
Desired Weighting	<b>Overweight</b>

### PRISA SA

45%	EAST
25%	WEST
23%	SOUTH
7%	MIDWEST



### MAJOR MARKET EXPOSURE:

Market (CSA)	PRISA SA's Share of GMV	% of Total
New York	\$257.6	23%
Southern Florida	162.6	14%
Southern California*	127.6	11%
Washington, DC	123.9	11%
Hartford	46.0	4%
<b>Subtotal</b>	<b>717.7</b>	<b>63%</b>
Other Markets	419.1	37%
<b>Total</b>	<b>\$1,136.8</b>	<b>100%</b>

\*Includes the Los Angeles CSA and San Diego MSA.

### LEASED STATUS:

	6/30/2014 Leased Status	9/30/2014 Leased Status
Total	90.8%	92.2%
Stabilized	90.8%	92.2%

**Leverage Ratio: 0%**

<sup>1</sup> NAV as of September 30, 2014 \$1,141.2 M.

<sup>2</sup> NFI-ODCE does not publish detailed storage information for NFI-ODCE at the market level. Storage information is calculated by extracting NFI-ODCE property data from the NCREIF Research Database. Final NFI-ODCE data is based on the final report published by NCREIF on October 30, 2014.



## EXTRA SPACE STORAGE PORTFOLIO LESS OBVIOUS CORE

### GENERAL DESCRIPTION

**Property Type:** Storage

**Year Built:** Various

**Partner:** Extra Space Storage

**Size:** 6,572,901 sf / 62,632 units

**Leased Status:** 92%

**Cost:** \$652M (\$99 psf)

**Market Value:** \$1,024M (\$156 psf)

**Risk Profile:** Core

### APPRAISAL METRICS

**Direct Cap Rate:** 5.5%

**Discount Rate:** 8.6%

**Exit Cap Rate:** 5.7%

**Exit Value (10-Yr-Hold):** \$211 psf



### BACKGROUND & MARKET UPDATE

- PRISA's Extra Space Storage Portfolio consists of 86 facilities across 20 states concentrated in coastal regions. Storage has increasingly gained acceptance as an institutional investment class due to predictable cash flows and core like returns.
- Storage is part of PRISA's "less obvious core" strategy. Since its initial acquisition in 2005, storage has proven to be a low beta strategy that has generated strong and stable cash flow. This sector benefits from lower capital requirements and diverse demand drivers, which insulates performance in weaker economic environments.
- With the portfolio avg. occupancy at 92%, revenue growth will primarily come from optimizing rental rates.

Top Locations by Size	SF
Sherman St. – San Diego, CA	140,315
Route 112 – Coram, NY	128,570
Bruckner Blvd – Bronx, NY	127,946
East Main St. – Mesa, AZ	119,396
W Poplar Ave – Collierville, TN	110,495

Note: As of December 31, 2014. There is no guarantee that returns for these or similar investments in the future will be achieved



## PRISA SA HOTEL PORTFOLIO OVERVIEW | SEPTEMBER 30, 2014

### SNAPSHOT

PRISA SA's share of GMV <sup>1</sup>	<b>\$584.4M</b>
Current Weighting	<b>3.3%</b>
NCREIF Property Index	<b>1.6%</b>
NFI-ODCE <sup>2</sup>	<b>1.8%</b>
Desired Weighting	<b>Overweight</b>

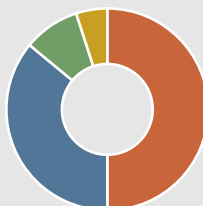
### PRISA SA

40%	SOUTH
27%	WEST
22%	EAST
11%	MIDWEST



### NFI-ODCE<sup>3</sup>

50%	EAST
36%	SOUTH
9%	WEST
5%	MIDWEST



### MAJOR ASSET EXPOSURE:

Assets	PRISA SA's Share of GMV	% of Total
Atrium Portfolio (Various)	\$213.8	37%
Four Seasons (Austin, TX)	150.9	26%
Hotel Sofitel (Redwood City, CA)	108.9	19%
James Hotel (New York, NY)	84.0	14%
Lake Buena Vista (Orlando, FL)	26.8	4%
<b>Total</b>	<b>\$584.4</b>	<b>100%</b>

### LEASED STATUS:

	6/30/2014 Leased Status	9/30/2014 Leased Status
Total	85.9%	80.9%
Stabilized	85.9%	80.9%

**Leverage Ratio: 0%**

<sup>1</sup> NAV as of September 30, 2014 \$595.7 M.

<sup>2</sup> Diversification for NFI-ODCE is based on the final report published by NCREIF on October 30, 2014.

<sup>3</sup> NFI-ODCE does not publish detailed property information for NFI-ODCE at the market level. Market information is calculated by extracting NFI-ODCE property data from the NCREIF Research Database. Final NFI-ODCE data is based on the final report published by NCREIF on October 30, 2014.



## THE FOUR SEASONS AUSTIN, TX LUXURY HOTEL IN A TECH MARKET

### GENERAL DESCRIPTION

**Property Type:** Hotel

**Year Built:** 2007

**Partner:** Lodging Capital Partners

**Size:** 291 keys

**Leased Status:** 66%

**Cost:** \$134M (\$461K per key)

**Market Value:** \$175M (\$601K per key)

**Risk Profile:** Core

### APPRAISAL METRICS

**Direct Cap Rate:** 6.8%

**Discount Rate:** 9.5%

**Exit Cap Rate:** 7.3%

**Exit Value (10-Yr Hold):** \$761k per key



### BACKGROUND & MARKET UPDATE

- The asset is a well located, full-service luxury hotel in the growing Austin, TX market.
- The Austin metro area has experienced consistent population and income growth over the past decade.
- The hotel is located in close proximity to major demand generators, including the University of Texas at Austin, and the Austin Convention Center. The property is one of three hotels on Lady Bird Lake and offers desirable lake view rooms.
- To keep pace with new hotel product coming online in Austin in 2015, a rooms refresh and bathroom renovation was completed in 3Q14.
- Lodging Capital Partners is PRISA's joint venture partner on this asset, as well as the Sofitel in Redwood City, CA.

Note: As of December 31, 2014. There is no guarantee that returns for these or similar investments in the future will be achieved



## PRISA SA 2014 ACQUISITION ACTIVITY | DECEMBER 31, 2014

Property Name	Location	Risk Profile	SF/Units	Closing Date	Gross Investment (\$ Millions) <sup>1</sup>	PSF/Per Unit	Cap Rate <sup>3</sup>	LTV
3333 Wesleyan (Partner Buyout)	Houston, TX	Core	528	1/31/2014	\$11.5	214,583 <sup>4</sup>	5.9%	32%
One Plantation (Partner Buyout)	Plantation, FL	Core	321	3/31/2014	10.4	257,944 <sup>4</sup>	4.3%	0%
Broadstone River's Bend	New Brunswick, NJ	Non-Core	393	8/1/2014	109.9	279,547	7.1%	65% <sup>5</sup>
Solis Sharon Square	Charlotte, NC	Non-Core	239 units/23,582 sf	12/31/2014	66.5	278,243	5.5%	n/a
<b>Apartment Subtotal</b>					<b>\$198.2</b>			
Mission Towers I & II	Santa Clara, CA	Core	576,043	3/18/2014 & 4/28/2014	\$275.4	478	4.2%	15%
One Pacific Plaza	Huntington Beach, CA	Core	388,449	5/14/2014	94.0	242	4.1%	0%
701 Gateway	South San Francisco, CA	Core	170,173	9/17/2014	57.9	340	5.0%	0%
Tower 46	New York, NY	Non-Core	319,488	11/25/2014	300.1	939	5.5%	50%
550 Biltmore	Coral Gables, FL	Core	161,120	12/4/2014	49.8	309	5.1%	0%
<b>Office Subtotal</b>					<b>\$777.2</b>			
Digital Realty: 636 Pierce St.	Somerset, NJ	Core	108,336	3/5/2014	\$44.6	412	6.7%	52%
The Brick Yard Bldg F&G <sup>2</sup>	Laurel, MD	Core / Non-Core	83,254	3/24/2014	6.2	75	7.5%	70% <sup>5</sup>
Pacific Industrial Portfolio	Oxnard, CA	Core	393,434	4/7/2014	37.1	94	4.6%	0%
Preston Gateway Coca Cola	Hanover, MD	Core	276,260	4/11/2014	26.2	95	7.3%	80% <sup>5</sup>
Powder Mill Business Center	Everett, WA	Non-Core	362,700	4/17/2014	30.4	84	8.0%	55% <sup>5</sup>
Hogland Transfer Building	Everett, WA	Core	111,000	9/17/2014	12.2	110	6.1%	0%
Baltimore Crossroads <sup>2</sup>	Middle River, MD	Non-Core	536,175	11/30/2014	36.4	68	7.6%	60% <sup>5</sup>
<b>Industrial Subtotal</b>					<b>\$193.1</b>			
Bel-Air Village Shopping Center – Phase II	Elk Grove, CA	Core	45,871	4/16/2014	\$10.5	229	8.8%	0%
<b>Retail Subtotal</b>					<b>\$10.5</b>			
Best Storage Portfolio	Various, FL	Core	7,320	5/22/2014	\$92.1	12,573	6.8%	0%
<b>Storage Subtotal</b>					<b>\$92.1</b>			
<b>Joint Venture Partners' Share</b>					<b>(\$99.1)</b>			
<b>Total Closed Acquisitions</b>					<b>\$1,172.1</b>			

<sup>1</sup> Represents 100% of cost. <sup>2</sup> Incremental investment to develop on land already owned by PRISA. <sup>3</sup> Based on underwriting metrics estimated as of the date of Investment Committee approval. For Core investments, cap rate represents going-in; for Non-Core investments, cap rate represents stabilized cap rate. <sup>4</sup> Based on gross negotiated price. <sup>5</sup> Based on final construction costs. Note: Past performance is not guarantee or a reliable indicator of future results.



## PRISA SA 2014 DISPOSITION ACTIVITY | DECEMBER 31, 2014

Gross Sales											
Property Name	Location	Age (Years)	Risk Profile	SF/Units	Actual Sale Date	4Q Rolling Gain/Loss on GMV	Gross Cost	Price <sup>1</sup> (\$ Millions)	Net Proceeds (\$Millions)	Hold Period	IRR
Broadstone at Great Hills	Austin, TX	15	Core	256	2/21/2014	\$3.4	\$31.2	\$36.3	\$19.9	8	7.7%
Gray Portfolio Grigio Land <sup>4</sup>	Phoenix, AZ	N/A	Non-Core	N/A	10/24/2014	(0.4)	2.5	9.5	9.2	4	34.6%
James Island I	Jacksonville, FL	4	Core	270	12/3/2014	(1.1)	32.4	37.9	16.1	5	13.8%
Southern Oaks	Cary, NC	7	Core	287	12/18/2014	(1.9)	29.9	39.2	17.9	4	11.6%
Apartment Subtotal						(\$0.1)	\$96.0	\$122.9	\$63.1		
Sunset Corporate Campus	Seattle, WA	23	Core	275,447	12/18/2014	\$1.3	\$76.9	\$90.7	\$35.9	17	11.3%
Office Subtotal						\$1.3	\$76.9	\$90.7	\$35.9		
John Ross Condo Sale <sup>3</sup>	Portland,OR	7	Non-Core	N/A	7/28/2014 / 9/12/2014	(\$0.1)	\$0.8	\$0.7	\$0.6	9	N/A <sup>3</sup>
Retail Subtotal						(\$0.1)	\$0.8	\$0.7	\$0.6		
Miller & Rhoads <sup>4</sup>	Richmond,VA	5	Core	111 Units/ 250 Keys	7/17/2014	(\$2.2)	\$55.9	\$44.0	\$43.8	5	-3.2%
Hotel Subtotal						(\$2.2)	\$55.9	\$44.0	\$43.8		
250 W Apra – Dominguez Hills <sup>2</sup>	Compton, CA	31	Core	149,654	6/3/2014	\$1.7	\$17.2	\$15.4	\$14.9	8	0.7%
Transal Park Land	Miami, FL	N/A	Non-Core	N/A	6/9/2014	4.0	3.6	4.4	3.9	1	10.1%
National Business Park <sup>2</sup>	Livermore,CA	N/A	Non-Core	N/A	7/2/2014	0.2	0.8	0.7	0.4	9	-14.2%
Sumner Business Park <sup>2</sup>	Livermore, CA	N/A	Non-Core	N/A	10/2/2014	0.0	6.2	9.5	7.0	11	6.0%
Industrial Subtotal						\$5.9	\$27.8	\$30.0	\$26.2		
Joint Venture Partners' Share								(\$40.6)			
Adjustments to Previous Dispositions									2.8		
Total Closed Dispositions						\$3.5	\$257.4	\$247.7	\$172.4		

<sup>1</sup> Represents 100% of the investment.

<sup>2</sup> Partial Sale.

<sup>3</sup> PRISA SA sold 2 condo units where the loss on cost was (\$0.2 M).

<sup>4</sup> At the time of the sale, this was a legacy asset 100% owed by PRISA SA. PRISA LP had no interest at the time of sale.

Note: Past performance is not a guarantee or a reliable indicator of future results.



## PRISA SA NOTABLE FINANCING ACTIVITY | DECEMBER 31, 2014

Asset Info			Prior Loan		New/Modified Loan						Comments
Property Name	Location	4Q14 GMV (\$M)	Rate	LTV	4Q14 Loan Amount (\$M)	Rate	LTV	Term	Execution Date	Lender	
100 Park Avenue	New York, NY	\$770.0	6.64%	49%	\$360.0	L + 175	47%	7 Years	2/27/2014	Deka	Refinanced and upsized to \$360M for a 7-year term at L + 175 bps
Mission Towers II	Santa Clara, CA	\$135.0	N/A	N/A	\$42.0	5.90%	31%	3 Years	4/28/2014	Deutsche Bank	Acquisition was encumbered with a fixed rate of 5.90% with a 11/1/17 maturity date
Bond Financing Series A Senior Notes	N/A	N/A	N/A	N/A	\$200.0	3.53%	N/A	7 Years	4/15/2014	Various	New bond financing for a 7-year term at a fixed rate of 3.53%
Bond Financing Series B Senior Notes	N/A	N/A	N/A	N/A	\$100.0	4.27%	N/A	12 Years	4/15/2014	Various	New bond financing for a 12-year term at a fixed rate of 4.27%
AVE Somerset	Somerset, NJ	\$92.7	6.01%	74%	\$63.0	L + 190	68%	5 Years	7/1/2014	Canadian Imperial Bank of Commerce	Refinanced from a fixed rate of 6% and downsized to \$63M for a 5 year term at L + 190 bps
Tower 46	New York, NY	\$300.1	N/A	N/A	\$150.0	L + 230	50%	3 Years	10/31/2014	Wells Fargo	3-year IO at LIBOR + 230 bps with two, 12 month extensions.
International Place	Boston, MA	\$1,210.0	5.21%	32%	\$500.0	4.38%	41%	10 Years	10/10/2014	New York Life Insurance	Refinanced and upsized to \$500M for a 10-year term at 4.38%
PRISA Credit Line	N/A	N/A	L + 125-155	N/A	N/A	L + 87.5-130	N/A	4 Years	11/21/2014	Wells Fargo	Refinanced for a 4-year term at L + 87.5-130 bps with two 6 month extensions
<b>Total</b>		<b>\$2,507.8</b>			<b>\$1,415.0</b>		<b>56%</b>				



## PRISA SA TOP 10 ASSETS BY GMV | DECEMBER 31, 2014

Project Name	Property Type	Location	Size/ Units / SF	PRISA SA's Share GMV (\$ Millions)	100% GMV per SF/Unit	Percentage of Fund's GMV
Eleven Times Square <sup>1</sup>	Office	New York, NY	1,107,839	\$1,297.7	\$1,223.1	7.0%
International Place <sup>1</sup>	Office	Boston, MA	1,841,298	\$1,085.2	\$657.1	5.9%
The Fillmore Center <sup>2</sup>	Apartment	San Francisco, CA	1,114	\$538.9	\$483,752.2	2.9%
Post Montgomery Tower <sup>2</sup>	Office	San Francisco, CA	674,637	\$514.0	\$761.9	2.8%
100 Park Avenue <sup>2</sup>	Office	New York, NY	894,131	\$385.8	\$861.2	2.1%
1800 M Street	Office	Washington, DC	554,464	\$291.0	\$524.8	1.6%
Annapolis Towne Centre at Parole	Retail	Annapolis, MD	484,426	\$289.3	\$611.0	1.6%
Tower 46	Office	New York, NY	319,488	\$225.1	\$939.4	1.2%
1111 Brickell	Office	Miami, FL	522,892	\$221.0	\$422.6	1.2%
Democracy Center	Office	Bethesda, MD	681,495	\$217.0	\$318.4	1.2%
				<b>\$5,065.0</b>		<b>27.5%</b>

<sup>1</sup> Exceeds single asset exposure limit of 5%.

<sup>2</sup> PRISA SA holds an interest in these assets outside of its investment alongside PRISA LP in PRISA REIT; the interest PRISA SA owns outside of PRISA REIT is 50.2% of The Fillmore Center, 51.7% of Post Montgomery Tower and 0.4% of 100 Park Avenue.



## PRISA SA TOP 10 TENANTS<sup>1</sup> | DECEMBER 31, 2014

PRISA SA's largest tenants are diversified across the financial, government, law, technology and insurance sectors.

Tenant	Property	Industry	Credit Rating (S&P) <sup>2</sup>	Square Feet	% of PRISA SA's Revenue
Proskauer Rose	Eleven Times Square/International Place	Legal	NR	503,356	2.4%
Eaton Vance Investment Managers	International Place/100 Park Ave	Finance	A-	327,883	1.1%
Marsh & McLennan	Waterfront Corporate Ctr. Ph II	Insurance	A-	354,180	0.8%
Savvis Communications Corporation	Data Centers (14901 FAA Blvd/4650 Old Iron/4700 Old Iron)	Technology	NR	478,222	0.7%
BDO International	100 Park Ave/1111 Brickell/Democracy/Intl Place	Finance	NR	174,840	0.7%
GSA (U.S. Government)	1800 M St/Preston Gateway/ Plaza II	Government	AA+	296,837	0.5%
J&W Seligman & Co Inc	100 Park Avenue	Finance	NR	103,615	0.5%
Choate, Hall, & Stewart	International Place	Legal	NR	211,724	0.5%
Wells Fargo and Company	100 Park Ave/International Place/Post Montgomery	Finance	A+	118,207	0.5%
Morningstar, Inc.	22 West Washington	Finance	NR	285,236	0.4%
<b>Total</b>				<b>2,854,100</b>	<b>8.1%</b>

<sup>1</sup>Due to confidentiality provisions in the lease, Top Ten Tenants excludes Microsoft, a major tenant at Eleven Times Square.

<sup>2</sup> www.standardandpoors.com

Note: Based on revenue contribution budgeted for 2014.



## PRISA SA VALUATION METRICS | DECEMBER 31, 2014

- All properties owned by PRISA are valued in accordance with authoritative accounting guidance (US GAAP). PRISA's assets are appraised each quarter by an independent appraiser
- Since 4Q13, direct cap rates and discount rates declined by 30 bps and 31 bps, respectively
- Although cap rates are low, the spreads relative to the 10-year Treasury yield are still attractive and in line with long term averages

### VALUATION METRICS BY PROPERTY TYPE<sup>1</sup>

Property Type	September 30, 2014		December 31, 2014		Market Value	
	Direct Cap Rate <sup>2</sup>	Discount Rate	Direct Cap Rate <sup>2</sup>	Discount Rate	Per SF/Unit	
Apartment - Suburban	5.20%	7.14%	5.15%	7.10%	\$236,692	per unit
Apartment - Urban	4.43%	6.75%	4.43%	6.74%	\$351,216	per unit
Hotel	7.08%	9.59%	7.02%	9.54%	\$350,131	per key
Industrial	6.00%	7.35%	5.85%	7.24%	\$107	psf
Office - CBD	5.05%	6.83%	4.81%	6.52%	\$607	psf
Office - Suburban	5.89%	7.60%	5.90%	7.59%	\$340	psf
Retail	6.52%	7.75%	6.40%	7.62%	\$257	psf
Storage	5.67%	8.75%	5.52%	8.60%	\$155	psf
<b>Total</b>	<b>5.48%</b>	<b>7.30%</b>	<b>5.36%</b>	<b>7.16%</b>		

<sup>1</sup> Rates are weighted on gross market value.

<sup>2</sup> The direct cap rate generally reflects the external appraiser's calculation of stabilized NOI divided by current appraised value.



## PREI & PRISA SA SUSTAINABILITY | DECEMBER 31, 2014

### OUR SUSTAINABILITY MISSION & OBJECTIVES

#### Mission

To incorporate sustainability practices into our real estate investment process and the management of our global portfolio that result in increased operating efficiency, and contribute to delivering superior risk adjusted returns for our investors and cost savings and health benefits for our property occupants, while being a good global citizen and respecting the needs of all stakeholders.

#### Objectives

- Improve investment returns for our clients
- Become a landlord of choice
- Practice good global citizenship starting with the communities we serve

PRISA SA Leads The Way	PRISA SA's Roster LEED Certification	
	Office	Industrial
<ul style="list-style-type: none"> <li>○ 35 properties totaling \$6.6B (37.4%) in GMV have LEED Certification</li> <li>○ 20 PRISA SA properties totaling \$3.8 B (21.8%) in GMV have received the Energy Star Certification</li> <li>○ PRISA SA continually seeks ways to operate its assets more efficiently.</li> <li>○ Fillmore Center is the largest LEED certified EB multi-family property in the country</li> <li>○ Post Montgomery Tower was the fifth Gold EB in San Francisco to be certified</li> <li>○ 100 Park Avenue was the oldest building in NYC to receive LEED EB Silver status at the time of certification</li> <li>○ Northeast Business Park – Phase I has 870,000 sf of solar panels which generates 6.8 megawatts of solar power.</li> </ul>	<ul style="list-style-type: none"> <li>100 North Tampa - Silver</li> <li>2020 Main - Silver</li> <li>Emerystation I - Silver</li> <li>Emerystation II - Silver</li> <li>Emerystation East - Silver</li> <li>Glendale Plaza - Silver</li> <li>International Place - Silver<sup>1</sup></li> <li>Westside Plaza I - Silver</li> <li>Westside Plaza II - Silver</li> <li>Westside Plaza III - Silver</li> <li>Ponce de Leon - Gold/Silver<sup>1</sup></li> <li>120 North LaSalle - Gold</li> <li>100 Park Avenue - Gold</li> <li>Eleven Times Square - Gold</li> <li>1800 M Street - Gold</li> <li>Emerystation Greenway - Gold</li> <li>Democracy Center - Gold</li> <li>1111 Brickell - Gold</li> <li>Mission Towers II - Platinum</li> <li>Post Montgomery Tower - Platinum</li> </ul>	<ul style="list-style-type: none"> <li>I-20 Distribution Center - Silver</li> <li>Northpoint Logistics - Silver</li> <li>19310 Pacific Gateway Drive – LEED New Construction Silver</li> <li>The Brick Yard, Building E - Silver</li> <li>The Brick Yard, Building H - Silver</li> <li>The Brick Yard, Building I - Silver</li> </ul>
		Apartment
		<ul style="list-style-type: none"> <li>One Plantation - LEED New Construction</li> <li>SoNo East - Silver</li> <li>Fillmore Center - Silver</li> <li>Left Bank at Kinzie Station - Silver</li> <li>Vanguard Chelsea - Platinum</li> <li>Terraces at Town Center - National Green Building - Bronze</li> <li>The Modern – National Green Building - Bronze</li> </ul>
		Retail
		<ul style="list-style-type: none"> <li>Marshfield Plaza - Silver</li> <li>Galleria - Platinum</li> </ul>

<sup>1</sup> This property consists of two buildings.



## PRISA SA LONG-TERM RETURN TARGETS

Strategy	Long-Term Return Target <sup>1</sup>	Long-Term PRISA SA Blend <sup>1,2</sup>
<b>Risk Profile:</b>		
Core (90%)	7.00% to 9.00%	7.50% to 9.50%
Non-Core (10%)	11.00% to 14.00%	

- Performance Benchmark is NFI-ODCE.
- Income is expected to contribute approximately 80% to the total return.

<sup>1</sup> Targeted returns are portfolio level and before fees. There is no guarantee that targeted returns will be achieved.

<sup>2</sup> Total net target return is 6.5%-8.5%.



## PRISA SA INVESTMENT GUIDELINES

Strategy	Target/Current	NFI-ODCE
Risk Profile		
- Core	90% (92% currently)	80%
- Non-Core	10% (8% currently)	20% (max)
Return Focus:	Income	N/A
Property Type Focus:		
	Fully Diversified: Mainly Office, Industrial, Multifamily and Retail. Limited Hotel (up to 10% of GMV) and Storage	Fully Diversified: Mainly Office, Industrial, Apartment and Retail. No more than 65% in one sector
Geographic Focus:		
	Fully Diversified within the U.S.: Overweight to major markets and coastal regions	95% in U.S. market; No more than 65% in one region
Benchmark:		
	Meet or exceed NFI-OCDE over a complete market cycle	N/A
Maximum Debt:		
- Effective Leverage Ratio	30% (21.9% currently)	40% (max)
- Debt to Portfolio Operating Income	5x (5.0x currently)	N/A
- Recourse Leverage	15% (2.2% currently)	N/A
Other Governors:		
- Max. Single asset exposure (% GMV)	5% (Eleven Times Square 7.0% and International Place 5.9 currently)	N/A
- Max. Mezzanine Investing (% GMV)	5% (1.2% currently)	N/A



## ENDNOTES

**PRISA Separate Account ("PRISA SA")** is the original PRISA fund structured as an insurance company separate account with an inception date of July 1970.

**PRISA LP** is the new investment vehicle formed on January 1, 2013 to invest in the existing portfolio of PRISA SA assets (as of 12/31/2012) as well as all assets PRISA SA elects to invest in going forward.

**PRISA or PRISA Composite** reflects the combined performance of all assets held by PRISA SA and PRISA LP. Although this is not an actual fund in which any client is invested, it is indicative of the overall performance of the PRISA investment strategy and, therefore, the PRISA Composite returns and portfolio metrics will be provided to NCREIF for inclusion in the NFI-ODCE and other NCREIF Indices. PRISA may also refer to the PRISA dedicated portfolio and asset management teams.

**PRISA REIT** is the entity through which PRISA LP will make all of its investments. As of December 31, 2014, PRISA LP and PRISA SA own approximately 11.5% and 88.5% of PRISA REIT, respectively. Any reference to PRISA LP's dollar exposure throughout this document refers to that of PRISA REIT, unless otherwise noted.

**Important Note on Historical Information:** Economic terms and other portfolio metrics reported for PRISA, PRISA SA or PRISA LP that include periods to the formation of PRISA LP reflect information for PRISA SA for those periods prior to January 1, 2013. Prior to the formation of PRISA LP, PRISA and PRISA SA were one in the same.



## PREI'S DEFINITION OF CORE

- Office, retail, warehouse, storage, and residential properties that were more than 80% leased when purchased and hotels that were operating at, or near, market occupancy. (For the sake of clarity, properties will not move out of the core category if their occupancy falls below the 80% threshold subsequent to acquisition)
- Properties (office, retail, warehouse, multi-family or storage) that were developed, renovated or purchased and have now achieved leasing of 80% or more of the total leasable area
- Properties undergoing a minor renovation/expansion that does not have a material impact on the property's occupancy or operation
- Build-to-suit investments which are 80% or more pre-leased and where the Fund has reasonable protection from completion and cost overrun risk
- Investment activities incidental to the Fund's main strategies:
  - Listed securities or purchase money mortgages accepted as part of the consideration in a property sale
  - Senior first mortgages with an LTV at origination of 65% or less



## VALUATION POLICY

All properties held by the Fund are accounted for at fair value in accordance with applicable contractual requirements and in compliance with authoritative accounting guidance (US GAAP). Property level debt is also accounted for at fair value based on the amount at which the impact of the liability could be measured in a current transaction exclusive of direct transactions costs. The Fund's current valuation procedure is as follows:

The Chief Real Estate Appraiser of PIM (the "Chief Appraiser") is responsible for the valuation process of the Fund's investments and approves all final values. The Chief Appraiser position is independent from PREI and reports directly to a senior member of PIM. The Chief Appraiser retains an independent Appraisal Management Firm to run the day-to-day operation of the appraisal process. The Appraisal Management Firm is responsible to assist with the selection, hiring, oversight, rotation and/or termination of third party appraisal firms. In addition, the Appraisal Management Firm provides independent reviews of the appraisal reports.

Although the Partnership Agreement requires that every property that is held by the Fund for a full calendar year is valued at least once during the calendar year by an independent appraiser with professional qualifications, the Fund's current valuation practice is that every property and other investment is appraised every quarter with the exception of properties recently acquired or under LOI for sale. The fair value of land held for development is considered to be acquisition cost, including soft costs incurred prior to development assuming it is the assumption a market participant would use. Cost is considered fair value for properties under development until substantial completion has occurred assuming the same premise. If cost is not considered to be representative of market, the properties are independently appraised based on the general policy. All appraisals are performed in

accordance with the Uniform Standards of Professional Appraisal Practice ("USPAP") and consider the conventional method of valuation (income, cost and market).

As described above, the estimated market value of real estate and real estate related assets is determined through an appraisal process. These estimated market values may vary significantly from the prices at which the real estate investments would sell, since market prices of real estate investments can only be determined by negotiation between a willing buyer and seller. Valuations should be considered only estimates of value and not a measure of realizable value. In addition, such valuations should be viewed as subject to change with the passage of time.



## FRANK GARCIA

MANAGING DIRECTOR



[frank.e.garcia@prudential.com](mailto:frank.e.garcia@prudential.com)  
(415) 486 3802

**NUMBER OF YEARS REAL ESTATE EXPERIENCE: 22**

**NUMBER OF YEARS WITH PRUDENTIAL: 2**

Frank Garcia is a managing director at Prudential Real Estate Investors. He is the senior portfolio manager for PRISA, PREI's flagship core equity real estate fund. Based in San Francisco, he is responsible for managing all aspects of the fund including portfolio strategy, investment decisions and management of the PRISA team. Frank is a member of the U.S. Investment Committee and the U.S. Executive Committee.

Previously, Frank served as a portfolio manager for PRISA. Before joining PREI in 2013, Frank was a managing director at RREEF, where he was a senior portfolio manager for the firm's flagship core fund responsible for a nearly \$5 billion portfolio of assets, and the lead portfolio manager for the firm's flagship value-added fund that reached a peak

gross value of \$4 billion. He was also a voting member of the firm's investment committee. Earlier, Frank worked at Spieker Properties as a vice president in Northern California responsible for the development, management and leasing of approximately 3 million square feet of office and industrial space with a total portfolio value of over \$250 million. He was also previously an industrial real estate broker with CB Commercial (now CBRE).

Frank holds a bachelor's degree from the University of the Pacific with a concentration in business administration.



## JOANNA MULFORD

MANAGING DIRECTOR/PRISA'S CHIEF FINANCIAL OFFICER



[joanna.mulford@prudential.com](mailto:joanna.mulford@prudential.com)  
(973) 683 1743

**NUMBER OF YEARS REAL ESTATE EXPERIENCE: 18**

**NUMBER OF YEARS WITH PRUDENTIAL: 25**

Joanna is the Portfolio Manager & Chief Financial Officer for PRISA. Joanna is involved in all aspects of managing the fund including portfolio strategy, investment decisions and management of the PRISA team.

From 2005 through 2007, Joanna was responsible for U.S. real estate sales on behalf of PREI's clients. In 2007, PREI executed 79 commercial property sales totaling \$5.7 billion.

Joanna had previously been the Portfolio Manager for three accounts: A mezzanine fund with \$250 million of client commitments; a \$400 million private REIT; and a \$400 million co-investment program with an off-shore investor. Prior to this, she was responsible for the asset management of a portfolio of commercial real estate investments including office, residential, retail, storage and industrial property types and mezzanine loans.

Before joining PREI in 1997, Joanna was a member of the Private Equity Group, working on behalf of Prudential's domestic and international subsidiaries investing in private equity transactions. Prior to this, she had been a member of the Comptrollers unit of the Prudential Asset Management Company since joining the firm in January of 1990. She provided support to several of Prudential's money management subsidiaries investing in both public and private equities.

Joanna is a graduate of Rutgers University where she studied Finance and Management and earned both an MBA and Bachelor's Degree.



## JAMES GLEN, CFA

PRINCIPAL



[james.glen@prudential.com](mailto:james.glen@prudential.com)  
(973) 683 1686

**NUMBER OF YEARS REAL ESTATE EXPERIENCE: 14**

**NUMBER OF YEARS WITH PRUDENTIAL: <1**

James Glen is a principal of Prudential Real Estate Investors and portfolio manager for PRISA, PREI's flagship core real estate fund. Based in Madison, New Jersey, James is involved in asset management oversight and transactions, and works with the PRISA team on fund strategy.

Prior to joining PREI, James served as global head of research and strategy within BlackRock's real estate group, with responsibility for monitoring real estate markets globally and formulating investment strategy to support \$24 billion of investments across the United States, Europe and Asia Pacific. Previously, he spent more than five years with BlackRock's portfolio management group, where he worked on the core and opportunistic real estate funds in the United States and internationally.

James' service with BlackRock's real estate group and its predecessor, SSR Realty Advisors, dates back to 2004. Prior, James was a senior economist at the economic consulting firm Moody's Analytics and began his career as an analyst at JP Morgan Chase.

James earned a bachelor's degree in economics from the University of North Carolina at Greensboro and a master's degree in economics from the University of Delaware. He is a member of the National Council of Real Estate Investment Fiduciaries (NCREIF), the Pension Real Estate Association (PREA), the National Association of Real Estate Investment Managers (NAREIM), and the CFA Institute.



## JEREMY S. KEENAN

VICE PRESIDENT



[jeremy.keenan@prudential.com](mailto:jeremy.keenan@prudential.com)  
(973) 734-1420

**NUMBER OF YEARS REAL ESTATE EXPERIENCE: 8**  
**NUMBER OF YEARS WITH PRUDENTIAL: 3**

Jeremy S. Keenan is assistant portfolio manager for PRISA. As such, he is involved in many aspects of the Fund's portfolio strategy, including investment selection, sales, asset management and portfolio reporting.

Previously, Jeremy was Vice President and Corporate Counsel of Prudential Financial, Inc., responsible for supporting Prudential Real Estate Investors. PREI's law department supports all aspects of PREI's investment and advisory activities, which include equity and debt, private investments in real estate, real estate operating companies, REITs and other real estate-related vehicles on behalf of single clients and commingled funds.

Jeremy's responsibilities included acting as lead internal counsel responsible for oversight of all aspects of PRISA, including fund-level

matters, REIT compliance, tax structuring and adherence to fund requirements in all PRISA transactions. His responsibilities also included legal analysis in structuring, marketing and launching new PREI products in the United States, structuring and oversight of acquisition transactions, portfolio and property level finance transactions, and providing counsel to various other PREI-advised funds and accounts.

Prior to joining Prudential in 2011, Jeremy was an attorney in the Real Estate Department of the New York office of Jones Day, specializing in real estate transactions and real estate private equity funds. Jeremy holds a Bachelor of Arts Degree in Economics from Hamilton College and a J.D. from Cardozo Law School, where he graduated cum laude.



## MARK A. OCZKUS

PRINCIPAL



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(415) 291 5019

**NUMBER OF YEARS REAL ESTATE EXPERIENCE: 26**

**NUMBER OF YEARS WITH PRUDENTIAL: 17**

Mark A. Oczkus is a member of PREI's marketing and client service team, responsible for managing relationships with institutions in the Western United States.

Prior to assuming his current position with Prudential in February 1998, Mark was a Vice President with SSR Realty Advisors, from 1995 to 1997, responsible for marketing to corporate pension plans nationwide. From 1991 to 1995, Mark was the Director of Marketing for MIG Realty Advisors, and served in a variety of marketing and client relation functions, including consultant relations and sales to public and corporate pension plans. Mark received a BA and MBA from the University of California, Berkeley.



## DISCLOSURE

Prudential Investment Management is the primary asset management business of Prudential Financial, Inc. Prudential Real Estate Investors is Prudential Investment Management's real estate investment advisory business and operates through Prudential Investment Management, Inc. (PIM), a registered investment advisor. Prudential, the Prudential log, the Rock symbol and PREI are service marks of Prudential Financial, Inc. and its related entities, registered in many jurisdictions worldwide.

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**All performance and targets contained herein are subject to revision by PREI and are provided solely as a guide to current expectations. There can be no assurance that any product or strategy described herein will achieve any targets or that there will be any return of capital. Past performance is not a guarantee or reliable indicator of future results. No representations are made by PREI as to the actual composition or performance of any account.**

**PRISA:** The basis for the performance target set forth within this presentation is based on a fund that is a broadly diversified, core portfolio that invests primarily in existing, income-producing properties with strong cash flow that is expected to increase over time and thereby provide the potential for capital appreciation. Target returns are expected to be achieved over a complete market cycle which can be defined as a period of time whereby valuations have bottomed (hit a trough), rose to a peak and then declined to the trough point again. PREI has based this investment objective on certain assumptions that it believes are reasonable. There is no guarantee, however, that any or all of such assumptions will prove to be accurate in the face of actual changes in the market or other material changes in regional or local markets specific to this strategy. Factors necessary to achieve this performance target include a property type and geographic diversification strategy, which is intended to reduce risk and maintain a broadly diversified portfolio. Property selection and performance impact the ability to achieve the target returns, including asset location, asset

class, and property type assets, investment strategy and the capitalization of investment. Property and Fund performance are subject to healthy economic conditions in the US market and

sub-markets where investments are located. Factors that would mitigate against achieving this performance target would include, but are not limited to, unforeseen sudden and drastic changes in economic and capital markets and/or demographic trends affecting the US or a particular market or sub market that could impact property performance and/or investors' demand for commercial real estate. There can be no guarantee that this target will be achieved.



## DISCLOSURE

The financial indices referenced herein as benchmarks are provided for informational purposes only. The holdings and portfolio characteristics may differ from those of the benchmark(s), and such differences may be material. Factors affecting portfolio performance that do not affect benchmark performance may include portfolio rebalancing, the timing of cash flows, credit quality, diversification and differences in volatility. In addition, financial indices do not reflect the impact of fees, applicable taxes or trading costs which reduce returns. Unless otherwise noted, financial indices assume reinvestment of dividends. You cannot make a direct investment in an index. The statistical data regarding such indices has not been independently verified by PREI.

References to specific securities and their issuers are for illustrative purposes only and are not intended and should not be interpreted as recommendations to purchase or sell such securities. The securities referenced may or may not be held in portfolios managed by PREI and, if such securities are held, no representation is being made that such securities will continue to be held.

Net returns shown herein are time-weighted rates of return after deduction of manager compensation. Actual manager compensation schedules and other expenses are described in the individual PRISA SA contracts and the governing documents of PRISA LP and its subsidiaries. Please see Part II of the Prudential Investment Management Inc. Form ADV, for more information concerning manager compensation.

These materials do not purport to provide any legal, tax or accounting advice. These materials are not intended for distribution to or use by any person in any jurisdiction where such distribution would be contrary to local law or regulation.

The information contained herein is provided by the Prudential Real Estate Investors. Prudential Real Estate Investors is the investment manager of PRISA SA and PRISA LP.

In addition to this document, Prudential Real Estate Investors or its agent may distribute to you an offering memorandum (the "PPM") and the constitutional documents of the Fund (including a limited partnership agreement and/or other governing fund document and a subscription agreement or the Investment Brief for PRISA SA and constitutional documents of PRISA SA together with the PPM, the

"Memorandum"). You should review and carefully consider these documents, especially the risk factors explained within them, and should seek advice from your legal, tax, and other relevant advisers before making any decision to subscribe for interests in the Fund. If there is any conflict between this document and the Memorandum and constitutional documents of the Fund, the Memorandum and constitutional documents shall prevail. You must rely solely on the information contained in the Fund's Memorandum and constitutional documents in making any decision to invest.

**There can be no assurance that the Fund will meet any performance targets referenced herein. An investor could lose some or all of its investment in the Fund. Investments are not guaranteed by the Fund, PREI, their respective affiliates, or any governmental agency.**

Certain securities products and services are distributed by Prudential Investment Management Services LLC, a Prudential Financial company and member of SIPC.

**Risk Factors:** Investments in commercial real estate and real estate-related entities are subject to various risks, including adverse changes in domestic or international economic conditions, local market conditions and the financial conditions of tenants; changes in the number of buyers and sellers of properties; increases in the availability of supply of property relative to demand; changes in availability of debt financing; increases in interest rates, exchange rate fluctuations, the incidence of taxation on real estate, energy prices and other operating expenses; changes in environmental laws and regulations, planning laws and other governmental rules and fiscal policies; changes in the relative popularity of properties risks due to the dependence on cash flow; risks and operating problems arising out of the presence of certain construction materials; and acts of God, uninsurable losses and other factors which are beyond the control of the Manager and the Fund. As compared with other asset classes, real estate is a relatively illiquid investment. Therefore, investors' withdrawal requests may not be satisfied for significant periods of time. Other than its general fiduciary duties with respect to investors, PREI has no specific obligation to take any particular action (such as liquidation of investments) to satisfy withdrawal requests. In addition, as recent experience has demonstrated, real estate is subject to long-term cyclical trends that give rise to significant volatility in real estate values.



## DISCLOSURE

**NCREIF Fund Index-Open End Diversified Core Equity (NFI-ODCE):** The NFI-ODCE, short for NCREIF Fund Index - Open End Diversified Core Equity, 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 up to 33 private open-end commingled funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s. Fund membership requires the following criteria: (1) Private open-end funds; (2) Not more than 40% leverage; (3) At least 80% of assets in the five major property types; (4) At least 95% of assets located in the U.S.; and (5) Not more than 70% of assets in one region or one property type. Reinvestment of dividends is not applicable to this asset class. A benchmark Index is not professionally managed, does not have a defined investment objective, and does not incur fees or expenses. Investors cannot invest directly in an index.

**The NCREIF Property Index (NPI):** The NCREIF Property Index ("NPI") is comprised of the NCREIF Classic Property Index (unleveraged) and the NCREIF Leveraged Property Database. The universe of investments includes: (1) Wholly owned and joint-venture investments; (2) Existing properties only -- no development projects; and (3) Only investment-grade, non-agricultural, income-producing properties: apartments, hotels, office, retail, office showroom/R&D, and warehouses. The database fluctuates quarterly as participants acquire properties, as new members join NCREIF, and as properties are sold. Sold properties are removed from the Index in the quarter the sales take place (historical data remains). Each property's market value is determined by real estate appraisal methodology, consistently applied. Please note that when returns are computed for the NPI, the returns for the levered properties are computed on a de-levered basis, i.e., the impact of financing is excluded. Reinvestment of dividends is not applicable to this asset class. Note: A benchmark Index is not professionally managed, does not have a defined investment objective, and does not incur fees or expenses. Investors cannot invest directly in an index.



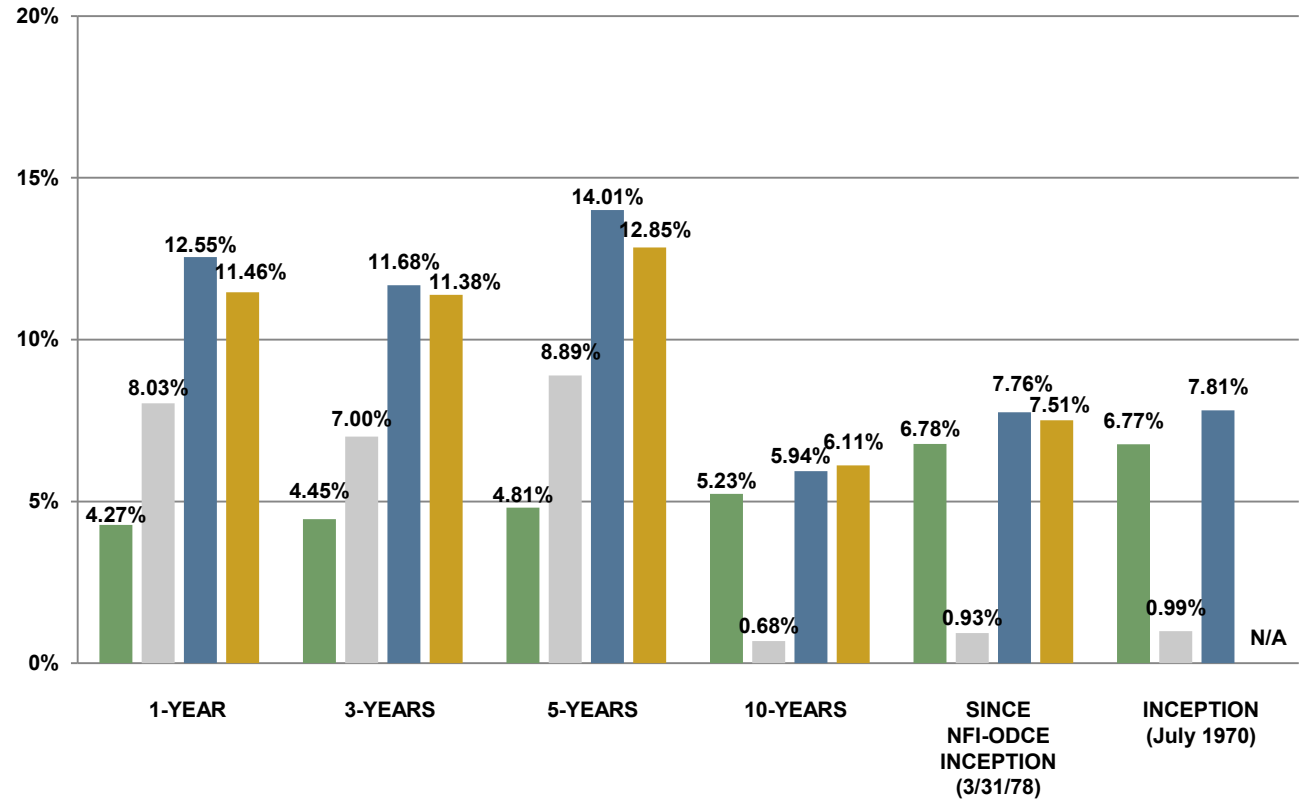
## PRISA SA RETURNS AFTER MANAGER COMPENSATION/FEES | DECEMBER 31, 2014

### NET PERFORMANCE

<b>PRISA SA:</b>	<b>4Q14</b>
Income	1.06%
Appreciation	2.58%
<b>Total Return</b>	<b>3.64%</b>

PRISA SA  
FOR PERIODS ENDING 12/31/14<sup>1</sup>

■ INCOME ■ APPRECIATION ■ TOTAL ■ NFI-ODCE



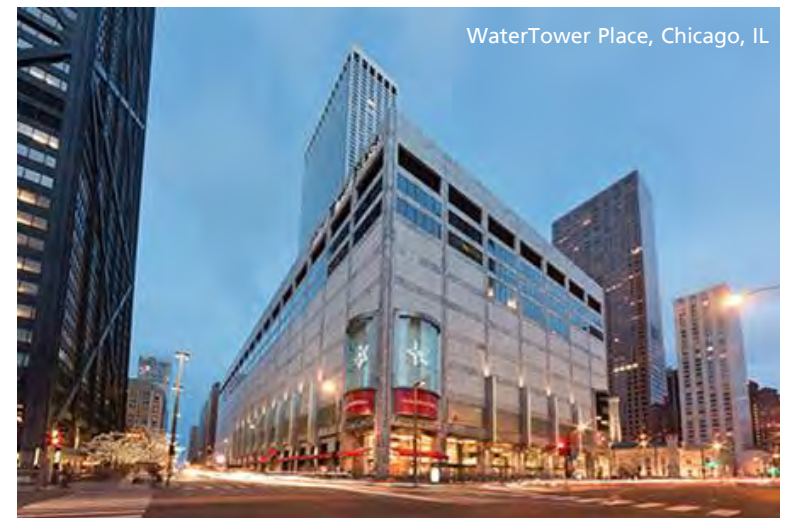
<sup>1</sup> Returns shown prior to January 1, 2013 are based upon PRISA SA.

Note: Returns shown are time-weighted rates of return after deduction of Manager Compensation/Fees. Returns for NFI-ODCE are based on the final report published by NCREIF on January 30, 2015. Past performance is not a guarantee or a reliable indicator of future results.

# UBS Trumbull Property Fund (UBS-TPF)

Ventura County Employees' Retirement Association

*Presented by:  
Stephen J. Olstein, Executive Director*



# General risk disclosure

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Certain sections of this presentation that relate to future prospects are forward looking statements and are subject to certain risks and uncertainties that could cause actual results to differ materially. This material is designed to support an in-person presentation, is not intended to be read in isolation, and does not provide a full explanation of all the topics that are presented and discussed.

An investment in real estate will involve significant risks and there are no assurances against loss of principal resulting from real estate investments or that the portfolio's objectives will be attained.

**This is not a recommendation. Investors must have the sophistication to independently evaluate investment risks and to exercise independent judgment in deciding to invest in real estate funds.** Investors must also have the financial ability and willingness to accept and bear the risks, including, among other things:

- **Risk of illiquidity.** Real estate is an illiquid investment and the account may not be able to generate sufficient cash to meet withdrawal requests from investors. Redemptions may be delayed indefinitely;
- **Risks of investing in real estate.** These risks include adverse changes in economic conditions (local, national, international), occupancy levels and in environmental, zoning, and other governmental laws, regulations, and policies;
- **Use of leverage.** Leverage will increase the exposure of the real estate assets to adverse economic factors, such as rising interest rates, economic downturns, or deteriorations in the condition of the properties or their respective markets and changes in interest rates;
- **Limitations on the transfer of fund units.** There is no public market for interests in any of our funds and no such market is expected to develop in the future; and
- **Legal & Taxation.** Investors should consult their own legal and tax advisers for potential US and/or local country legal or tax implications on any investment.

**Investors should evaluate all risk and uncertainties before making any investment decision. Risks are detailed in the respective fund's offering memorandum.**

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## Section 1

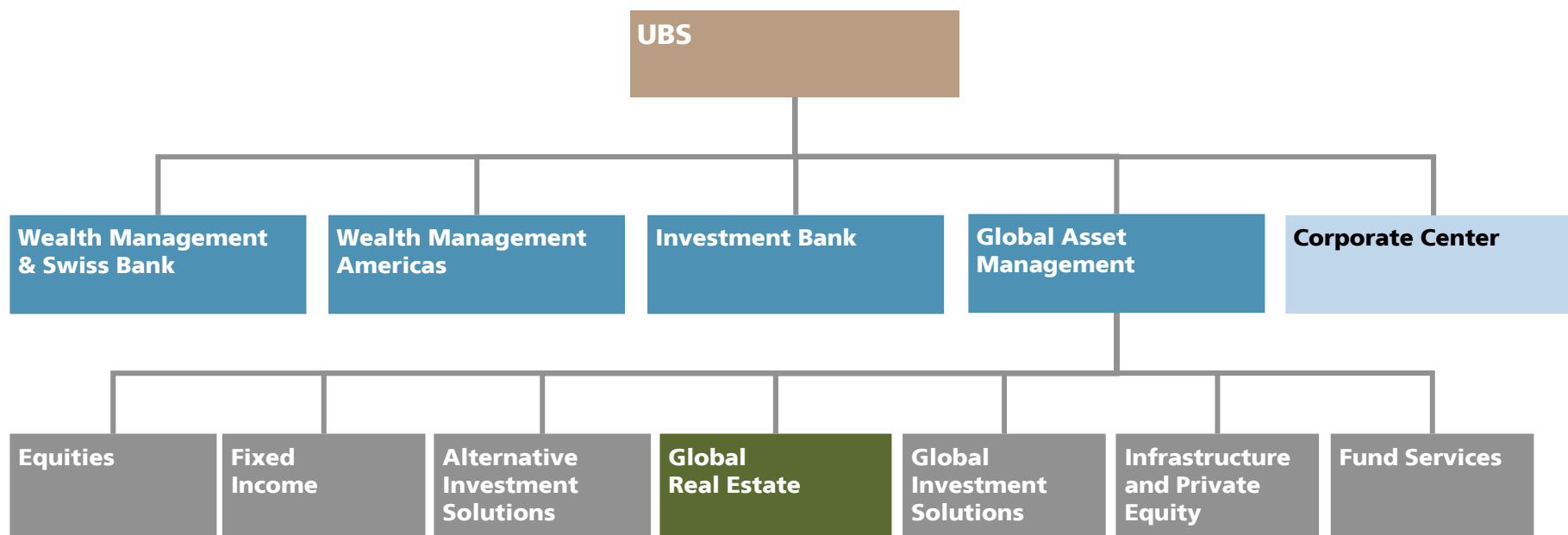
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# Organization and Capabilities

# UBS Global Asset Management - *Overview*

As of September 30, 2014

- Total invested assets: USD 679 billion
- Approximately 3,800 employees located in 24 countries
- Seven business segments
- Value driven investment philosophy
- Real estate is a prominent business area within UBS Global Asset Management



Source: UBS Global Asset Management

# US real estate *investment experience and mission*

As of December 31, 2014

- Over 36 years of core and value added real estate investment experience
- USD 26.2 billion of assets for over 500 clients
- Real estate organization with 190 employees and offices in California, Connecticut, and Texas
- Quality people, properties and relationships

*Our mission is to provide both superior risk-adjusted investment performance for our clients through private real estate investment strategies and outstanding client service.*



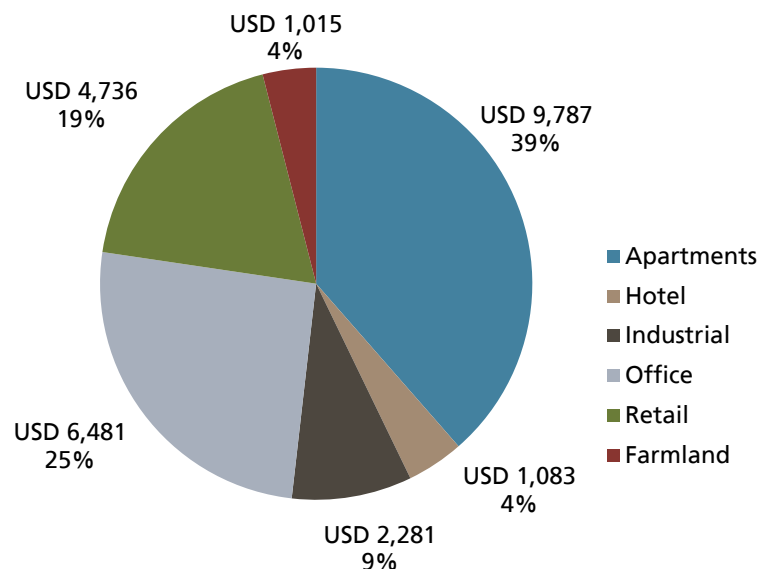
Source: UBS Global Asset Management, Global Real Estate – US

# Global Real Estate funds in the US - *Overview*

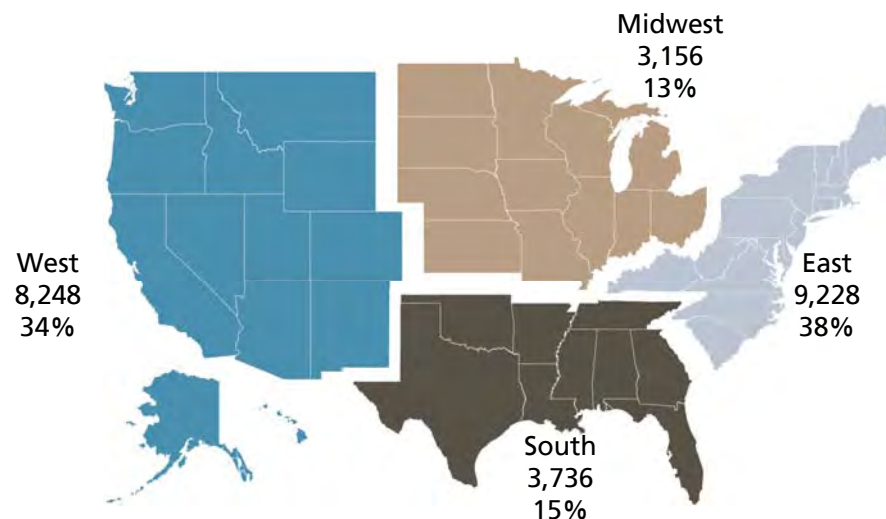
As of December 31, 2014

**Gross assets – USD 26.2 billion**

**Assets by property type** (USD in millions)



**Assets by geographic region** (USD in millions)



Source: UBS Global Asset Management, Global Real Estate – US Notes: Assets by property type and geographic regions represent real estate assets only and exclude other assets, such as cash, which are included in Gross Assets. Assets by geographic region exclude farmland.

## Section 2

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# Investment Results

# UBS-TPF investment results for Ventura County Employees'

## Periods ending December 31, 2014

			Client Net IRR's					
Year	Deposits	Withdrawals/ Distributions	Market Value 12/31/14	12 months ended 12/31/14	3 years ended 12/31/14	5 years ended 12/31/14	10 years ended 12/31/14	Since Inception 3/31/03 to 12/31/14
	\$ in thousands							
2003	54,000							
2004	10,000							
2005		10,000						
2009		1,013						
2010	30,000							
2011	30,000							
2013		5,421						
Total	\$124,000	\$16,434	\$208,224	10.6%	9.6%	11.0%	7.4%	7.9%

\*Client Net IRRs are dollar-weighted and after fees that were deducted from the account. Past performance is not indicative of future results. This is not an official statement of your account. Refer to your client statement and the quarterly UBS-TPF report. **Time Weighted Returns are available upon request.**

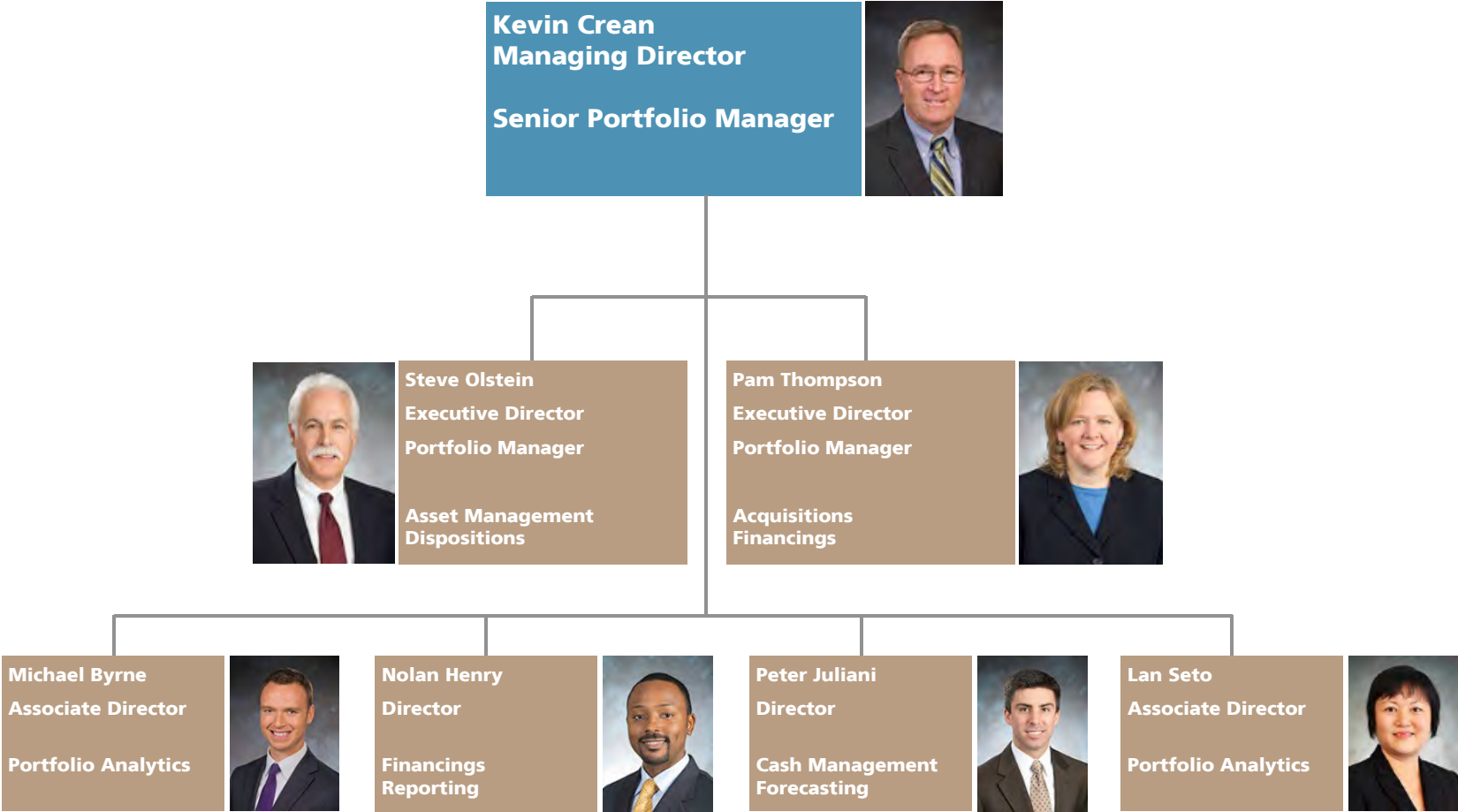
## Section 3

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# UBS Trumbull Property Fund (UBS-TPF)

# UBS-TPF *portfolio team*

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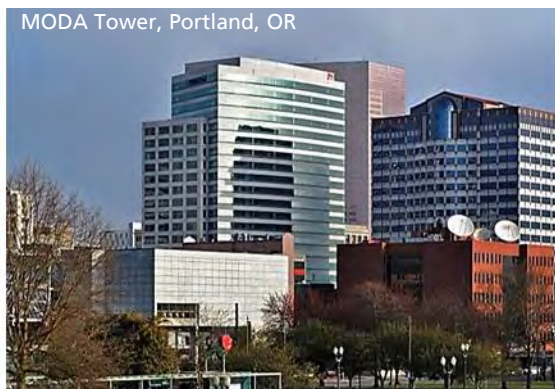
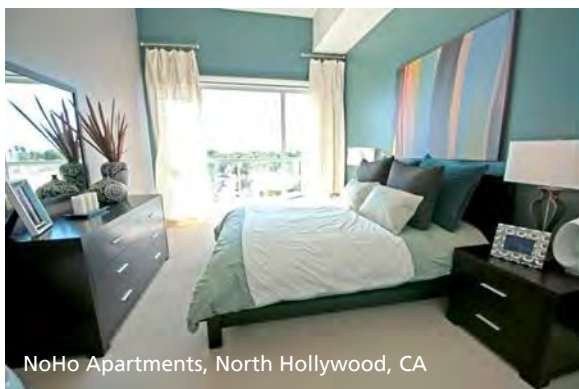
# UBS-TPF *mission*

The UBS Trumbull Property Fund seeks to provide:

- Access to high-quality core private real estate investments
- Lower risk profile within NFI-ODCE
- Flexibility through the open-end format
- **Superior risk-adjusted returns** across real estate cycles

As of December 31, 2014

- USD 19.0 billion Fund
- 36-year track record
- Since-inception total return of 9.01%



Source: UBS Global Asset Management, Global Real Estate - US

Notes: Return supplements the Firm's Equity Composite previously provided or included herein. UBS-TPF since inception date is 1/13/1978. See required notes page at the end of this section or presentation. Past performance is not indicative of future results.

# UBS-TPF *strategy*

- Income-focused
- Strategic low leverage approach
- Diversification through proprietary inventory model
- Selective value added investment: "build to core"
- Economically supported sustainability

- 86% of since inception total return from income
- 10-year average leverage ratio approximately half of NFI-ODCE



Source: UBS Global Asset Management, Global Real Estate - US

\*Participating mortgage investment. See required notes page at the end of this section or presentation

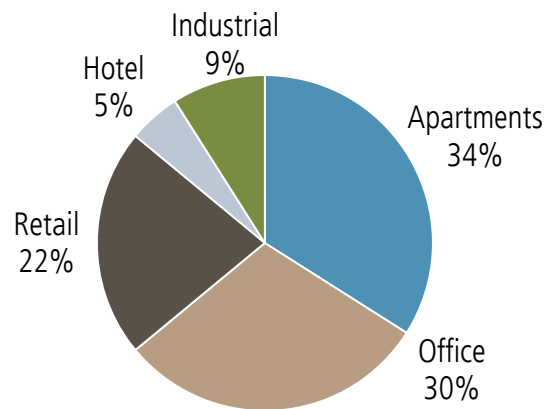
Notes: UBS-TPF since inception date is 1/13/1978. Past performance is not indicative of future results.

Data as of December 31, 2014

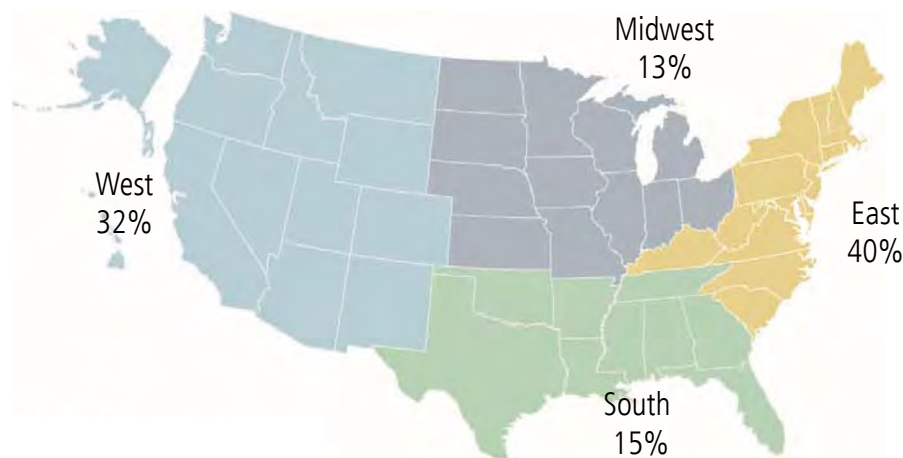
# UBS-TPF *portfolio distribution*

As of December 31, 2014

## Assets by property type



## Assets by geographic region



## Property type allocation (%)

	UBS-TPF target ranges	Current UBS-TPF allocation	NFI-ODCE
Apartments	23-39	34	25
Office	16-28	30	37
Retail	20-34	22	19
Industrial	8-12	9	14
Hotel/Other	8-12	5	5

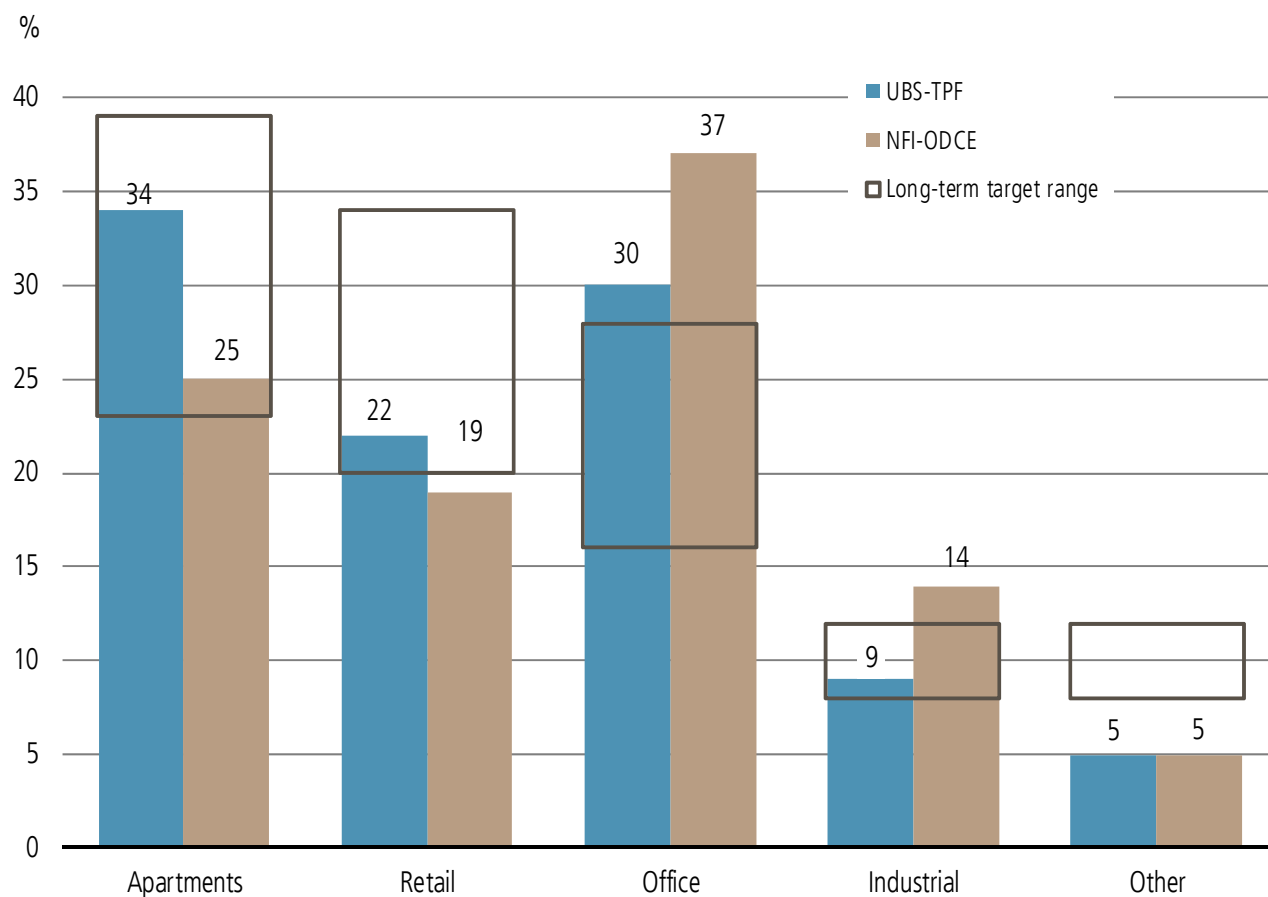
## Largest Markets (%)

	UBS-TPF
New York	18
Chicago	11
Boston	8
Los Angeles	8
Washington DC	7

Source: UBS Global Asset Management, Global Real Estate – US

Notes: Percentages may not sum due to rounding. Geographic divisions as defined by NCREIF. Percentages are based on gross market value of real estate investments.

# UBS-TPF *diversification by property type*



All data as of December 31, 2014.

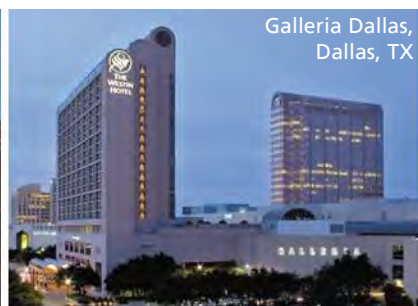
Source: UBS Global Asset Management, Global Real Estate - US

Notes: Long-term targets describe a well-diversified market portfolio and are based on the Research & Strategy Proprietary Inventory Model which is updated annually.

# UBS-TPF *ten largest assets*

**97% leased overall**

Property name	Location	Property type	% Portfolio	Gross market value (USD mil)
53 State Street	Boston	CBD Office	3.6%	673.0
135 West 50th Street <sup>(1)</sup>	New York	CBD Office	3.5%	657.0
CambridgeSide Galleria <sup>(1)</sup>	Boston	Regional Mall	3.0%	561.9
Galleria Dallas	Dallas	Regional Mall	2.7%	506.0
Liberty Green-Liberty Luxe <sup>(1)(2)</sup>	New York	High-rise Apartments	2.6%	487.0
35 West Wacker	Chicago	CBD Office	2.5%	468.0
Water Tower Place	Chicago	Regional Mall	2.5%	457.3
1177 Avenue of the Americas	New York	CBD Office	2.4%	453.5
120 Broadway	New York	CBD Office	2.4%	452.7
Bay Street Emeryville	San Francisco	Retail	1.6%	305.0
			<b>27.1%</b>	<b>5,021.5</b>



Data as of December 31, 2014. Source: UBS Global Asset Management, Global Real Estate – US

<sup>(1)</sup>Converted to Core from an initial Value-added strategy

<sup>(2)</sup>Participating mortgage investment. See required notes page at the end of this section or presentation

Note: Amounts may not sum due to rounding. Past performance is not indicative of future results.

# UBS-TPF *transaction activity*

As of December 31, 2014

## Investment focus 2014

- Apartments and Industrial (stabilized and development)
- Retail (stabilized and repositioning)
- Selective office
- West region

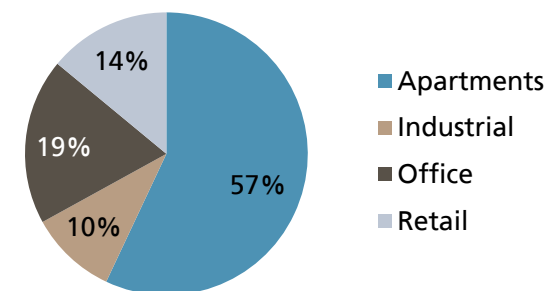
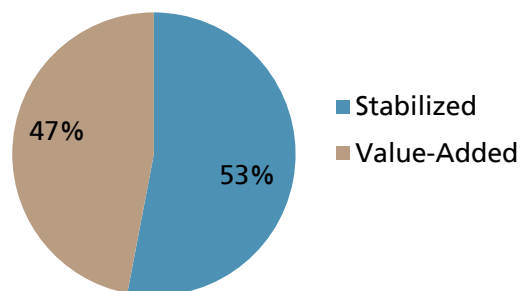
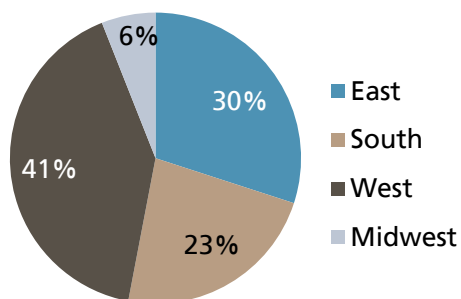
## Investment activities 2014

- Closed 33 transactions for USD 2.3 billion
- Continued active pipeline over USD 1.5 billion
- Sales outlook – over USD 500 million in sales process



# UBS-TPF *2014 investments*

Page 1 of 3



Property	Property type	Location	Date closed	Size	Gross investment (USD millions)
West 130 Apartments	Apartments	West Hempstead, NY	1/14	150 units	70.3
The Reserve at Tinner Hill	Apartments	Falls Church, VA	2/14	224 units	76.3
Element Music Row	Apartments	Nashville, TN	2/14	431 units	97.8
The Lakes at West Covina	Apartments	West Covina, CA	2/14	450 Units	135.0
Monarc at Met 3*	Apartments	Miami, FL	3/14	462 units	133.6
Becknell	Industrial	Atlanta, GA	4/14	101,500 sf	4.4
Apex I	Apartments	Los Angeles, CA	5/14	271 units	153.9
Apex II	Apartments	Los Angeles, CA	5/14	281 units	168.9

Source: UBS Global Asset Management, Global Real Estate – US.

\*Represents the full development phase of this investment. A USD 2.7 million bridge loan was previously funded in September 2013.

These properties represent some examples of fund investments. These types of investments may not be available or selected by the Fund in the future.

As of December 31, 2014

# UBS-TPF *2014 investments*

Page 2 of 3

Property	Property type	Location	Date closed	Size	Gross investment (USD millions)
Becknell	Industrial	Cincinnati, OH	5/14	131,150 sf	4.1
Becknell	Industrial	Richmond, VA	6/14	115,956 sf	7.6
Becknell	Industrial	Indianapolis, IN	6/14	100,440 sf	5.5
Sierra Business Park	Industrial	Fontana, CA	6/14	744,642 sf	59.7
Becknell	Industrial	Louisville, KY	6/14	403,961 sf	15.8
Lakeside Urban Center	Apartments	Las Colinas, TX	6/14	317 units	53.2
Becknell	Industrial	Milwaukee, WI	6/14	105,444 sf	7.5
The Overton	Apartments	Portland, OR	7/14	284 Units	103.7
Becknell	Industrial	Hobart, IN	7/14	18,120 sf	2.8
Orbus Distribution Center	Industrial	Woodridge, IL	8/14	347,525 sf	24.3
Bay Street Emeryville	Retail	Emeryville, CA	8/14	382,793 sf	305.0
Becknell	Industrial	Indianapolis, IN	8/14	514,800 sf	20.5
CenterPoint	Industrial	Pleasant Prairie, WI	9/14	409,766 sf	14.0
CenterPoint	Industrial	Pleasant Prairie, WI	9/14	521,048 sf	17.4
CenterPoint**	Industrial	Various	9/14	N/A	3.0

\*\* UBS-TPF purchased minor additional equity interests in five existing investments within the CenterPoint joint venture.

These properties represent some examples of fund investments. These types of investments may not be available or selected by the Fund in the future.

# UBS-TPF *2014 investments*

Property	Property type	Location	Date closed	Size	Gross investment (USD millions)
Becknell	Industrial	Atlanta, GA	9/14	80,780 sf	2.9
1177 Avenue of Americas	Office	New York, NY	9/14	1,024,049 sf	436.5
Crescent Bayshore	Apartments	Tampa, FL	10/14	367 units	111.5
Becknell	Industrial	Indianapolis, IN	10/14	132,315 sf	5.0
Metro 303	Apartments	Long Island, NY	11/14	166 units	73.8
Becknell	Industrial	St. Louis, MO	11/14	101,255 sf	3.7
Becknell	Industrial	Grove City, OH	12/14	537,705 sf	19.6
Atlantic House	Apartments	Atlanta, GA	12/14	404 units	102.1
Becknell	Industrial	Cincinnati, OH	12/14	149,760 sf	6.6
Becknell	Industrial	Greenville, SC	12/14	175,000 sf	11.5
<b>Total 2014</b>					<b>2,257.3</b>

These properties represent some examples of fund investments. These types of investments may not be available or selected by the Fund in the future.

Note: Amounts may not sum due to rounding.

# UBS-TPF *portfolio positioning*

As of December 31, 2014

- 95% leased
- 8% commercial leases expiring in 2015, 13% in 2016
- Value-added 8.8%\* of Fund
- 2<sup>nd</sup> in GRESB sustainability rating in NFI-ODCE<sup>(1)</sup>

6.1% increase in same-property NOI (2014 over 2013)<sup>(2)</sup>



Note: Leasing numbers exclude hotels, properties in initial lease-up, development and redevelopment properties.

\*Percent of Gross Assets.

Past performance is not indicative of future results.

<sup>(1)</sup>Global Real Estate Sustainability Benchmark (GRESB) 2014 rating.

<sup>(2)</sup>Full year over full year analysis.

# UBS-TPF *leasing*

## End of period percentage leased

	2008	2009	2010	2011	2012	2013	2014
Apartments	93	94	95	95	94	94	95
Industrial	94	90	87	91	95	96	97
Office	93	92	92	90	92	91	94
Retail	95	92	95	93	94	95	95
Total	94	92	93	93	93	93	95

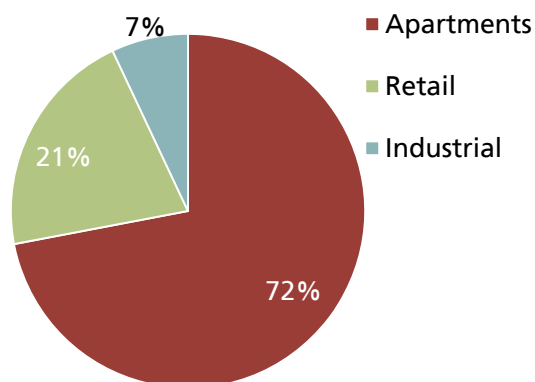
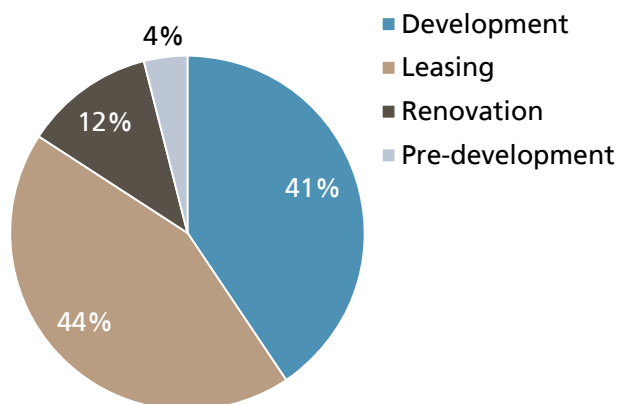


Source: UBS Global Asset Management, Global Real Estate - US

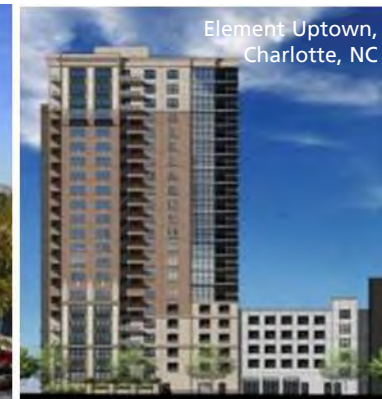
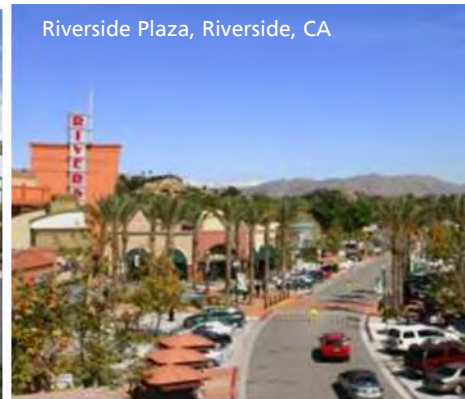
Notes: Leasing numbers exclude hotels, properties in initial lease-up, development and redevelopment properties.

# UBS-TPF *value creation*

USD 1.6 billion value-added: 8.8% of gross assets



- Development - primarily multifamily assets
- Renovation and leasing - primarily in retail and hotel sectors



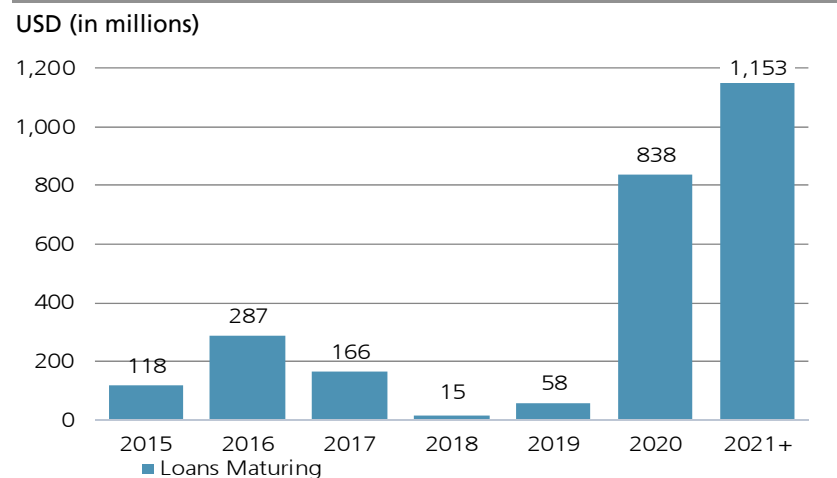
Data as of December 31, 2014. Source: UBS Global Asset Management, Global Real Estate – US

# UBS-TPF *financing*

As of December 31, 2014

- USD 2.6 billion debt (13.9% gross assets)
- Average interest rate 3.9%
- 99% of debt at a fixed rate
- Locking low rates for future maturities

## Upcoming debt maturities



35 West Wacker, Chicago, IL



Galleria Dallas Mall, Dallas, TX

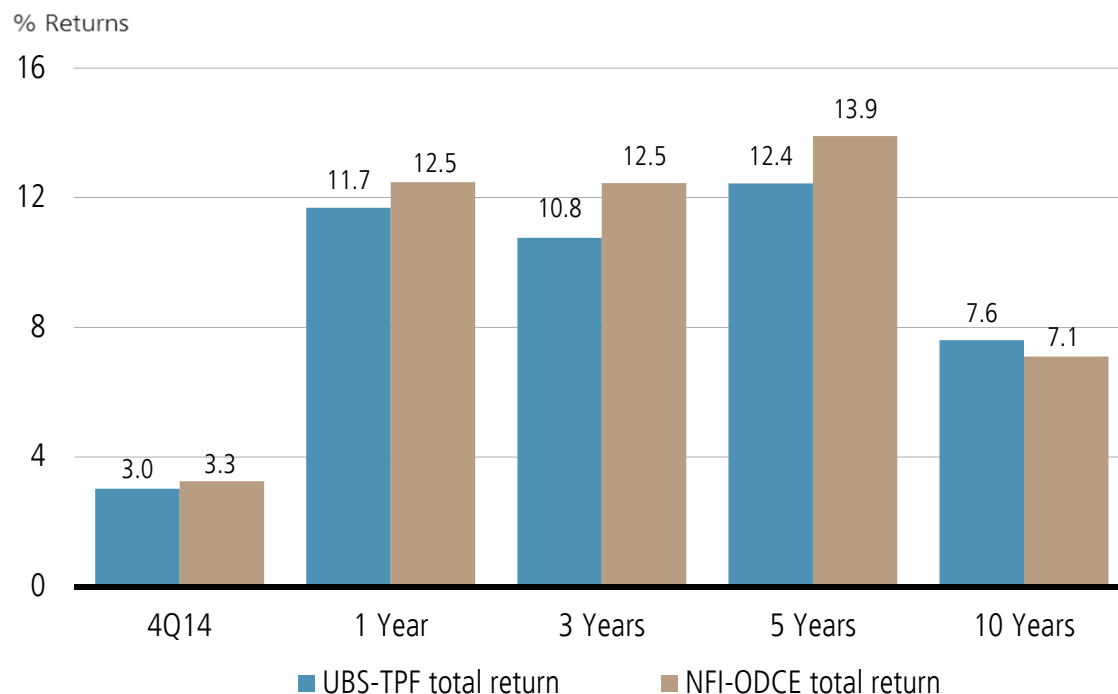


Baltimore Marriott Waterfront, Baltimore, MD

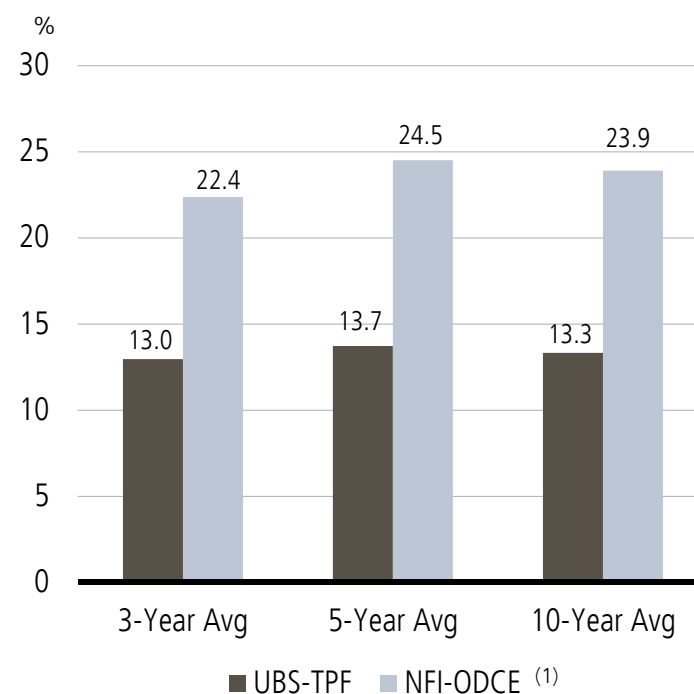
Source: UBS Global Asset Management, Global Real Estate - US

# UBS-TPF *performance*

## UBS-TPF total return vs NFI-ODCE total return as of December 31, 2014



## Weighted Average Leverage Percentage as of December 31, 2014



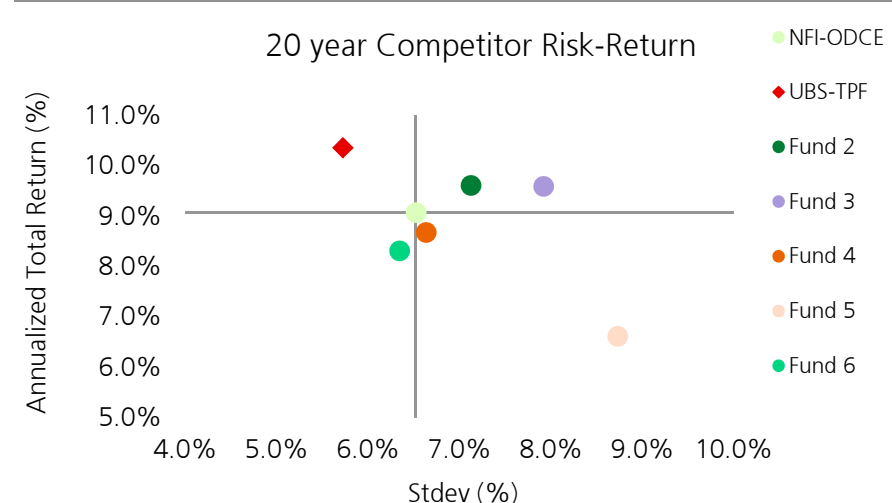
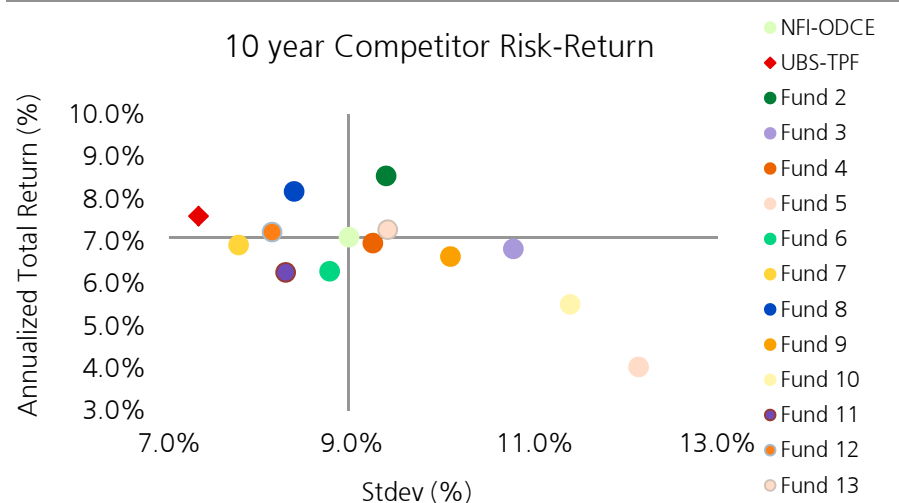
Sources: UBS Global Asset Management, Global Real Estate – US and NCREIF is the source of NFI-ODCE

Notes: Returns supplement the Firm's Equity Composite previously provided or included herein. See required notes pages at the end of this section or presentation. Past performance is not indicative of future results.

<sup>(1)</sup>Leverage ratios of NFI-ODCE excluding UBS-TPF are even greater at 3-year average 23.7%, 5-year average 26.0%, and 10-year average 25.4% as of December 31, 2014.

# UBS-TPF *risk-return profile vs. peers*

As of December 31, 2014



## NCREIF-Reported Risk Characteristics for UBS-TPF

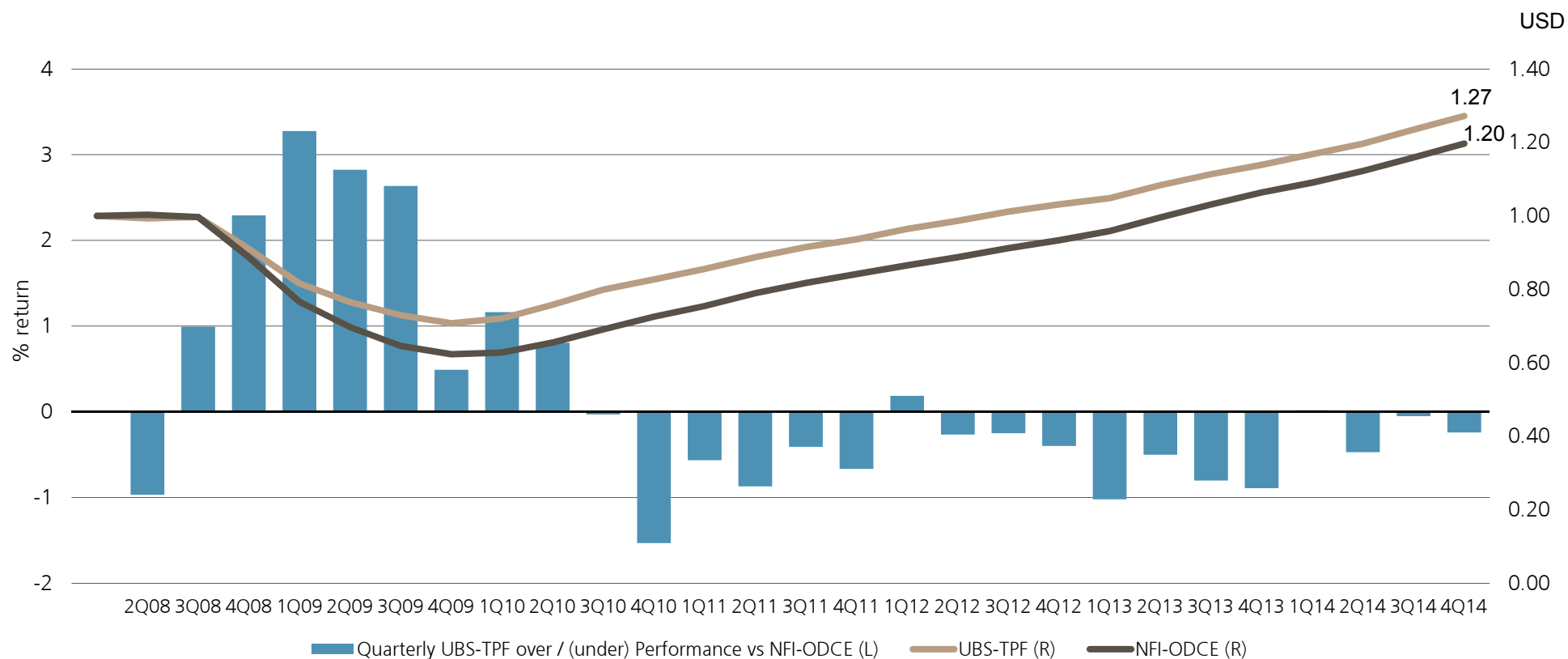
Measure	10 year value	Ranking (out of 13 Funds)
Sharpe Ratio	0.88	#1
Standard Deviation	7.32	#1
Jensen Alpha	0.02	#1



Notes: UBS-TPF Risk Characteristics: Sharpe Ratio measures return per unit of risk. Standard Deviation is an annualized standard deviation that measures the variability of fund returns. Jensen Alpha measures the excess fund return adjusted for systematic risk (risk-free rate and beta). Data provided by NCREIF as of December 31, 2014. Total returns are annualized and are reported gross of management fees. Please see the Required Notes page for additional information. Past performance is not indicative of future results.

# UBS-TPF *performance*

## Wealth comparison peak to current (UBS-TPF vs. NFI-ODCE)



Sources: UBS Global Asset Management, Global Real Estate – US and NCREIF is the source of NFI-ODCE

Notes: Returns supplement the Firm's Equity Composite previously provided or included herein. Quarterly UBS-TPF excess return is calculated arithmetically. See required notes pages at the end of this section or presentation. Solid lines show how USD 1.00 invested in 1Q08 would have grown over time before fees are deducted. Past performance is not indicative of future results. Data as of December 31, 2014.

# UBS-TPF *competitive advantages*

- Consistent strategy execution
- Competitive performance across real estate cycles
- Experienced portfolio and investment teams
- ERISA fiduciary standard of care
- Management fee tied to performance

**Superior risk-adjusted returns  
across real estate cycles<sup>(1)</sup>**

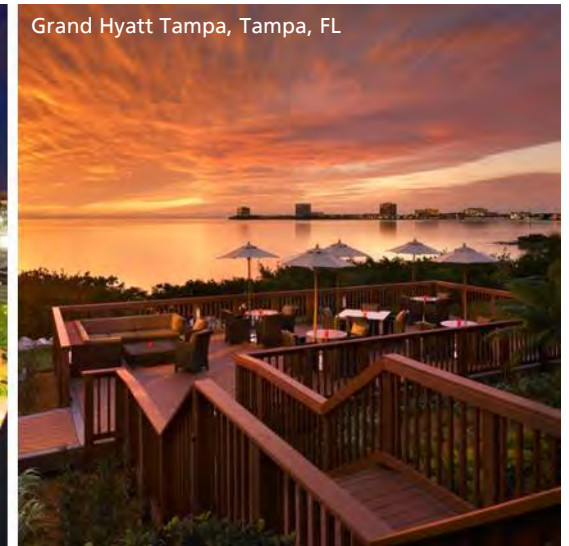
53 State Street, Boston, MA



Alexan CityCenter, Englewood, CO



Grand Hyatt Tampa, Tampa, FL



<sup>(1)</sup> Ranked #1 (out of 10 funds) for Sharpe Ratio, Standard Deviation and Jensen Alpha, on a 10-year basis, as calculated by NCREIF. As of September 30, 2014

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## Section 3.A

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# UBS Trumbull Property Fund (UBS-TPF)

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## Appendix

# UBS-TPF *senior investment professionals*

## Portfolio & Client Services

Stephen J. Olstein

Name	Years Experience		Title/Responsibility
	Industry	Firm	
Matthew Lynch <sup>(1)</sup>	30	18	Head of Global Real Estate - US
<b>Portfolio Management</b>			
Kevin Crean <sup>(1)</sup>	35	30	Senior Port Mgr, UBS-TPF
Stephen Olstein	35	11	Portfolio Mgr, UBS-TPF
Pamela Thompson	23	12	Portfolio Mgr, UBS-TPF
Paul Canning <sup>(1)</sup>	34	23	Senior Port Mgr, UBS-TPG
Gary Gowdy <sup>(1)</sup>	37	32	Senior Port Mgr, UBS-TPI
Jeffrey Maguire <sup>(1)</sup>	31	17	Senior Port Mgr, AVT
<b>Research &amp; Strategy</b>			
William Hughes <sup>(1)</sup>	19	9	Head of Research & Strategy
Laurie Tillinghast	34	4	DC Specialist
<b>Acquisitions<sup>(3)</sup></b>			
Ronald Urdanick <sup>(1)</sup>	42	36	Head of Acquisitions
Thomas Barreira	32	32	Region Head
Rodney Chu	17	17	Region Head
John Connelly	26	16	Region Head
Michael Mistretta	35	33	Region Head
William Moreno	25	16	Region Head
<b>Asset Management <sup>(2)</sup></b>			
William Harrison <sup>(1)</sup>	46	22	Head of Asset Mgmt
Thomas Enger	28	23	Region Head
James Fishman	35	31	Region Head
Alan Green	29	11	Region Head
David Ingram	43	43	Region Head

Name	Years Experience		Title/Responsibility
	Industry	Firm	
Dispositions			
William Robertson	27	22	Head of Property Sales
Valuation			
Thomas Gould	24	14	Co-head of Valuation
Christopher Taylor	28	28	Co-head of Valuation
Engineering Services			
Jeffrey Fraulino	28	28	Head of Engineering
Accounting, Reporting & Tax			
Carol Kuta	29	29	Head of Accounting
Dene Dobensky	32	10	Director of Tax Planning
Legal			
Steven Kapiloff <sup>(1)</sup>	25	9	General Counsel
Portfolio & Client Services			
Thomas O'Shea <sup>(1)</sup>	22	10	Head of Client/Portfolio Svc
Thomas Anathan <sup>(1)</sup>	41	39	Relationship Manager
Maria Bascetta	29	24	Relationship Manager
Thomas Klugherz	27	1	Relationship Manager
Ronald Lanier	41	35	Relationship Manager
David Lawson	37	10	Relationship Manager
Julie Pierro	16	4	Relationship Manager
Wayne Wallace	26	26	Relationship Manager
Client Services & Communications			
Catherine Schuster	29	10	Head of Client Services/ Communications

Notes: <sup>(1)</sup> Member, UBS Realty Investors LLC Investment Committee. <sup>(2)</sup> All Asset Management Region Heads are voting members of the Investment Committee for any acquisition / origination transaction. For other Investment Committee approvals, only the responsible Asset Management Region Head for the proposed investment decision is a voting member of the Investment Committee <sup>(3)</sup>The Acquisition Region Heads are voting members of the Investment Committee for any sale or disposition transaction.

# UBS-TPF *strategy and guidelines*

As of December 31, 2014

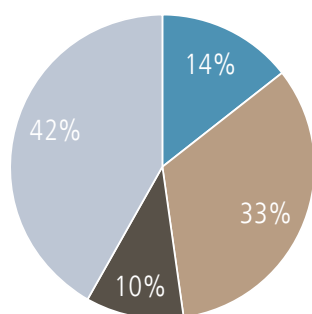
Strategy	Provide broad real estate market diversification to maximize risk adjusted returns
Fund Style & Liquidity	Open-end fund, with quarterly liquidity (subject to available capital); USD 5 million minimum
Financial Objective <sup>(1)</sup>	<ul style="list-style-type: none"> <li>• Seek to outperform the NFI-ODCE index over any given 3-5 year period</li> <li>• Seek to achieve at least a 5% real rate of return (i.e. inflation- adjusted return) before management fees, over any given 3-5 year period</li> </ul>
Fund Investment Guidelines <sup>(2)</sup>	<ul style="list-style-type: none"> <li>• Equity investments at least 70% of Gross Asset Value ("GAV")</li> <li>• Third Party Joint Ventures limited to 50% of GAV</li> <li>• Debt investments maximum of 30% of GAV (construction loans limited to 10% of GAV)</li> <li>• Publicly traded real estate securities or debt instruments limited to 5% of GAV</li> <li>• Combination of all value-added assets will generally range between 5-15% of total Portfolio Assets</li> </ul>
Property type and geographic spread	<ul style="list-style-type: none"> <li>• Apartments, hotels, industrial, retail and office throughout the US</li> <li>• NCREIF property type maximum 50% of GAV</li> <li>• NCREIF region maximum 50% of GAV</li> <li>• Local market (CBSA) maximum of 20% of GAV</li> <li>• Single investment maximum 10% of GAV</li> </ul>
Leverage	<ul style="list-style-type: none"> <li>• Mortgage debt generally not to exceed 20% of GAV</li> <li>• Short-term debt generally not to exceed 15% of GAV</li> </ul>
Standard of care	Advisor subject to ERISA Fiduciary standard of care

Source: UBS Global Asset Management, Global Real Estate - US

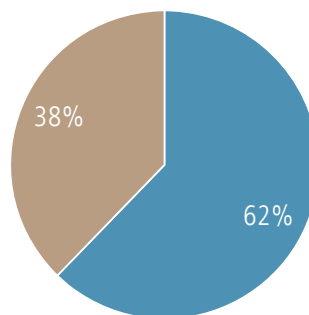
Notes: <sup>(1)</sup> There is no assurance that the financial objective will ultimately be realized and the possibility of loss does exist. There is no guarantee that the investment strategy will perform as expected. <sup>(2)</sup> The Advisor may permit temporary and/or immaterial deviations from the Investment Guidelines from time to time, in its discretion, if the Advisor believes that such deviations are in the best interest of the Fund.

# UBS-TPF *2013 investments*

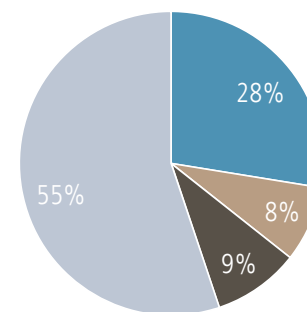
Page 1 of 3



■ East  
■ Midwest  
■ South  
■ West



■ Stabilized  
■ Value-Added



■ Apartments  
■ Industrial  
■ Office  
■ Retail

Property	Strategy	Property type	Location	Date closed	Size	Gross investment (USD millions)
Cielo Apartments	Stabilized	Apartments	Denver, CO	1/13	201 units	38.3
Becknell	Development	Industrial	Hobart, IN	1/13	20 acres	0.1
ODS Tower	Stabilized	Office	Portland, OR	2/13	398,412 sf	129.0
Downtown Pleasant Hill	Stabilized	Retail	Pleasant Hill, CA	3/13	345,919 sf	100.5
Peninsula Center	Leasing	Retail	Los Angeles, CA	3/13	296,027 sf	85.6
Becknell	Stabilized	Industrial	Maple Grove, MN	3/13	195,215 sf	13.0
Crystal House	Renovation	Apartments	Arlington, VA	3/13	828 units	193.1

Source: UBS Global Asset Management, Global Real Estate – US.

These properties represent some examples of fund investments. These types of investments may not be available or selected by the Fund in the future.

# UBS-TPF *2013 investments*

Page 2 of 3

Property	Strategy	Property type	Location	Date closed	Size	Gross investment (USD millions)
Deerbrook Marketplace	Stabilized	Retail	Houston, TX	3/13	348,532 sf	47.9
Centerpoint	Development	Industrial	Elk Grove Village, IL	4/13	87,975 sf	5.3
Centerpoint	Development	Industrial	Pleasant Prairie, WI	4/13	470,414 sf	18.8
Becknell	Stabilized	Industrial	Jacksonville, FL	4/13	240,000 sf	9.6
Becknell	Stabilized	Industrial	Jacksonville, FL	6/13	240,000 sf	7.9
Becknell	Stabilized	Industrial	Greenfield, IN	7/13	250,000 sf	8.1
Becknell	Development	Industrial	Tatamy, PA	8/13	100,300 sf	8.9
Becknell	Stabilized	Industrial	Indianapolis, IN	9/13	51.6 acres	1.6
Montage at Met 3*	Development	Apartments	Miami, FL	9/13	462 units	2.7
The Hudson	Development	Apartments	Houston, TX	10/13	432 units	75.7
Water Tower Place	Stabilized	Retail	Chicago, IL	11/13	818,174 sf	408.7
Central + Wilson	Repositioning	Retail	Glendale, CA	11/13	23,000 sf	9.3
Becknell	Development	Industrial	Richland, MS	11/13	20,000 sf	1.9

Source: UBS Global Asset Management, Global Real Estate – US.

\*UBS-TPF funded a USD 2.7 million bridge loan in preparation for an apartment development project in Miami, FL

These properties represent some examples of fund investments. These types of investments may not be available or selected by the Fund in the future.



# UBS-TPF *2013 investments*

Page 3 of 3

Property	Strategy	Property type	Location	Date closed	Size	Gross investment (USD millions)
Mission Grove Park	Stabilized	Apartments	Riverside, CA	11/13	432 units	76.4
Deerbrook Marketplace	Development	Retail	Houston, TX	12/13	8.9 acres	0.3
7200 West Buckeye Road	Stabilized	Industrial	Phoenix, AZ	12/13	400,000 sf	26.3
Orchard Town Center	Leasing	Retail	Westminster, CO	12/13	605,886 sf	121.0
Becknell	Stabilized	Industrial	St. Louis, MO	12/13	185,426 sf	6.9
Becknell	Development	Industrial	Alsip, IL	12/13	45,000 sf	4.8
<b>Total 2013</b>						<b>1,401.7</b>

Source: UBS Global Asset Management, Global Real Estate – US.

These properties represent some examples of fund investments. These types of investments may not be available or selected by the Fund in the future.

# UBS-TPF *total sales*

As of December 31, 2014

Year	Number of properties	Sales proceeds (USD in thousands)	Last independent appraised value
1982	4	8,845	8,744
1983	8	34,977	34,531
1984	10	61,732	60,340
1985	13	68,425	65,569
1986	10	94,339	89,612
1987	8	198,001	176,560
1988	4	71,330	67,550
1989	14	349,075	306,360
1990	0	-	-
1991	2	24,400	25,100
1992	8	67,575	65,006
1993	6	32,347	31,250
1994	3	87,983	86,444
1995	2	12,317	11,902
1996	4	43,896	39,508
1997	2	49,058	47,830
1998	0	-	-
1999	1	1,597	1,648

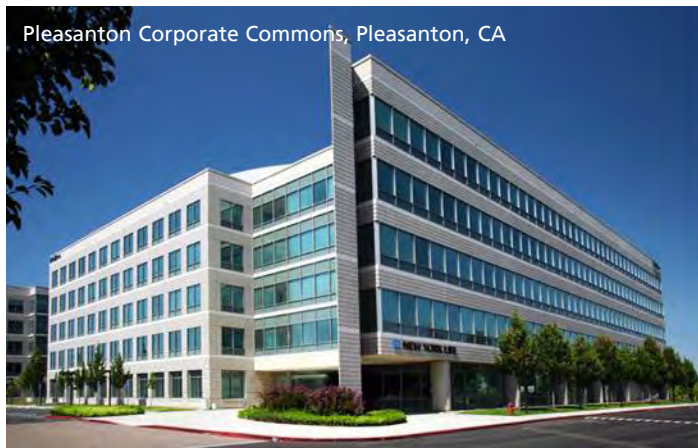
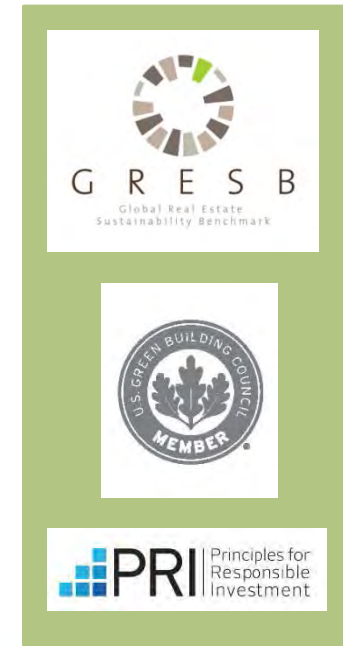
Year	Number of properties	Sales proceeds (USD in thousands)	Last independent appraised value
2000	5	75,191	58,319
2001	1	16,994	14,896
2002	4	53,126	48,868
2003	2	17,806	16,194
2004	6	25,472	24,771
2005	10	353,876	332,024
2006	9	143,904	134,162
2007	15	599,515	580,395
2008	9	384,975	366,466
2009	6	207,855	209,122
2010	5	35,482	34,692
2011	2	35,750	34,500
2012	6	292,338	290,640
2013	14	311,059	298,667
2014	2	57,771	55,612
Total	195	3,817,011	3,617,282

Source: UBS Global Asset Management, Global Real Estate – US. Notes: Number of properties sold may include portions of multi-parcel investments, and therefore may not tie to difference in total properties from year to year. Sales proceeds and appraised values are net of debt. From 1982-2007, sales proceeds and appraised values are also net of closing costs. The properties included in the calculation of total sales had been independently appraised or the appraisal reviewed and updated if necessary by an independent appraisal firm generally within six months of the date of the date of sale.

# UBS-TPF *sustainability*

## Investing for returns and the future

- Strategy - Reduce environmental impact while maximizing total return
- Member of Global Real Estate Sustainability Benchmark (GRESB)
- Office buildings registered under EPA Energy Star program, US Green Building Council
- LEED designations achieved for 64% of office assets, most new multifamily developments
- Encourage property management firms, vendors and contractors to use responsible green procedures



All data as of December 31, 2014.

\*Participating mortgage investment. See required notes page at the end of this section or presentation

# UBS-TPF *annual performance*

As of December 31, 2014

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
Percent %														
Net investment income	8.42	9.97	9.68	9.96	9.05	8.87	8.86	8.40	7.53	6.80	5.60	6.06	6.36	7.38
Net realized/unrealized gain (loss)	0.77	3.39	7.47	7.02	0.67	3.76	4.00	1.04	0.17	0.08	0.13	1.89	(10.12)	(12.47)
Total, before management fee	9.24	13.61	17.69	17.49	9.76	12.87	13.12	9.51	7.71	6.88	5.74	8.04	(4.25)	(5.78)
Total, net of management fee	8.26	12.58	16.65	16.42	8.71	11.80	12.07	8.45	6.67	5.84	4.68	6.97	(5.14)	(6.48)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Percent %												
Net investment income	7.95	8.60	9.70	9.88	10.33	9.88	8.59	8.73	8.99	8.99	8.38	7.91
Net realized/unrealized gain (loss)	(12.01)	(6.76)	2.42	2.14	5.59	12.56	7.33	3.97	7.59	(6.74)	0.51	1.52
Total, before management fee	(4.78)	1.41	12.30	12.18	16.34	23.34	16.39	12.96	17.08	1.79	8.93	9.52
Total, net of management fee	(5.47)	0.70	11.38	11.09	15.23	22.22	15.33	11.89	15.96	0.86	8.13	8.55

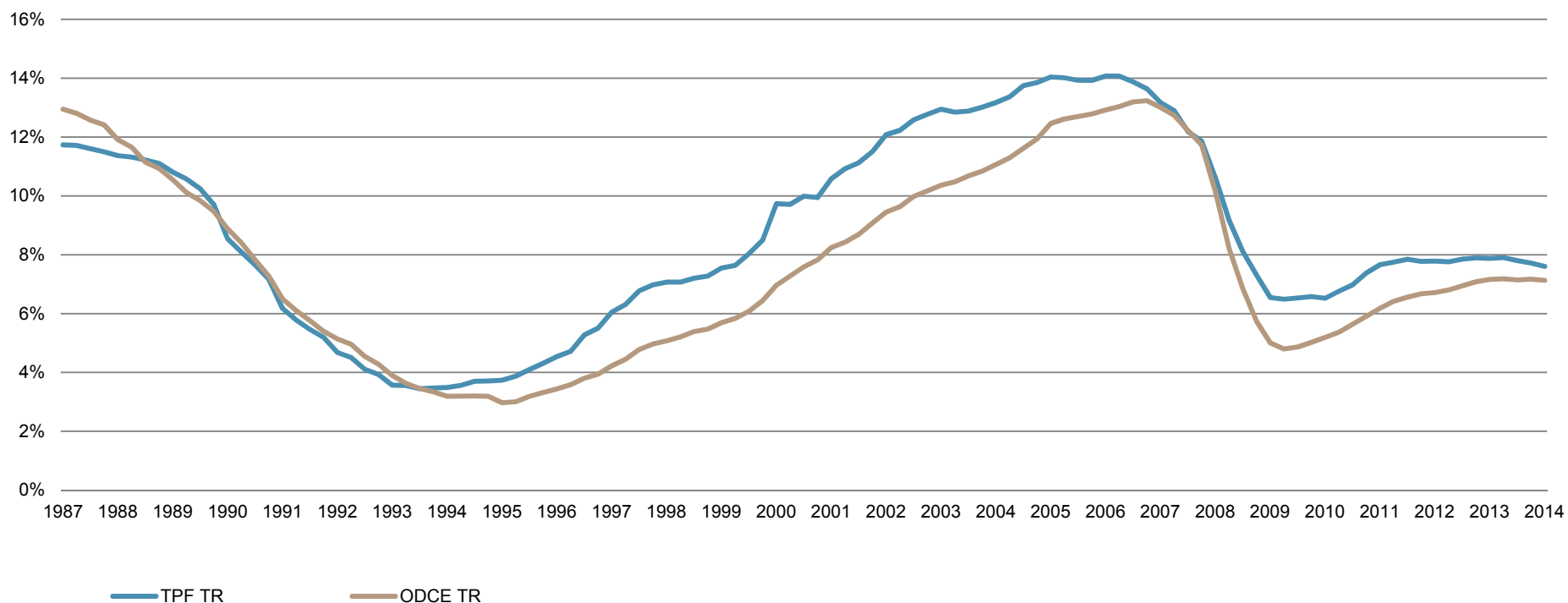
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Since Inception	% of total return
Percent %													
Net investment income	7.28	6.85	6.07	5.12	4.96	6.69	7.05	5.36	5.35	5.13	5.16	7.72	86%
Net realized/unrealized gain (loss)	6.89	13.61	10.12	8.49	(11.98)	(27.55)	9.32	7.55	4.62	5.12	6.29	1.22	14%
Total, before management fee	14.54	21.13	16.65	13.93	(7.46)	(22.30)	16.85	13.21	10.15	10.44	11.69	9.01	100%
Total, net of management fee	13.49	20.05	15.58	12.84	(8.29)	(22.94)	15.89	12.08	9.04	9.32	10.56	8.02	N/A

Source: UBS Global Asset Management, Global Real Estate - US

Notes: Returns supplement the Firm's Equity Composite previously provided or included herein. See required notes page at the end of this section or presentation. Past performance is not indicative of future results. UBS-TPF began operations on January 13, 1978, thus the 1978 return is not for a full year. Returns are annualized.

# UBS-TPF *performance*

## Ten-year rolling performance vs NFI-ODCE as of December 31, 2014



- UBS-TPF's income return outperformed NFI-ODCE 100% of the time
- UBS-TPF return outperformed NFI-ODCE 80% of the time
- Consistent strategy and proven track record

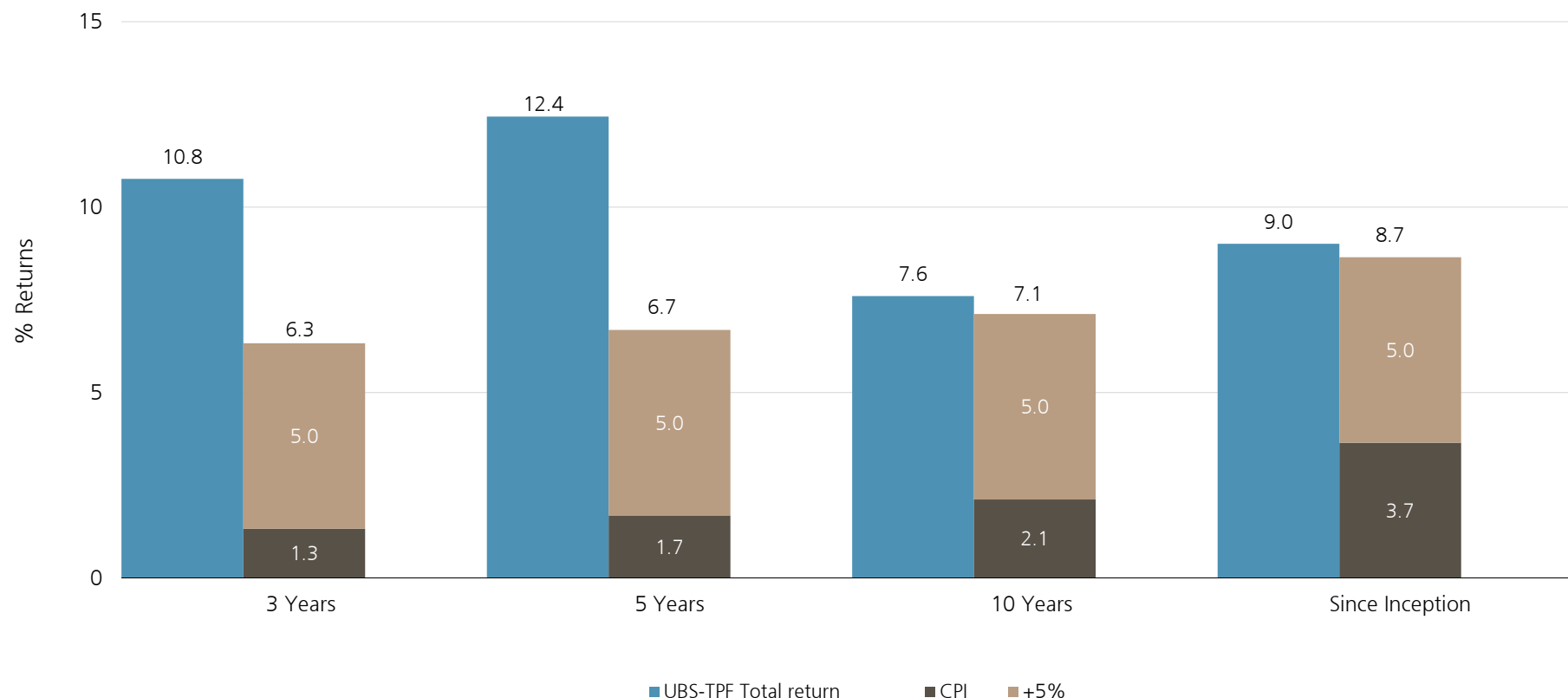
Sources: UBS Global Asset Management, Global Real Estate – US and NCREIF is the source of NFI-ODCE

Notes: Returns supplement the Firm's Equity Composite previously provided or included herein. As of December 31, 2014 the NFI-ODCE consisted of 22 active funds with total net assets of USD 126.6 billion. See required notes pages at the end of this section or presentation. Past performance is not indicative of future results.

# UBS-TPF *real return performance objective*

**Seek to provide at least a 5% real rate of return, before management fees, over any given 3- to 5-year period**

As of December 31, 2014



Source: UBS Global Asset Management, Global Real Estate – US, and the source of CPI is Bureau of Labor Statistics.

Notes: CPI is the Consumer Price Index, an inflationary indicator of the standard of living in the US. It is also referred to as the “cost of living” index.

Returns supplement the Firm’s Equity Composite previously provided or included herein. See required disclosures slide at the end of this section or presentation. Fund Inception date January 13, 1978. Past performance is not indicative of future results.

# UBS-TPF *advisory fees*

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Investor's Share of NAV <sup>(1)</sup>	Annual Base Fee
First USD 10 million of investment	95.5 bps
Next USD 15 million	82.5 bps
Next USD 25 million	80.5 bps
Next USD 50 million	79.0 bps
Next USD 150 million	67.0 bps
Above USD 250 million	60.0 bps

- Incentive fee percentage ranges from 0% to a maximum of 0.25% and is earned at a rate of 0.075% per 1% of the Fund's real return in excess of 3% for the previous rolling four quarters. Incentive fees are not cumulative; if the incentive fee is not earned for any period, it is not payable.<sup>(2)</sup>
- Investors with assets in other designated UBS Trumbull Funds will benefit from participation in the "Family of Funds" program, which aggregates total assets in designated UBS Trumbull Funds for purposes of the base fee calculation.
- If average cash for the quarter exceeds 7.5% of the Fund's average NAV, the base fee for the excess will be reduced to 20 bps (pro-rated for the quarter).

Source: UBS Global Asset Management, Global Real Estate – US

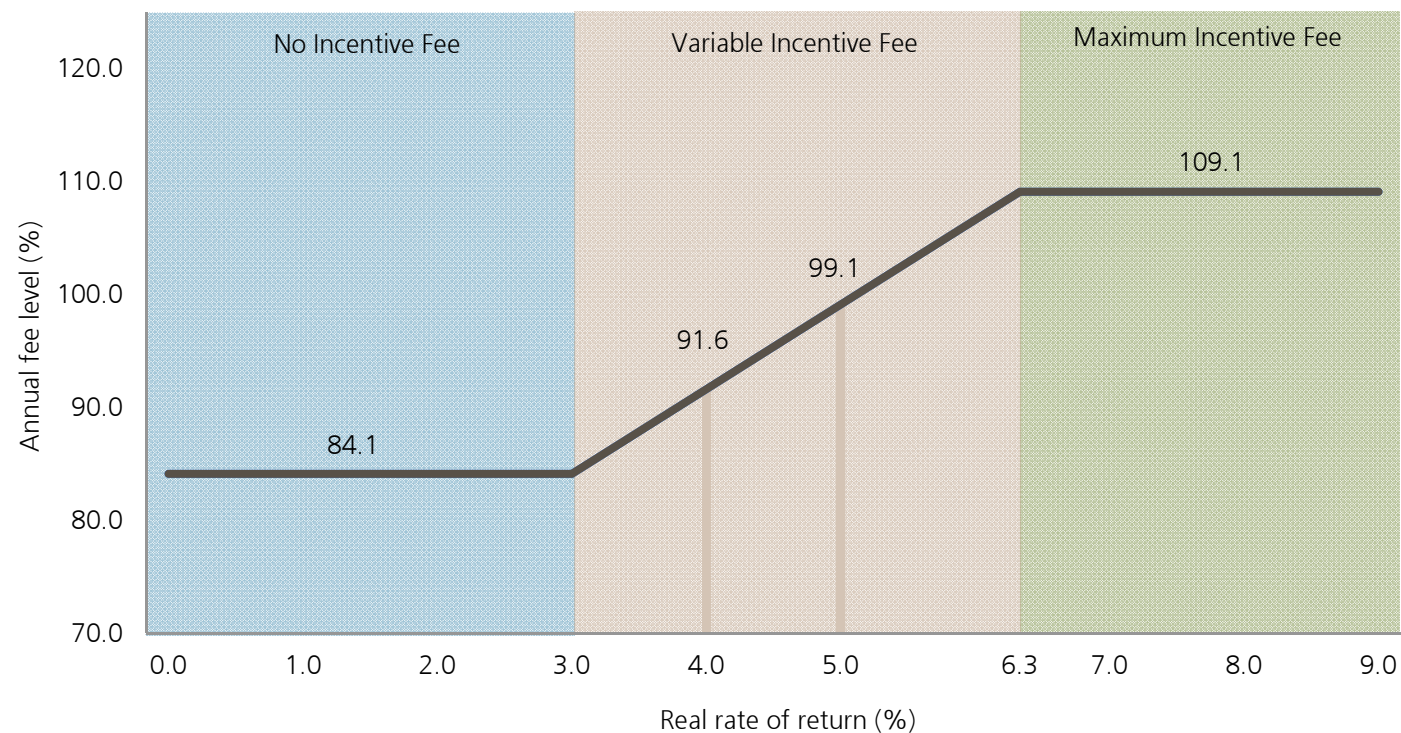
Notes: <sup>(1)</sup> Net Asset Value.

<sup>(2)</sup> See Fee section of Confidential Private Offering Memorandum for details.

# UBS-TPF *advisory fees*

## UBS-TPF base fee plus incentive fee

USD 50,000,000 investment



This exhibit shows an investor's total fee comprising the incentive fee, which varies dependent upon the Fund's real return, and a base fee, which varies dependent upon the size of the investment. If average cash for the quarter exceeds 7.5% of the Fund's average NAV, the base fee for the excess will be reduced to 20 bps (pro-rated for the quarter).

Source: UBS Global Asset Management, Global Real Estate – US  
See Fee section of Confidential Private Offering Memorandum for details.

# UBS Realty Investors Equity Composite

Year	Year-end			Gross of fees (%)			Benchmark return (%)	Net of fees (%)		Range of Gross Returns (%)		Asset weighted standard deviation	% of Composite assets valued externally <sup>(1)</sup>
	Number of accounts	Composite Net Assets	Total Firm Net Assets	Income return	Appreciation (depreciation)	Total return		Total return	Max	Min			
		(USD millions)	(USD millions)										
2004	9	7,011	9,182	7.40	7.56	15.37	13.06	14.27	25.8	9.2	2.46	93	
2005	9	8,652	10,910	6.87	13.30	20.84	21.39	19.73	38.2	14.1	2.84	94	
2006	10	11,302	13,940	6.03	10.79	17.30	16.32	16.13	40.6	13.9	2.21	99	
2007	9	12,155	14,798	5.14	8.85	14.32	15.97	13.20	38.6	11.7	2.93	96	
2008	9	10,445	13,285	4.99	(12.21)	(7.67)	(10.01)	(8.47)	(4.2)	(41.0)	1.91	100	
2009	9	7,995	10,232	6.68	(27.91)	(22.69)	(29.76)	(23.32)	(11.8)	(62.2)	4.23	100	
2010	8	9,687	12,107	7.10	9.37	16.95	16.36	15.92	42.0	4.7	3.20	100	
2011	8	12,404	15,241	5.57	8.20	14.10	15.99	12.96	35.3	8.6	2.88	100	
2012	9	14,679	17,325	5.45	5.07	10.73	10.94	9.63	25.8	(2.5)	2.53	100	
2013	9	16,114	19,206	5.22	5.40	10.83	13.94	9.71	26.5	(38.7)	2.68	100	

**1. Compliance Statement** Global Real Estate - US claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Global Real Estate - US has been independently verified since January 1, 1993. 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 UBS Realty Investors Equity Composite has been examined for the periods January 1, 2003 through December 31, 2012. The Firm's verification and performance examination of the Composite for 2013 has not been completed at this time. Verification does not ensure the accuracy of any specific composite presentation. The verification and performance examination report is available upon request.

**2. The Firm** The Firm is defined as UBS Realty Investors LLC and UBS AgriVest LLC, together Global Real Estate - US. Both entities are registered with the US Securities and Exchange Commission as investment advisors.

**3. The Composite** The UBS Realty Investors Equity Composite (the "Composite") was created in 2005. All results are presented in US dollars. A complete list and description of Firm composites is available upon request. The Composite comprises all fee-paying, non-taxable discretionary accounts that invest primarily in equity real estate including, but not limited to, the following property types: apartments, office, retail, industrial, and hospitality. The strategy of the accounts in the Composite is to acquire investments in US commercial and multifamily real estate (core and value-added properties) expected to provide attractive risk-adjusted returns consisting of current income and capital appreciation. Since October 2003, a sub-adviser has managed the cash for some pooled accounts included in the Composite. Initially, accounts must have at least USD 30 million in commitments or assets, including debt, to be included in the Composite. Composite dispersion for any year is represented by both the range and the asset-weighted standard deviation of the gross total returns of the accounts that were in the Composite for the entire calendar year. Discretion is broadly defined as the Firm having discretion over the selection, capitalization, asset management, and disposition of investments within the parameters of a given mandate.

**4. Valuation** An independent appraisal of the underlying real estate for each investment is performed at least annually and includes a complete property inspection and market analysis. Starting October 1, 2009, independent appraisals are generally completed every quarter for most of the underlying real estate investments. For real estate investments that are held in funds where appraisals are not performed on a quarterly basis, the underlying real estate is either scheduled to be appraised once or twice a year. In the interim quarters, updated property and market information is reviewed. If this review indicates a potential material change in the value, the valuation is then updated by the independent appraiser. If this review indicates that any change in value is likely not material, the value is determined to remain unchanged. Valuations of real estate and debt use significant unobservable inputs. In general, each annual property appraisal includes at least an income approach using a discounted cash flow model and a sales comparison approach, which are considered in determining a final value conclusion. All appraisals are certified by members of the Appraisal Institute who hold the MAI designation. Third-party debt is stated at fair value. The valuation of debt is taken into consideration when determining the estimated fair value of the equity in the related investment.

Source: UBS Global Asset Management, Global Real Estate – US. Past performance is not indicative of future results. <sup>(1)</sup>Generally for those assets held longer than six months.



# UBS Realty Investors Equity Composite

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**5. Calculation of Performance** Returns reflect the impact of leverage, which averaged approximately 15.5% of gross asset value (net asset value plus debt) during 2004 through 2013, and approximately 14.7% in 2013. Leverage has consisted primarily of mortgage loans payable that are collateralized by the related real estate investment. The extent to which leverage is used varies by account strategy and may include either portfolio or property level debt. Expenditures, including tenant improvements and leasing commissions that extend the useful life or represent additional capital investments benefiting future periods, are capitalized as a component of cost. Annual returns are time-weighted rates of return calculated by linking quarterly returns. The sum of income and appreciation (depreciation) may not equal total returns due to the linking of quarterly returns. Gross of fees returns are presented before all management fees, but after third-party expenses. Net returns are presented net of the management fees and third-party expenses. All returns are presented before any applicable insurance company contract charges in effect on certain funds through February 29, 2008. The policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

**6. Investment Management Fees** The fee schedule below represents the schedule for the largest fund in the Composite, the UBS Trumbull Property Fund (the "Fund"). The investor's annual applicable base fee percentage is a blended percentage rate derived by reference to the following fee scale and is based upon the investor's share of net asset value in the Fund and other designated UBS Realty sponsored funds as of the beginning of the quarter. To the extent that average cash exceeds 7.5% of the average net assets, the base fee with respect to such excess will be reduced to 20 basis points (pro rated for the quarter). The "Incentive Fee Percentage" is set at a fulcrum point of 0.15%, and ranges from a minimum of 0% to a maximum of 0.25%, depending on the performance of the Fund. Please see the applicable Confidential Private Offering Memorandum for more information on how fees are calculated and charged.

Investor's share of Net Asset Value in the Fund (USD)	Annual Base Fee Percentage
First 10 million	0.955%
Next 10 million to 25 million	0.825%
Next 25 million to 50 million	0.805%
Next 50 million to 100 million	0.790%
Next 100 million to 250 million	0.670%
Above 250 million	0.600%

**7. Benchmark** Effective May 2009, the Firm changed the benchmark retroactively from the property-level National Council of Real Estate Investment Fiduciaries ("NCREIF") Property Index ("NPI") to a fund-level Index, the NCREIF Fund Index-Open End Diversified Core Equity ("NFI-ODCE" or the "Index"). The Firm believes a fund-level index provides a more meaningful comparison for a fund-level composite. The NFI-ODCE, first published mid-2005, is a capitalization-weighted, time-weighted, fund-level return index beginning as of the first quarter of 1978, inclusive. It is presented gross of fees. As of December 31, 2013, the NFI-ODCE consisted of 21 active funds with total net assets of USD 106.9 billion.

**8. Market Conditions** Over the past decade, commercial real estate experienced historic highs and lows. Fundamental recovery following the 2001 recession, along with a dramatic increase in the availability and reduction in the cost of debt capital propelled commercial and multifamily performance to the highest level in NCREIF history. In 2005, the NCREIF Fund Index – ODCE recorded its highest calendar total return since its inception in 1978. A worldwide credit crisis initiated a new recession during 2008. Liquidity evaporated in most asset classes, including commercial real estate. Total returns turned negative in mid-2008, with 2009 producing the lowest performance on record. The downturn was swift, and 2010 through 2013 reflected a period of recovery.

Source: UBS Global Asset Management, Global Real Estate – US. Past performance is not indicative of future results.

# Required notes

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For limited distribution to accredited, institutional, and professional investors only. Returns herein, unless otherwise noted, are presented gross of fees.

The Fund's participating mortgages and those construction loans converting to participating mortgages are secured by properties operated by sponsors that the advisor has deemed creditworthy. The Fund does not own these properties.

Returns for periods greater than one year are annualized. For the period ending December 31, 2014 UBS-TPF's net total returns for the quarter, one-, three-, five-, ten-year periods and since inception were 2.76%, 10.56%, 9.64%, 11.35%, 6.60%, and 8.02% respectively, after the deduction of management fees, but before the deduction of contract charges. Contract charges were only applicable through February 29, 2008. UBS-TPF returns reflect the reinvestment of income. Returns and dollars are USD denominated.

Additional information on fees is available in the ADV Part 2 for UBS Realty Investors LLC and is also available upon request. As fees are deducted quarterly, the compounding effect will be to increase the impact of the fees by an amount directly related to the gross account performance. For example, on an account with a 1% annual fee, if the gross performance is 10%, the compounding effect of the fees will result in a net performance of approximately 8.93%.

NFI-ODCE (Source NCREIF) is a fund-level, capitalization weighted index of open-ended diversified core equity commercial real estate funds that includes cash balances and leverage and is reported gross of fees. The degree of leverage used varies among the funds included in NFI-ODCE. As of December 31, 2014 the NFI-ODCE consisted of 22 active funds with total net assets of USD 126.6 billion.

There is no assurance that the financial objective will ultimately be realized and the possibility of loss does exist. There is no guarantee that the investment strategy will perform as expected.

**Please note that past performance is not a guide to the future. The value of investments and the income received may go down as well as up, and investors may not get back the original amount invested.**

# Risks

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- Investors should be aware that return objectives are subject to a number of assumptions and factors, a change in any of which could adversely affect returns. Accordingly, investors should note the limitations of an objective.
- Investments in direct real estate and real estate funds involve a high degree of risk. For instance, events in 2008 and 2009 such as the deterioration of credit markets and increased volatility have resulted in a historically unprecedented lack of liquidity and decline in asset values. The value of investments and income from them may increase or decrease. Investors must have the financial ability and willingness to accept and bear the risks (including, among other things, the risk of loss of investment) that are characteristic of real estate investing and investing in commingled fund for an indefinite period of time. Among the risks to be considered are:
  - **Risks of investing in real estate.** Risks include adverse changes in market and economic conditions, zoning, and other governmental laws, regulations, and policies, occupancy levels and the ability to lease space, and environmental risks, and risk of uninsured losses.
  - **Debt investment risk.** Risk includes risks of borrower defaults, bankruptcies, fraud and special hazard losses that are not covered by standard hazard insurance
  - **Restrictions on redemption and transferability of shares or units; illiquidity.** Real estate is an illiquid investment and the account may not be able to generate sufficient cash to meet withdrawal requests from investors.
  - **Reliance on controlling persons and third parties.** The exercise of control over an entity can impose additional risks and the fund can experience a significant loss. The risk of third parties includes a conflict between their objectives and those of the account or fund.
  - **Use of leverage.** Leverage will increase the exposure of the real estate assets to adverse economic factors, such as rising interest rates, economic downturns, or deteriorations in the condition of the properties or their respective markets and changes in interest rates
  - **Legal & Taxation.** Investors should consult their own legal and tax advisers for potential US and/or local country legal or tax implications on any investment
  - **Currency risk.** The funds and accounts managed by UBS Realty Investors LLC are denominated in US Dollars. There is a potential for loss due to currency fluctuations for non-US investors.
  - **Lack of diversification.** Individually managed accounts and funds in their initial investment periods may have investments that are relatively large compared to the account's or fund's anticipated total value. Any limit to diversification increases risk because the unfavorable performance of even a single investment might have an adverse effect on the aggregate return.
  - **Unspecified investments.** There can be no assurance that the advisor will be able to continually locate and acquire assets meeting the fund or account's objective. Competition for assets may generally reduce the number of suitable prospective assets available.
- In considering an investment in a commingled real estate fund, prospective investors must rely on their own examination of the partnership agreement, private placement memorandum, and all terms of the offering, including merits and details of these and other risks involved. If there are any discrepancies in fund terms between this presentation and the private placement (offering) memorandum, the memorandum shall prevail.
- This is not a recommendation to invest in any product or services. Investors must have the sophistication to independently evaluate investment risks and to exercise independent judgment in deciding whether or not to invest in real estate and real estate funds.

# Disclaimer

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The Fund discussed involves risks of a high degree and investors are advised to read and consider carefully the information contained in the offering documents including the detailed risk factors. There is no public market for the fund interests and no such market is expected to develop in the future. Risks include restrictions on the transferability and resale of shares, risk of investing in real estate and in developing markets, and the possibility of loss of investment does exist.

## Section 4

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# Biographies

# Kevin M. Crean

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## **Senior Portfolio Manager Managing Director**

Years of investment industry experience: 35

Education: University of Denver (US), BSBA, MBA

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- Kevin Crean is the Senior Portfolio Manager for the UBS Trumbull Property Fund, the firm's largest open-end real estate account. Kevin also is a member of the Strategy Team and Investment Committee.
- Prior to this assignment, Kevin was responsible for property dispositions nationally. Over a 15-year period, he oversaw property sales that totaled over 200 transactions valued in excess of USD 3 billion. Kevin joined the firm's predecessor organization in 1984. During his career with the company he has held positions in mortgage lending, asset management, acquisitions, sales and portfolio management.
- Before joining the company, he worked for The Travelers Insurance Company's Real Estate Department, focusing on acquisition and loan production, and for a real estate brokerage firm in Denver where he was involved with office leasing and property sales.

# Stephen J. Olstein

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## **Portfolio Manager Executive Director**

Years of investment industry experience: 35

Education: New York University (US), BS

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- Steve Olstein is a Portfolio Manager for the UBS Trumbull Property Fund (UBS-TPF), the firm's largest open-end fund, and is responsible for property level operations/ performance and dispositions.
- He was previously a Director in the Commercial Asset Management Unit and in Acquisitions, where he was responsible for asset management and acquisitions in portions of the Northeast and Mid-Atlantic states.
- Prior to joining UBS in 2003, Steve was Managing Director in the Asset Management and Portfolio Management areas of CIGNA's Real Estate Investment Department. He also has served in various other management areas of CIGNA's real estate operations, including product development, portfolio management for advisory accounts, acquisitions and mortgage loan origination.
- Steve is active in NAREIM and a US Marine Corps veteran.

# Pamela J. Thompson

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## **Portfolio Manager Executive Director**

Years of investment industry experience: 23

Education: University of Connecticut (US), BS, MBA

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- Pamela Thompson is a Portfolio Manager for the UBS Trumbull Property Fund (UBS-TPF), the firm's largest open-end fund, and is responsible for account operations, reporting, acquisitions and financing.
- Prior to joining UBS in June 2007, Pam was the Northeast Region Office Head for Bozzuto & Associates, a multifamily development firm, responsible for Regional Property Management and Acquisitions.
- For four years, she worked at CIGNA Realty Investors, where she was the Assistant Portfolio Manager for a separate account. She also had extensive experience in debt placements.
- From 1997 to 2002, she was employed at UBS, most recently as a Director for Multifamily Asset Management. During her years at UBS, Pam held positions including Financing Manager and Senior Acquisitions Analyst.
- Pam also worked in Problem Loans and Valuations for Aetna Real Estate Investments, and as a Senior Real Estate Analyst for Arthur Andersen & Co.

# Thomas C. Klugherz

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## **Portfolio and Client Services Officer Executive Director**

Years of investment industry experience: 28

Education: San Jose State University (US), BA;  
Santa Clara University (US) MBA-Finance

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- Tom Klugherz is a member of the Portfolio and Client Services Unit located in San Francisco. He currently has investor relations and new business development responsibilities in the Western region.
- Tom has 25 years of experience working in various capacities as a fiduciary for some of the nation's largest pension plans and institutions. His prior experience includes acquisitions, asset management, portfolio management and day-to-day operations of several investment managers including GE Capital Investments Advisors and SSR Realty Advisors.
- During his career he has been directly involved in sourcing, underwriting and managing more than USD 10 billion of institutional grade investments across the United States. Tom has worked directly with existing and prospective separate account and fund clients to analyze their portfolios and formulate investment strategies.
- Tom is a member of PREA and NAREIM. He previously served as NAREIM's interim President.

# Contact information

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**Portfolio and Client Services**  
**UBS Realty Investors LLC**  
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[www.ubs.com/realestate](http://www.ubs.com/realestate)

Together, UBS Realty Investors LLC, UBS AgriVest LLC, and UBS Fund Services (USA) LLC, subsidiaries of UBS AG, comprise Global Real Estate – US.  
Dated: January 8, 2013



NEPC, LLC

YOU DEMAND MORE. So do we.<sup>SM</sup>



## Ventura County Employees' Retirement Association

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### Asset Allocation Study

February 23, 2015

Allan Martin, Partner  
Dan LeBeau, Consultant

One Main Street, Cambridge, MA 02142 | TEL: 617.374.1300 | FAX: 617.374.1313 | [www.nepc.com](http://www.nepc.com)

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# Background

- **Decision Making Methodology**

- Identify available asset classes and investing strategies
  - Analyze primary characteristics; assess their suitability and comprehensiveness for institutional portfolios.
  - Evaluate sources of returns, risks, and diversification in terms of quantitative and qualitative considerations.
- Utilize breadth of asset allocation tools for additional analysis
  - Mean-variance optimization, risk budgeting, factor analysis, scenario analysis, probabilities, etc.
  - Understand limitations of each to construct inclusive view

- **Asset Allocation Policy Investment Themes**

- Increase Diversification
- Capture Tactical Opportunities Available as a Result of Market Dislocation
- Optimize Risk-Adjusted Return in an Expected Low Return Environment
- Maintain Significant Liquidity
- Remain Fee and Cost Conscious

- **Asset allocation discussions have occurred over the past several months between VCERA and NEPC to understand and evaluate potential changes to the Plan's long-term asset allocation targets.**
- **NEPC has worked diligently to identify key themes and proposed changes to the asset allocation target weights in expected low return environment.**
  - NEPC's 2015 assumptions are more conservative (lower returns, higher volatility) across most asset classes utilized.
  - Based on NEPC's 2015 assumptions, we believe it will be difficult for VCERA to achieve their actuarial assumed rate of return of 7.75% over the next five to seven years.
- **Analysis completed using 2015 NEPC 5-7 year assumptions**
  - Time horizon provides balance between strategic views and long-term return target.
    - 5-7 year assumptions maintains strategic business cycle focus without being too focused on very near-term.
    - 30 year assumptions considered for efficiency, long-term target, and actuarial purposes, but not for strategic analysis.
  - Allows for direct comparisons across analysis types.

## Key Themes for 2015

- **Balance potential for short-term strength with an acknowledgement of lofty recent returns relative to global growth**
  - Reallocate risk as appropriate while maintaining downside protection as a counterweight
- **Public U.S. equity and U.S. credit markets similarly valued vs. history**
  - P/E multiples for U.S. equity substantially higher than historic norms
  - Credit's limited upside from potential investment grade spread compression, overall reduction in liquidity and proliferation of ETFs contribute to asymmetry
  - Real estate and direct lending (though less liquid) can be a substitute for high yield
  - Manage private commitments and maintain liquidity to exploit downturns
- **Non-U.S. equity markets have not experienced the same rally as U.S. equities**
  - Valuations and monetary easing support overweight; downside risks point to caution
    - Muted return expectations are sensitive to binary policy decisions (upside and downside)
  - Emerging growth expectations have compressed
    - Commodity driven countries face pressures but U.S. strength supports exporters
    - Fundamental strength vs. developed world likely to win in the long run
  - Be globally diversified, hedge developed currency risks, and don't flee emerging markets
- **We are one year closer to rate hikes by the Federal Reserve**
  - Curve has shifted in anticipation making both cash/short duration and long bonds relatively more attractive than core duration
  - Long rates likely range bound due to dynamics of supply (shrinking deficits) and demand (increasing LDI hedgers, global investors, aging population of savers)
  - Barbell of long treasuries and cash can offer similar core bond duration, volatility, yield, and a higher sensitivity to recession protection (counterweight)

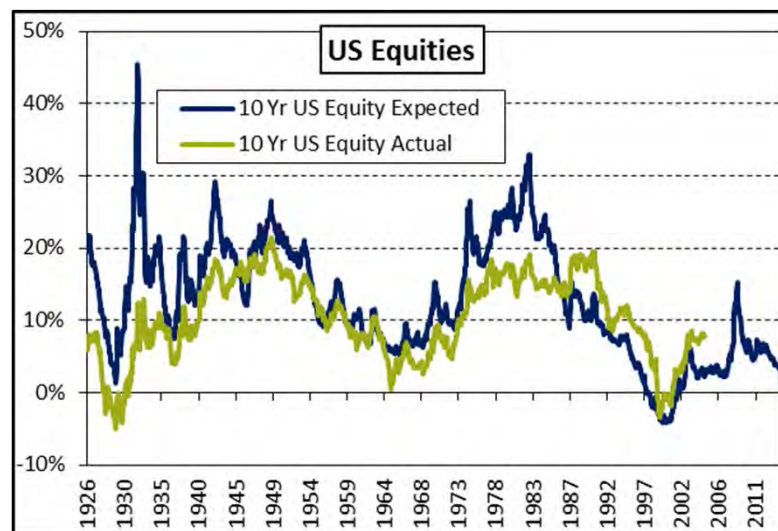
## 2014 Valuations



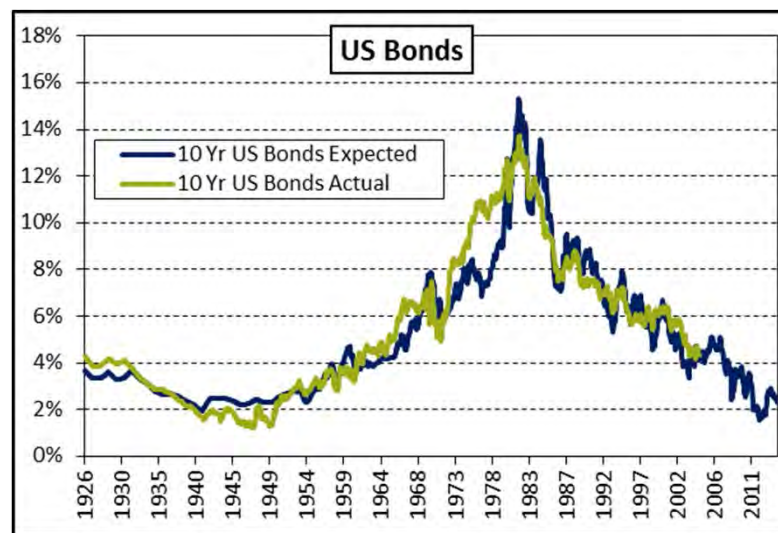
<sup>1</sup>Nikkei, Euro Stoxx, MSCI Emerging Markets in USD | <sup>2</sup>Current level: December 2014; history: 1983 – 2014 for all indexes except MSCI Emerging Markets (2005 – 2014) | <sup>3</sup>70% Datastream World Oil & Gas Equity Sector/30% Datastream World Basic Materials Equity Sector | Source: Datastream  
Source: Wellington Management Company LLP

## Long-Term Objectives Unchanged Amidst a Dramatically Changed World

- **Investors must adjust to changing global market environment to meet return objectives and/or balance risk**
  - Financialization of markets, secular decline in risk-free rates, central bank driven financial repression
- **Expected low return world creates challenges that VCERA must address in order to effectively meet and exceed 7.75%**
  - Take more risk
  - Take risk more efficiently
  - Increase funding/contributions
- **Traditional approaches will likely be challenged**
  - Particularly true of strategies reliant on index construction independent of investor objectives



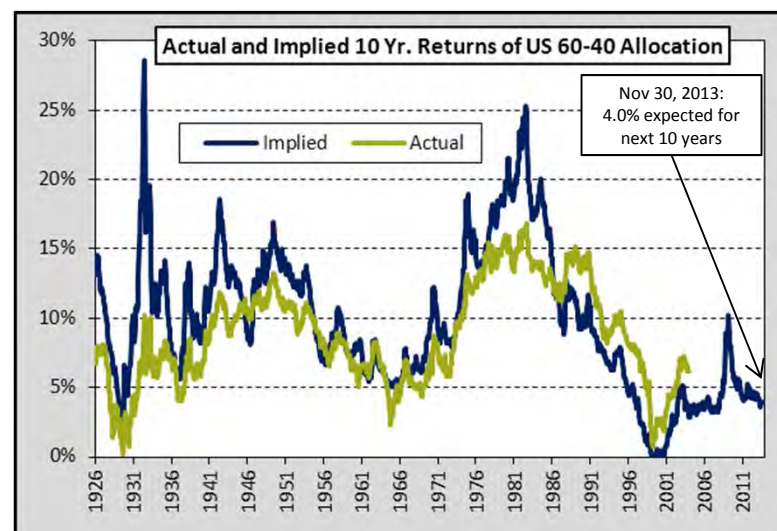
Source: Shiller Data, Morningstar Direct, NEPC as of 11/30



Source: Shiller Data, Morningstar Direct, NEPC as of 11/30

## Meeting Assumed Rates of Return – The Challenge

- **Discipline and discretion are required despite markets moving higher**
- **Return expectations are even more compressed following strong rally**
  - Low yields limit potential return
  - Diversification, active management and risk management can be used to navigate challenging environment rather than simply stretching for returns through increased risk
- **How to achieve 7.75% when 60/40 earns 4%**
  - Diversification
  - Tactical Allocation
  - Be Opportunistic
  - Manager selection in areas where manager outperformance is a variable



Source: Shiller Data, Bloomberg, NEPC

## Recommendation and Analysis

**Note: All of the analysis provided on the following pages is based on NEPC's 5-7 Year Capital Market Assumptions, except where noted.**

## February 23<sup>rd</sup> Board Meeting Objective

- **NEPC recommends the Ventura County Employees' Retirement Association approve the NEPC Recommended asset allocation targets as shown in exhibit A on the following page.**

## NEPC Recommendation – Exhibit A

	<u>Policy</u>	<u>Policy Range</u>	<u>Benchmark</u>
U.S. Equity	26.0%	22.0% - 30.0%	Russell 3000 Index
Non-US Equity	13.0%	10.0% - 16.0%	MSCI ACWI ex U.S. Index (50% Hedged)
Global Equity	10.0%	7.0% - 13.0%	MSCI ACWI Index
Private Equity	5.0%	0.0% - 7.0%	DJ U.S. Total Stock Market Index + 3%
U.S. Fixed Income	14.0%	10.0% - 18.0%	Barclays Capital U.S. Aggregate Bond Index
Private Debt	5.0%	0.0% - 10.0%	S&P/LSTA Leveraged Loan Index + 2%*
Real Estate	7.0%	4.0% - 10.0%	NCREIF ODCE Index
GTAA	10.0%	5.0% - 15.0%	LIBOR + 5%*
Liquid Alternatives	10.0%	5.0% - 15.0%	CPI + 4%
Cash	0.0%	0.0% - 3.0%	90 day T-bills

*\*Subject to change based on managers selected*

## Alternate Mix – Exhibit B

	<u>Policy</u>	<u>Policy Range</u>	<u>Benchmark</u>
U.S. Equity	26.0%	22.0% - 30.0%	Russell 3000 Index
Non-US Equity	13.0%	10.0% - 16.0%	MSCI ACWI ex U.S. Index (50% Hedged)
Global Equity	10.0%	7.0% - 13.0%	MSCI ACWI Index
Private Equity	5.0%	0.0% - 7.0%	DJ U.S. Total Stock Market Index + 3%
U.S. Fixed Income	19.0%	14.0% - 23.0%	Barclays Capital U.S. Aggregate Bond Index
Real Estate	7.0%	4.0% - 10.0%	NCREIF ODCE Index
GTAA	10.0%	5.0% - 15.0%	LIBOR + 5%*
Liquid Alternatives	10.0%	5.0% - 15.0%	CPI + 4%
Cash	0.0%	0.0% - 3.0%	90 day T-bills

*\*Subject to change based on managers selected*

## Allocations for Analysis and Discussion

	Current Target	NEPC Recommendation	Alternate Mix	60/40
Cash	0%	0%	0%	0%
Large Cap Equities	27%	24%	24%	0%
Small/Mid Cap Equities	3%	2%	2%	0%
Int'l Equities (Unhedged)	12%	5.5%	11%	0%
Int'l Equities (Hedged)	0%	5.5%	0%	0%
Emerging Int'l Equities	2%	2%	2%	0%
Global Equities	10%	10%	10%	60%
<b>Total Public Equities</b>	<b>54%</b>	<b>49%</b>	<b>49%</b>	<b>60%</b>
Private Equity	5%	5%	5%	0%
<b>Total Equities</b>	<b>59%</b>	<b>54%</b>	<b>54%</b>	<b>60%</b>
Core Bonds	12%	10%	12%	0%
Global Bonds (Unhedged)	5%	0%	0%	40%
Absolute Return Fixed Income	7%	4%	7%	0%
<b>Total Public Fixed Income</b>	<b>24%</b>	<b>14%</b>	<b>19%</b>	<b>40%</b>
Private Debt	0%	5%	0%	0%
<b>Total Fixed Income</b>	<b>24%</b>	<b>19%</b>	<b>19%</b>	<b>40%</b>
Real Estate	7%	7%	7%	0%
Global Asset Allocation	0%	10%	10%	0%
Risk Parity	6%	6%	6%	0%
MLPs	4%	4%	4%	0%
<b>Total Other Alternatives</b>	<b>17%</b>	<b>27%</b>	<b>27%</b>	<b>0%</b>
<b>Expected Return (5-7 Year)</b>	<b>6.0%</b>	<b>6.5%</b>	<b>6.2%</b>	<b>4.9%</b>
<b>Estimated Fees</b>	<b>0.29%</b>	<b>0.37%</b>	<b>0.33%</b>	<b>0.10%</b>
<b>Standard Deviation (Volatility)</b>	<b>12.6%</b>	<b>12.7%</b>	<b>12.6%</b>	<b>11.9%</b>
<b>Sharpe Ratio (5-7 Year)</b>	<b>0.34</b>	<b>0.37</b>	<b>0.35</b>	<b>0.27</b>
<b>Expected Return (30 Year)</b>	<b>7.3%</b>	<b>7.7%</b>	<b>7.4%</b>	<b>6.2%</b>
<b>Sharpe Ratio (30 Year)</b>	<b>0.32</b>	<b>0.35</b>	<b>0.33</b>	<b>0.25</b>

## Probability Analysis

### Using NEPC 5-7 Year Capital Market Assumptions

	Current Target	NEPC Recommendation	Alternate Mix	60/40
Probability of 1-Year Return Under 0%	31.6%	30.6%	31.2%	33.8%
Probability of 5-Year Return Under 0%	14.2%	12.8%	13.6%	17.6%
Probability of 1-Year Return Over 7.75%	44.5%	45.9%	45.0%	40.6%
Probability of 5-Year Return Over 7.75%	37.8%	40.9%	39.0%	29.8%

### Using NEPC 30 Year Capital Market Assumptions

	Current Target	NEPC Recommendation	Alternate Mix	60/40
Probability of 30-Year Return Under 0%	0.1%	0.0%	0.1%	0.2%
Probability of 30-Year Return Under 5%	15.9%	12.5%	14.4%	28.3%
Probability of 30-Year Return Over 7.75%	42.1%	48.6%	44.6%	24.3%
Probability of 30-Year Return Over 10%	11.9%	15.7%	13.2%	4.1%

## Summary of Recommended Changes

	Current Target	NEPC Recommendation	Change
Cash	0%	0%	—
Large Cap Equities	27%	24%	-3.0%
Small/Md Cap Equities	3%	2%	-1.0%
Int'l Equities (Unhedged)	12%	5.5%	-6.5%
Int'l Equities (Hedged)	0%	5.5%	5.5%
Emerging Int'l Equities	2%	2%	—
Global Equities	10%	10%	—
<b>Total Public Equities</b>	<b>54%</b>	<b>49%</b>	<b>-5.0%</b>
Private Equity	5%	5%	—
<b>Total Equities</b>	<b>59%</b>	<b>54%</b>	<b>-5.0%</b>

Core Bonds	12%	10%	-2.0%
Global Bonds (Unhedged)	5%	0%	-5.0%
Absolute Return Fixed Income	7%	4%	-3.0%
<b>Total Public Fixed Income</b>	<b>24%</b>	<b>14%</b>	<b>-10.0%</b>
Private Debt	0%	5%	5.0%
<b>Total Fixed Income</b>	<b>24%</b>	<b>19%</b>	<b>-5.0%</b>

Real Estate	7%	7%	—
Global Asset Allocation	0%	10%	10.0%
Risk Parity	6%	6%	—
MLPs	4%	4%	—
<b>Total Other</b>	<b>17%</b>	<b>27%</b>	<b>10.0%</b>

### - Modest Reduction in Public Equity allocation

- Reflects lower return outlook after strong rally over recent years, as well as higher valuations
- Reduction is moderated by stronger U.S. economic outlook

### - Hedge Developed Int'l Equity Currency

- Currency has been a detractor for U.S. investors over last 2-3 years
- Hedge is intended as volatility dampener and not alpha generator

### - Reduce Core Fixed Income Allocation

- Reduce interest rate/duration exposure in rising rate environment

### - Eliminate Global Bond Allocation

- U.K., Europe and Japan all with negative 10-year real yields

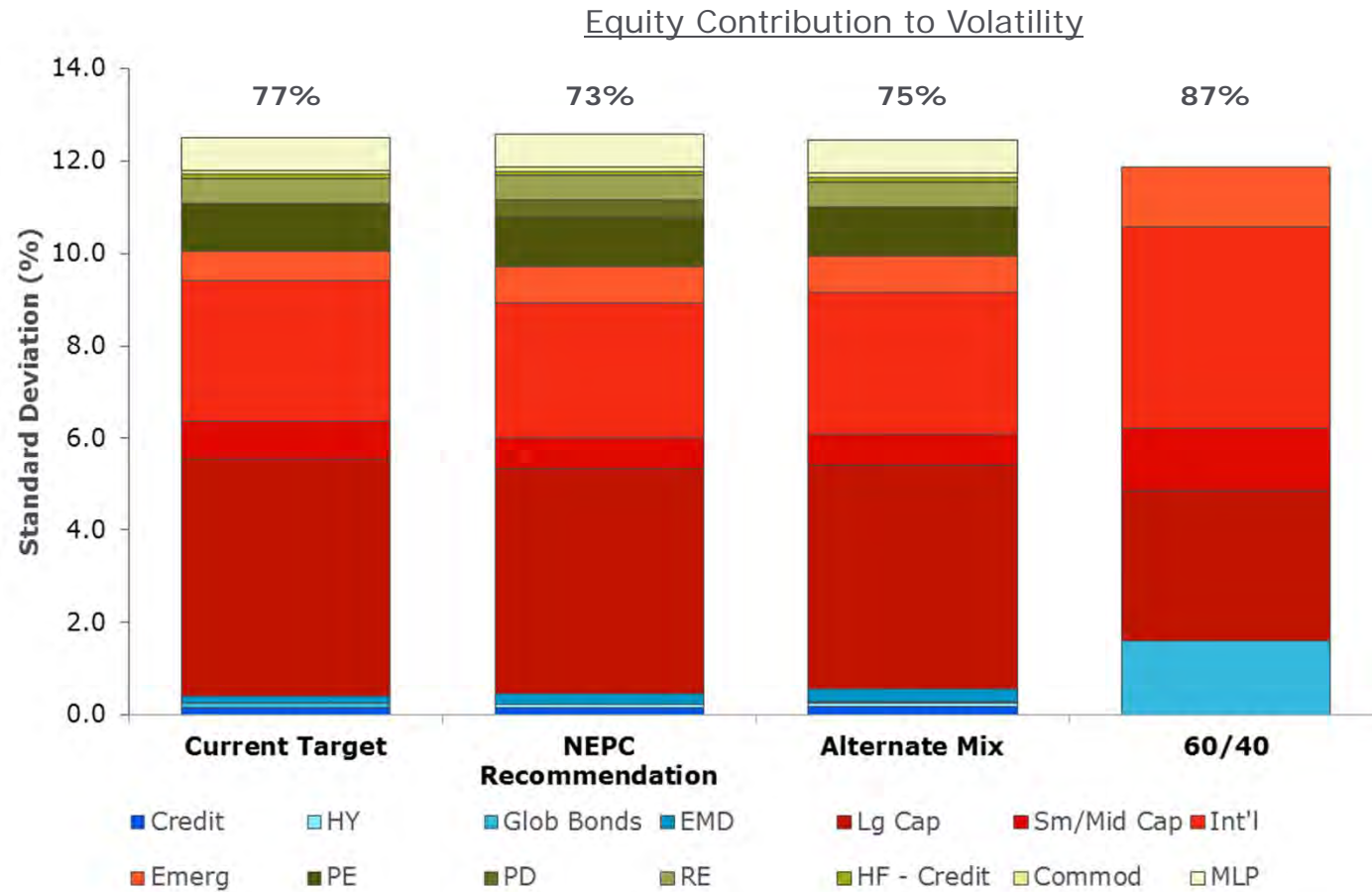
### - Add Private Debt Allocation

- Opportunity to generate equity-like returns with significantly less volatility

### - Add Allocation to Global Asset Allocation

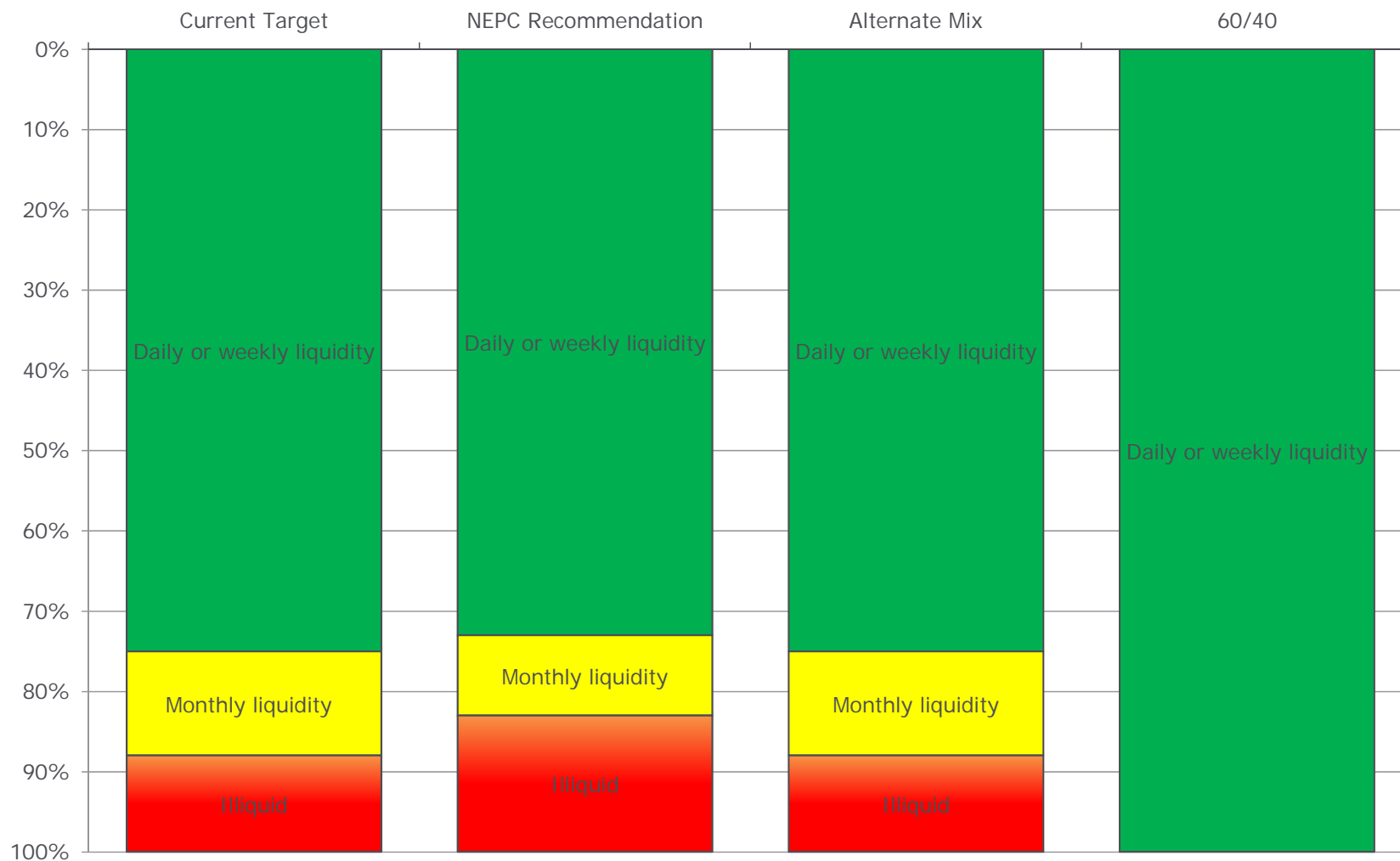
- Passive trends and market complacency may ignite dormant alpha opportunities for tactical managers
- Allow manager(s) to determine attractiveness of equity

## Risk Budgeting Analysis



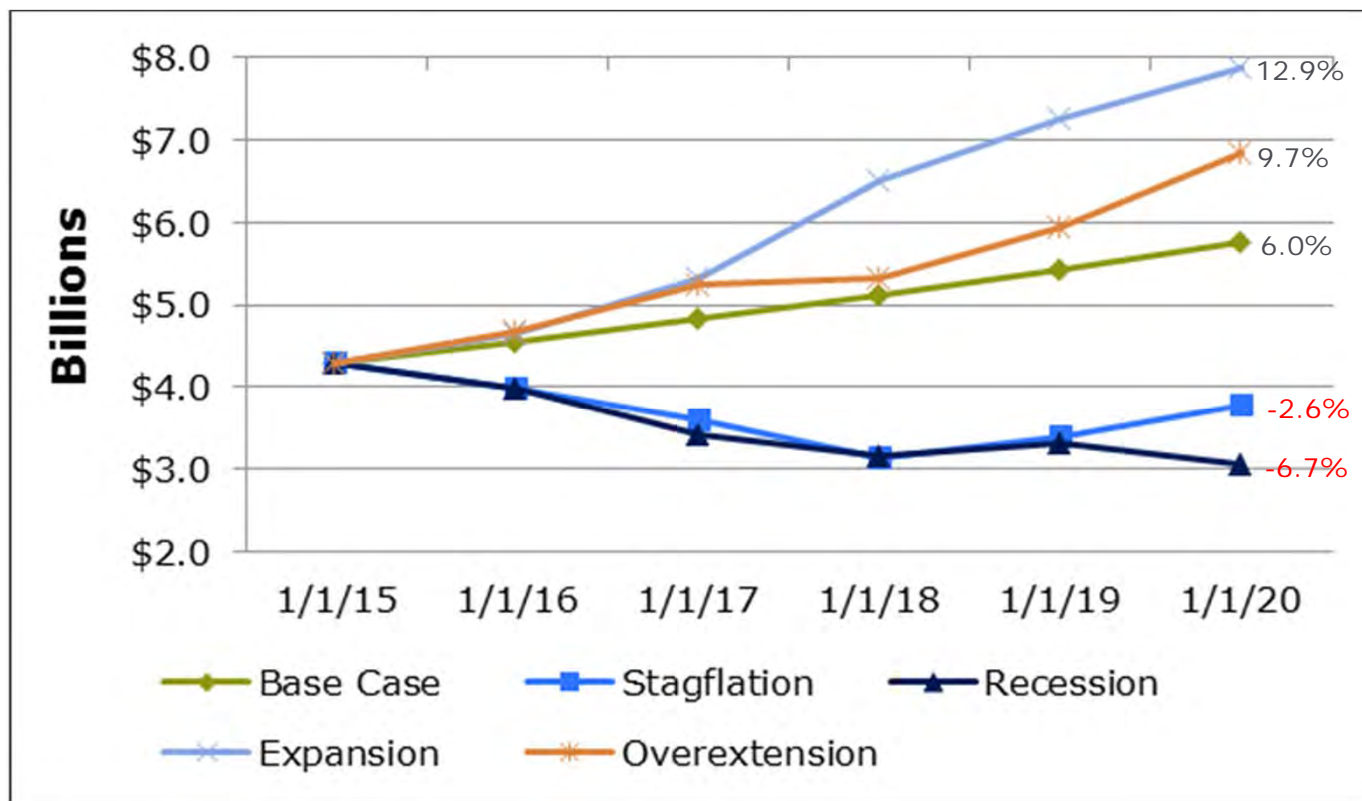
- **Proposed Mixes carry similar level of risk as current target**
  - Higher risk budget allocated to private markets
- **Despite traditional equity reduction, proposed mixes still heavily biased toward long equity risk**
  - Consistent with historical orientation and long-term goals

# Liquidity Profiles



\*Based on target allocations, actual implementation may vary

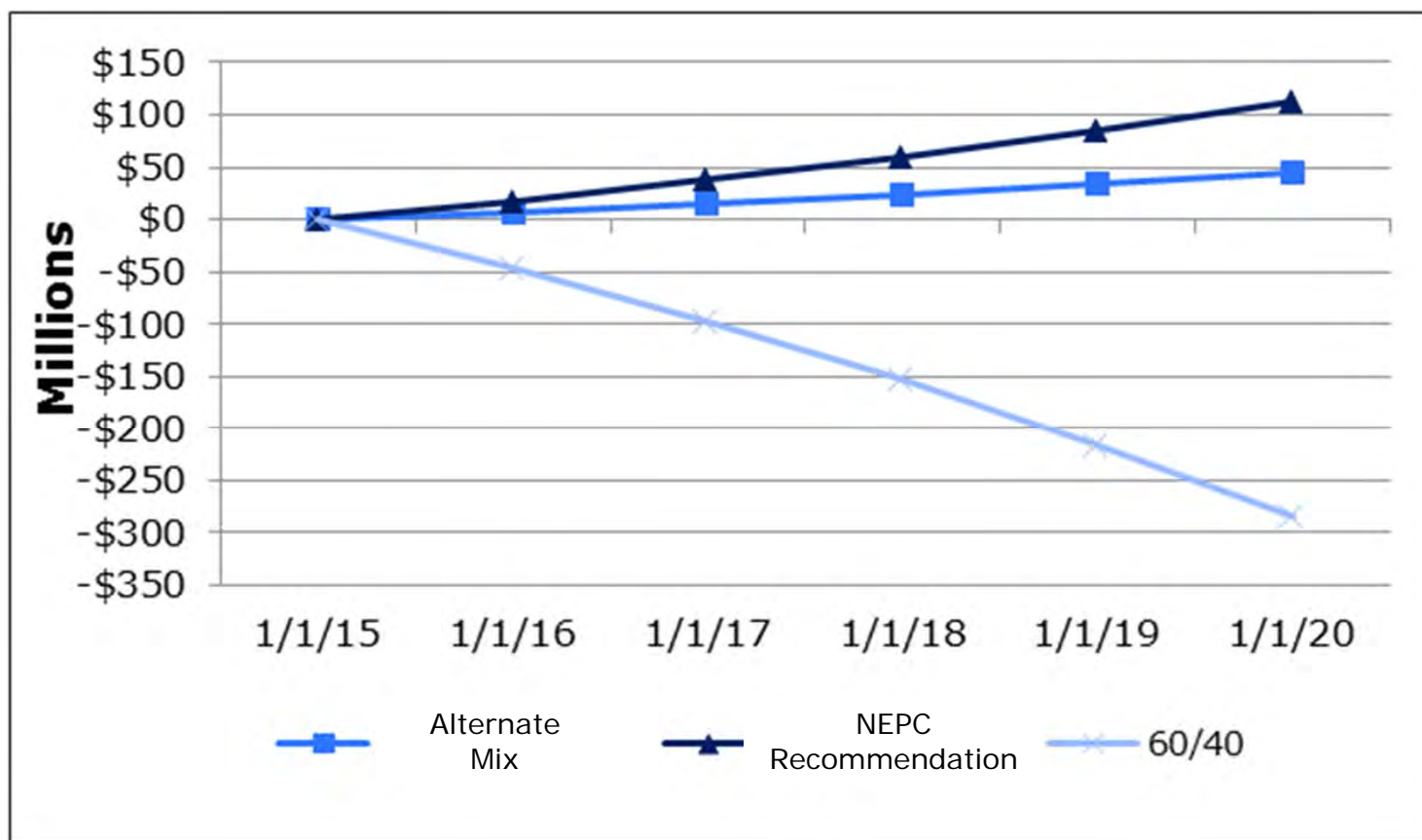
## Scenario Analysis – Current Target



*Note: Analysis does not include assumptions for liabilities or other cash flow items and is calculated using current assets (as of 12/31) only*

- **Strong equity bias means portfolio loses assets in lower than expected growth scenarios and performs positively when growth meets or exceeds expectations**

## Scenario Analysis – Base Case (Change from Current Target)

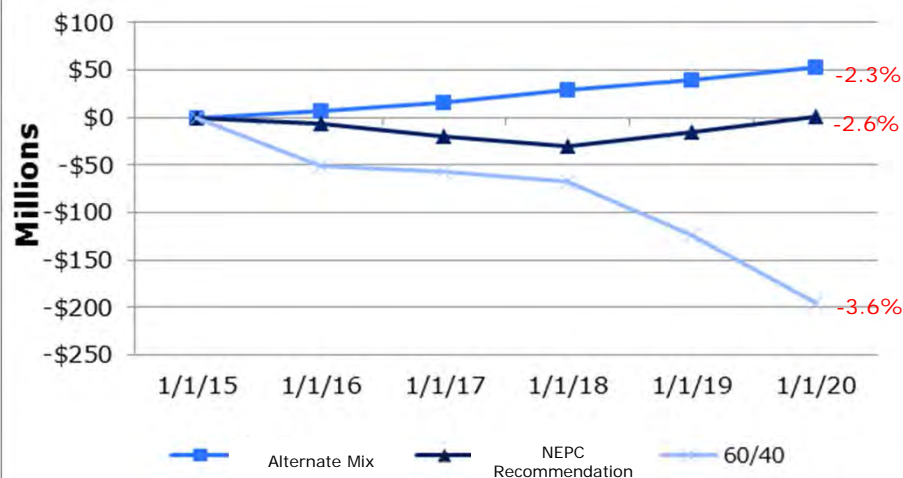


*Note: Analysis does not include assumptions for liabilities or other cash flow items and is calculated using current assets (as of 12/31) only*

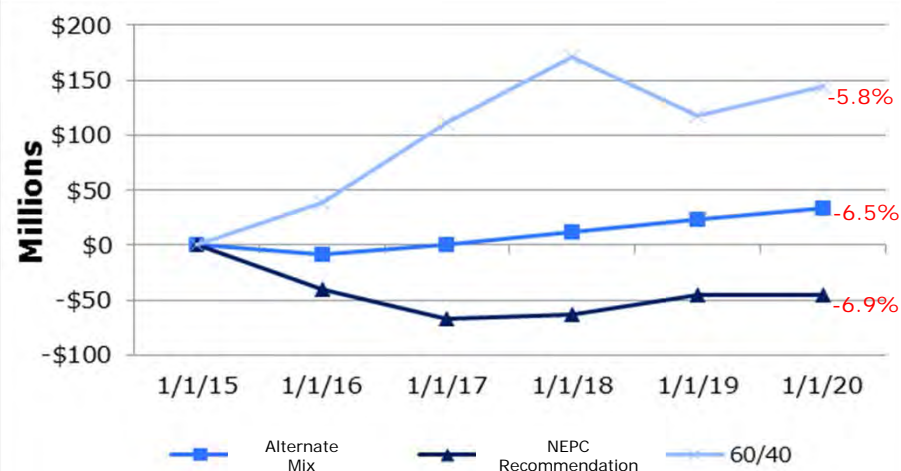
- **Recommendation outperforms current target in the base case**
  - Higher expected return achieved with similar risk target
- **Other mixes have lower return expectations**

## Scenario Analysis – Change from Current Target

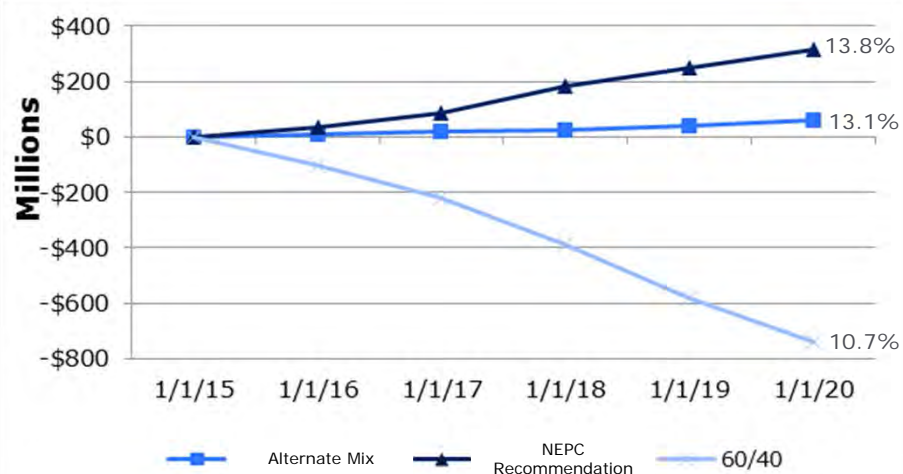
### Stagflation



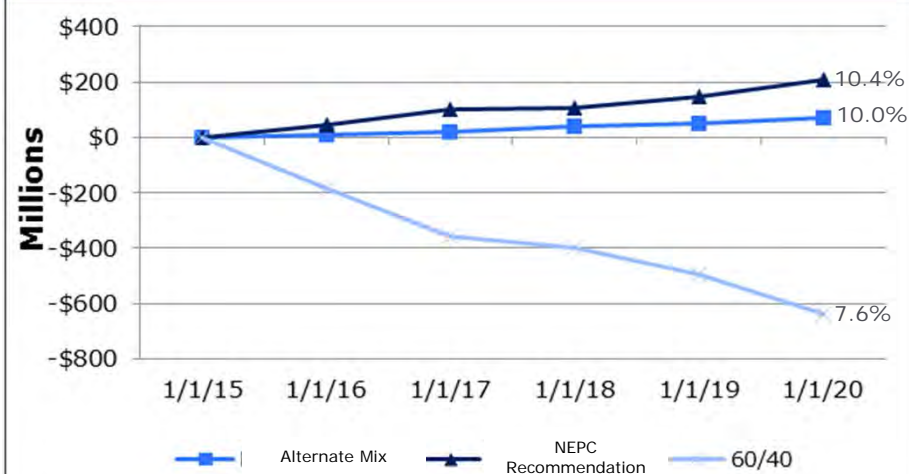
### Recession

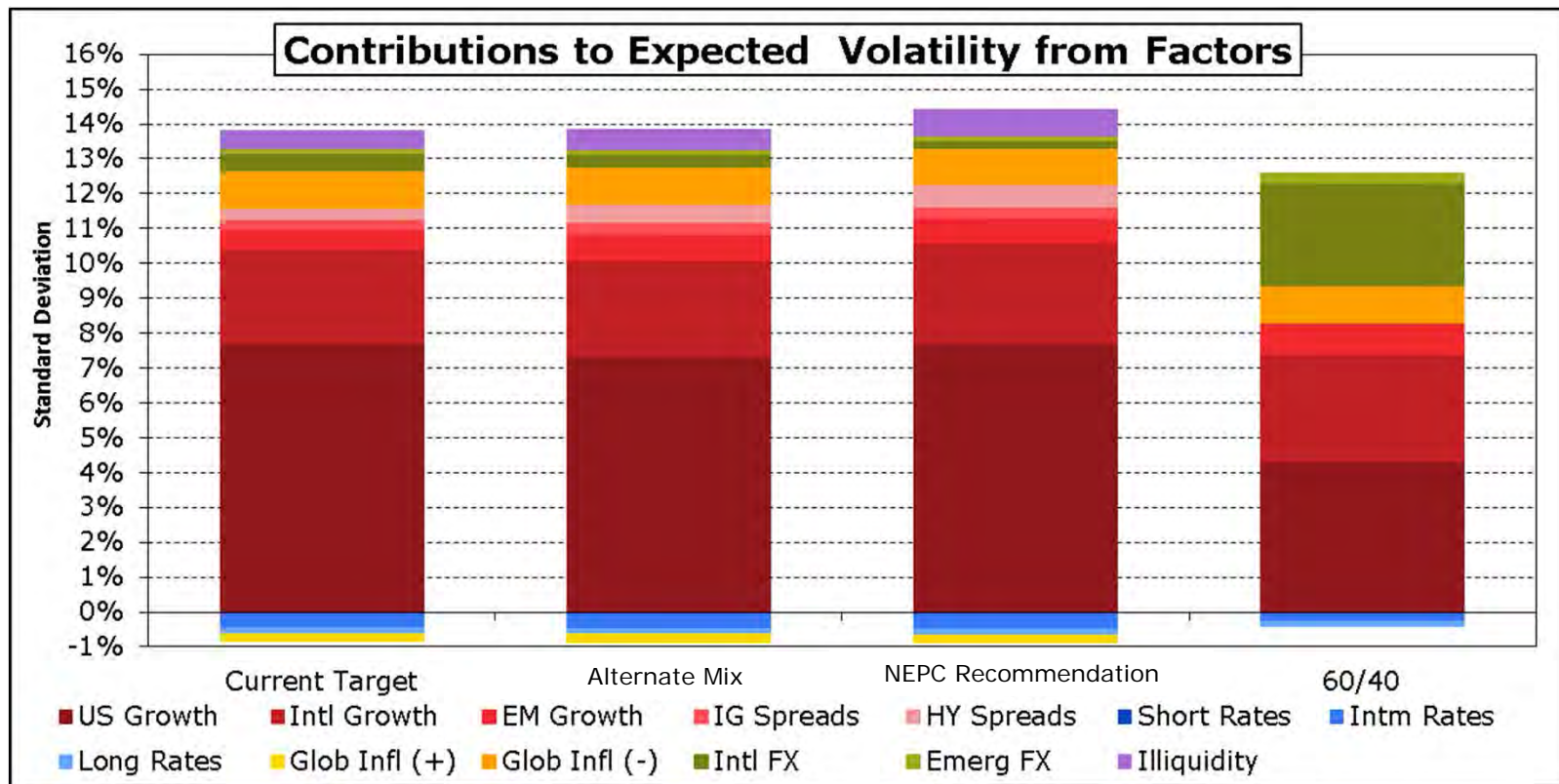


### Expansion



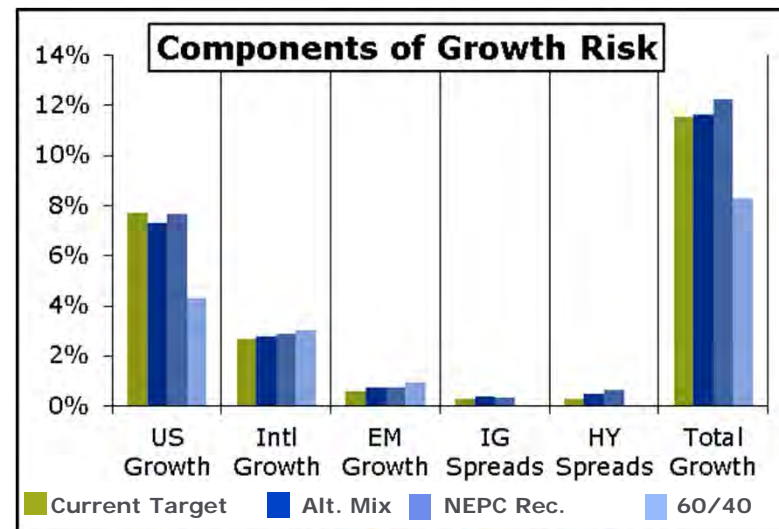
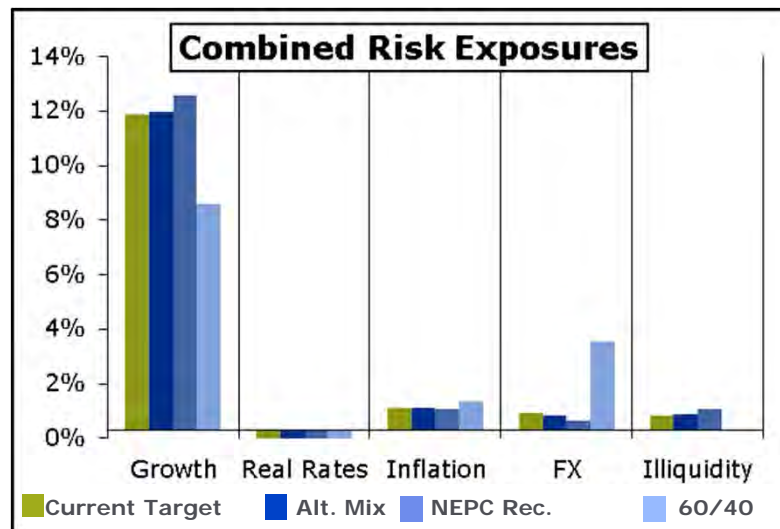
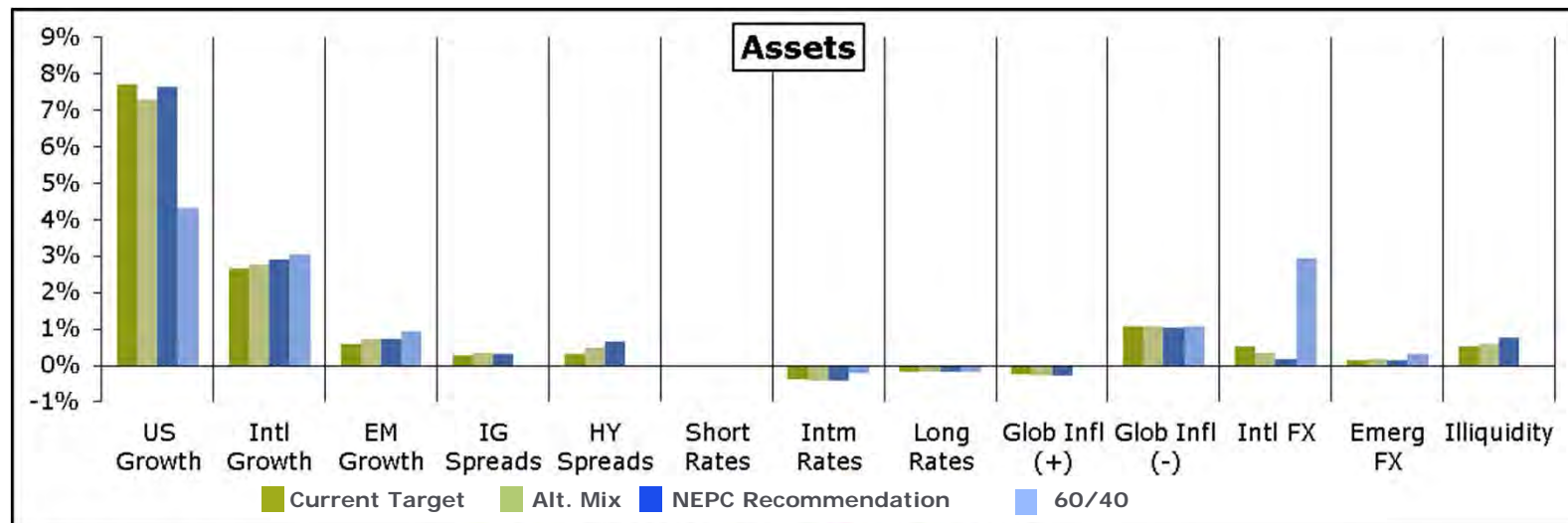
### Overextension





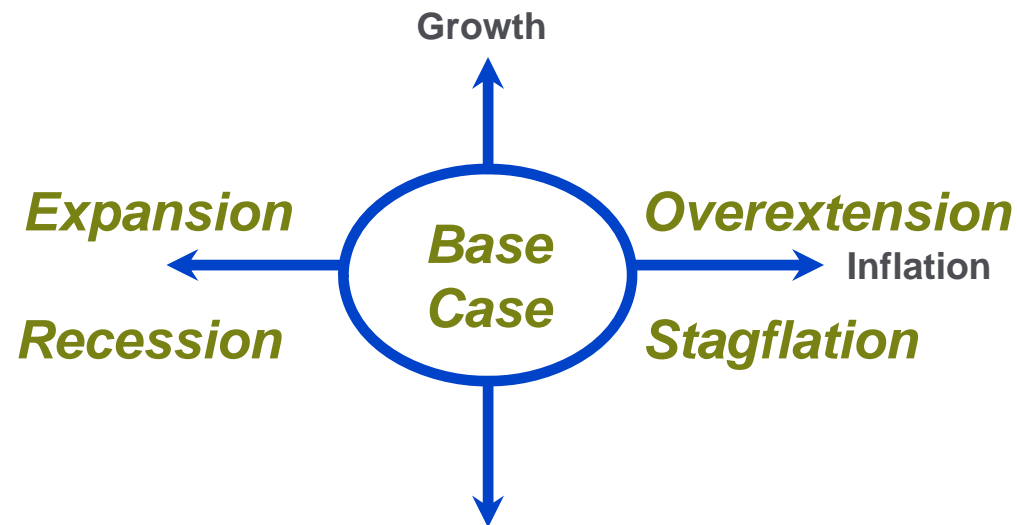
- **Heavy bias to growth factor in all portfolios**
  - NEPC Recommendation and Alternate Mix have more exposure to the illiquidity risk factor and less to currency
  - 60/40 mix has high exposure to currency risk due to unhedged global equity and bond allocations

## Factor Analysis – Breakdown



## Appendix: Scenario and Factor Assumptions

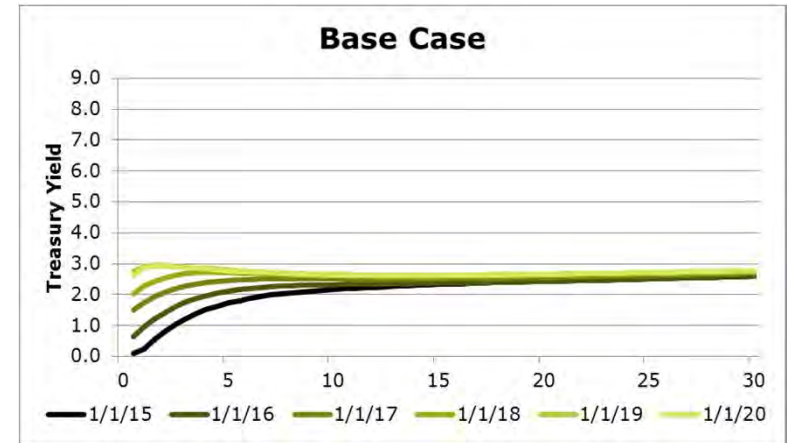
- **NEPC Scenario Analysis tests the viability of alternative asset mixes under multiple economic scenarios**
  - Allows better understanding of risk exposures under contrasting inflation and economic growth regimes
  - Can understand the effect on both assets and liabilities (funded status)



## Scenarios Considered

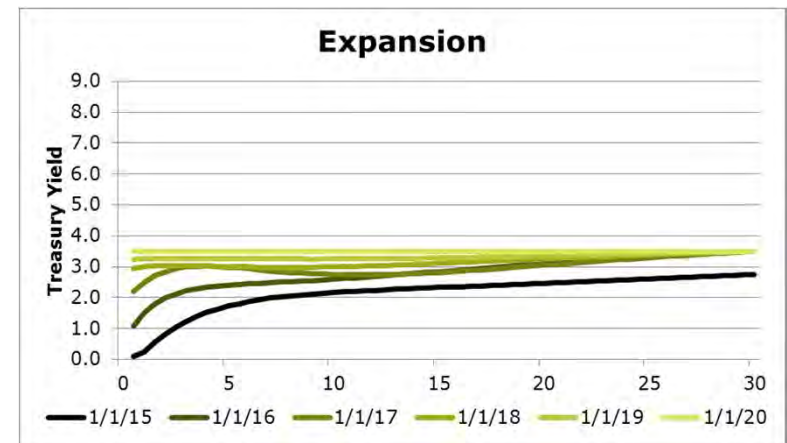
- **Base Case**

- Asset returns over 5 year period in line with NEPC 2015 5-7 Year Assumptions
- No volatility



- **Expansion**

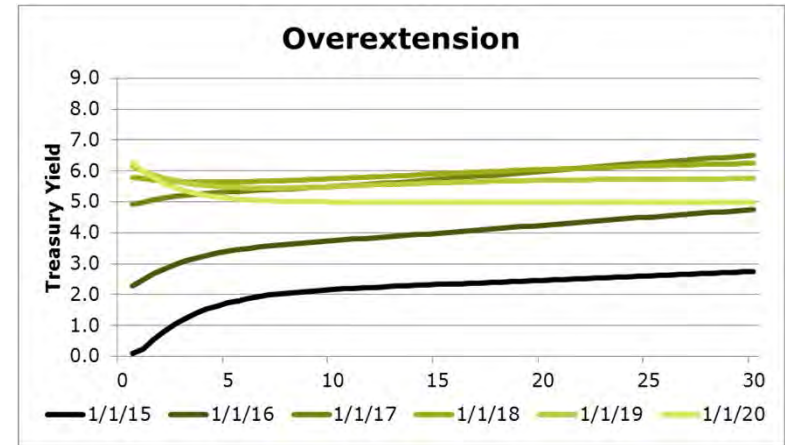
- Economy is growing by a strong, but seemingly sustainable level
- Bond yields are stable, inflation is manageable, equities and other high volatility asset classes perform quite well in this environment
- Historical example: 2004-2006
- *Large cap equities time-series: 10%, 17%, 28%, 12%, 10%*



## Scenarios Considered

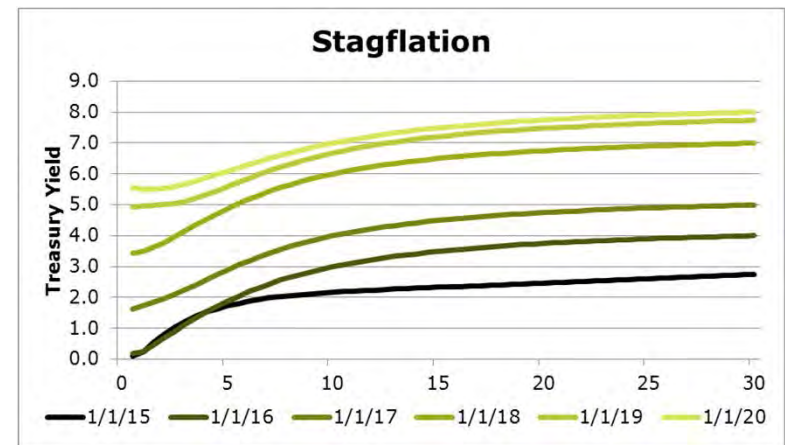
### • Overextension

- Economy is growing at a rapid pace, inflation increases significantly – booming times but at the cost of future growth
- Bond yields move higher as a result of inflation; high yield does well with confidence in the economy
- Equities, real estate, and commodities fuel rapid expansion
- Historical example: Vietnam War era (1967-1971)
- *Large cap equities time-series: 12%, 16%, 0%, 12%, 16%*



### • Stagflation

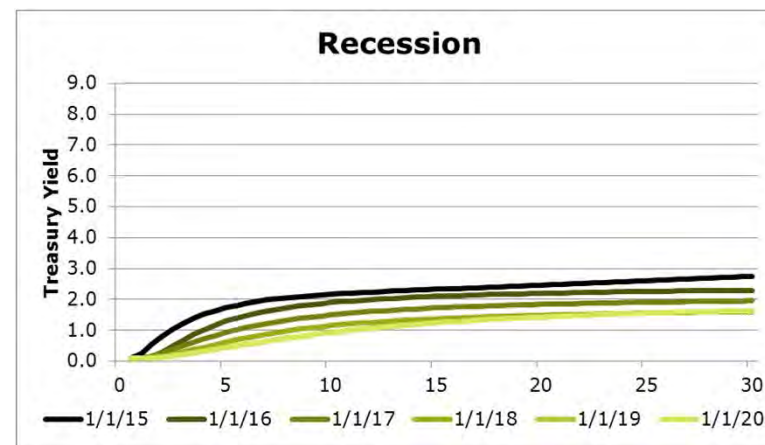
- Two problems – (1) the economy is not growing, (2) inflation has skyrocketed
  - Inflation is sticky – once it gets high, it stays high for several years
  - Fed has limited options to kick-start economy because easing only promotes further inflation
- Equities sag; bonds lose real value; real assets such as TIPS perform well on a relative basis because they are linked to inflation
- Historical example: flat stock market and double digit inflation of the mid-1970s
- *Large cap equities time-series: -8%, -12%, -15%, 9%, 12%*



## Scenarios Considered

- **Recession**

- Economy stalls – there is a flight to quality as investors lose confidence
  - Equity markets fall
  - Bond yields fall
- Interest-sensitive securities (bonds, especially long duration bonds) will perform well in this environment
- Historical example: early 1990s
- *Large cap equities time-series: -8%, -18%, -8%, 4%, -10%*



## NEPC's Macroeconomic Risk Factors

- **We focus on five key underlying macroeconomic risk factors**
  - Sub-factors used for modeling purposes in order to express differences in risk outlook
- **Volatility becomes a function of factor movements relative to expectations**
  - Example: Experience volatility when real rates rise more than expected; not necessarily when any rise occurs
- **Factor analysis is a risk exercise**
  - Investment recommendations also reflect how we expect an investor will be compensated for holding each risk factor

Growth	Real Rates	Inflation	Currency	Illiquidity
Domestic Growth	Short Real Rates	Rising Global Inflation	Developed vs. Base	Contractual Illiquidity
Developed Int'l Growth	Intermediate Real Rates	Falling Global Inflation	Emerging vs. Base	Pricing Illiquidity
Emerging Growth	Long Real Rates			
IG Credit Spreads				
HY Credit Spreads				

## Risk/Reward of Factor Exposures

### Growth

- Common and easily obtainable source of return, but brings volatility that may be difficult to hedge away without sacrificing return

### Real Rates

- Generally lower return and volatility than growth factor; may be a lone bright spot in low/negative growth environment

### Inflation

- Sensitivity to higher inflation is present in almost all investments but can be partially offset through a real assets program

### Currency

- Introduces additional volatility with a small risk premium from emerging currencies but without a positive expected return from developed currencies

### Illiquidity

- Attractive supplemental return source from being willing to lock up money contractually or taking on investments with lower market liquidity, but may introduce additional risks beyond traditional measures of volatility

### Benefits

- Avoid misleading diversification
- Improved perspective on where risk is being taken and how changing market conditions will impact the portfolio
- Understand benefits of adding new asset classes

### Challenges

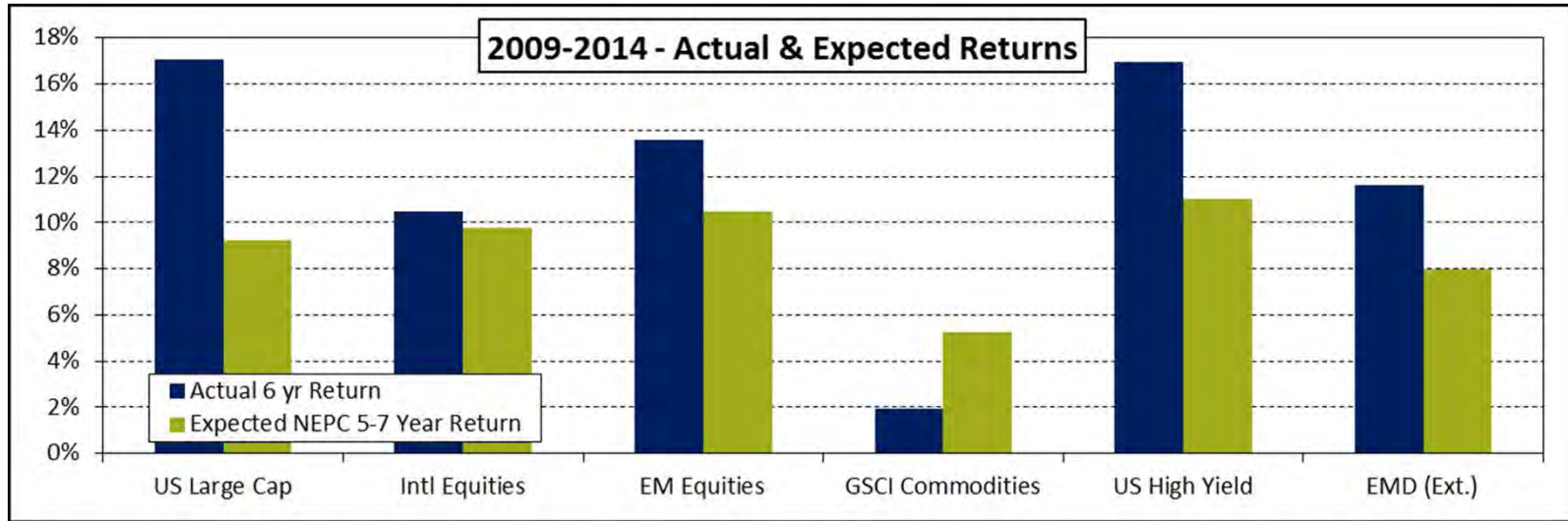
- May be difficult to obtain (or even define) data for investment program's unique definition of risk factors, particularly inflation
- Traditional ways of "bucketing" asset classes may be difficult
- Still uses portfolio theory framework which can oversimplify risk, particularly over shorter time periods

## **Appendix: NEPC 2015 Capital Market Assumptions Development**

## Extreme Outperformance Since Crisis; Understand Long-Term Implications

- **Returns have been exceptional since the global financial crisis**
  - Results dramatically outpaced expectations during a period of elevated uncertainty
  - Volatility spiked at times but overall experience well below expectations
- **Low realized volatility fuels shortsighted view for long-term investors**
  - Benefits of diversification are questioned but should be a cornerstone of success
- **NEPC's capital market forecasts cover a 5-7 year horizon which is unlikely to look like most recent trailing periods**
  - End point sensitivity pronounced; annualized returns for diversified investors show an 11.9% return for 3 years, 9.2% return for 5 years and 4.7% for 7 years
  - Last three years' results unlikely to continue for the next 5-7 years
- **Easy monetary policy supports near-term returns beyond what fundamentals may otherwise indicate**
  - Europe and Japan may provide further stimulus but effectiveness of extended easy monetary policy wanes in today's low yield environment
  - U.S. strength can spur consumption and buoy global growth but profit margins may compress impacting valuations
  - Timing is key, but difficult to pinpoint; risk balance is encouraged
- **30 year forecasts are lower, challenging feasibility of success**
  - Extension of easy monetary policy has stymied expectations of higher yields
  - Low long-term rates drive return expectations back towards levels seen prior to 2013
  - Conventional approaches may fall short going forward

## Remember How Far We've Come...But How Much Further Can We Go?



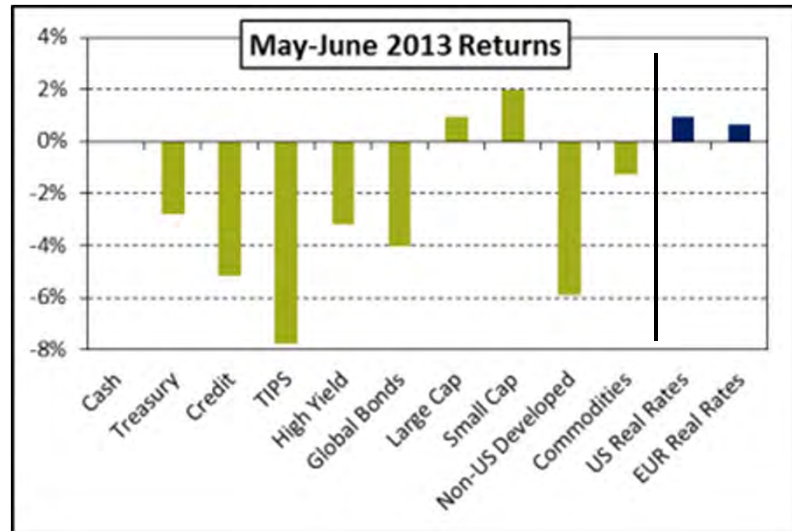
Source: Bloomberg and NEPC as of 11/30

- **NEPC's 2009 5-7 assumptions were eye-popping relative to previous years**
  - Result of significant sell-off in the midst of the global financial crisis
- **Most fundamental forecasting models suggested even higher returns**
  - We discounted original expectations heavily given tremendous path uncertainty at that time
    - Still in the midst of drawdowns, frozen credit markets, unprecedented monetary policy
  - If we could have offered certainty of our expectations, most would have seized it
- **Patient, long-term investors have been rewarded beyond our expectations**
  - Tremendously beneficial in healing balance sheets, funded positions, grant making stability, etc.
  - But important to recall the range of outcomes that have been in play along the way
    - Quantitative Easing, Eurozone stability, etc.
- **Low yields and core fundamentals suggest muted returns looking forward**

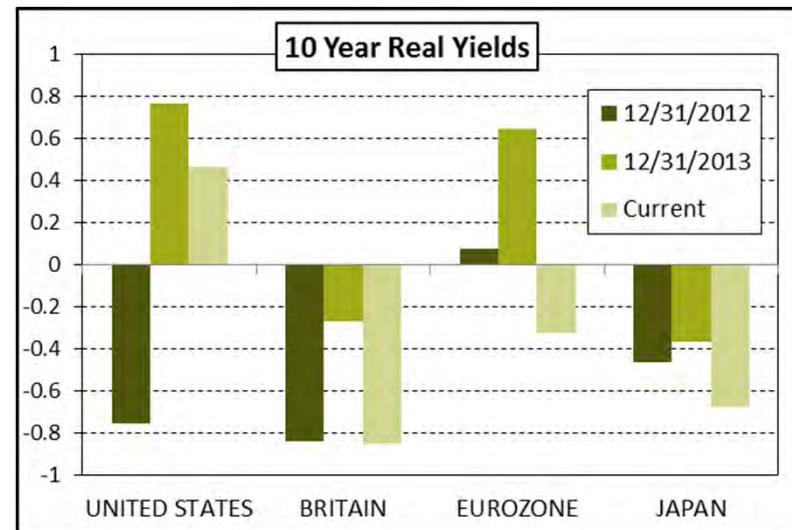
- **Since the crisis, we expected and experienced a range of outcomes**
  - Great uncertainty was a dominant theme over the last 6 years
- **Burned by losses and illiquidity, many institutions exercised caution**
  - Participate smartly in upside with dislocated credit markets but mitigate potential downside by diversifying growth risk away from long-only equity
- **Unconventional global monetary policies were unfamiliar & untested**
  - Diverse underlying economic conditions across regions complicated the issue
- **Politics, both national and “geo”, have proven to be a challenge**
  - “Fiscal cliff”, debt ceiling, socio-economic divide
  - European “dis-union”, austerity measures, periphery unemployment
  - Japan’s lost (two plus) decade(s), Abenomics
  - Unpredictable state actors such as Russia, Iran, North Korea, etc.
- **Markets have forged ahead with cautious optimism tied to improving U.S. economic conditions and continued easy global monetary policy**
  - Still a large range of outcomes
  - Complacency is fertile ground for volatility and loss
  - Tilt towards fundamental strength as U.S. recovers
  - Maintain diversification (economic hedges) to mitigate tail risk

## Importance of Real Yields on Global Market Returns; Caution to our Optimism

- **Many investors surprised by market impact of Bernanke's taper comments in Spring 2013**
  - The Primary driver was a change in underlying global real yields
  - Market discount rates increased driving down present values
  - And the surprise change in expectations of tighter policy spooked sentiment
  - U.S. market strength may not persist with a repeat occurrence
- **Real yields in 2014 reversed the normalization trend of 2013 and are a key component of lower 5-7 year expected returns in 2015**
  - U.S. gave up far less than other developed markets
  - Gravity of low interest rates in Germany and Japan may draw U.S. rates lower



Source: Bloomberg as of 11/30



Source: Bloomberg as of 11/30

- **Combination of historical data and forward looking analysis**
  - Expected returns based on current market pricing and forward looking estimates
  - Volatility based on history, while recognizing current uncertainty
  - Correlations based on a mix of history and current trend
- **Historical data is used to frame current market environment as well as to compare to similar historical periods**
  - Historical index returns, volatility, correlations, valuations, and yields
- **Forward-looking analysis is based on current market pricing and a building blocks approach**
  - Return equals yield + changes in price (valuation, defaults, etc.)
  - Use of key economic observations (inflation, real growth, dividends, etc.)
  - Structural themes (supply and demand imbalances, capital flows, etc.)
- **Assumptions prepared by Asset Allocation Committee**
  - Asset Allocation team plus members of various consulting practice groups meet throughout Q4 to develop themes and assumptions
  - Public markets, hedge funds and private markets teams provide market insights
- **Assumptions and Actions reviewed and approved by Partners Research Committee**

## Themes for 2015 Asset Class Assumptions

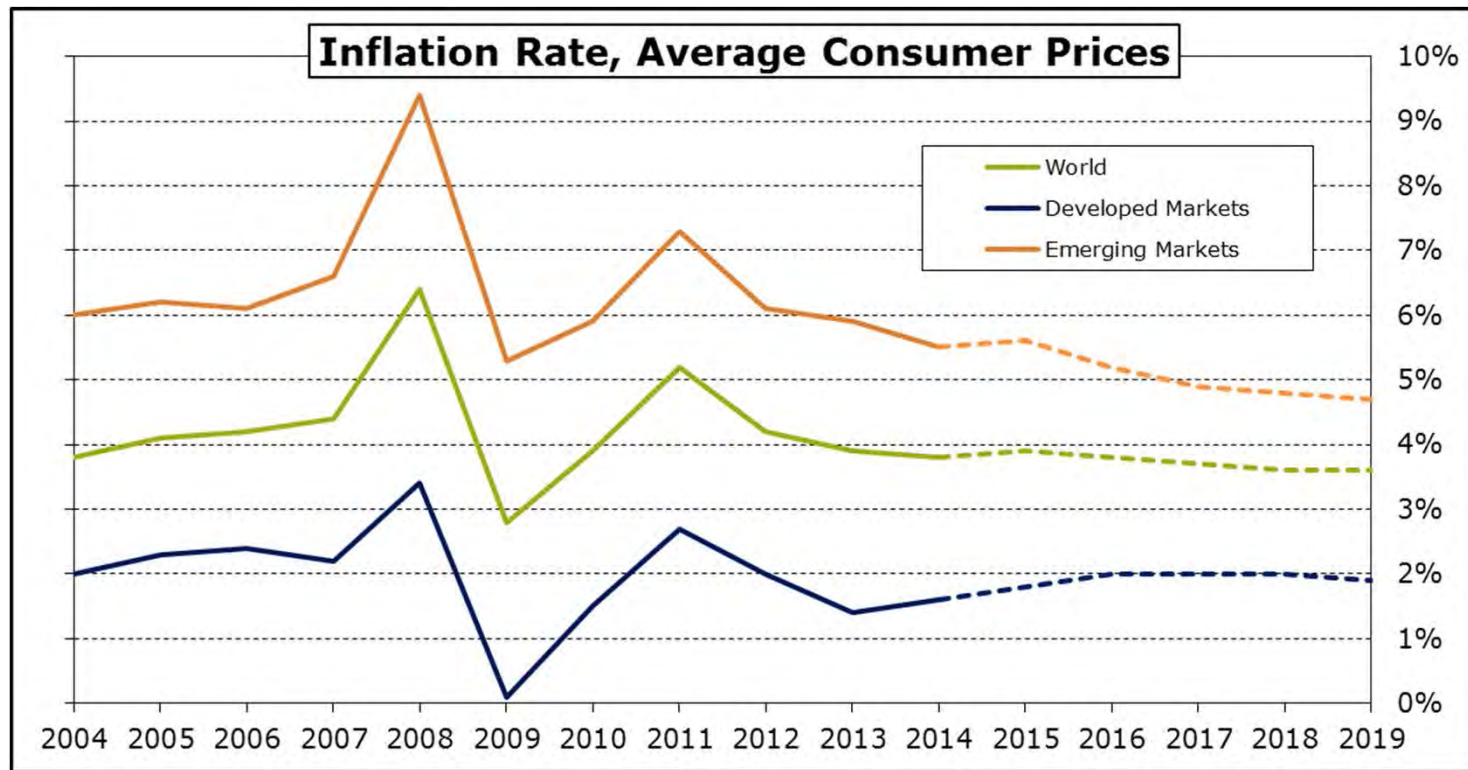
- **5-7 year return expectations lower relative to prior year**
  - Broadly expected return outlook remains subdued
  - Strong performance of domestic equity markets leads to reduction in expectations
  - Lower yields relative to prior year reduce bond market forecasts
  - Decrease in expectations for credit markets reflect normalization of default rates
  - Hedge Fund expectations increased due to anticipation of greater divergences across and within global markets
  - Private asset class adjustments mirror changes in liquid risky asset classes
- **30-year returns have similar themes to 5-7 year forecasts**
  - Yield decreases flow through to longer-term returns in fixed income
  - Equity markets reduced modestly
- **Volatility expectations reduced incrementally in certain asset classes**
  - Real Estate and Private Debt reductions echo more normalized asset class environment
  - Volatility increased for unhedged asset classes to reflect central bank divergences

## Changes To Assumption Development

- **We continue to refine and enhance our process where appropriate**
  - Changes are evolutionary rather than revolutionary
    - Global Inflation-Linked Bonds now represent a USD hedged exposure
- **Improved modeling of Real Estate to more accurately reflect the underlying economic and market fundamentals**
  - Refined model sensitivity to changes in occupancy rates, supply, and new construction
  - Enhanced Cap Rate assumption to better reflect forward Treasury rates and spreads
- **Added Real Estate Investment Trust (REITs)**
  - Recognizing the unique role of REITs within a broad real estate allocation
- **Refined Emerging Market Debt Local Currency forecast model to better reflect underlying country forward rates**
  - Developed improved local yield curve forecast for major EM countries
  - Accounts for the significant exposure of a select number of countries in the index
- **Further refined term premium adjustment in fixed income model**
  - Accounts for the higher risk of longer dated maturities
- **Enhanced Risk Parity portfolio construction with the addition of a global cash and LIBOR assumption to reflect global leverage rates**
  - Divergence in expected global cash rates between the U.S. and develop world necessitated the change to reflect implicit leverage costs

- **Inflation is an integral component of our asset allocation assumptions**
  - An essential building block for projecting returns in stocks, bonds, and commodities
- **There are several measures of inflation used to inform our view, all with some type of shortcomings**
  - Global forecasts, local consumer and producer price indices, TIPS break-even inflation
- **Institutional investment pools will experience asset inflation globally, encompassing both developed and emerging countries**
  - We use a 3% global inflation projection over the next 5-7 years
    - Akin to assuming purchasing power parity holds across markets
  - Can be different from inflation experienced in local country liabilities or spending needs
    - For example our expectation of U.S. CPI is 2.25% over 5-7 years
- **Muted credit growth leaves inflation expectations unchanged in the near term, pressure for higher long-term inflation continues to build**
  - Money supply (M2) continued to expand in 2014 while velocity remains depressed
  - Global monetary policy likely to remain stimulative in 2015
- **Given increasing long-term inflation pressures, a modestly higher inflation assumption (3.25%) is used for determining 30 year return expectations**

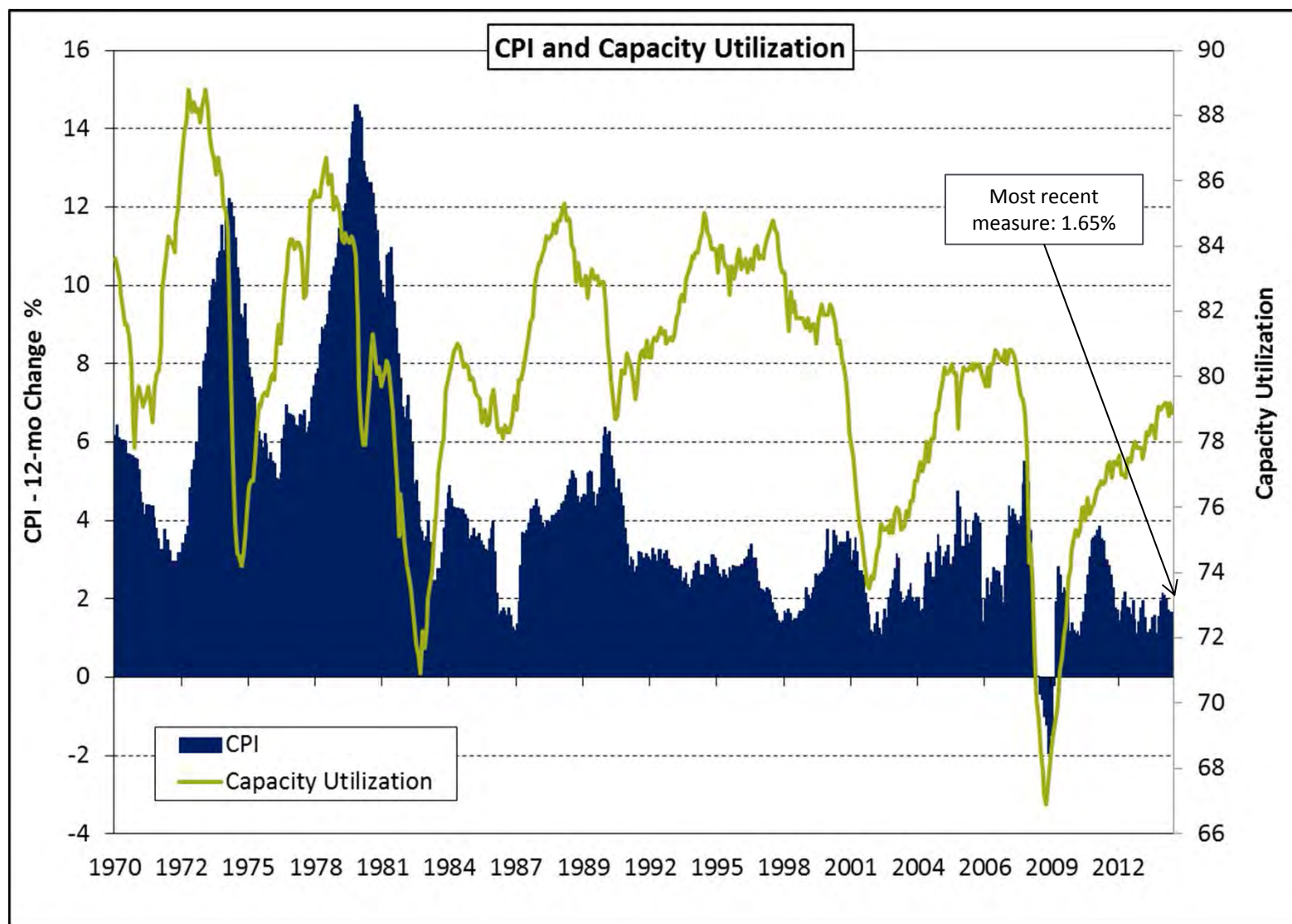
## Global Inflation Forecasts



Source: IMF

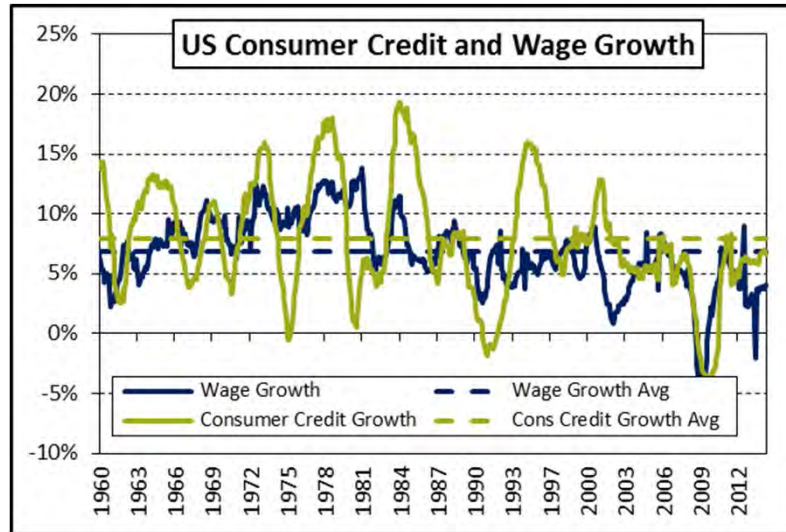
- **World inflation forecasts range from 3.6-3.9% annually over the next five years**
  - Investment programs biased toward developed markets would likely experience something less than the global average

# Realized Inflation Has Stayed Low

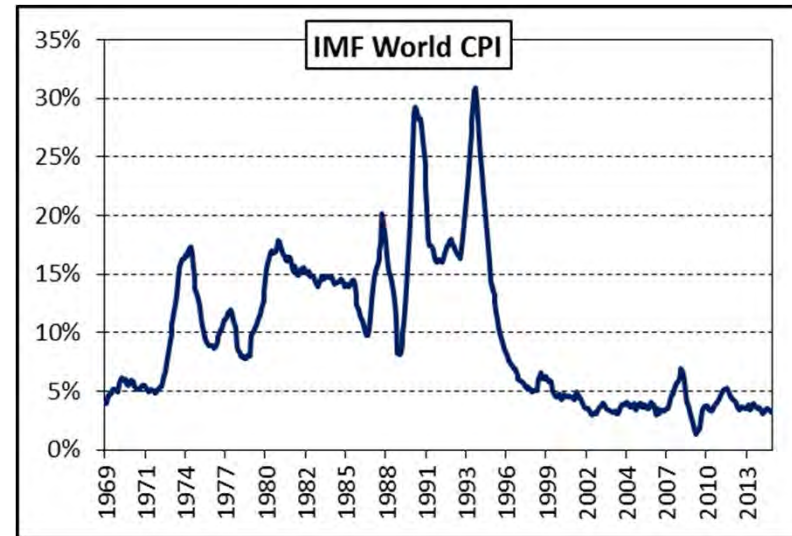


Source: St. Louis Fed as of 11/30

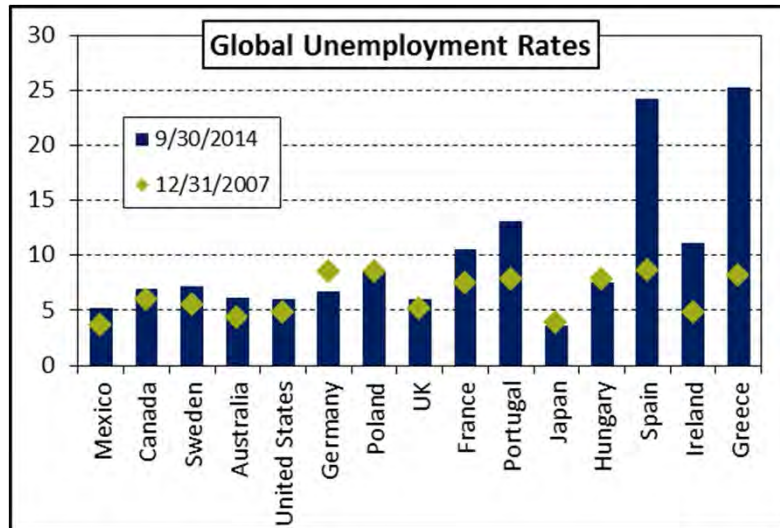
## Economic Factors Driving Inflation Remain Subdued



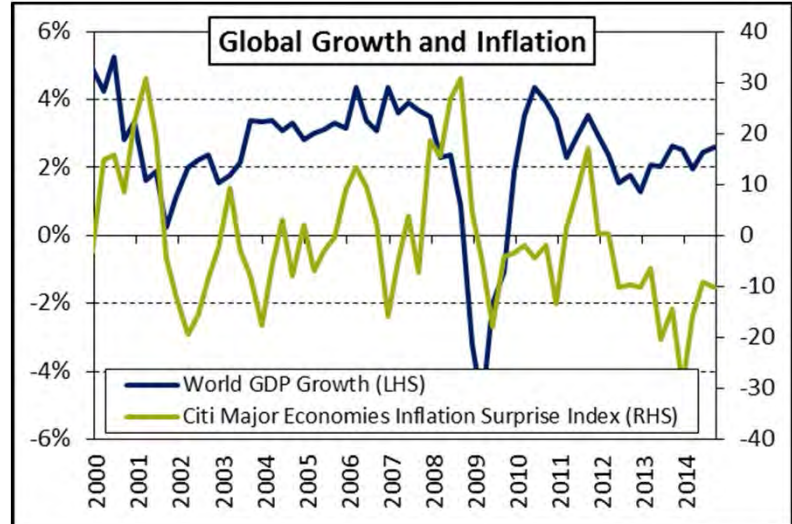
Source: Board of Governors of the Federal Reserve System as of 10/1



Source: Bloomberg as of 9/30



Source: Bloomberg as of 9/30



Source: Bloomberg as of 9/30

## 2015 5-to-7 Year Return Forecasts

Geometric Expected Return			
Asset Class	2014	2015	2015-2014
Global Inflation	3.00%	3.00%	0.00%
US CPI	n/a	2.25%	
Cash	1.50%	1.75%	0.25%
Treasuries	2.00%	1.75%	-0.25%
IG Corp Credit	3.50%	3.25%	-0.25%
MBS	2.25%	2.00%	-0.25%
<i>Core Bonds*</i>	<i>2.53%</i>	<i>2.30%</i>	<i>-0.23%</i>
TIPS	2.50%	2.25%	-0.25%
High-Yield Bonds	4.50%	4.00%	-0.50%
Bank Loans	5.00%	4.50%	-0.50%
Global Bonds (Unhedged)	1.25%	1.00%	-0.25%
Global Bonds (Hedged)	1.38%	1.17%	-0.21%
EMD External	5.00%	4.50%	-0.50%
EMD Local Currency	5.75%	5.50%	-0.25%
Large Cap Equities	6.25%	6.00%	-0.25%
Small/Mid Cap Equities	6.25%	6.00%	-0.25%
Int'l Equities (Unhedged)	7.25%	7.00%	-0.25%
Int'l Equities (Hedged)	7.50%	7.50%	0.00%
Emerging Int'l Equities	9.50%	9.00%	-0.50%
Private Equity	8.75%	8.50%	-0.25%
Private Debt	8.00%	7.50%	-0.50%
Private Real Assets	7.75%	8.00%	0.25%
Real Estate	6.25%	6.50%	0.25%
Commodities	5.00%	5.25%	0.25%
Hedge Funds	5.50%	5.75%	0.25%

\* Core Bonds assumption based on market weighted blend of components of Aggregate Index (Treasuries, IG Corp Credit, and MBS).

## 2015 30-Year Return Forecasts

Geometric Expected Return			
Asset Class	2014	2015	2015-2014
Global Inflation	3.25%	3.25%	0.00%
Cash	3.75%	3.25%	-0.50%
Treasuries	4.00%	3.50%	-0.50%
IG Corp Credit	5.25%	4.75%	-0.50%
MBS	4.25%	3.75%	-0.50%
<i>Core Bonds*</i>	<i>4.40%</i>	<i>3.98%</i>	<i>-0.42%</i>
TIPS	4.50%	4.00%	-0.50%
High-Yield Bonds	6.00%	5.75%	-0.25%
Bank Loans	6.25%	6.00%	-0.25%
Global Bonds (Unhedged)	3.00%	2.25%	-0.75%
Global Bonds (Hedged)	3.13%	2.42%	-0.71%
EMD External	7.00%	6.00%	-1.00%
EMD Local Currency	7.25%	6.75%	-0.50%
Large Cap Equities	7.75%	7.50%	-0.25%
Small/Mid Cap Equities	8.00%	7.75%	-0.25%
Int'l Equities (Unhedged)	8.25%	8.00%	-0.25%
Int'l Equities (Hedged)	8.50%	8.49%	-0.01%
Emerging Int'l Equities	9.50%	9.25%	-0.25%
Private Equity	9.75%	9.50%	-0.25%
Private Debt	8.25%	8.00%	-0.25%
Private Real Assets	7.75%	7.75%	0.00%
Real Estate	6.50%	6.50%	0.00%
Commodities	6.00%	5.75%	-0.25%
Hedge Funds	7.00%	6.75%	-0.25%

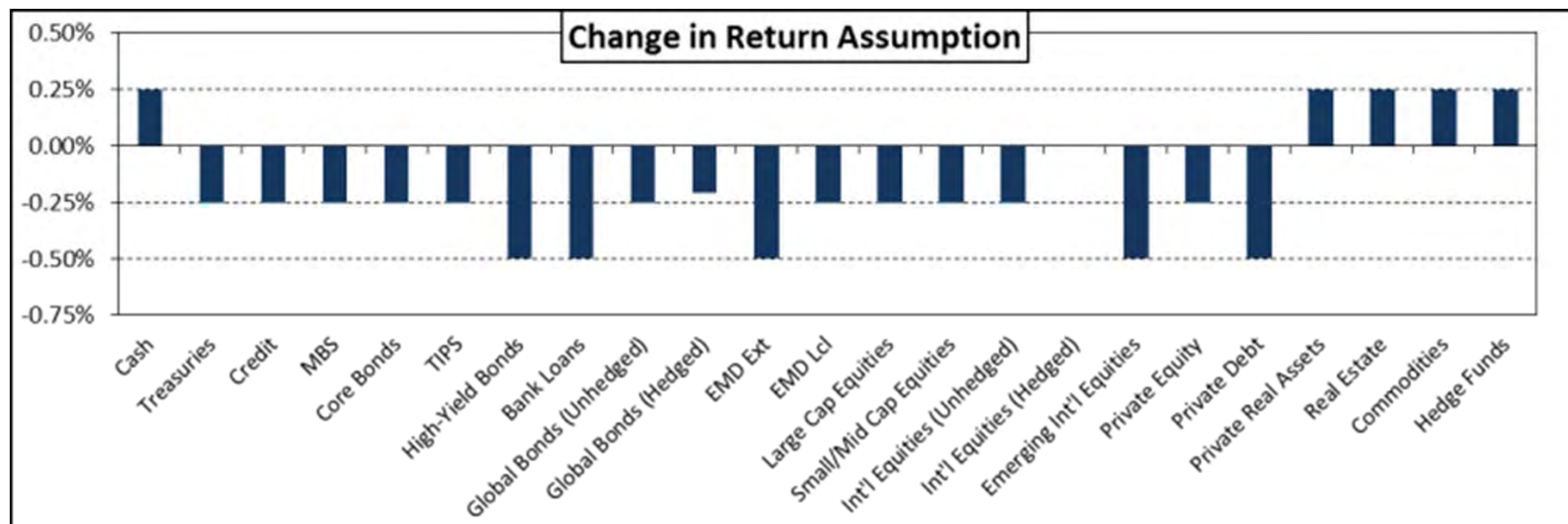
\* Core Bonds assumption based on market weighted blend of components of Aggregate Index (Treasuries, IG Corp Credit, and MBS).

## 2015 Volatility Forecasts

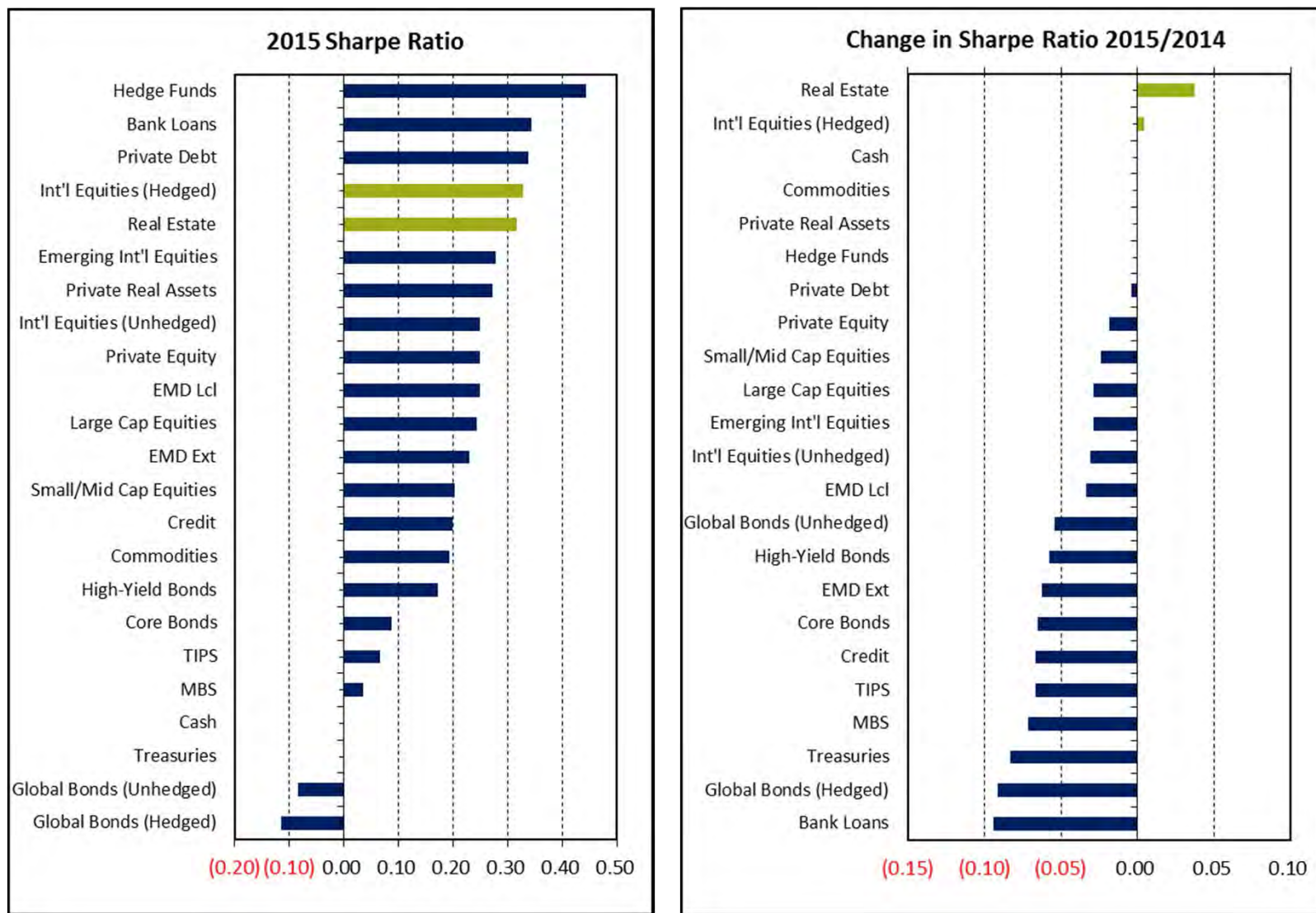
Volatility			
Asset Class	2014	2015	2015-2014
Cash	1.00%	1.00%	
Treasuries	6.00%	5.50%	-0.50%
IG Corp Credit	7.50%	7.50%	
MBS	7.00%	7.00%	
<i>Core Bonds*</i>	<i>6.32%</i>	<i>6.03%</i>	<i>-0.29%</i>
TIPS	7.50%	7.50%	
High-Yield Bonds	13.00%	13.00%	
Bank Loans	8.00%	8.00%	
Global Bonds (Unhedged)	8.50%	9.00%	0.50%
Global Bonds (Hedged)	5.00%	5.00%	
EMD External	12.00%	12.00%	
EMD Local Currency	15.00%	15.00%	
Large Cap Equities	17.50%	17.50%	
Small/Mid Cap Equities	21.00%	21.00%	
Int'l Equities (Unhedged)	20.50%	21.00%	0.50%
Int'l Equities (Hedged)	18.50%	17.50%	-1.00%
Emerging Int'l Equities	26.00%	26.00%	
Private Equity	27.00%	27.00%	
Private Debt	12.00%	10.00%	-2.00%
Private Real Assets	23.00%	23.00%	
Real Estate	17.00%	15.00%	-2.00%
Commodities	18.00%	18.00%	
Hedge Funds	9.00%	9.00%	

\* Core Bonds assumption based on market weighted blend of components of Aggregate Index (Treasuries, IG Corp Credit, and MBS).

## Summary of Changes to 2015 Return Expectations

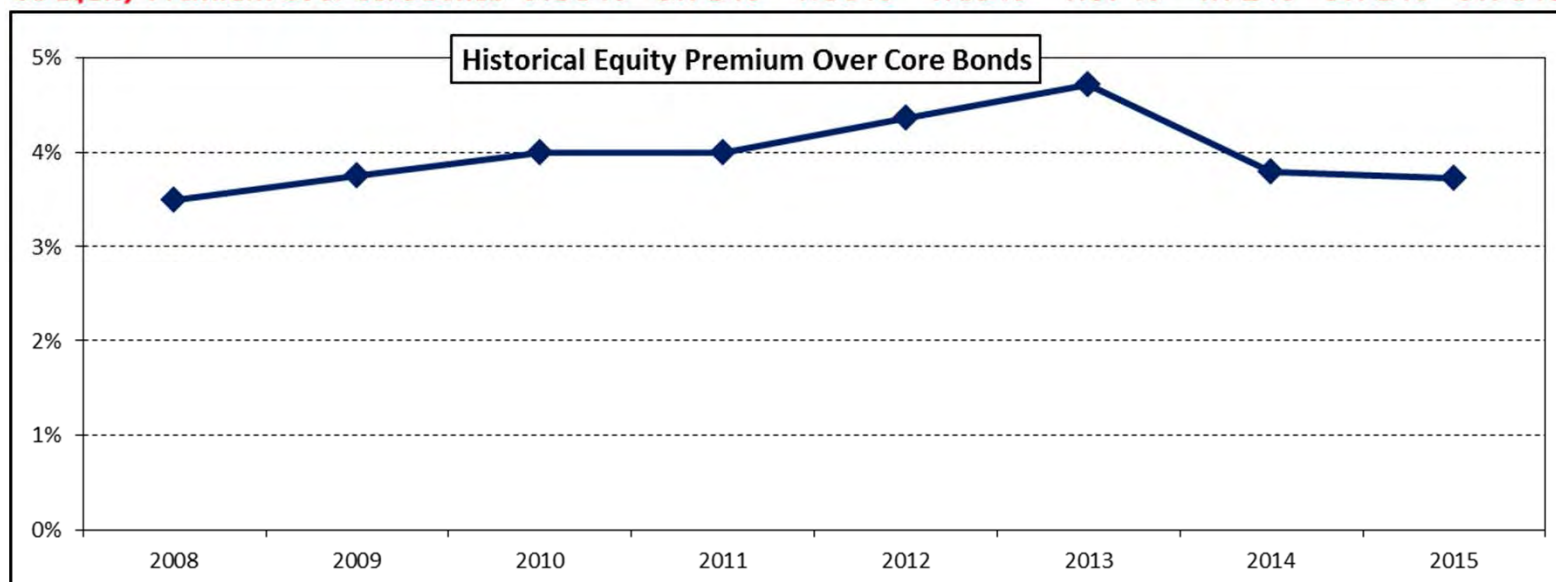


# Relative Asset Class Attractiveness



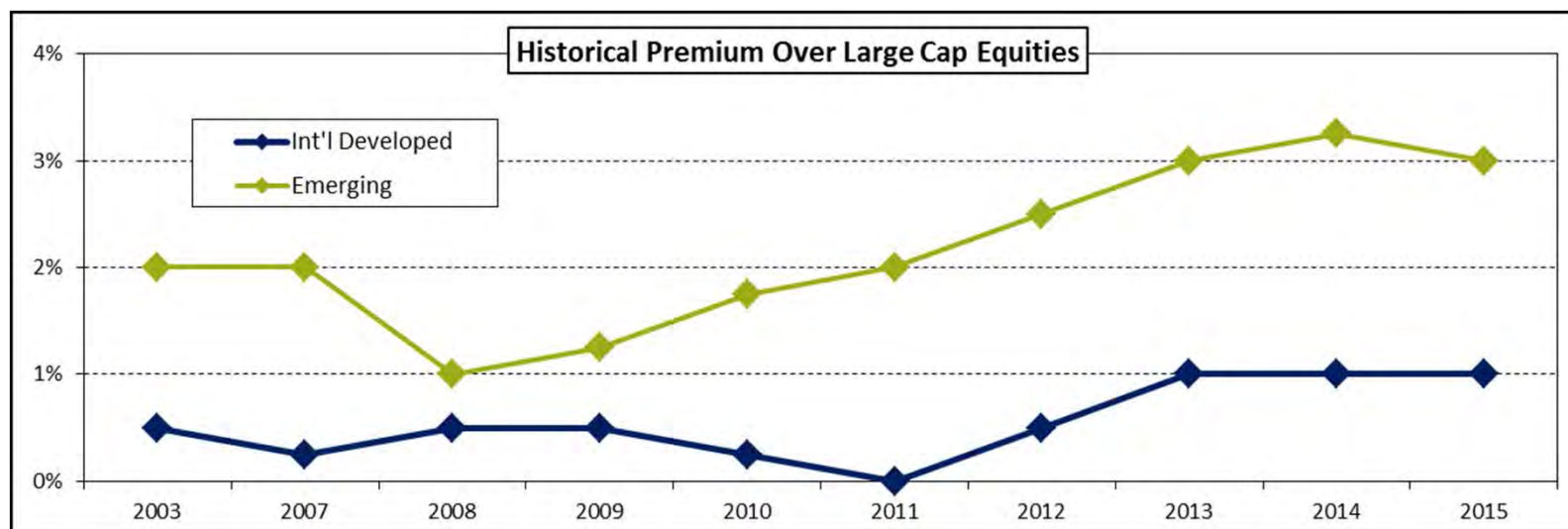
## Major Asset Class Review (Geometric)

Asset Class	Historical Long Term Geometric Average <sup>1</sup>	5-to-7 Year NEPC Assumptions							
		2008	2009	2010	2011	2012	2013	2014	2015
Cash	3.5%	4.00%	3.00%	2.00%	2.00%	1.25%	0.75%	1.50%	1.75%
Core Bonds <sup>2</sup>	7.9%	5.00%	5.50%	3.75%	3.00%	2.88%	2.03%	2.53%	2.30%
Large Cap	10.1%	8.50%	9.25%	7.75%	7.00%	7.25%	6.75%	6.25%	6.00%
International <sup>3</sup>	9.1%	9.00%	9.75%	8.00%	7.00%	7.75%	7.75%	7.25%	7.00%
<b>US Equity Premium Over Core Bonds</b>		<b>3.50%</b>	<b>3.75%</b>	<b>4.00%</b>	<b>4.00%</b>	<b>4.37%</b>	<b>4.72%</b>	<b>3.72%</b>	<b>3.70%</b>



1. Reflects average since inception (1926 except as noted below) of the respective index through 11/30/2014
2. LB/BC Aggregate reflects average compound annual return since 1976
3. International reflects average annual return since 1970

## Comparison of International Equity and U.S. Large Cap Equity Expectations



- **Total return expectations for non-U.S. Equities are lower vs. last year**
- **Yet expectations for U.S. equities are reduced as well**
  - Consistent spread of 1% for developed non-U.S. relative to U.S. Large Cap
  - Decreased premium for emerging equity as growth expectations shrank further
- **Meaningful downside risks remain in developed and emerging world**
- **While we expect investors to be compensated over 5-7 years with a higher relative return for holding non-U.S. equities, it is appropriate to use active management to mitigate exposure to downside risks**

## 2015 Correlations

Asset Class	Cash	Treas	Credit	MBS	TIPS	HY	Glob Bonds	Glob (H)	EMD (Ext)	EMD (Loc)	Large Cap	Sm/Mid	Intl Eq	Intl Eq (H)	EM Eq	Priv Eq	Priv Debt	Priv Real	Real Estate	Cmdy	Hedge Funds
Cash	1.00																				
Treasuries	0.20	1.00																			
IG Corp Credit	0.10	0.65	1.00																		
MBS	0.25	0.90	0.75	1.00																	
TIPS	0.00	0.65	0.60	0.70	1.00																
High-Yield Bonds	-0.05	0.20	0.55	0.30	0.20	1.00															
Global Bonds (Unhedged)	0.10	0.50	0.50	0.45	0.40	0.10	1.00														
Global Bonds (Hedged)	0.15	0.80	0.65	0.70	0.65	0.20	0.60	1.00													
EMD (External)	0.05	0.35	0.65	0.35	0.30	0.60	0.25	0.35	1.00												
EMD (Local Currency)	0.05	0.30	0.60	0.25	0.25	0.60	0.30	0.25	0.80	1.00											
Large Cap Equities	-0.10	-0.10	0.45	0.10	0.00	0.65	0.00	-0.10	0.55	0.65	1.00										
Small/Mid Cap Equities	-0.15	-0.15	0.45	0.10	-0.10	0.70	-0.05	-0.15	0.55	0.60	0.90	1.00									
Int'l Equities (Unhedged)	-0.10	0.00	0.30	0.05	-0.05	0.65	0.35	0.00	0.60	0.70	0.70	0.60	1.00								
Int'l Equities (Hedged)	0.00	0.00	0.30	0.05	-0.05	0.65	0.05	0.00	0.60	0.65	0.75	0.65	0.85	1.00							
Emerging Int'l Equities	-0.10	-0.10	0.25	-0.10	-0.10	0.70	0.05	-0.05	0.70	0.80	0.60	0.65	0.70	0.70	1.00						
Private Equity	-0.20	-0.15	0.30	0.10	-0.10	0.60	-0.15	-0.20	0.35	0.40	0.70	0.75	0.60	0.65	0.45	1.00					
Private Debt	0.00	-0.35	0.15	-0.15	-0.10	0.65	-0.10	-0.10	0.50	0.60	0.60	0.65	0.75	0.75	0.80	0.65	1.00				
Private Real Assets	0.15	-0.20	0.05	-0.15	0.00	0.40	-0.05	-0.05	0.40	0.40	0.55	0.60	0.50	0.50	0.50	0.65	0.60	1.00			
Real Estate (Core)	0.25	-0.05	0.15	0.05	0.10	0.25	0.05	-0.05	0.20	0.30	0.40	0.40	0.35	0.40	0.30	0.50	0.40	0.40	1.00		
Commodities	0.10	-0.10	0.10	-0.10	0.30	0.20	0.10	-0.10	0.35	0.45	0.30	0.30	0.35	0.35	0.40	0.25	0.30	0.45	0.30	1.00	
Hedge Funds	0.00	-0.20	0.35	-0.15	0.20	0.60	0.05	-0.20	0.55	0.60	0.60	0.65	0.70	0.65	0.70	0.75	0.80	0.65	0.25	0.50	1.00



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## **Ventura County Employees' Retirement Association**

### **Investment Performance Analysis for the period ending December 31, 2014**

February 23, 2014

Allan Martin, Partner  
Dan LeBeau, Consultant  
Tony Ferrara, CAIA, Senior Analyst

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# Market Environment Update and Outlook

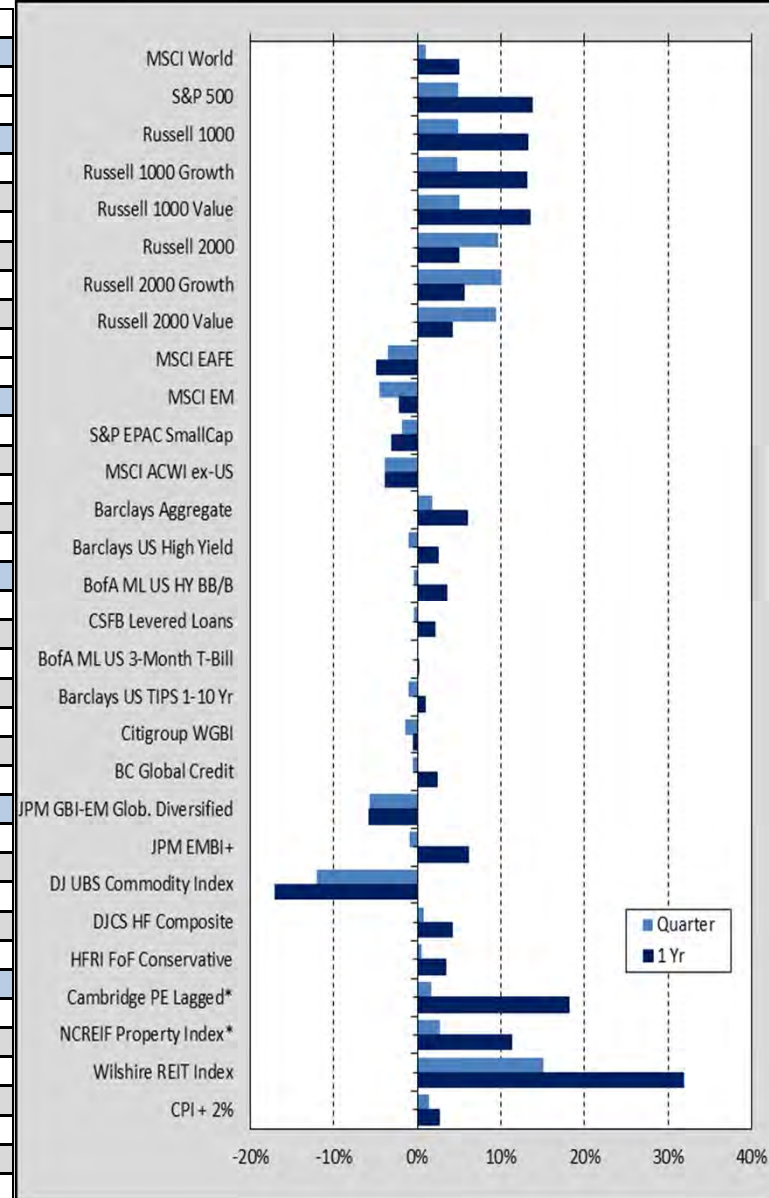
- **Fourth quarter “advanced” estimate of GDP growth remained positive, but decreased to an annual rate of +2.6%.**
  - Retail sales (ended December) rose to 1.9% on a year-over-year growth rate basis.
  - The inventory-to-sales ratio has remained mostly flat since early 2010 and closed at 1.3 in November.
  - Corporate profits as a percent of GDP increased, ending the fourth quarter at 12.2% and remain elevated relative to historical levels.
  - The U.S. trade deficit increased slightly in December.
- **The unemployment rate fell to 5.8% in December; U-6, a broader measure of unemployment, fell to 11.2% the fourth quarter.**
- **The Case-Schiller Home Price Index (as of 12/31) declined slightly to 167.11 from third quarter levels and is at levels higher than that of pre-financial crisis levels of 150.92.**
- **Rolling 12-month CPI decreased to 0.8% at the end of December; Capacity Utilization declined slightly to 79.7% in December.**
- **Fed Funds rate remains at 0.25%, while the 10-year Treasury Yield finished Q4 at 2.17%.**
- **The Fed balance sheet continued to grow in 2014, while the European Central Bank balance sheet decreased in 2014.**
  - ECB announced it will be embarking on an asset purchasing stimulus plan.
- **S&P valuations decreased in December, remaining above the 10-year and long-term averages, which are nearly equal at 16.4x, using current price/earnings ratios.**
  - Cyclically-adjusted Shiller PE ratio is above the long-term average of 17.6x and above the 10-year average of 22.9x.
- **The U.S. Dollar continues to strengthen against a basket of major currencies as the Fed ends its quantitative easing program.**

# Ventura County Employees' Retirement Association

## Market Environment – Q4 2014 Overview

		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>World Equity Benchmarks</b>						
MSCI World	World	1.0%	4.9%	15.5%	10.2%	6.0%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Domestic Equity Benchmarks</b>						
S&P 500	Large Core	4.9%	13.7%	20.4%	15.5%	7.7%
Russell 1000	Large Core	4.9%	13.2%	20.6%	15.6%	8.0%
Russell 1000 Growth	Large Growth	4.8%	13.1%	20.3%	15.8%	8.5%
Russell 1000 Value	Large Value	5.0%	13.5%	20.9%	15.4%	7.3%
Russell 2000	Small Core	9.7%	4.9%	19.2%	15.6%	7.8%
Russell 2000 Growth	Small Growth	10.1%	5.6%	20.1%	16.8%	8.5%
Russell 2000 Value	Small Value	9.4%	4.2%	18.3%	14.3%	6.9%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>International Equity Benchmarks</b>						
MSCI EAFE	International Developed	-3.6%	-4.9%	11.1%	5.3%	4.4%
MSCI EM	Emerging Equity	-4.5%	-2.2%	4.0%	1.8%	8.4%
S&P EPAC SmallCap	Small Cap Int'l	-1.9%	-3.1%	14.4%	8.9%	6.9%
MSCI ACWI ex-US	World ex-US	-3.9%	-3.9%	9.0%	4.4%	5.1%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Domestic Fixed Income Benchmarks</b>						
Barclays Aggregate	Core Bonds	1.8%	6.0%	2.7%	4.5%	4.7%
Barclays US High Yield	High Yield	-1.0%	2.5%	8.4%	9.0%	7.7%
BofA ML US HY BB/B	High Yield	-0.4%	3.5%	8.1%	8.8%	7.2%
CSFB Levered Loans	Bank Loans	-0.4%	2.1%	5.8%	5.8%	4.7%
BofA ML US 3-Month T-Bill	Cash	0.0%	0.0%	0.1%	0.1%	1.5%
Barclays US TIPS 1-10 Yr	Inflation	-1.0%	0.9%	0.0%	2.8%	3.8%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Global Fixed Income Benchmarks</b>						
Citigroup WGBI	World Gov. Bonds	-1.5%	-0.5%	-1.0%	1.7%	3.1%
BC Global Credit	Global Bonds	-0.5%	2.4%	5.1%	5.3%	4.8%
JPM GBI-EM Glob. Diversified	Em. Mkt. Bonds (Local)	-5.7%	-5.7%	0.1%	2.6%	6.7%
JPM EMBI+	Em. Mkt. Bonds	-0.9%	6.2%	4.7%	7.0%	7.7%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Alternative Benchmarks</b>						
DJ UBS Commodity Index	Commodity	-12.1%	-17.0%	-9.4%	-5.5%	-1.9%
DJCS HF Composite	Hedge Fund	0.7%	4.1%	7.2%	5.9%	5.8%
HFRI FoF Conservative	Fund of Funds	0.5%	3.4%	5.1%	3.3%	2.5%
Cambridge PE Lagged*	Private Equity	1.7%	18.1%	17.1%	16.6%	15.1%
NCREIF Property Index*	Real Estate	2.6%	11.3%	11.1%	11.0%	8.1%
Wilshire REIT Index	REIT	15.1%	31.8%	16.4%	17.3%	8.3%
CPI + 2%	Inflation/Real Assets	1.4%	2.7%	3.3%	3.7%	4.3%

\* As of 9/30/2014



### **Positives**

- **Fed asset purchases come to an end**
  - Divergence in monetary policies signaling different investment environments globally
- **Q4 GDP growth estimated at 2.6%**
  - U.S. employment continues to gain
- **ECB announces further monetary easing through asset purchases in addition to negative short dated interest rates**
- **Developed world inflation is low**
  - In U.S., CPI for all Urban Consumers was negative in Q4 driven by lower energy

### **Negatives**

- **Geopolitical instability drives volatility**
  - Instability in the Mid-East, Eastern Europe, Greece
- **Europe continues to see ongoing political and economic growth challenges**
- **U.S. Dollar strength continues to translate into negative dollar denominated returns in international markets**
- **Valuations remain above 10 year and long-term averages**
  - Developed Equity P/Es above median
  - Credit spreads near historically low levels
- **Volatility re-emerges; the VIX spiked substantially toward the end of the fourth quarter**
  - VIX spiked approximately 100% in mid-December

## Market Environment

### Global Equity

- **U.S. equities advanced in the fourth quarter amid increasing volatility.**
- **Small cap stocks outperformed large cap stocks during the quarter, with the Russell 2000 Index returning 9.7% and the S&P 500 Index returning 4.9%.**
- **International equities underperformed U.S. markets during the quarter, returning -3.9%, as measured by the MSCI ACWI ex-U.S. Index.**
  - Developed markets returned -3.6% as measured by the MSCI EAFE Index. Europe was the worst performing region returning -4.6%.
  - Emerging markets returned -4.5% as measured by the MSCI Emerging Markets Index in U.S. dollar terms. In local currency terms emerging markets were up 0.1%. Emerging countries in Europe (-6.45%) and Latin America (-6.13%) were the largest detractors in local currency terms.

### Private Equity

- **New private equity commitments totaled \$83 billion in Q4 2014, bringing total new commitments to \$348 billion for the year, making 2014 the fifth straight year of increasing commitments.**
  - 2014 global PE fundraising pace increased 7% over 2013; U.S. fundraising exceeded 2013 totals by 4% or \$9.4 billion.
- **Buyout and growth equity fund deal volume in both the U.S. and Europe gradually declined throughout 2014.**
  - Buyout and growth equity deals totaled \$181 billion, approximately \$3.0 billion less than 2013.
- **Venture capital commitments totaled \$44.9 billion, outpacing total 2013 commitments by 33%.**
  - At 13% of total private equity raised, commitments are just below the 10-year historic relative average.
- **Mezzanine funds continue to face strong headwinds from a robust high yield market and an expanding supply of private debt.**
  - Mezzanine funds raised \$16.5 billion or 5% of total private equity funds raised, \$8.8 billion less than in 2013.
- **Asian private equity commitments accelerated in 2014 to \$38.1 billion.**
  - Represents 11% of the 2014 total across all geographies. Asian funds raised \$27.5 billion in 2013, with 70% by China-based firms.

**Fixed Income**

- **Risk aversion permeated fixed income markets in the fourth quarter amid growing concerns around global economic growth and geopolitical events.**
- **2 and 3 year Treasury yields increased by 20 basis points while the 10-year Treasury yield fell 33 basis points during the quarter, finishing at 2.17%.**
- **The Treasury yield curve flattened with the spread between two- and ten-year rates falling to 1.50%.**
- **Treasury Inflation-Protected Securities, or TIPS, underperformed nominal Treasuries due to lower inflation (expectations and actual), with the Barclays U.S. TIPS Index posting a loss of 1.0% during the quarter.**
- **Investment grade credit spreads continued to widen, ending December at 125 basis points.**
- **High yield bonds returned -1.0% as spreads increased to 483 basis points, up from 424 basis points, nearly 59 basis points wider than September 2014 levels.**
  - High yield markets were most significantly impacted by the decline of oil prices as energy makes up approximately 14% of the Barclays U.S. High Yield Bond Index.
- **Emerging markets debt continued to slow in the fourth quarter after a strong first half of the year.**
  - Concerns over geopolitical events, economic growth and a Fed rate increase caused local currency (JP Morgan GBI-EM Global Diversified – Unhedged) to fare worse than external currency (JP Morgan EMBI+) emerging markets debt, resulting in losses of 5.7% and 0.9%, respectively.

### Commodities

- **Commodities sold off in the fourth quarter with the Bloomberg Commodity Index losing 12.1%.**
  - Oil continued to be the headline story with a decline of approximately 40% in the quarter on negative supply pressure from OPEC and on lower demand growth expectations.

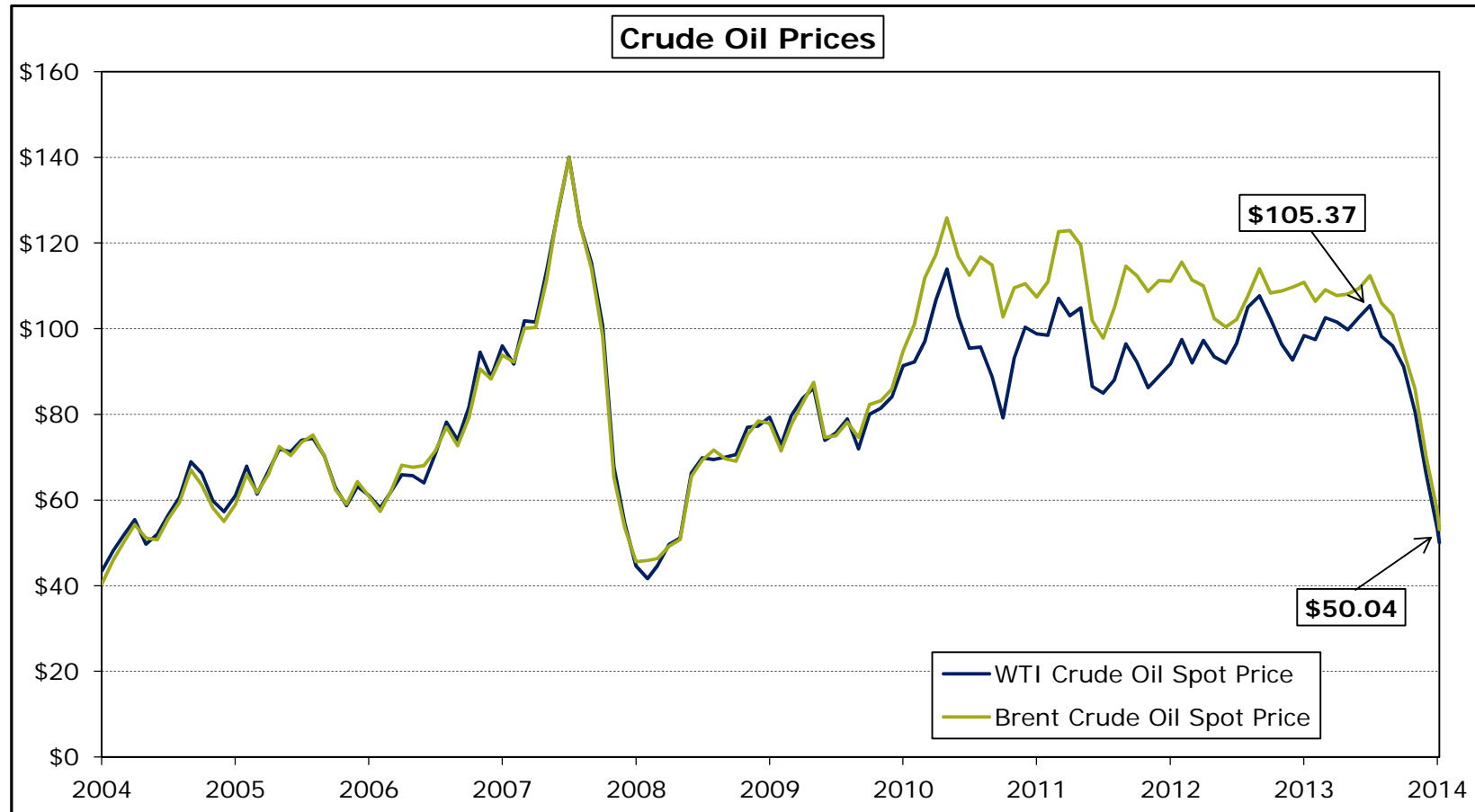
### Real Estate

- **NEPC continues to be neutral on core real estate in the U.S. and remains positive on non-core real estate, that is, value-add and opportunistic strategies.**
- **Within U.S. core real estate, strong fundamentals continue to be the story along with attractive income spreads relative to interest rates.**
  - The concerns for U.S. core real estate (and U.S. real estate, broadly) continues to be plentiful capital that is driving up pricing; and the market's expectation for higher future interest rates and their impact on capitalization rates and capital values.
- **U.S. REITs traded up relative to net asset values ending Q4 at a slight premium to NAV (long-term average is 2.4% above NAV).**
  - The Wilshire REIT Index ended the quarter up 15.1% and ended the year with a gain of 31.8%.
  - FFO multiples are up to approximately 18x remaining above the average of 12.5x since 2000.
- **Overall, the non-core real estate investment environment in the U.S. is normalizing; however, select areas remain attractive.**
- **Europe is viewed as the best place for a marginal dollar of non-core real estate investment.**
  - Europe is emerging from multi-year recession, but recovery is slow.
  - Banks in EU are still overleveraged and have significant real estate exposure (banks in Europe hold 90%+ of real estate debt or €2,300B; in the U.S. banks hold 49% of real estate debt).

**Real Assets/Inflation-Linked Assets**

- **Massive energy market dislocation.**
  - Private equity and private debt opportunities attractive.
  - Potential for public stressed/distressed credit, equity and commodity plays.
- **OPEC and Saudi Arabia have indicated a willingness to allow lower oil prices to persist in efforts to cement market share and reduce marginal supply.**
- **Select infrastructure opportunities are attractive.**
  - Target opportunistic strategies in niche sub-sectors to take advantage of market dislocations.
- **NEPC continues to believe in the long-term demand drivers in agriculture.**
  - Long-term commodity prices driven by growing emerging market demand.
- **Timber opportunity set limited but warrants further review**
  - 45% increase in housing starts forecasted; timber prices highly correlated

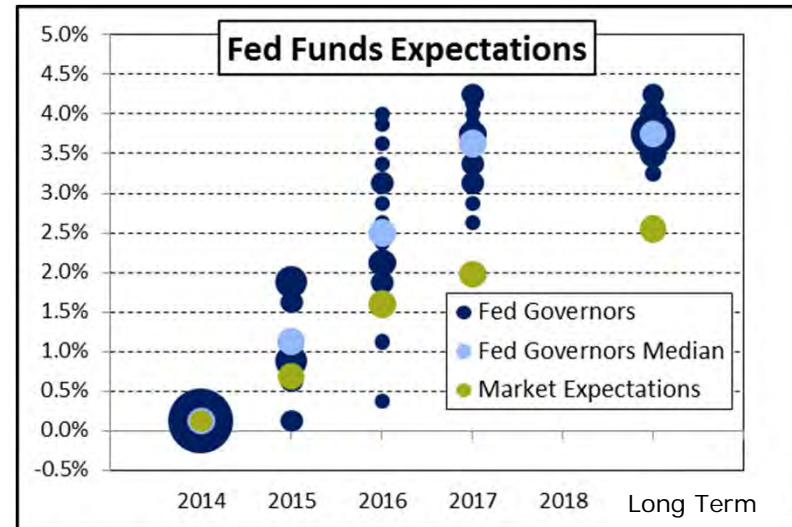
- Crude oil prices have dropped by over 50% since June 2014
- The recent decline represents the second largest decline since 2000



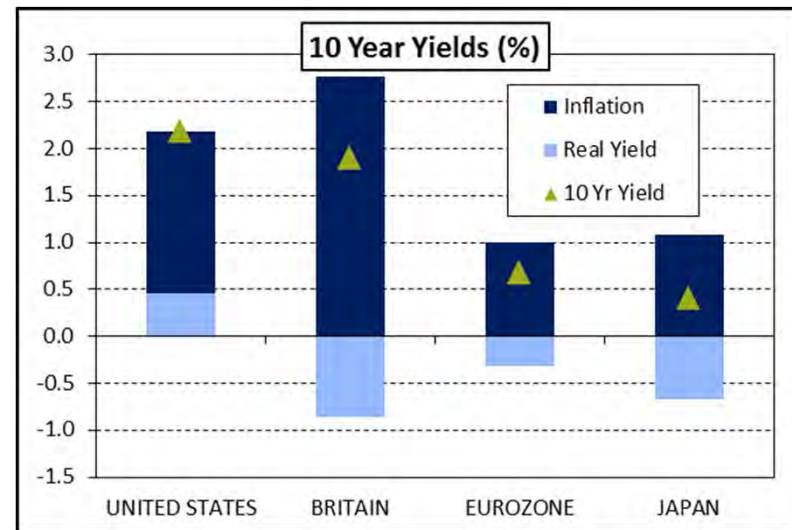
Source: Bloomberg; data as of January 5, 2015.

## Fed Rate Hikes Expected in 2015; Timing and Pace Are Uncertain

- **Fed governors (blue dots) project higher rates over the next few years**
  - Market expectations (green dots) are less ambitious with reality likely in-between
  - Upside surprise to pace or level of interest rates supportive of higher USD; negative for U.S. risk assets
- **Low real rates suppressed by central banks, squeeze expectations for future returns**
  - UK, Europe & Japan all with negative 10 year real yields
  - U.S. bonds look relatively attractive in this context
  - Real rates moving lower toward peers is bullish for risk assets
  - Long-term normalized monetary policy could reverse the trend

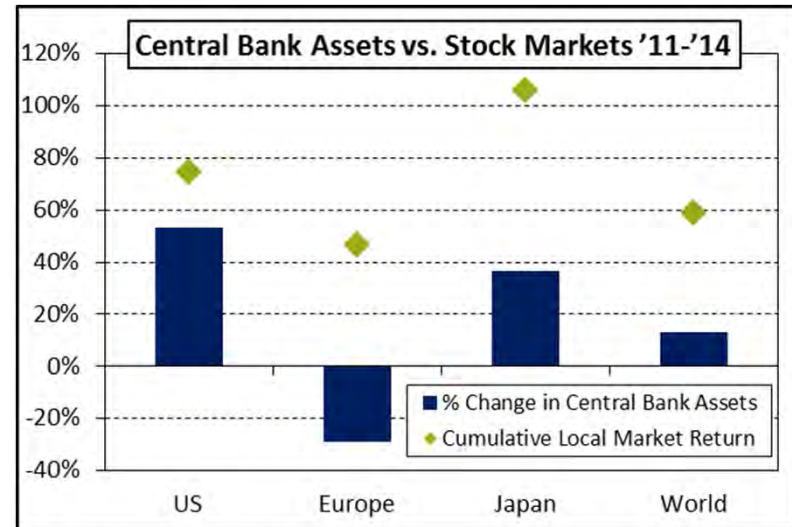


Source: Bloomberg and Federal Open Market Committee as of 11/30

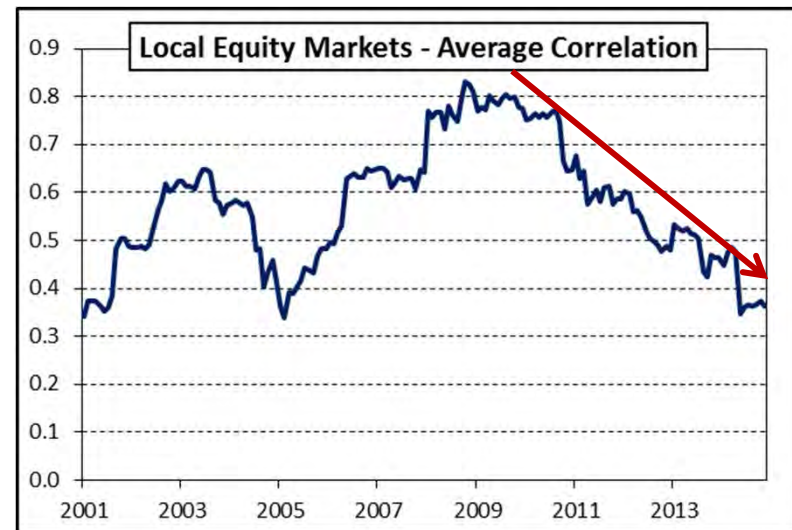


Source: Bloomberg as of 11/30

- **Central bank stimulus has been a key driver of market returns**
  - Post crisis monetary policy was first highly stimulative, waned in 2010-2011, then resumed unevenly
  - Greater stimulus led to strong *local* market returns
  - Continued stimulus in Japan and Europe should be incorporated into outlook but hedging developed market currency exposure is prudent
- **Policy responses have been key driver of capital market results**
  - Distinct economic environments across countries leads to differentiation in market returns
  - Evolving monetary policies continue to diverge and likely lead to more independent capital market outcomes among countries

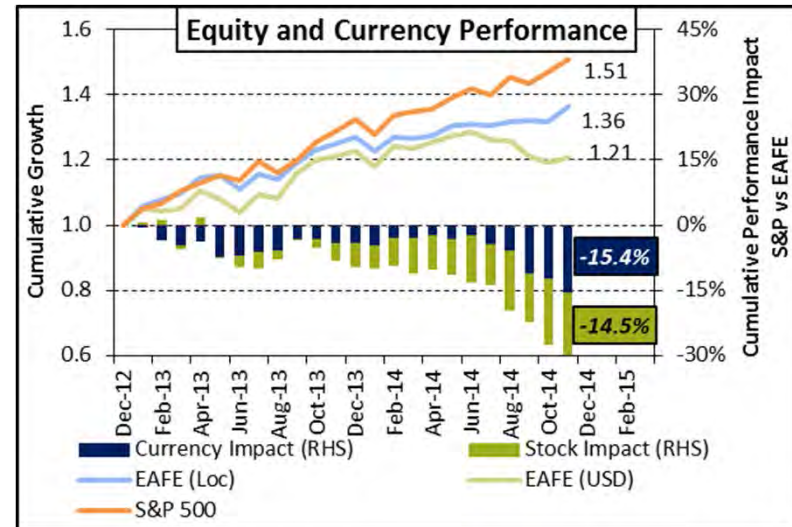


Source: Bloomberg as of 11/30

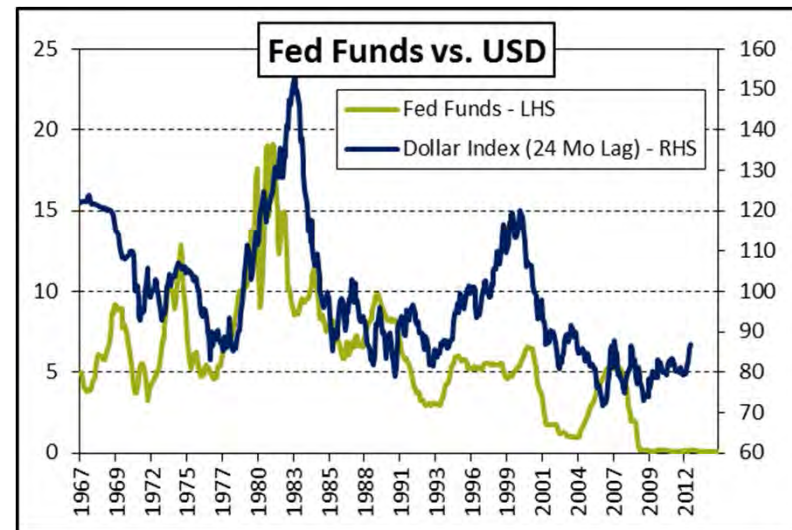


Source: Bloomberg as of 11/30 - Local indices consist of Australia, Europe, UK, Emerging Markets, Japan, New Zealand, US, and Canada

- **Currency has been a detractor for U.S. investors allocating abroad over last 2-3 years**
  - Half of recent underperformance is driven by currency
- **Hedging a portion of develop market currency risk a key theme in coming years**
  - Yen and Euro denominated issues make up roughly 50% of MSCI EAFE
- **Dollar strength not necessarily relegated to the recent past**
  - History shows the dollar tends to rally two years after Fed Funds hikes



Source: Bloomberg, NEPC as of 11/30



Source: Bloomberg 11/30

- **Be judicious with risk**
  - Avoid chasing risk for only marginal return enhancements
  - Less liquid opportunities may provide the best risk-adjusted approach, but liquidity needs should be incorporated (e.g., substituting direct lending for high yield)
- **Question the “traditional” approach; different investment environments require different perspectives of risk and return**
  - A low-return environment may require a fresh perspective
  - Continue to remove traditional portfolio constraints by adding active managers with skill to exploit inefficiencies within and across asset classes (e.g., flexible global equity, global asset allocation, absolute return fixed income)
- **Rethink fixed income portfolio structure in light of current market environment**
  - Use of an unconstrained/multi-sector fixed income portfolio may provide sound diversification and enhanced liquidity
  - Examine if alternatives are available to traditional portfolio positions (e.g., combining cash and long treasuries vs. holding core bond portfolio)
- **Review inflation hedging allocations in light of recent market action**
  - Some areas have likely sold off more than is warranted
- **Consider market weight or slightly over-weighted target allocation to developed non-U.S. equity**
  - Consider reducing the risk of the position by allocating to a currency hedged portfolio or implementing a currency hedge overlay

# NEPC Updates

Fourth Quarter 2014

## Highlights of Fourth Quarter Happenings at NEPC

### NEPC Research

#### Recent White Papers Posted

- *Improving Asset Allocation with Factor Analysis (November 2014)* – Mark Cintolo, CAIA, Research Consultant
- *Improving Governance Under an OCIO Structure (October 2014)* – Steven Charlton, CFA, Director of Consulting Services
- *NEPC 2014 Defined Contribution Plan & Fee Survey: What Plan Sponsors Are Doing Now (October 2014)* – Ross Bremen, CFA, Partner; Dan Beaton, Senior Analyst



### Recent/Upcoming Events

- 2015 Market Outlook Webinar - January 22, 2015 at 3:00 PM EST.
- NEPC's 20th Annual Client Conference – May 19-20, 2015 in Boston at the Boston Convention & Exhibition Center (BCEC)

### NEPC Gives Back

A team of NEPC employees participated in November once again this year. November is a global men's health charity requiring each 'Mo Bro' to sport a well-groomed mustache during the entire month of November to raise funds and awareness for men's prostate cancer, testicular cancer, and mental health. The team raised about \$20,000 this year and ranked #49 nationally! Additionally, NEPC employees participated in Lee National Denim Day once again this year and raised \$1,745. Lee National Denim Day is a fundraiser that takes place in October and was created by Lee Jeans to support the American Cancer Society's breast cancer programs.

### NEPC Client Recognitions

Several of NEPC's clients were recognized by CIO Magazine recently. First, the October 2014 issue of CIO Magazine ranked the Power 100 CIOs, which included Tim Barrett, CIO of Texas Tech University System (#59), and Don Pierce, CIO of San Bernardino County Employees' Retirement Association (#61). Next, several NEPC clients were nominated for the CIO 2014 Industry Innovation Awards. Additionally, NEPC's client SBCERA was nominated for an Investor Intelligence Award in 'Portfolio Design'.

### Professional Staff Updates

- **New Partner:** Sean Ruhmann, Partner, Director of Real Assets Research
- **New Principals:** Jeffrey Mitchell, CFA, CAIA, Principal, Senior Consultant ; Terri Sacramone, SPHR, Principal, Senior Human Resources Manager; and Michael Sullivan, Principal, Senior Consultant
- We are also pleased to announce that Daniel Hennessy has joined NEPC as a Senior Consultant located in our Redwood City, CA office. Daniel will be focusing on Taft-Hartley and Public Funds in the West.

# Total Fund Performance

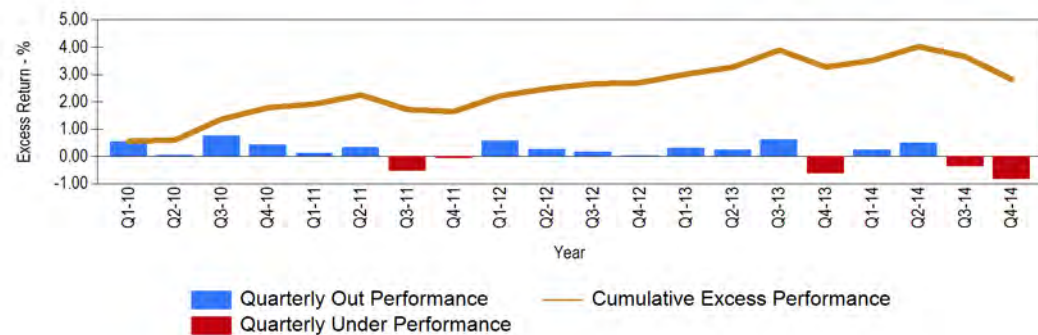
Note: All of the data shown on the following pages is as of December 31, 2014 and reflects the deduction of investment manager fees, unless otherwise noted.

# Ventura County Employees' Retirement Association

## Total Fund Performance Summary (Net)

	Market Value	3 Mo	Rank	Fiscal YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	10 Yrs	Rank	Return	Since
<b>Total Fund</b>	<b>\$4,328,232,756</b>	<b>1.0%</b>	<b>59</b>	<b>-0.2%</b>	<b>58</b>	<b>6.4%</b>	<b>31</b>	<b>12.7%</b>	<b>23</b>	<b>10.6%</b>	<b>15</b>	<b>6.5%</b>	<b>52</b>	<b>8.3%</b>	<b>Apr-94</b>
Policy Index		1.8%	35	1.0%	21	6.9%	18	12.3%	32	10.0%	40	6.6%	44	8.2%	Apr-94
Allocation Index		1.5%	45	0.6%	35	7.0%	15	11.6%	44	9.5%	54	6.3%	65	--	Apr-94
InvestorForce Public DB > \$1B Gross Median		1.3%		0.1%		5.6%		11.4%		9.7%		6.5%		8.1%	Apr-94

### Quarterly and Cumulative Excess Performance



For the one-year period ending December 31, 2014, the Fund produced a net investment gain of \$275.0 million, which includes a net investment gain of \$47.5 million in the 4th calendar quarter. Assets increased from \$4.09 billion one year ago to \$4.33 billion on December 31, 2014, with \$39.2 million in net distributions during the year.

For the one-year period ending December 31, 2014, the Fund returned 6.4%, trailing the policy index by 0.5% and ranking in the 15<sup>th</sup> percentile of the InvestorForce Public Funds > \$1 Billion Universe (Net of Fees).

For the three-year period ending December 31, 2014, the Fund returned 12.7%, outperforming the policy index by 0.4% and ranking in the 10% percentile of its peers. The Fund's volatility, as measured by standard deviation, ranked in the 69th percentile of its peers, and the risk-adjusted return, or Sharpe Ratio, ranks in the 30th percentile. This means that the Fund has earned more return per unit of risk taken than 70% of its peers.

For the five-year period ending December 31, 2014, the Fund returned 10.6%, outperforming the policy index by 0.6% and ranking in the 2nd percentile of its peers. The Fund's volatility ranks in the bottom quartile of its peers over this period, but the Fund's Sharpe Ratio is slightly above the median Fund in the universe.

Please see the appendix for additional performance disclosures.

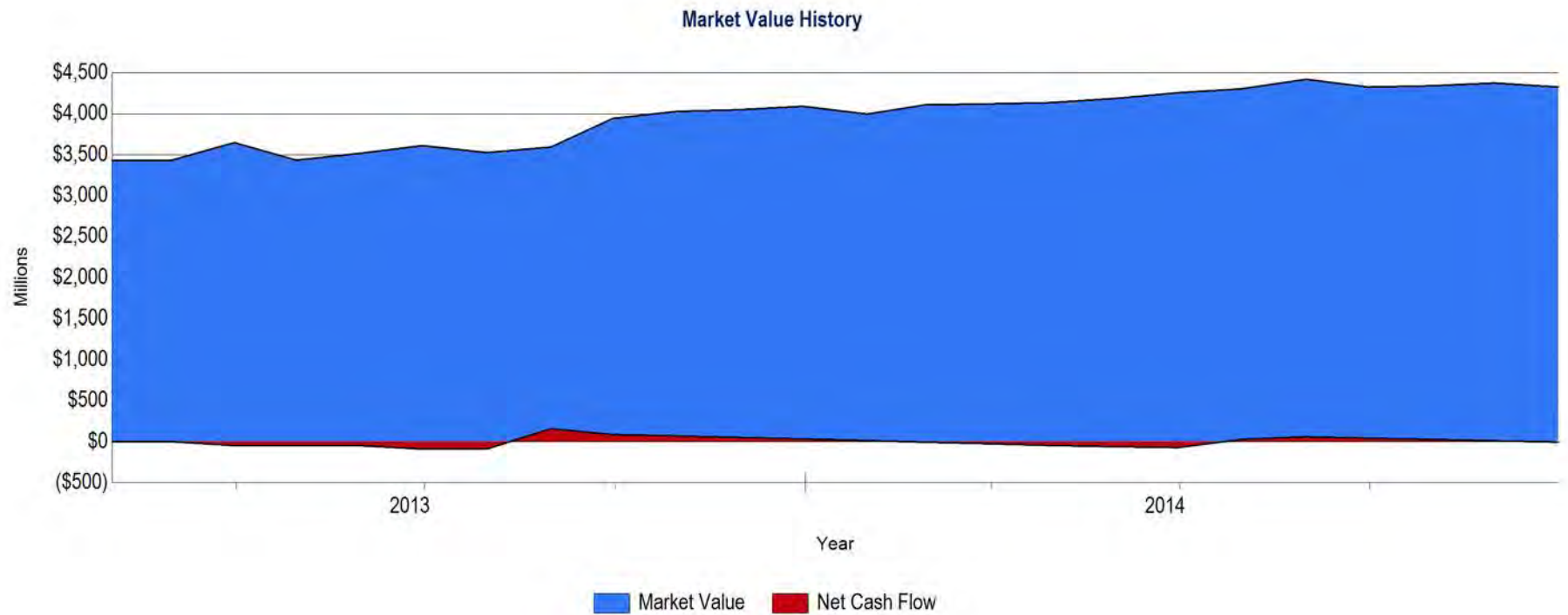
### 3 Years Ending December 31, 2014

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Total Fund	12.7%	23	6.6%	69	1.9	43	2.7	37
Policy Index	12.3%	32	6.6%	67	1.9	51	2.5	62
InvestorForce Public DB > \$1B Gross Median	11.4%	--	6.1%	--	1.9	--	2.6	--

### 5 Years Ending December 31, 2014

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Total Fund	10.6%	15	9.3%	86	1.1	61	1.7	65
Policy Index	10.0%	40	9.0%	77	1.1	76	1.7	67
InvestorForce Public DB > \$1B Gross Median	9.7%	--	8.1%	--	1.2	--	1.8	--

## Total Fund Asset Growth Summary

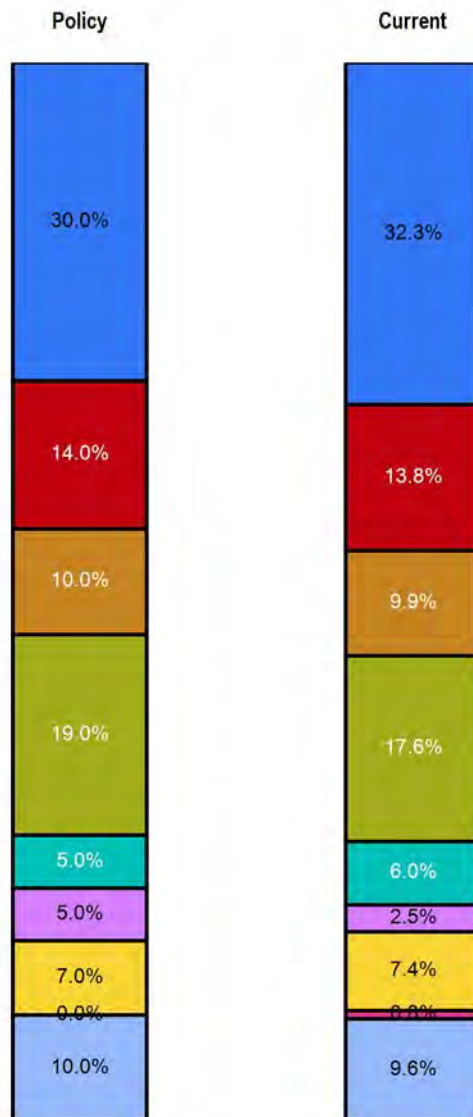


### Summary of Cash Flows

Sources of Portfolio Growth	Fourth Quarter	Fiscal Year-To-Date	One Year
Beginning Market Value	\$4,328,104,648	\$4,258,489,574	\$4,092,440,847
Net Additions/Withdrawals	-\$47,324,619	\$66,932,428	-\$39,243,458
Investment Earnings	\$47,452,727	\$2,810,754	\$275,035,366
Ending Market Value	\$4,328,232,756	\$4,328,232,756	\$4,328,232,756

# Ventura County Employees' Retirement Association

## Total Fund Asset Allocation vs. Policy Targets



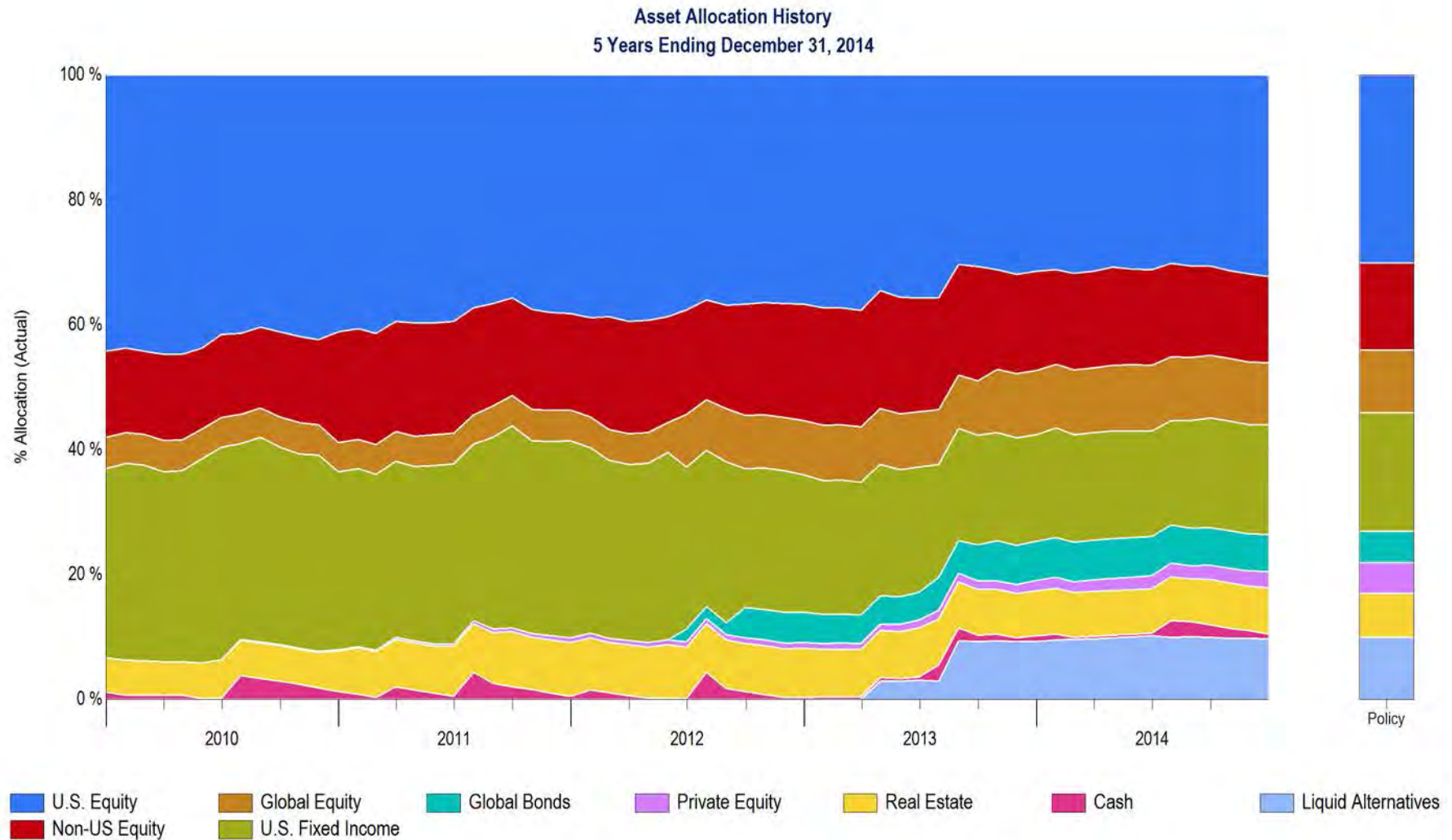
### Asset Allocation vs. Target

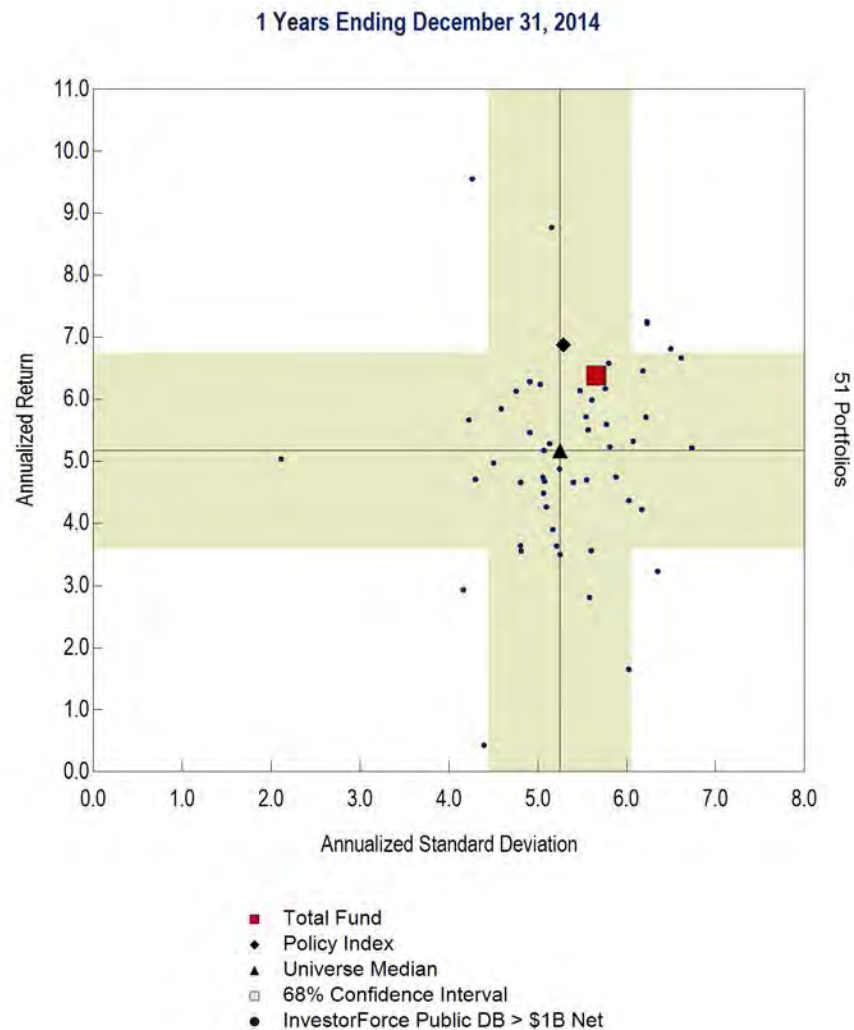
	Current	Current	Policy	Difference *	Policy Range	Within Range
U.S. Equity	\$1,396,193,063	32.3%	30.0%	2.3%	26.0% - 34.0%	Yes
Non-US Equity	\$597,996,832	13.8%	14.0%	-0.2%	11.0% - 17.0%	Yes
Global Equity	\$430,311,722	9.9%	10.0%	-0.1%	7.0% - 13.0%	Yes
U.S. Fixed Income	\$759,621,510	17.6%	19.0%	-1.4%	15.0% - 23.0%	Yes
Global Bonds	\$259,940,589	6.0%	5.0%	1.0%	3.0% - 7.0%	Yes
Private Equity	\$110,088,420	2.5%	5.0%	-2.5%	3.0% - 7.0%	No
Real Estate	\$322,351,195	7.4%	7.0%	0.4%	4.0% - 10.0%	Yes
Cash	\$34,179,509	0.8%	0.0%	0.8%	0.0% - 3.0%	Yes
Liquid Alternatives	\$417,549,917	9.6%	10.0%	-0.4%	7.0% - 13.0%	Yes
<b>Total</b>	<b>\$4,328,232,756</b>	<b>100.0%</b>	<b>100.0%</b>			

\*Difference between Policy and Current Allocation

Note: Cash represents assets in Clifton overlay account.

# Total Fund Allocation History



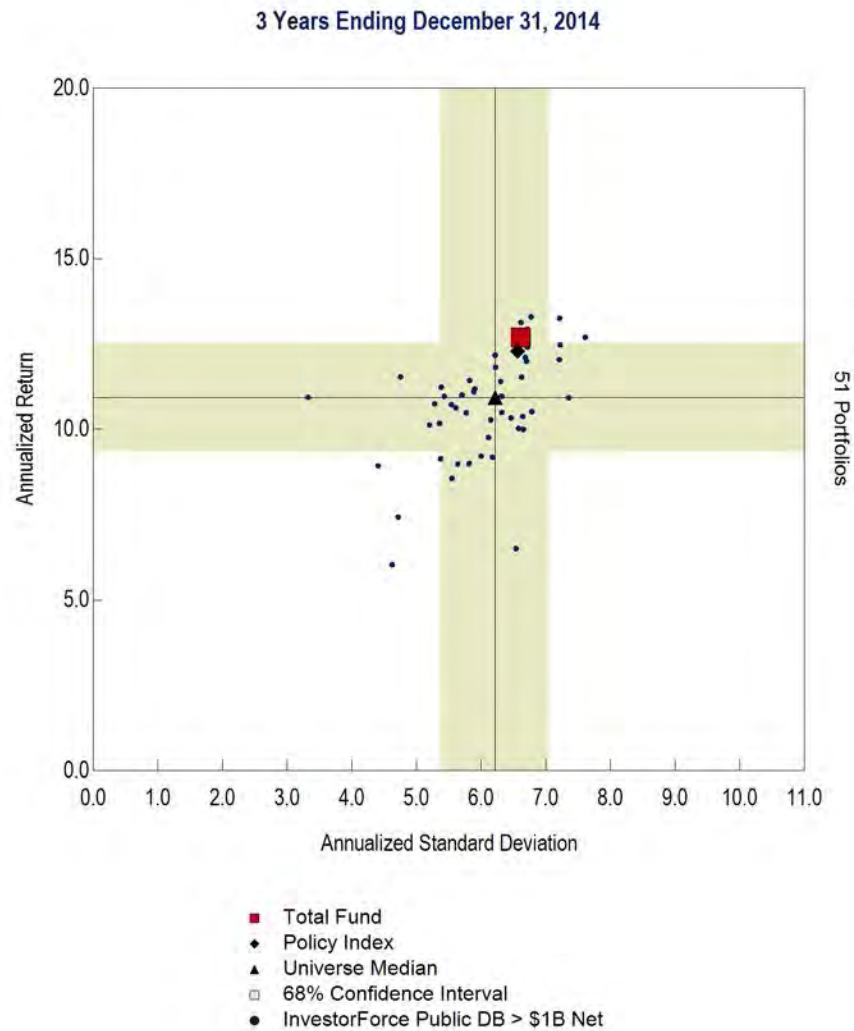


## 1 Years Ending December 31, 2014

	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Total Fund	6.4%	15	5.7%	67
Policy Index	6.9%	8	5.3%	51
InvestorForce Public DB > \$1B Net Median	5.2%	--	5.2%	--

## 1 Years Ending December 31, 2014

	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	1.1	22	3.6	6
Policy Index	1.3	8	3.3	11
InvestorForce Public DB > \$1B Net Median	1.0	--	2.0	--

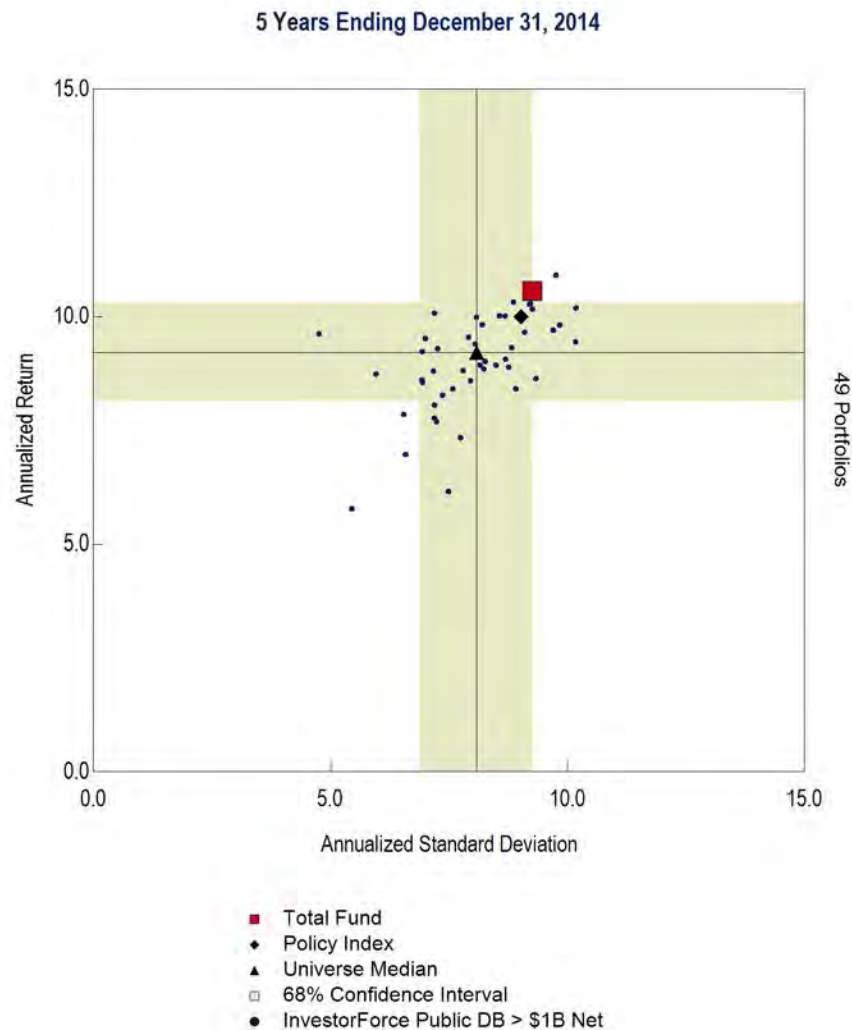


3 Years Ending December 31, 2014

	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Total Fund	12.7%	10	6.6%	69
Policy Index	12.3%	17	6.6%	66
InvestorForce Public DB > \$1B Net Median	10.9%	--	6.2%	--

3 Years Ending December 31, 2014

	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	1.9	30	2.7	29
Policy Index	1.9	41	2.5	55
InvestorForce Public DB > \$1B Net Median	1.8	--	2.5	--

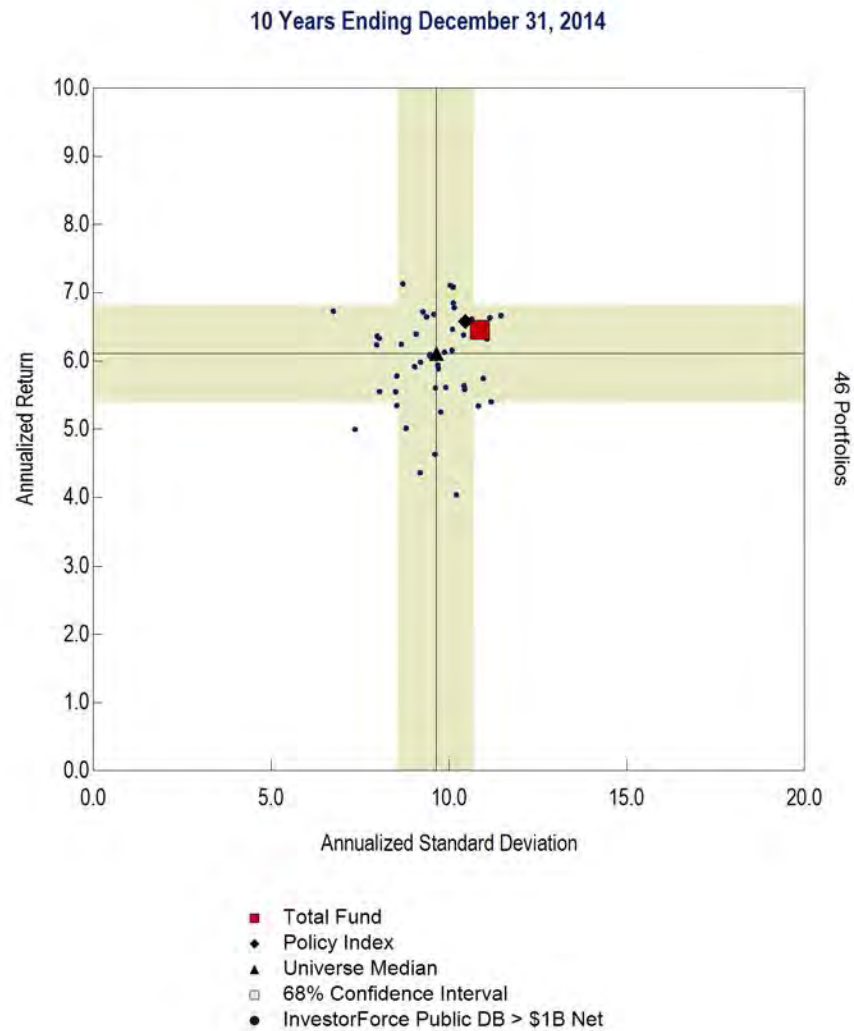


5 Years Ending December 31, 2014

	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Total Fund	10.6%	2	9.3%	88
Policy Index	10.0%	23	9.0%	77
InvestorForce Public DB > \$1B Net Median	9.2%	--	8.1%	--

5 Years Ending December 31, 2014

	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	1.1	39	1.7	44
Policy Index	1.1	55	1.7	46
InvestorForce Public DB > \$1B Net Median	1.1	--	1.7	--



## 10 Years Ending December 31, 2014

	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Total Fund	6.5%	27	10.9%	90
Policy Index	6.6%	25	10.5%	83
InvestorForce Public DB > \$1B Net Median	6.1%	--	9.7%	--

## 10 Years Ending December 31, 2014

	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	0.5	65	0.7	64
Policy Index	0.5	44	0.7	47
InvestorForce Public DB > \$1B Net Median	0.5	--	0.7	--

# Total Fund Risk Statistics vs. Peer Universe

## Total Fund vs. InvestorForce Public DB > \$1B Net 1 Year



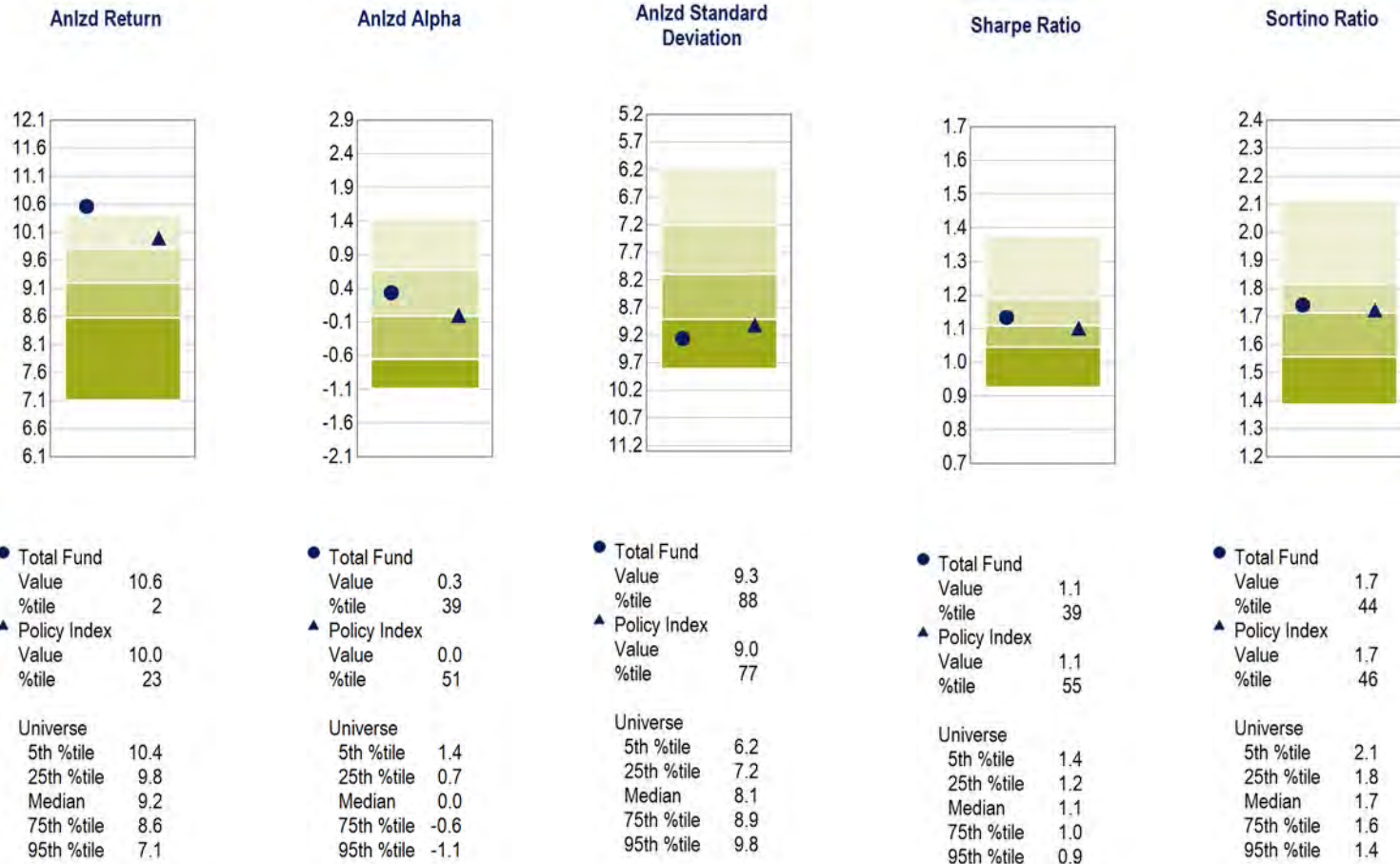
# Total Fund Risk Statistics vs. Peer Universe

## Total Fund vs. InvestorForce Public DB > \$1B Net 3 Years



# Total Fund Risk Statistics vs. Peer Universe

## Total Fund vs. InvestorForce Public DB > \$1B Net 5 Years

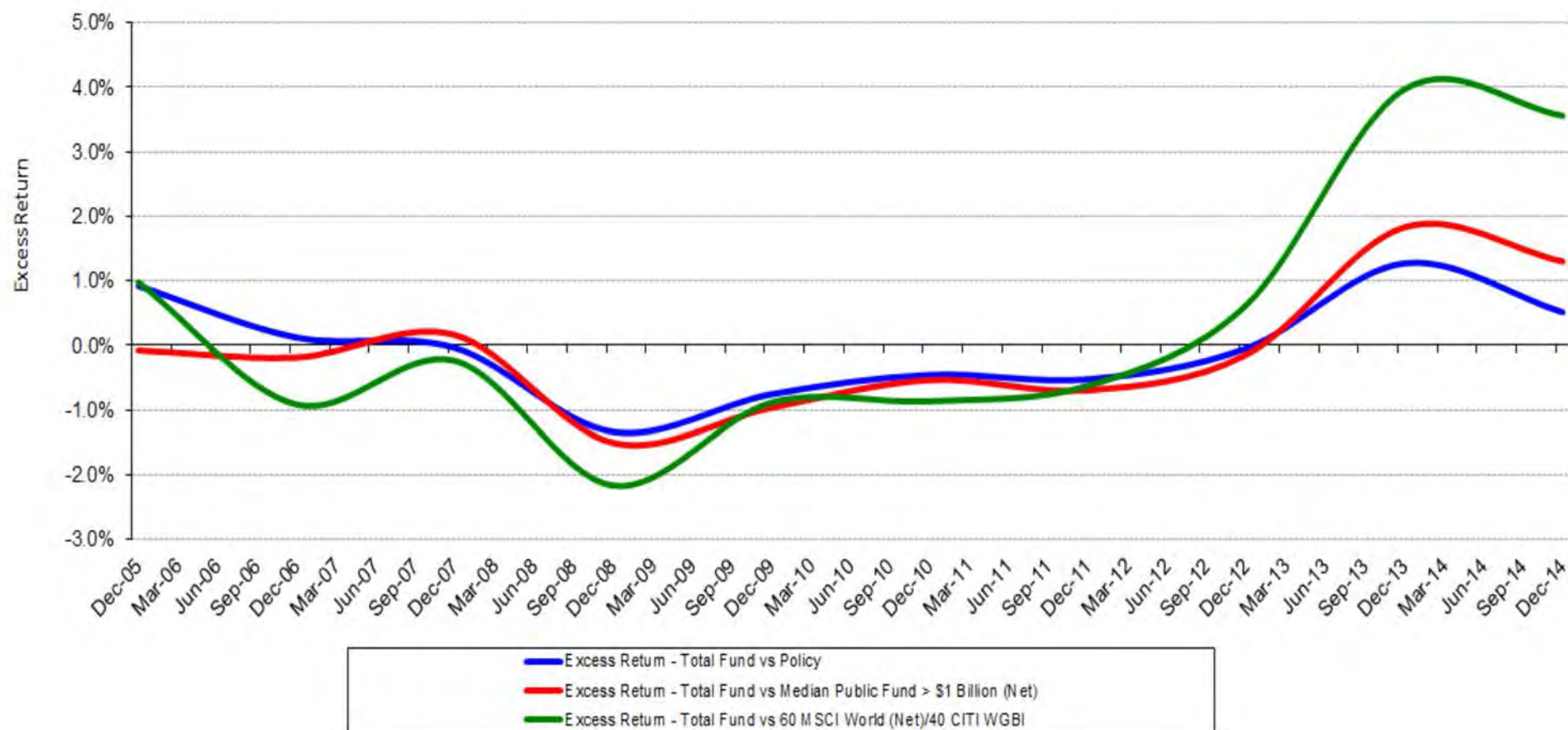


# Total Fund Risk Statistics vs. Peer Universe

## Total Fund vs. InvestorForce Public DB > \$1B Net 10 Years



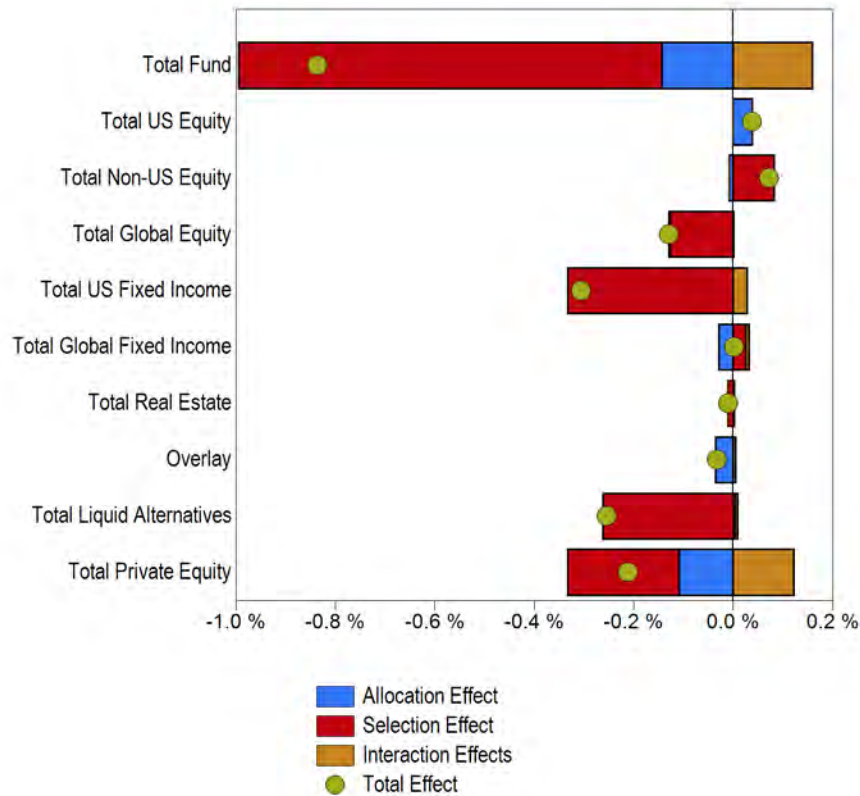
## Rolling 5 Year Excess Returns - Net of Fees



# Ventura County Employees' Retirement Association

## Total Fund Attribution Analysis

Attribution Effects  
3 Months Ending December 31, 2014



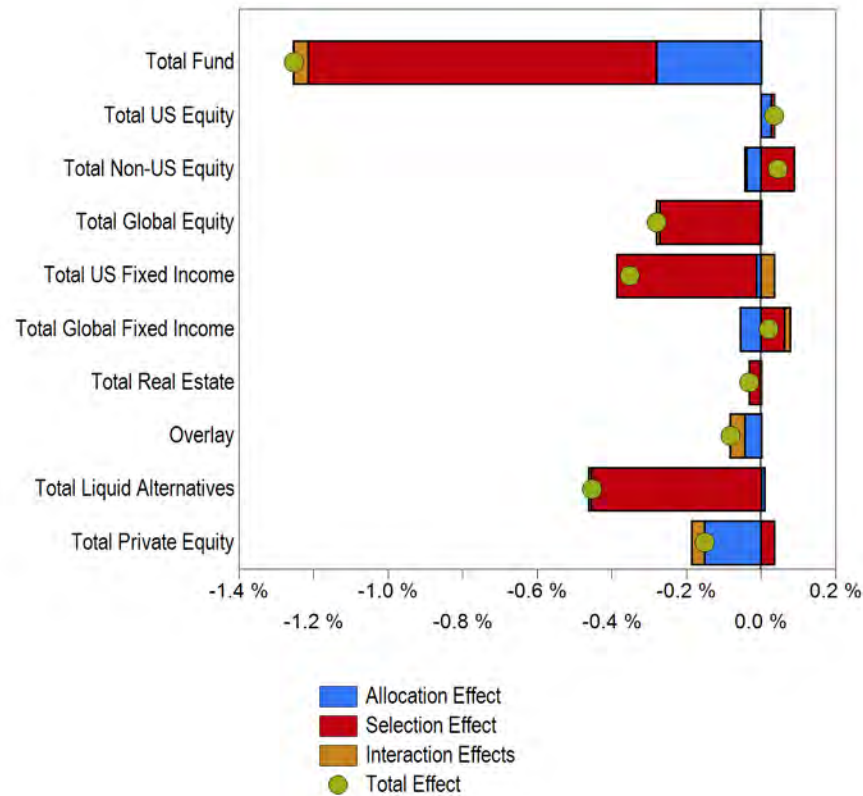
Attribution Summary  
3 Months Ending December 31, 2014

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total US Equity	5.2%	5.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Non-US Equity	-3.3%	-3.9%	0.6%	0.1%	0.0%	0.0%	0.1%
Total Global Equity	-0.9%	0.4%	-1.3%	-0.1%	0.0%	0.0%	-0.1%
Total US Fixed Income	0.1%	1.8%	-1.7%	-0.3%	0.0%	0.0%	-0.3%
Total Global Fixed Income	-0.5%	-1.0%	0.5%	0.0%	0.0%	0.0%	0.0%
Total Real Estate	3.1%	3.3%	-0.2%	0.0%	0.0%	0.0%	0.0%
Overlay	0.2%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%
Total Liquid Alternatives	-3.0%	-0.4%	-2.6%	-0.3%	0.0%	0.0%	-0.3%
Total Private Equity	1.5%	6.0%	-4.5%	-0.2%	-0.1%	0.1%	-0.2%
<b>Total</b>	<b>1.0%</b>	<b>1.8%</b>	<b>-0.8%</b>	<b>-0.8%</b>	<b>-0.1%</b>	<b>0.2%</b>	<b>-0.8%</b>

# Ventura County Employees' Retirement Association

## Total Fund Attribution Analysis

Attribution Effects  
6 Months Ending December 31, 2014

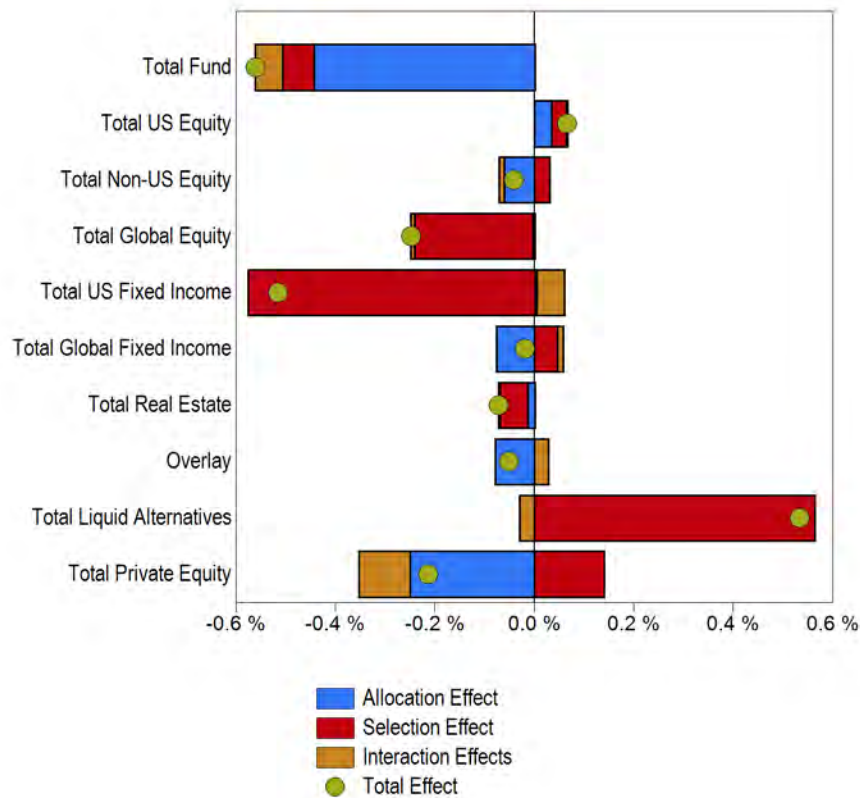


Attribution Summary  
6 Months Ending December 31, 2014

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total US Equity	5.1%	5.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Non-US Equity	-8.3%	-8.9%	0.6%	0.1%	0.0%	0.0%	0.0%
Total Global Equity	-4.5%	-1.9%	-2.6%	-0.3%	0.0%	0.0%	-0.3%
Total US Fixed Income	0.0%	2.0%	-2.0%	-0.4%	0.0%	0.0%	-0.4%
Total Global Fixed Income	-2.9%	-4.1%	1.2%	0.1%	-0.1%	0.0%	0.0%
Total Real Estate	6.2%	6.6%	-0.4%	0.0%	0.0%	0.0%	0.0%
Overlay	1.7%	0.0%	1.7%	0.0%	0.0%	0.0%	-0.1%
Total Liquid Alternatives	-4.2%	0.5%	-4.6%	-0.5%	0.0%	0.0%	-0.5%
Total Private Equity	7.5%	6.7%	0.8%	0.0%	-0.2%	0.0%	-0.2%
<b>Total</b>	<b>-0.2%</b>	<b>1.0%</b>	<b>-1.3%</b>	<b>-0.9%</b>	<b>-0.3%</b>	<b>0.0%</b>	<b>-1.3%</b>

# Total Fund Attribution Analysis

**Attribution Effects**  
1 Year Ending December 31, 2014



**Attribution Summary**  
1 Year Ending December 31, 2014

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total US Equity	12.5%	12.4%	0.1%	0.0%	0.0%	0.0%	0.1%
Total Non-US Equity	-3.6%	-3.9%	0.2%	0.0%	-0.1%	0.0%	0.0%
Total Global Equity	1.9%	4.2%	-2.3%	-0.2%	0.0%	0.0%	-0.2%
Total US Fixed Income	3.0%	6.0%	-2.9%	-0.6%	0.0%	0.1%	-0.5%
Total Global Fixed Income	1.5%	0.6%	0.9%	0.0%	-0.1%	0.0%	0.0%
Total Real Estate	11.6%	12.5%	-0.8%	-0.1%	0.0%	0.0%	-0.1%
Overlay	7.1%	0.0%	7.1%	0.0%	-0.1%	0.0%	-0.1%
Total Liquid Alternatives	10.2%	4.8%	5.4%	0.6%	0.0%	0.0%	0.5%
Total Private Equity	19.0%	15.8%	3.1%	0.1%	-0.3%	-0.1%	-0.2%
<b>Total</b>	<b>6.4%</b>	<b>6.9%</b>	<b>-0.6%</b>	<b>-0.1%</b>	<b>-0.4%</b>	<b>-0.1%</b>	<b>-0.6%</b>

# Ventura County Employees' Retirement Association

## Total Fund Risk Statistics

1 Year Ending December 31, 2014

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Tracking Error	Rank	Info Ratio	Rank	Anlzd AJ	Rank	Beta	Sharpe Ratio
Total Fund	100.0%	6.4%	15	5.7%	67	0.8%	25	-0.6	58	-0.9%	56	1.1	1.1
Policy Index	--	6.9%	8	5.3%	51	0.0%	1	--	--	0.0%	27	1.0	1.3
Total Equity	56.0%	6.2%	35	8.6%	37	1.3%	4	1.6	15	2.1%	34	1.0	0.7
MSCI ACWI	--	4.2%	54	8.8%	42	0.0%	1	--	--	0.0%	55	1.0	0.5
Total US Equity	32.3%	12.5%	33	8.8%	31	0.1%	1	1.6	6	0.1%	34	1.0	1.4
Total U.S. Equity Benchmark	--	12.4%	34	8.8%	31	0.0%	1	--	--	0.0%	35	1.0	1.4
Total Non-US Equity	13.8%	-3.6%	42	9.5%	52	1.2%	1	0.2	33	0.0%	40	0.9	-0.4
Total Non-US Equity Benchmark	--	-3.9%	45	10.0%	73	0.0%	1	--	--	0.0%	40	1.0	-0.4
Total Global Equity	9.9%	1.9%	70	9.1%	52	1.3%	3	-1.8	95	-2.4%	69	1.0	0.2
MSCI ACWI	--	4.2%	48	8.8%	45	0.0%	1	--	--	0.0%	49	1.0	0.5
Total Fixed Income	23.6%	2.6%	43	1.8%	11	2.4%	47	0.9	45	2.4%	38	0.4	1.5
Barclays Global Aggregate	--	0.6%	76	4.0%	54	0.0%	1	--	--	0.0%	75	1.0	0.1
Total US Fixed Income	17.6%	3.0%	61	1.3%	24	1.6%	49	-1.8	58	0.5%	26	0.4	2.3
Barclays Aggregate	--	6.0%	28	2.3%	63	0.0%	1	--	--	0.0%	42	1.0	2.6
Total Global Fixed Income	6.0%	1.5%	61	3.4%	33	1.0%	14	0.9	45	1.0%	62	0.8	0.4
Barclays Global Aggregate	--	0.6%	76	4.0%	54	0.0%	1	--	--	0.0%	75	1.0	0.1
Total Real Estate	7.4%	11.6%	--	4.8%	--	0.3%	--	-2.5	--	-0.1%	--	0.9	2.4
Total Real Estate Benchmark	--	12.5%	--	5.1%	--	0.0%	--	--	--	0.0%	--	1.0	2.4
Total Liquid Alternatives	9.6%	10.2%	--	8.6%	--	8.1%	--	0.7	--	-3.7%	--	2.9	1.2
CPI + 4% (Unadjusted)	--	4.8%	--	1.3%	--	0.0%	--	--	--	0.0%	--	1.0	3.6

# Ventura County Employees' Retirement Association

## Total Fund Risk Statistics

3 Years Ending December 31, 2014

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Tracking Error	Rank	Info Ratio	Rank	Anlzd AJ	Rank	Beta	Sharpe Ratio
Total Fund	100.0%	12.7%	10	6.6%	69	0.7%	11	0.6	25	0.4%	26	1.0	1.9
Policy Index	--	12.3%	17	6.6%	66	0.0%	1	--	--	0.0%	46	1.0	1.9
Total Equity	56.0%	--	--	--	--	--	--	--	--	--	--	--	--
MSCI ACWI	--	14.1%	72	10.6%	34	0.0%	1	--	--	0.0%	76	1.0	1.3
Total US Equity	32.3%	20.8%	42	9.5%	22	0.3%	1	1.1	5	0.3%	35	1.0	2.2
Total U.S. Equity Benchmark	--	20.4%	48	9.5%	21	0.0%	1	--	--	0.0%	39	1.0	2.2
Total Non-US Equity	13.8%	9.7%	82	12.1%	24	1.4%	1	0.5	65	1.4%	81	0.9	0.8
Total Non-US Equity Benchmark	--	9.0%	89	13.0%	61	0.0%	1	--	--	0.0%	92	1.0	0.7
Total Global Equity	9.9%	12.4%	76	10.1%	23	1.5%	3	-1.1	92	-0.8%	77	0.9	1.2
MSCI ACWI	--	14.1%	64	10.6%	37	0.0%	1	--	--	0.0%	72	1.0	1.3
Total Fixed Income	23.6%	3.9%	56	2.7%	9	2.3%	25	1.4	37	3.4%	54	0.6	1.4
Barclays Global Aggregate	--	0.7%	85	4.0%	29	0.0%	1	--	--	0.0%	86	1.0	0.2
Total US Fixed Income	17.6%	4.1%	43	2.5%	45	1.7%	41	0.8	43	2.1%	31	0.7	1.6
Barclays Aggregate	--	2.7%	62	2.7%	50	0.0%	1	--	--	0.0%	82	1.0	1.0
Total Global Fixed Income	6.0%	--	--	--	--	--	--	--	--	--	--	--	--
Barclays Global Aggregate	--	0.7%	85	4.0%	29	0.0%	1	--	--	0.0%	86	1.0	0.2
Total Real Estate	7.4%	10.4%	--	4.3%	--	1.0%	--	-2.0	--	-0.1%	--	0.8	2.4
Total Real Estate Benchmark	--	12.4%	--	5.0%	--	0.0%	--	--	--	0.0%	--	1.0	2.5
Total Liquid Alternatives	9.6%	--	--	--	--	--	--	--	--	--	--	--	--
CPI + 4% (Unadjusted)	--	5.4%	--	1.2%	--	0.0%	--	--	--	0.0%	--	1.0	4.4

# Ventura County Employees' Retirement Association

## Total Fund Risk Statistics

5 Years Ending December 31, 2014

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Tracking Error	Rank	Info Ratio	Rank	Anlzd AJ	Rank	Beta	Sharpe Ratio
Total Fund	100.0%	10.6%	2	9.3%	88	0.8%	14	0.7	19	0.3%	39	1.0	1.1
Policy Index	--	10.0%	23	9.0%	77	0.0%	1	--	--	0.0%	50	1.0	1.1
Total Equity	56.0%	--	--	--	--	--	--	--	--	--	--	--	--
MSCI ACWI	--	9.2%	75	14.6%	37	0.0%	1	--	--	0.0%	76	1.0	0.6
Total US Equity	32.3%	16.1%	48	13.6%	30	0.3%	1	1.2	1	0.3%	39	1.0	1.2
Total U.S. Equity Benchmark	--	15.7%	56	13.5%	29	0.0%	1	--	--	0.0%	44	1.0	1.2
Total Non-US Equity	13.8%	5.3%	77	15.8%	28	1.4%	1	0.6	52	1.1%	77	1.0	0.3
Total Non-US Equity Benchmark	--	4.4%	87	16.5%	54	0.0%	1	--	--	0.0%	87	1.0	0.3
Total Global Equity	9.9%	8.7%	74	13.5%	23	2.3%	6	-0.2	77	0.4%	67	0.9	0.6
MSCI ACWI	--	9.2%	70	14.6%	42	0.0%	1	--	--	0.0%	71	1.0	0.6
Total Fixed Income	23.6%	5.9%	40	2.8%	11	3.3%	37	1.0	26	4.7%	30	0.4	2.1
Barclays Global Aggregate	--	2.6%	85	4.8%	29	0.0%	1	--	--	0.0%	81	1.0	0.5
Total US Fixed Income	17.6%	6.0%	35	2.8%	51	1.9%	41	0.8	25	2.5%	26	0.8	2.2
Barclays Aggregate	--	4.4%	57	2.7%	46	0.0%	1	--	--	0.0%	81	1.0	1.6
Total Global Fixed Income	6.0%	--	--	--	--	--	--	--	--	--	--	--	--
Barclays Global Aggregate	--	2.6%	85	4.8%	29	0.0%	1	--	--	0.0%	81	1.0	0.5
Total Real Estate	7.4%	12.2%	--	5.3%	--	1.1%	--	-1.6	--	-0.3%	--	0.9	2.3
Total Real Estate Benchmark	--	13.9%	--	5.8%	--	0.0%	--	--	--	0.0%	--	1.0	2.4
Total Liquid Alternatives	9.6%	--	--	--	--	--	--	--	--	--	--	--	--
CPI + 4% (Unadjusted)	--	5.8%	--	1.1%	--	0.0%	--	--	--	0.0%	--	1.0	5.1

# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Fund</b>	<b>4,328,232,756</b>	<b>100.0</b>	<b>100.0</b>	<b>1.0</b>	<b>49</b>	<b>-0.2</b>	<b>41</b>	<b>6.4</b>	<b>15</b>	<b>12.7</b>	<b>10</b>	<b>10.6</b>	<b>2</b>	<b>6.5</b>	<b>27</b>	<b>8.3</b>	<b>Apr-94</b>
Policy Index				<u>1.8</u>	27	<u>1.0</u>	13	<u>6.9</u>	8	<u>12.3</u>	17	<u>10.0</u>	23	<u>6.6</u>	25	<u>8.2</u>	Apr-94
Over/Under				-0.8		-1.2		-0.5		0.4		0.6		-0.1		0.1	
Allocation Index				1.5	35	0.6	22	7.0	7	11.6	30	9.5	38	6.3	42	--	Apr-94
InvestorForce Public DB > \$1B Net Median				0.8		-0.3		5.2		10.9		9.2		6.1		7.8	Apr-94
<b>Total Fund ex Clifton</b>	<b>4,294,053,246</b>	<b>99.2</b>	<b>--</b>	<b>1.0</b>	<b>--</b>	<b>-0.1</b>	<b>--</b>	<b>6.5</b>	<b>--</b>	<b>12.5</b>	<b>--</b>	<b>10.4</b>	<b>--</b>	<b>6.4</b>	<b>--</b>	<b>8.2</b>	<b>Apr-94</b>
<b>Total Fund ex Private Equity</b>	<b>4,218,144,336</b>	<b>97.5</b>	<b>--</b>	<b>1.0</b>	<b>49</b>	<b>-0.3</b>	<b>49</b>	<b>6.1</b>	<b>25</b>	<b>11.8</b>	<b>29</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>11.8</b>	<b>Jan-12</b>
Policy Index				<u>1.8</u>	27	<u>1.0</u>	13	<u>6.9</u>	8	<u>12.3</u>	17	<u>10.0</u>	23	<u>6.6</u>	25	<u>12.3</u>	Jan-12
Over/Under				-0.8		-1.3		-0.8		-0.5						-0.5	
InvestorForce Public DB > \$1B Net Median				0.8		-0.3		5.2		10.9		9.2		6.1		10.9	Jan-12
<b>Total US Equity</b>	<b>1,396,193,063</b>	<b>32.3</b>	<b>30.0</b>	<b>5.2</b>	<b>55</b>	<b>5.1</b>	<b>37</b>	<b>12.5</b>	<b>33</b>	<b>20.8</b>	<b>42</b>	<b>16.1</b>	<b>48</b>	<b>7.5</b>	<b>86</b>	<b>9.2</b>	<b>Dec-93</b>
Total U.S. Equity Benchmark				<u>5.2</u>	55	<u>5.1</u>	37	<u>12.4</u>	34	<u>20.4</u>	48	<u>15.7</u>	56	<u>8.0</u>	75	<u>9.5</u>	Dec-93
Over/Under				0.0		0.0		0.1		0.4		0.4		-0.5		-0.3	
eA All US Equity Gross Median				5.5		4.0		10.3		20.3		16.0		9.0		11.0	Dec-93
BlackRock Equity Market Fund	1,210,549,570	28.0		<u>5.3</u>	52	<u>5.2</u>	31	<u>12.5</u>	25	<u>20.5</u>	35	<u>15.7</u>	41	--	--	<u>7.7</u>	Dec-07
Dow Jones U.S. Total Stock Market				<u>5.2</u>	52	<u>5.2</u>	32	<u>12.5</u>	25	<u>20.4</u>	35	<u>15.7</u>	41	<u>8.1</u>	58	<u>7.6</u>	Dec-07
Over/Under				0.1		0.0		0.0		0.1		0.0				0.1	
eA All US Equity Net Median				5.3		3.6		9.1		19.3		15.3		8.4		7.7	Dec-07
Western U.S. Index Plus	139,063,476	3.2		<u>4.7</u>	61	<u>6.0</u>	22	<u>14.2</u>	14	<u>22.4</u>	15	<u>18.2</u>	10	--	--	<u>3.6</u>	May-07
S&P 500				<u>4.9</u>	57	<u>6.1</u>	21	<u>13.7</u>	16	<u>20.4</u>	36	<u>15.5</u>	47	<u>7.7</u>	70	<u>6.3</u>	May-07
Over/Under				-0.2		-0.1		0.5		2.0		2.7				-2.7	
eA All US Equity Net Median				5.3		3.6		9.1		19.3		15.3		8.4		6.7	May-07
BlackRock Extended Equity Index	46,580,017	1.1		<u>6.4</u>	47	<u>1.3</u>	52	<u>7.5</u>	33	<u>20.7</u>	19	<u>17.0</u>	23	<u>9.4</u>	38	<u>12.6</u>	Oct-02
Dow Jones U.S. Completion Total Stock Market				<u>6.4</u>	46	<u>1.3</u>	51	<u>7.6</u>	32	<u>20.5</u>	21	<u>16.7</u>	27	<u>9.3</u>	39	<u>12.6</u>	Oct-02
Over/Under				0.0		0.0		-0.1		0.2		0.3		0.1		0.0	
eA US Small-Mid Cap Equity Net Median				6.3		1.6		5.2		18.1		15.4		8.8		11.8	Oct-02

Color Coding: PERFORMANCE: Green-Over performance, Red-Under performance / Color Coding: RANKS: 1 - 25 Green - Positive Result, 26 - 50 Yellow, 50 - 75 Orange, 76 - 100 Red - Negative Result

Policy Index: Currently, 30% Total U.S. Equity Benchmark, 19% Barclays Aggregate, 14% MSCI ACWI ex U.S., 10% MSCI ACWI, 5% Barclays Global Aggregate, 5% DJ U.S. Total Stock Market Index + 3%, 10% CPI+4% Index, and 7% NCREIF ODCE Real Estate Index

Total U.S. Equity Benchmark: The Benchmark is a dynamic hybrid using the respective managers' market value weights within the U.S. Equity component toward their benchmark. Prior to May 2013, the Dow Jones U.S. Total Stock Market Index. Prior to May 2007, the Russell 3000 Index

# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Non-US Equity</b>	<b>597,996,832</b>	<b>13.8</b>	<b>14.0</b>	<b>-3.3</b>	<b>62</b>	<b>-8.3</b>	<b>47</b>	<b>-3.6</b>	<b>42</b>	<b>9.7</b>	<b>82</b>	<b>5.3</b>	<b>77</b>	<b>5.2</b>	<b>52</b>	<b>6.5</b>	<b>Mar-94</b>
Total Non-US Equity Benchmark				-3.9	73	-8.9	58	-3.9	45	9.0	89	4.4	87	5.1	55	5.3	Mar-94
Over/Under				0.6		0.6		0.3		0.7		0.9		0.1		1.2	
eA All EAFE Equity Net Median				-2.8		-8.4		-4.3		12.7		7.0		5.3		6.3	Mar-94
BlackRock ACWI ex-U.S. Index	249,106,026	5.8		-3.9	89	-9.1	79	-3.8	64	9.4	71	4.9	80	--	--	1.4	Mar-07
MSCI ACWI ex USA				-3.9	89	-8.9	77	-3.9	64	9.0	72	4.4	82	5.1	87	0.9	Mar-07
Over/Under				0.0		-0.2		0.1		0.4		0.5				0.5	
eA ACWI ex-US All Cap Equity Net Median				-1.6		-7.0		-2.3		11.0		6.7		5.8		2.1	Mar-07
Sprucegrove	180,309,142	4.2		-2.8	50	-8.7	54	-3.2	39	9.9	76	7.1	41	5.7	35	8.0	Mar-02
MSCI EAFE				-3.6	75	-9.2	63	-4.9	62	11.1	60	5.3	69	4.4	71	6.2	Mar-02
Over/Under				0.8		0.5		1.7		-1.2		1.8		1.3		1.8	
MSCI ACWI ex USA				-3.9	78	-8.9	60	-3.9	49	9.0	85	4.4	81	5.1	50	6.9	Mar-02
eA EAFE All Cap Equity Net Median				-2.8		-8.2		-4.0		12.5		6.3		5.1		7.5	Mar-02
Hexavest	77,396,658	1.8		-4.1	79	-7.7	47	-4.3	54	9.3	80	--	--	--	--	4.3	Dec-10
MSCI EAFE				-3.6	75	-9.2	63	-4.9	62	11.1	60	5.3	69	4.4	71	4.7	Dec-10
Over/Under				-0.5		1.5		0.6		-1.8						-0.4	
eA EAFE All Cap Equity Net Median				-2.8		-8.2		-4.0		12.5		6.3		5.1		5.7	Dec-10
Walter Scott	91,185,006	2.1		-2.1	57	-5.8	32	-3.5	62	9.1	72	--	--	--	--	4.2	Dec-10
MSCI ACWI ex USA				-3.9	89	-8.9	77	-3.9	64	9.0	72	4.4	82	5.1	87	2.8	Dec-10
Over/Under				1.8		3.1		0.4		0.1						1.4	
eA ACWI ex-US All Cap Equity Net Median				-1.6		-7.0		-2.3		11.0		6.7		5.8		4.9	Dec-10

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	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Global Equity</b>	<b>430,311,722</b>	<b>9.9</b>	<b>10.0</b>	<b>-0.9</b>	<b>77</b>	<b>-4.5</b>	<b>78</b>	<b>1.9</b>	<b>70</b>	<b>12.4</b>	<b>76</b>	<b>8.7</b>	<b>74</b>	<b>--</b>	<b>--</b>	<b>5.5</b>	<b>May-05</b>
MSCI ACWI				<u>0.4</u>	65	<u>-1.9</u>	57	<u>4.2</u>	48	<u>14.1</u>	64	<u>9.2</u>	70	<u>6.1</u>	67	<u>6.7</u>	May-05
Over/Under				<b>-1.3</b>		<b>-2.6</b>		<b>-2.3</b>		<b>-1.7</b>		<b>-0.5</b>				<b>-1.2</b>	
eA All Global Equity Net Median				1.2		-1.4		4.0		15.3		10.6		7.0		7.7	May-05
<b>BlackRock MSCI ACWI Equity Index</b>	<b>222,413,451</b>	<b>5.1</b>		<b>0.5</b>	<b>63</b>	<b>-1.8</b>	<b>54</b>	<b>4.6</b>	<b>45</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>May-12</b>
MSCI ACWI				<u>0.4</u>	65	<u>-1.9</u>	57	<u>4.2</u>	48	<u>14.1</u>	64	<u>9.2</u>	70	<u>6.1</u>	67	<u>16.2</u>	May-12
Over/Under				0.1		0.1		0.4									
eA All Global Equity Net Median				1.2		-1.4		4.0		15.3		10.6		7.0		16.6	May-12
<b>GMO Global Equity</b>	<b>207,898,270</b>	<b>4.8</b>		<b>-2.3</b>	<b>86</b>	<b>-7.3</b>	<b>88</b>	<b>-0.9</b>	<b>85</b>	<b>11.3</b>	<b>85</b>	<b>8.3</b>	<b>76</b>	<b>--</b>	<b>--</b>	<b>6.6</b>	<b>Apr-05</b>
MSCI ACWI				<u>0.4</u>	65	<u>-1.9</u>	57	<u>4.2</u>	48	<u>14.1</u>	64	<u>9.2</u>	70	<u>6.1</u>	67	<u>6.7</u>	Apr-05
Over/Under				<b>-2.7</b>		<b>-5.4</b>		<b>-5.1</b>		<b>-2.8</b>		<b>-0.9</b>				<b>-0.1</b>	
eA All Global Equity Net Median				1.2		-1.4		4.0		15.3		10.6		7.0		7.7	Apr-05

# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Private Equity</b>	<b>110,088,420</b>	<b>2.5</b>	<b>5.0</b>	<b>1.5</b>	--	<b>7.5</b>	--	<b>19.0</b>	--	<b>15.7</b>	--	--	--	--	--	--	<b>Jul-10</b>
DJ U.S. Total Stock Market Index + 3%				6.0	--	6.7	--	15.8	--	24.0	--	--	--	--	--	--	Jul-10
Over/Under				-4.5		0.8		3.2		-8.3							
Adams Street Partners	71,314,433	1.6		2.8	--	7.1	--	19.6	--	15.3	--	--	--	--	--	--	Jul-10
DJ U.S. Total Stock Market Index + 3%				6.0	--	6.7	--	15.8	--	24.0	--	--	--	--	--	--	Jul-10
Over/Under				-3.2		0.4		3.8		-8.7							
Panteon Ventures	8,083,286	0.2		-2.4	--	3.3	--	16.7	--	10.6	--	--	--	--	--	--	Aug-10
DJ U.S. Total Stock Market Index + 3%				6.0	--	6.7	--	15.8	--	24.0	--	--	--	--	--	--	Aug-10
Over/Under				-8.4		-3.4		0.9		-13.4							
Harbourvest	30,690,701	0.7		-0.3	--	10.4	--	18.5	--	--	--	--	--	--	--	--	May-13
DJ U.S. Total Stock Market Index + 3%				6.0	--	6.7	--	15.8	--	24.0	--	--	--	--	--	21.4	May-13
Over/Under				-6.3		3.7		2.7									

Private Equity performance is shown on a time-weighted return basis. Values are cash adjusted with current quarter cash flows.

# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total US Fixed Income</b>	<b>759,621,510</b>	<b>17.6</b>	<b>19.0</b>	<b>0.1</b>	<b>77</b>	<b>0.0</b>	<b>77</b>	<b>3.0</b>	<b>61</b>	<b>4.1</b>	<b>43</b>	<b>6.0</b>	<b>35</b>	<b>5.9</b>	<b>25</b>	<b>6.3</b>	<b>Feb-94</b>
Barclays Aggregate				1.8	15	2.0	18	6.0	28	2.7	62	4.4	57	4.7	48	5.8	Feb-94
Over/Under				-1.7		-2.0		-3.0		1.4		1.6		1.2		0.5	
eA All US Fixed Inc Net Median				0.7		0.7		3.9		3.5		4.8		4.6		5.7	Feb-94
BlackRock U.S. Debt Fund	139,244,770	3.2		1.8	15	2.0	17	6.2	25	2.8	60	4.6	55	4.8	46	5.7	Nov-95
Barclays Aggregate				1.8	15	2.0	18	6.0	28	2.7	62	4.4	57	4.7	48	5.6	Nov-95
Over/Under				0.0		0.0		0.2		0.1		0.2		0.1		0.1	
eA All US Fixed Inc Net Median				0.7		0.7		3.9		3.5		4.8		4.6		5.5	Nov-95
Western	266,362,313	6.2		1.4	30	1.7	27	7.4	16	5.2	33	6.8	28	5.5	30	6.6	Dec-96
Barclays Aggregate				1.8	15	2.0	18	6.0	28	2.7	62	4.4	57	4.7	48	5.7	Dec-96
Over/Under				-0.4		-0.3		1.4		2.5		2.4		0.8		0.9	
eA All US Fixed Inc Net Median				0.7		0.7		3.9		3.5		4.8		4.6		5.6	Dec-96
Reams	282,260,049	6.5		-2.0	97	-2.4	91	-3.6	99	2.8	59	5.3	42	6.1	22	5.9	Sep-01
Reams Custom Index				0.1	76	0.1	68	0.2	94	1.3	83	3.6	70	4.3	60	4.6	Sep-01
Over/Under				-2.1		-2.5		-3.8		1.5		1.7		1.8		1.3	
Barclays Aggregate				1.8	15	2.0	18	6.0	28	2.7	62	4.4	57	4.7	48	5.0	Sep-01
eA All US Fixed Inc Net Median				0.7		0.7		3.9		3.5		4.8		4.6		5.0	Sep-01
Loomis Sayles Multi Strategy	71,754,377	1.7		0.0	83	-0.7	83	6.8	20	8.1	10	8.4	18	--	--	7.2	Jul-05
Loomis Custom Index				0.8	48	0.3	60	4.6	45	4.3	41	5.7	37	--	--	5.7	Jul-05
Over/Under				-0.8		-1.0		2.2		3.8		2.7				1.5	
Barclays Aggregate				1.8	15	2.0	18	6.0	28	2.7	62	4.4	57	4.7	48	4.8	Jul-05
eA All US Fixed Inc Net Median				0.7		0.7		3.9		3.5		4.8		4.6		4.8	Jul-05

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	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Global Fixed Income</b>	<b>259,940,589</b>	<b>6.0</b>	<b>5.0</b>	<b>-0.5</b>	<b>39</b>	<b>-2.9</b>	<b>50</b>	<b>1.5</b>	<b>61</b>	--	--	--	--	--	--	<b>1.1</b>	<b>Jun-12</b>
Barclays Global Aggregate				-1.0	55	-4.1	69	0.6	76	0.7	85	2.6	85	3.6	80	0.3	Jun-12
Over/Under				0.5		1.2		0.9								0.8	
eA All Global Fixed Inc Net Median				-0.9		-3.0		2.3		4.4		4.9		4.9		3.7	Jun-12
Loomis Sayles Global Fixed Income	92,140,718	2.1		-1.4	60	-4.4	72	0.4	79	--	--	--	--	--	--	0.7	Jun-12
Barclays Global Aggregate				-1.0	51	-4.1	68	0.6	73	0.7	82	2.6	81	3.6	70	0.3	Jun-12
Over/Under				-0.4		-0.3		-0.2								0.4	
eA Global Fixed Inc Unhedged Net Median				-1.0		-3.4		1.9		4.1		4.6		4.2		3.1	Jun-12
PIMCO Global Fixed Income	125,823,520	2.9		-0.1	18	-2.9	39	2.1	48	--	--	--	--	--	--	-0.7	Sep-12
Barclays Global Aggregate				-1.0	51	-4.1	68	0.6	73	0.7	82	2.6	81	3.6	70	-1.1	Sep-12
Over/Under				0.9		1.2		1.5								0.4	
eA Global Fixed Inc Unhedged Net Median				-1.0		-3.4		1.9		4.1		4.6		4.2		1.6	Sep-12
Loomis Strategic Alpha	41,976,351	1.0		0.0	17	0.3	6	2.4	45	--	--	--	--	--	--	2.7	Jul-13
Barclays Global Aggregate				-1.0	51	-4.1	68	0.6	73	0.7	82	2.6	81	3.6	70	1.2	Jul-13
Over/Under				1.0		4.4		1.8								1.5	
eA Global Fixed Inc Unhedged Net Median				-1.0		-3.4		1.9		4.1		4.6		4.2		3.1	Jul-13

# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Real Estate</b>	<b>322,351,195</b>	<b>7.4</b>	<b>7.0</b>	<b>3.1</b>	--	<b>6.2</b>	--	<b>11.6</b>	--	<b>10.4</b>	--	<b>12.2</b>	--	<b>5.4</b>	--	<b>7.8</b>	<b>Mar-94</b>
<i>Total Real Estate Benchmark</i>				<u>3.3</u>	--	<u>6.6</u>	--	<u>12.5</u>	--	<u>12.4</u>	--	<u>13.9</u>	--	<u>7.0</u>	--	<u>8.8</u>	<i>Mar-94</i>
Over/Under				-0.2		-0.4		-0.9		-2.0		-1.7		-1.6		-1.0	
Prudential Real Estate	107,886,266	2.5		<b>3.8</b>	--	<b>6.9</b>	--	<b>12.7</b>	--	<b>11.7</b>	--	<b>14.0</b>	--	<b>7.2</b>	--	<b>5.2</b>	<b>Jun-04</b>
<i>NCREIF-ODCE</i>				<u>3.3</u>	--	<u>6.6</u>	--	<u>12.5</u>	--	<u>12.4</u>	--	<u>13.9</u>	--	<u>7.1</u>	--	<u>7.4</u>	<i>Jun-04</i>
Over/Under				0.5		0.3		0.2		-0.7		0.1		0.1		-2.2	
UBS Real Estate	208,224,343	4.8		<b>2.8</b>	--	<b>5.8</b>	--	<b>10.6</b>	--	<b>9.6</b>	--	<b>11.4</b>	--	<b>6.6</b>	--	<b>7.3</b>	<b>Mar-03</b>
<i>NCREIF-ODCE</i>				<u>3.3</u>	--	<u>6.6</u>	--	<u>12.5</u>	--	<u>12.4</u>	--	<u>13.9</u>	--	<u>7.1</u>	--	<u>7.8</u>	<i>Mar-03</i>
Over/Under				-0.5		-0.8		-1.9		-2.8		-2.5		-0.5		-0.5	
RREEF	6,240,585	0.1		<b>1.9</b>	--	<b>7.3</b>	--	<b>25.9</b>	--	<b>21.4</b>	--	<b>24.2</b>	--	--	--	<b>-6.6</b>	<b>Sep-07</b>
<i>NCREIF-ODCE</i>				<u>3.3</u>	--	<u>6.6</u>	--	<u>12.5</u>	--	<u>12.4</u>	--	<u>13.9</u>	--	<u>7.1</u>	--	<u>3.0</u>	<i>Sep-07</i>
Over/Under				-1.4		0.7		13.4		9.0		10.3				-9.6	

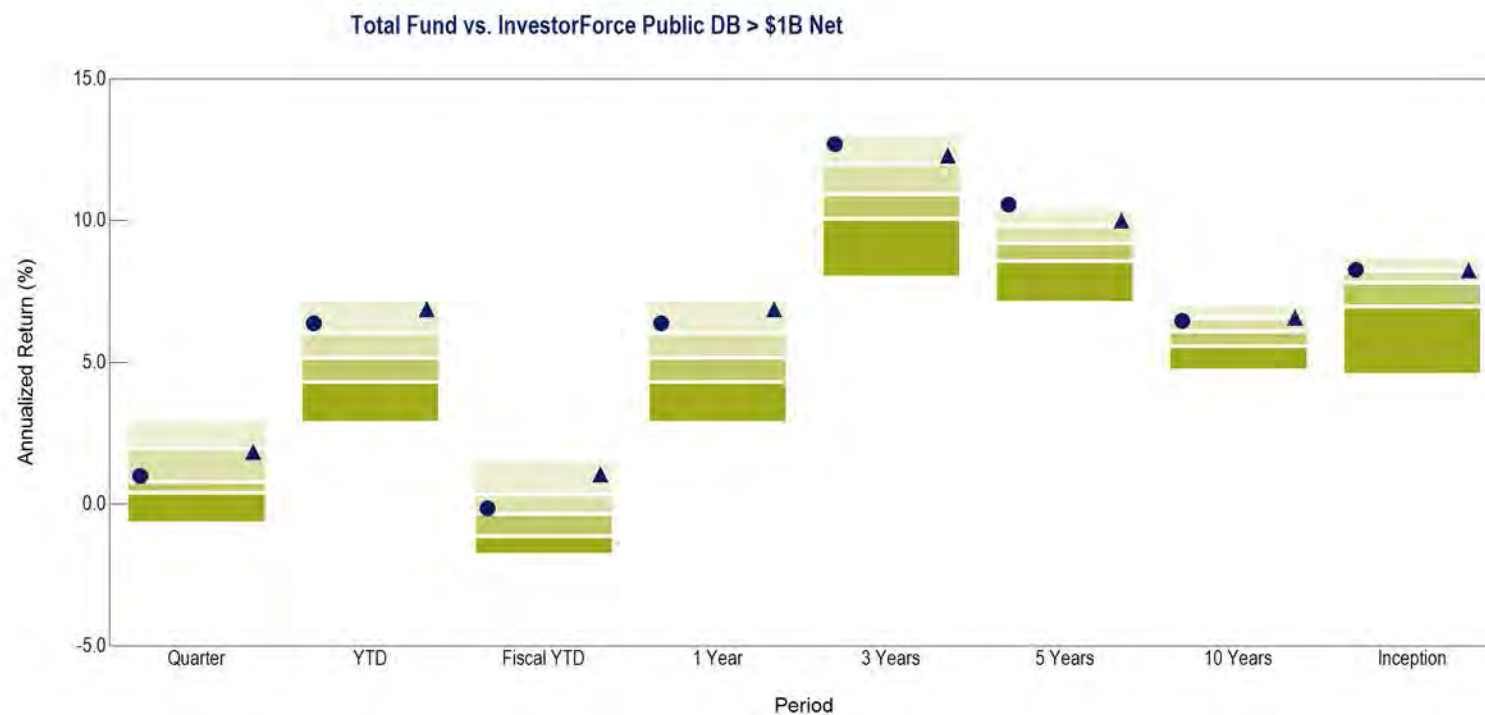
Total Real Estate Benchmark: NCREIF ODCE; prior to January 2006, the NCREIF Property Index

# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Net)

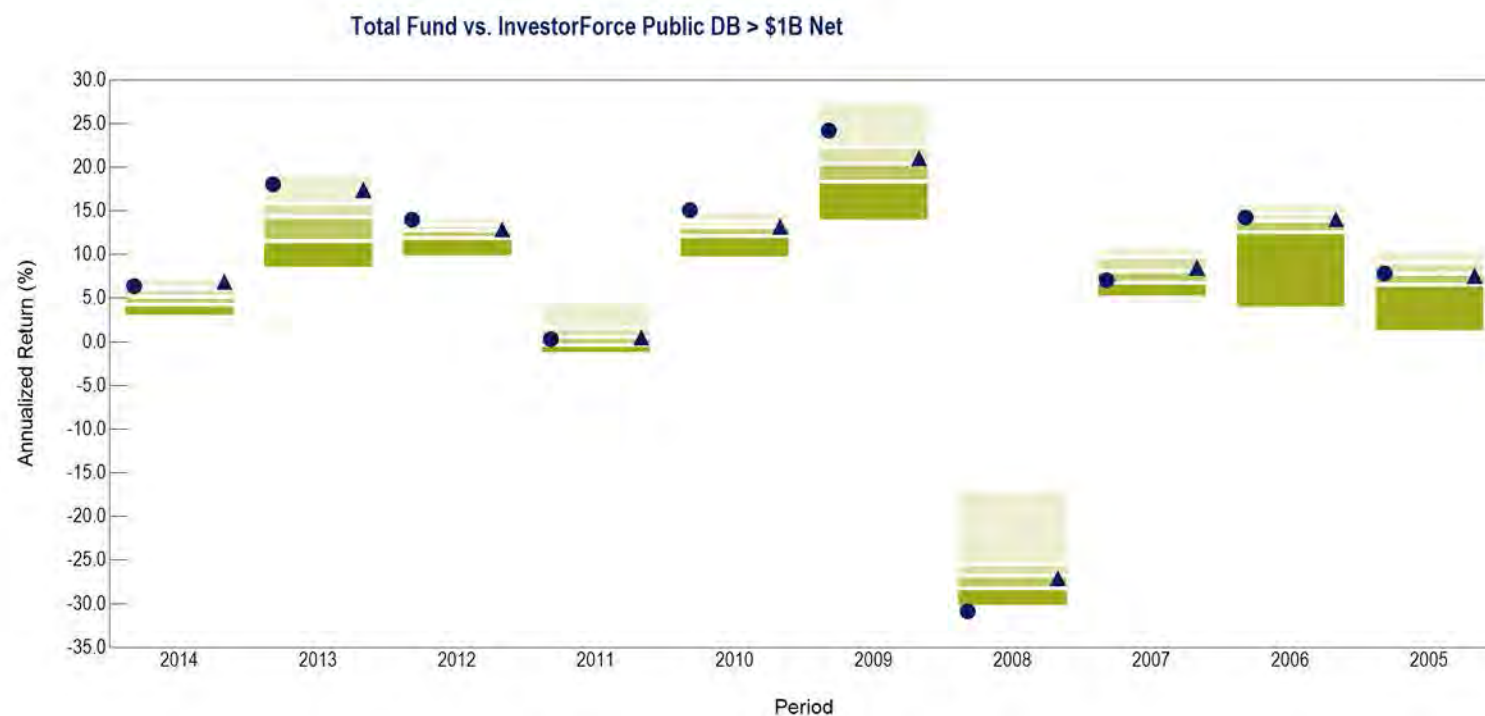
	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Liquid Alternatives</b>	<b>417,549,917</b>	<b>9.6</b>	<b>10.0</b>	<b>-3.0</b>	--	<b>-4.2</b>	--	<b>10.2</b>	--	--	--	--	--	--	--	<b>12.8</b>	<b>Apr-13</b>
CPI + 4% (Unadjusted)				-0.4	--	0.5	--	4.8	--	5.4	--	5.8	--	6.2	--	4.6	Apr-13
Over/Under				-2.6		-4.7		5.4								8.2	
Bridgewater All Weather Fund	274,286,699	6.3		0.1	--	-1.7	--	7.6	--	--	--	--	--	--	--	8.3	Aug-13
CPI + 5% (Unadjusted)				-0.1	--	1.0	--	5.8	--	--	--	--	--	--	--	5.3	Aug-13
Over/Under				0.2		-2.7		1.8								3.0	
Tortoise Energy Infrastructure	143,263,217	3.3		-8.3	--	-8.5	--	15.6	--	--	--	--	--	--	--	17.1	Apr-13
Wells Fargo MLP Index				-11.9	--	-9.9	--	6.0	--	13.3	--	--	--	--	--	7.4	Apr-13
Over/Under				3.6		1.4		9.6								9.7	

# Total Fund Return Summary vs. Peer Universe (Trailing Periods)



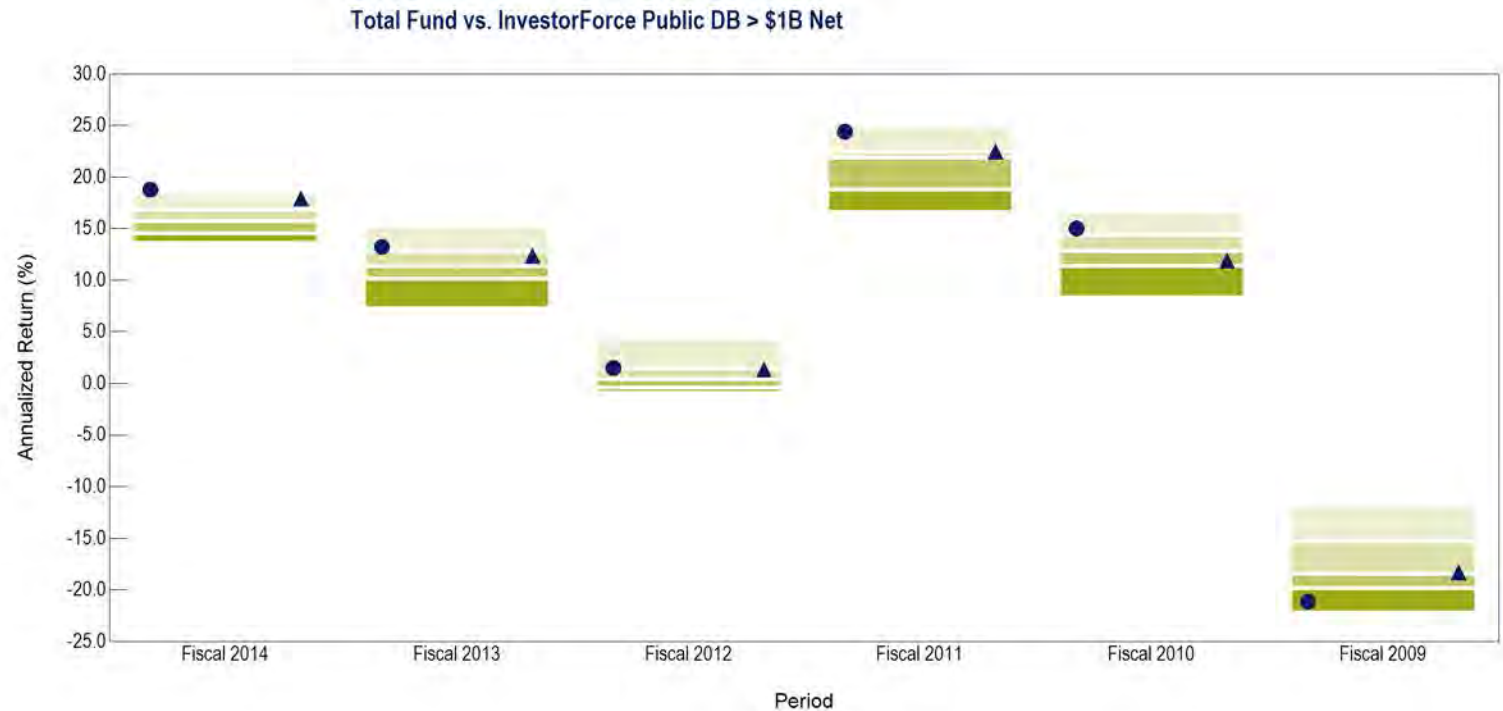
		Return (Rank)															
5th Percentile		2.9	7.2	1.5	7.2	13.0	10.4	7.0	8.7								
25th Percentile		2.0	6.1	0.3	6.1	12.0	9.8	6.6	8.2								
Median		0.8	5.2	-0.3	5.2	10.9	9.2	6.1	7.8								
75th Percentile		0.4	4.3	-1.1	4.3	10.1	8.6	5.6	7.0								
95th Percentile		-0.7	2.9	-1.8	2.9	8.0	7.1	4.7	4.6								
# of Portfolios		51	51	51	51	51	49	46	31								
●	Total Fund	1.0	(49)	6.4	(15)	-0.2	(41)	6.4	(15)	12.7	(10)	10.6	(2)	6.5	(27)	8.3	(23)
▲	Policy Index	1.8	(27)	6.9	(8)	1.0	(13)	6.9	(8)	12.3	(17)	10.0	(23)	6.6	(25)	8.2	(24)

## Total Fund Return Summary vs. Peer Universe (Calendar Years)



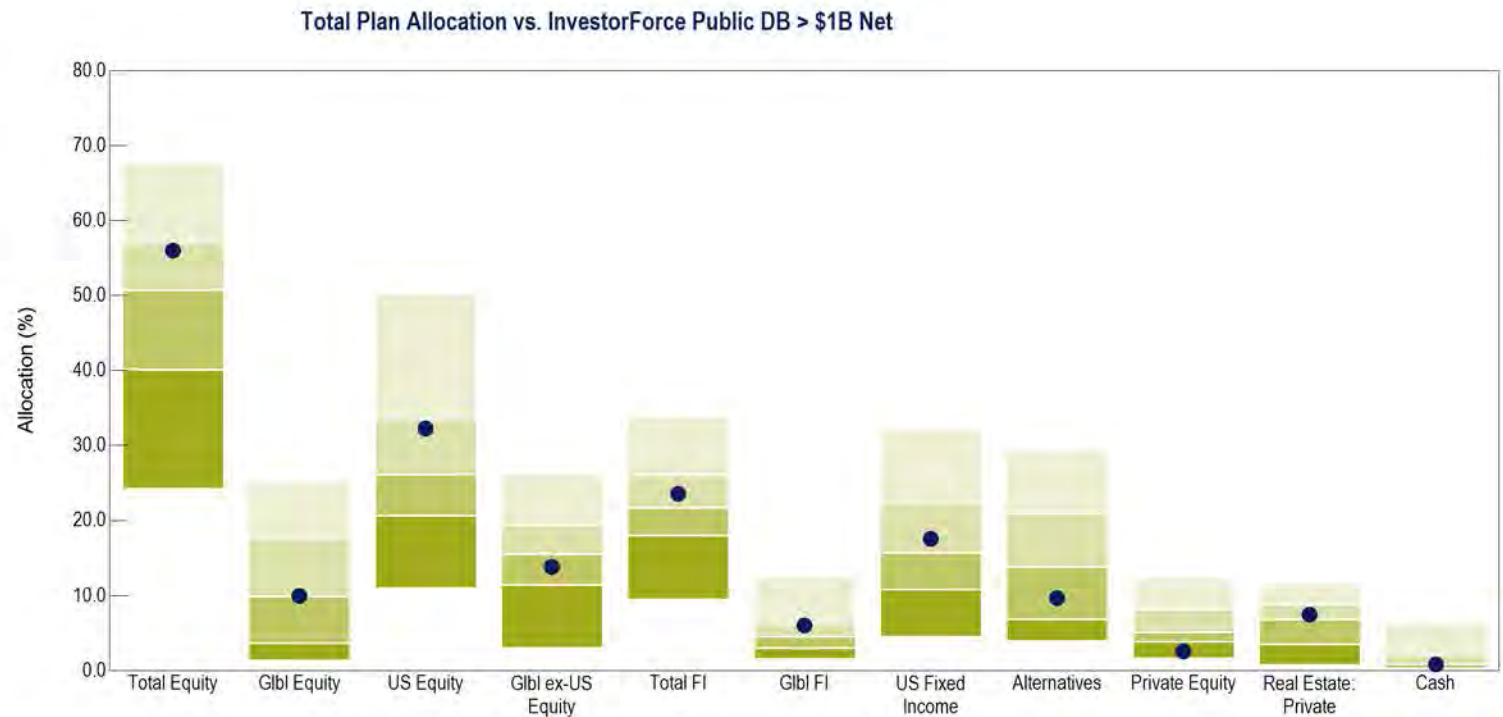
	Return (Rank)																			
5th Percentile	7.2	19.1	14.0	4.5	14.9	27.6	-17.0	10.8	15.8	10.5										
25th Percentile	6.1	15.9	13.4	1.7	13.8	22.3	-25.4	9.8	14.6	9.1										
Median	5.2	14.3	12.8	0.6	13.2	20.4	-26.7	8.1	13.9	7.8										
75th Percentile	4.3	11.5	11.9	-0.3	12.1	18.4	-28.2	6.8	12.6	6.6										
95th Percentile	2.9	8.4	9.7	-1.4	9.6	13.8	-30.3	5.1	3.9	1.2										
# of Portfolios	51	43	33	32	31	30	29	29	28	27										
● Total Fund	6.4	(15)	18.0	(9)	14.0	(10)	0.3	(60)	15.1	(4)	24.2	(20)	-30.9	(98)	7.0	(74)	14.2	(35)	7.8	(50)
▲ Policy Index	6.9	(8)	17.4	(12)	12.9	(46)	0.5	(53)	13.2	(52)	21.0	(38)	-27.1	(58)	8.5	(46)	14.0	(46)	7.6	(62)

## Total Fund Return Summary vs. Peer Universe (Fiscal Years)



	Return (Rank)											
5th Percentile	18.5		15.2		4.4		24.9		16.7		-11.7	
25th Percentile	16.9		12.8		1.5		22.5		14.5		-15.3	
Median	15.8		11.4		0.5		21.9		12.9		-18.4	
75th Percentile	14.6		10.2		-0.4		18.8		11.4		-19.8	
95th Percentile	13.6		7.3		-0.8		16.6		8.4		-22.2	
# of Portfolios	40		43		31		32		31		30	
● Total Fund	18.8	(2)	13.2	(21)	1.5	(25)	24.4	(10)	15.0	(18)	-21.2	(92)
▲ Policy Index	17.9	(13)	12.4	(33)	1.4	(27)	22.5	(27)	11.9	(72)	-18.3	(48)

## Total Fund Allocations vs. Peer Universe



	Allocation (Rank)																							
5th Percentile	67.8	25.1	50.2	26.2	33.9	12.4	32.0	29.3	12.4	11.8	6.4	--												
25th Percentile	57.1	17.6	33.6	19.4	26.2	6.3	22.3	21.1	8.3	8.8	2.2	--												
Median	50.8	10.0	26.2	15.6	21.8	4.6	15.8	13.9	5.2	6.9	0.9	--												
75th Percentile	40.2	3.7	20.7	11.5	18.1	3.1	10.9	6.9	3.9	3.6	0.3	--												
95th Percentile	24.3	1.4	11.1	3.0	9.5	1.6	4.6	4.0	1.7	0.8	0.1	--												
# of Portfolios	49	23	47	46	49	28	47	42	41	40	45	--												
● Total Fund	56.0	(30)	9.9	(51)	32.3	(27)	13.8	(67)	23.6	(39)	6.0	(30)	17.6	(42)	9.6	(62)	2.5	(87)	7.4	(42)	0.8	(53)	--	

# Manager Due Diligence

# Ventura County Employees' Retirement Association

## Due Diligence Monitor

The items below summarize the recent quarter's performance and any changes or announcements from the Plan's managers/products. A "-" indicates there were no material announcements. A "Yes" indicates there was an announcement and a brief summary is provided on the following pages. NEPC's Due Diligence Committee meets every two weeks to review events as they relate to investment managers and determine if any action should be taken (by NEPC and/or by our clients). Events are rated: No Action, Watch, Hold, Client Review or Terminate. NEPC's recommendation in view of the recent quarter's developments (performance, manager events, and any of the longer-term trending data) is refreshed quarterly.

Investment Options	Performance (Recent Quarter)	Changes/ Announcements (Recent Quarter)	NEPC Due Diligence Committee Recommendations	Plan Recommendation	Comments
<b>BlackRock Equity Market Index</b>	-	-	-	-	
<b>Western U.S. Index Plus</b>	-	-	-	-	
<b>BlackRock Extended Equity Index</b>	-	-	-	-	
<b>BlackRock MSCI ACWI ex-U.S. Index</b>	Bottom Quartile	-	-	-	
<b>Sprucegrove</b>	-	No	Hold	No Action	3Q 2014 Departure
<b>Hexavest</b>	Bottom Quartile	-	-	-	
<b>Walter Scott</b>	-	-	-	-	
<b>BlackRock MSCI ACWI Index</b>	-	-	-	-	
<b>GMO</b>	Bottom Quartile	-	-	-	
<b>Adams Street</b>	N/A	-	-	-	
<b>HarbourVest</b>	N/A	-	-	-	
<b>Pantheon</b>	N/A	-	-	-	
<b>BlackRock U.S. Debt Fund</b>	Top Quartile	-	-	-	
<b>Western</b>	-	-	-	-	
<b>Reams Unconstrained Bond</b>	Bottom Quartile	-	-	-	
<b>Loomis Sayles Multi-Sector Full Discretion</b>	Bottom Quartile	-	-	-	
<b>Loomis Sayles Global Fixed Income</b>	-	-	-	-	
<b>PIMCO Global Fixed Income</b>	Top Quartile	Yes	Client Review	Client Review	Continued organizational developments
<b>Loomis Sayles Strategic Alpha</b>	Top Quartile	-	-	-	

## Due Diligence Monitor Continued

Investment Options	Performance (Recent Quarter)	Changes/ Announcements (Recent Quarter)	NEPC Due Diligence Committee Recommendations	Plan Recommendation	Comments
<b>Prudential</b>	N/A	-	-	-	
<b>RREEF</b>	N/A	-	-	-	
<b>UBS</b>	N/A	-	-	-	
<b>Bridgewater</b>	N/A	-	-	-	
<b>Tortoise</b>	N/A	-	-	-	
<b>Parametric/Clifton</b>	N/A	-	-	-	

NEPC Due Diligence Committee Recommendation Key	
<b>No Action</b>	Informational items have surfaced; no action is recommended.
<b>Watch</b>	Issues have surfaced to be concerned over; manager can participate in future searches, but current and prospective clients must be made aware of the issues.
<b>Hold</b>	Serious issues have surfaced to be concerned over; manager cannot participate in future searches unless a client specifically requests, but current and prospective clients must be made aware of the issues.
<b>Client Review</b>	Very serious issues have surfaced with an Investment Manager; manager cannot participate in future searches unless a client specifically requests. Current clients must be advised to review the manager.
<b>Terminate</b>	We have lost all confidence in the product; manager would not be recommended for searches and clients would be discouraged from using. The manager cannot participate in future searches unless a client specifically requests. Current clients must be advised to replace the manager.

Below is a summary of manager changes, announcements and due diligence events since the issuance of our last quarterly report.

**Manager Changes/Announcements**

**Sprucegrove Investment Management Ltd.**

On September 1, 2014, NEPC was notified that Co-President/Co-Portfolio Manager Peter Ellement resigned from the firm. Sprucegrove did not provide transparency into the exact reason for the departure other than there appears to be some level of conflict between Mr. Ellement and other members of the firm. Shirley Woo will be joined by Arjun Kumar as the Co-Portfolio Managers on the International Equity Fund going forward. Craig Merrigan will become the sole President of the firm.

***NEPC recommends a due diligence status of HOLD for Sprucegrove. We do not recommend any action at this time as a result of Mr. Ellement's departure.***

**PIMCO**

On September 26, 2014 PIMCO announced several changes to senior leadership and portfolio management in reaction to the sudden resignation of founder and CIO Bill Gross. The following changes were announced:

- Bill Gross resigned from the firm, effective immediately, and will join Janus Capital Group, Inc.
- Daniel Ivascyn was elected Global CIO, succeeding Bill Gross
- PIMCO appointed Andrew Balls, CIO Global; Mark Kiesel, CIO Global Credit; Virginie Maissoneuve, CIO Equities; Scott Mather CIO U.S. Core strategies; and Mihir Worah, CIO Real Return and Asset Allocation
- Scott Mather and Mark Mihir were appointed Portfolio Managers for the Total Return Fund
- Saumil Parikh, Mohsen Fahmi, and Dan Ivascyn will serve as Portfolio Managers for the Unconstrained Bond Fund.
- PIMCO also announced Chris Dialynas will return from sabbatical in the fourth quarter of 2014

The news comes on the heels of a number of organizational related developments at PIMCO, including the departures of co-CIO and CEO Mohammed El-Erian and Managing Director Marc Seidner, the appointment of six deputy CIOs, as well as numerous unfavorable media profiles of Mr. Gross and his at times erratic behavior. At that time NEPC believed that many of the announcements were disconcerting and a potential risk to the overall health of the organization; however because Mr. Gross remained with the firm, the investment process was unaltered, and the enactment of a Deputy CIO structure tempered succession concerns, NEPC did not believe PIMCO's investment capabilities would suffer. NEPC conducted many meetings, phone calls, and e-mail correspondence with senior personnel at PIMCO, including Bill Gross and the then Deputy CIOs in response to aforementioned developments. We felt that while the situation was transient at the time, the placement of the six Deputy CIOs had cleared some uncertainty regarding leadership transition after the heir-apparent, Mohammed El-Erian, resigned from PIMCO.

Below is a summary of manager changes, announcements and due diligence events since the issuance of our last quarterly report.

#### Manager Changes/Announcements

##### PIMCO (continued)

##### **Organizational and Business Risk**

Risk of additional turnover at senior ranks within the organization is a concern to NEPC in the near term. During NEPC's onsite meeting with PIMCO they expressed that they are doing all they can to structure incentive plans and compensation arrangements to mitigate turnover risk in the intermediate term. On a positive note, we view the appointment of a clear successor in Dan Ivascyn as constructive given the uncertainty surrounding leadership transition in recent months. After speaking with various members of the firm, including a member of the CIO selection committee, it is clear that Mr. Ivascyn was a leading candidate and is a very well-respected leader and investor at PIMCO. Longer-term business impact is another aspect we will be monitoring. PIMCO has experienced significant outflows as a result of this announcement totaling approximately 7% (\$40 B) as at September 30, 2014. A reduction in assets will negatively impact the firm's revenue, which has broader implications on staffing, compensation, and growth in the mid to long term. This is an area that NEPC will investigate further in order to assess critical asset levels.

##### **Cultural Impact**

Bill Gross' resignation also brings about concerns regarding firm culture, and the potential for it to evolve. PIMCO is known as an incredibly competitive meritocracy, a culture championed by Bill Gross over the years. In a conversation with senior investment professionals at PIMCO, including Dan Ivascyn, Scott Mather (CIO of Core Strategies), and Saumil Parikh (Managing Director and Investment Committee member), all three separately refuted that culture would change significantly. On the margin, they expressed that investment discussions could become less centralized, creating a more collegial environment, which we would view as a positive.

##### **Investment Impact**

The All Asset funds are products that Bill Gross wasn't the lead portfolio manager on, nor was he an intricate part of the team for these products. PIMCO is a leading investment manager in the fixed income markets and has been successful in the management of a broad array of strategies for many years. Notwithstanding Mr. Gross' resignation, PIMCO maintains a talented and experienced team of investment staff, led by an impressive group of CIOs who have worked together for periods of 10 years and longer. Bill Gross' departure does not change this significantly, given that he was dedicated to a small number of strategies as lead portfolio manager (Total Return and Unconstrained Bond). PIMCO expressed to us that the investment process will largely remain the same with a few minor process enhancements that may take place over an extended period of time. PIMCO's top-down investment committee and secular and cyclical forum decision-making structure will remain in place and continue to drive portfolio positioning and implementation. We do, however, realize that Mr. Gross has been a key contributor and the most influential decision maker at the firm since its inception. NEPC believes this generates uncertainty regarding the potential for adverse impact on long-term investment process and performance.

Below is a summary of manager changes, announcements and due diligence events since the issuance of our last quarterly report.

Manager Changes/Announcements

**PIMCO (continued)**

PIMCO recently announced three additions to the firm and one new appointment. Rejoining PIMCO will be Michael Spence, Jeremie Banet and Marc Seidner. You may remember that Jeremie Banet left the firm earlier in the year to pursue an entrepreneurial venture (there were also rumors that a strained relationship with Bill Gross drove him to resign). Mr. Banet will be returning to the Real Return team where he will focus on inflation-linked strategies. He will report to Mihir Worah, CIO of Real Return. Michael Spence, a Nobel Laureate and Professor at NYU Stern School of Business, will be rejoining the firm as a consultant similar to role he held until early 2014. He will focus on macroeconomic and global policy issues, and he will be contributing to the secular and cyclical forums and directly to the investment committee upon his return. Marc Seidner will rejoin PIMCO after spending only 8 months with GMO as the head of fixed income. Marc will be named CIO of Non-Traditional strategies, joining the five platform CIOs and Global CIO Dan Ivascyn. He will be working out of the New York offices and will act as Head of Portfolio Management in New York, a position previously held by Curtis Mewbourne.

Curtis will move to Newport Beach, where he will continue in his previous responsibilities, including as lead portfolio manager on the Diversified Income strategy. Marc will also be named a member of the Investment Committee and will take on some generalist portfolio management responsibilities. The third announcement is that Rahul Seksaria will become a member of the GMAF and the PIMCO Absolute Return Strategy (PARS) strategy teams. Mr. Seksaria is a member of the Real Return team and is the PM that took over for Mr. Banet's accounts following his departure this past June. He will remain on the Real Return team and continue to report to Mihir Worah.

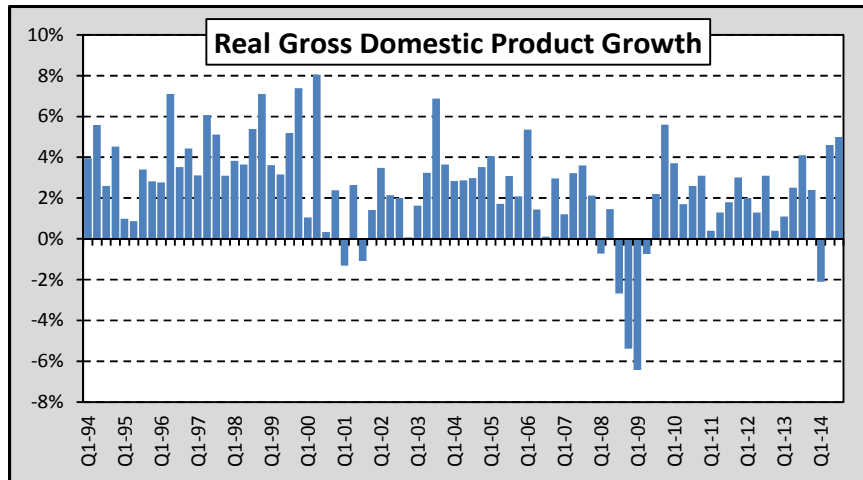
NEPC views these additions to PIMCO as net positives for PIMCO as the individuals know and understand the culture and firm very well.

***NEPC recommends a due diligence status of Client Review for all PIMCO strategies.***

## Appendix: Market Environment; Performance Disclosures

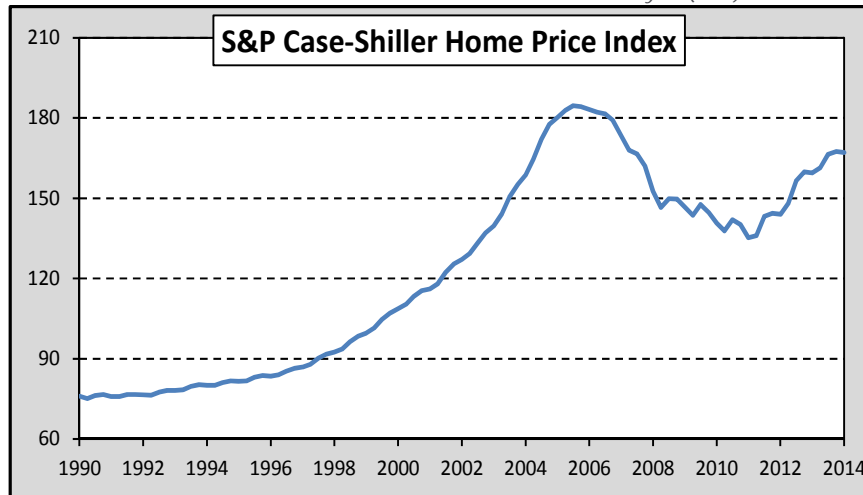
# Ventura County Employees' Retirement Association

## U.S. Economic Environment



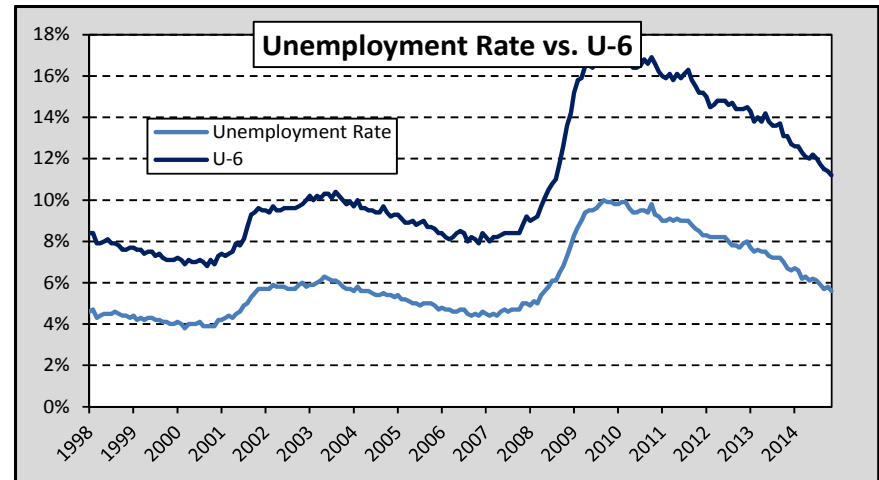
Q4 GDP growth estimated to have increased at an annual rate of 2.6%

Source: U.S. Bureau of Economic Analysis (BEA) as of 12/31



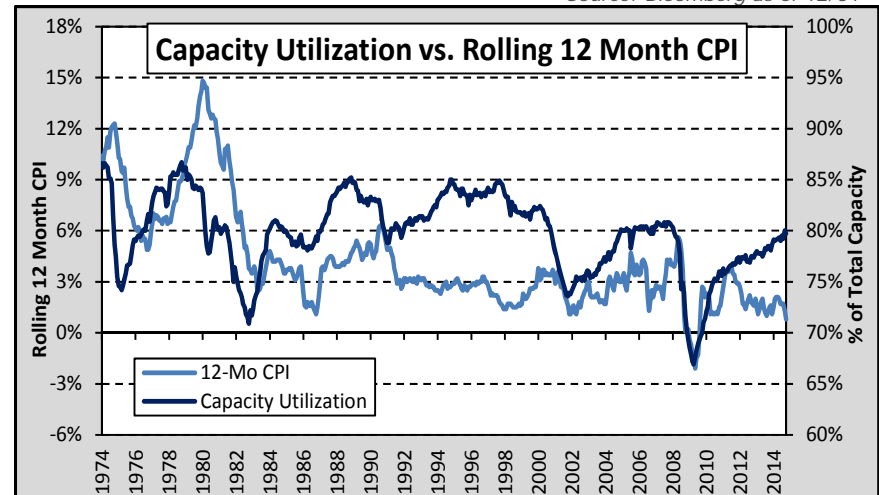
The Case-Shiller home price index (as of 12/31) dropped slightly to 167.11 by December end

Source: Bloomberg as of 12/31



Unemployment declined slightly to 5.8% in December; while the U-6, dropped to 11.2%

Source: Bloomberg as of 12/31

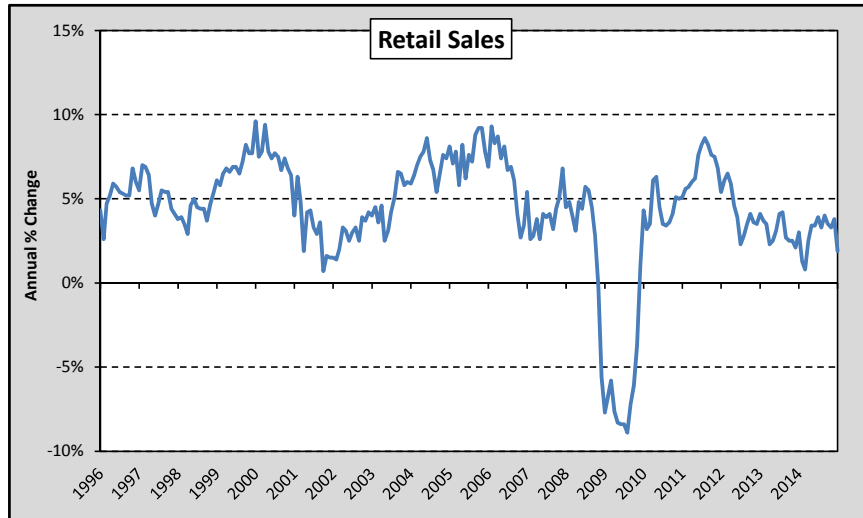


Rolling 12 month CPI dropped to 0.8% in December; capacity utilization dropped to 79.7% in the month

Source: Bloomberg as of 12/31

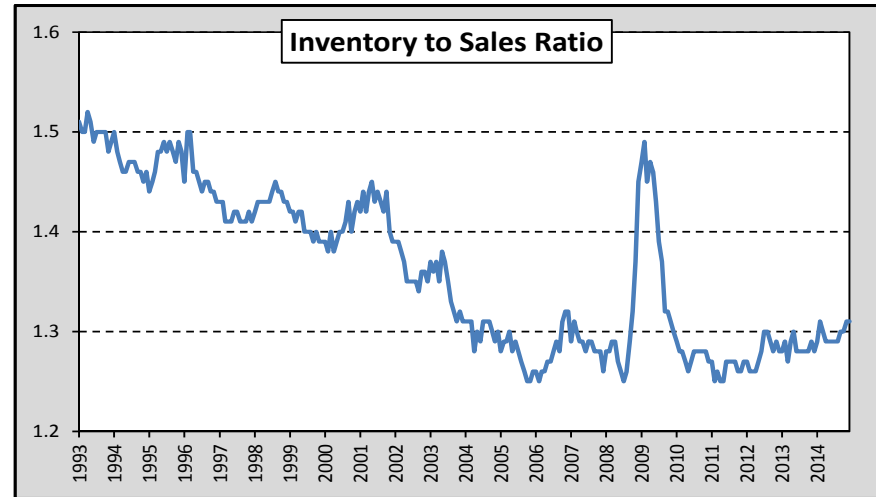
# Ventura County Employees' Retirement Association

## Components of GDP



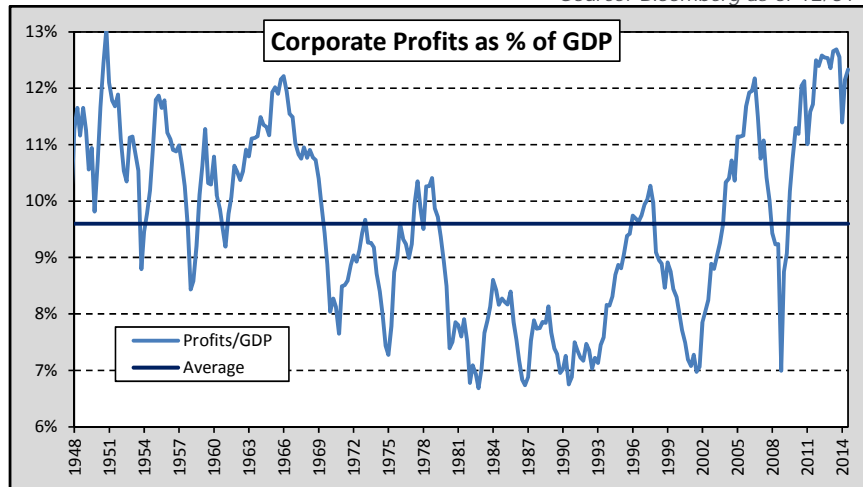
Retail sales rose to a 1.9% year-over-year growth rate in November

Source: Bloomberg as of 12/31



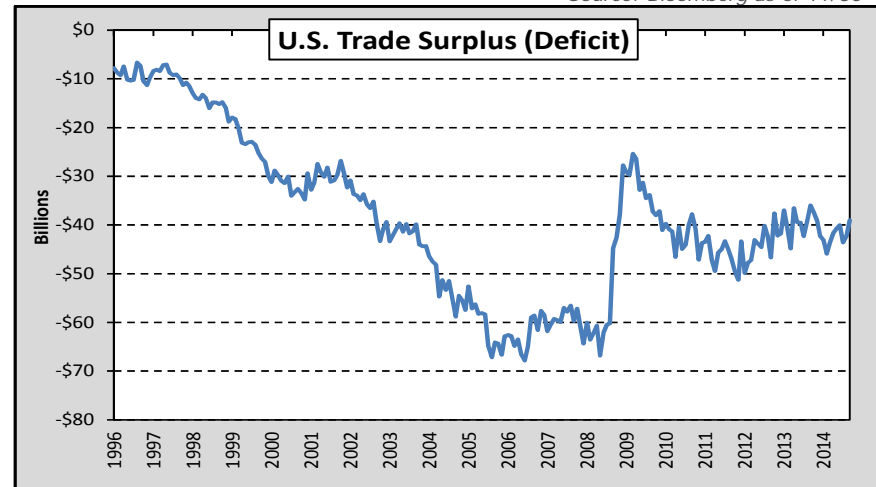
The inventory-to-sales ratio remained at 1.3 through November continuing a fairly consistent level

Source: Bloomberg as of 11/30



Third quarter corporate profits, as a percent of GDP, increased since the second quarter ending at 12.4%

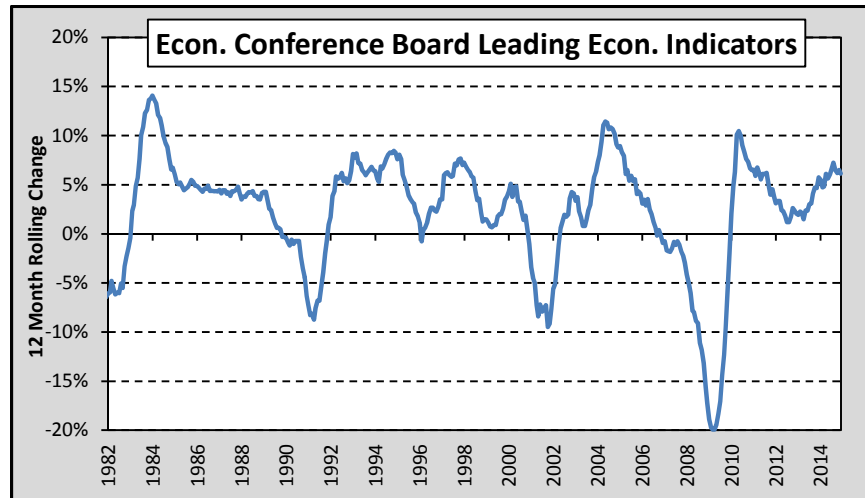
Source: Bloomberg as of 9/30



The trade deficit decreased slightly in November

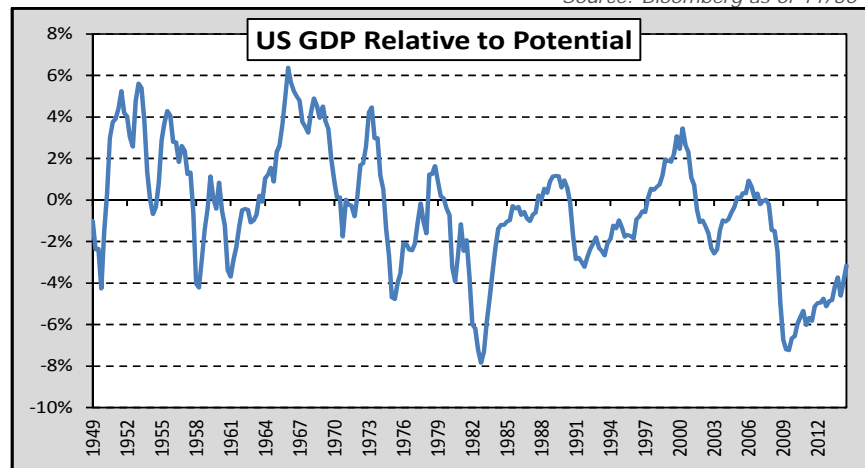
Source: Bloomberg as of 11/30

## Key Economic Indicators



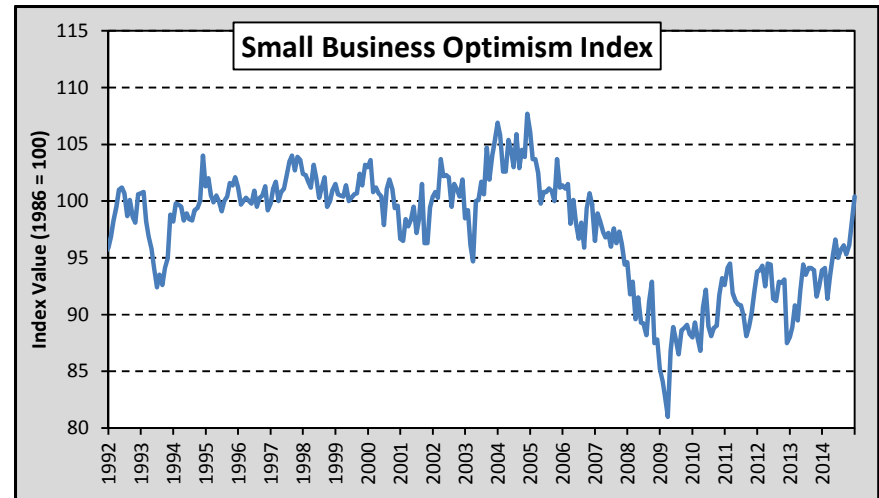
The rolling percentage change in the Leading Economic Indicators index decreased to 6.14% through November

Source: Bloomberg as of 11/30



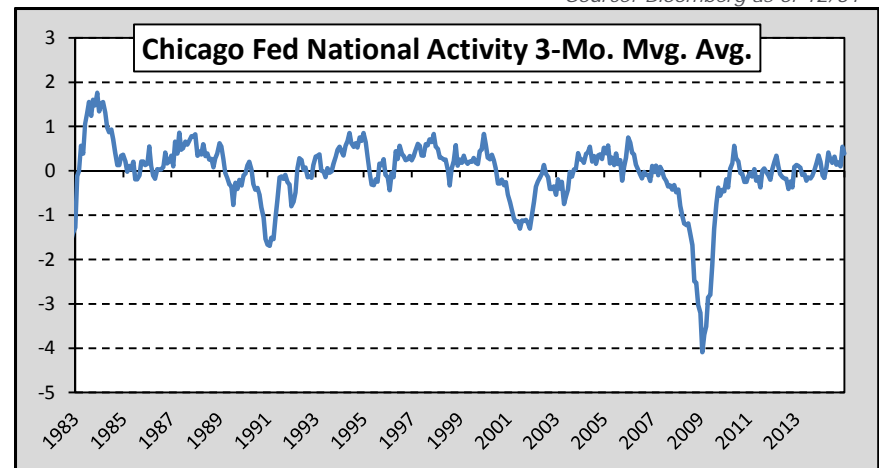
U.S. GDP relative to potential has decreased through the first and second quarters; remaining near historic lows

Source: Bureau of Economic Analysis, Congressional Budget Office as of 6/30



The small business optimism index increased through December

Source: Bloomberg as of 12/31

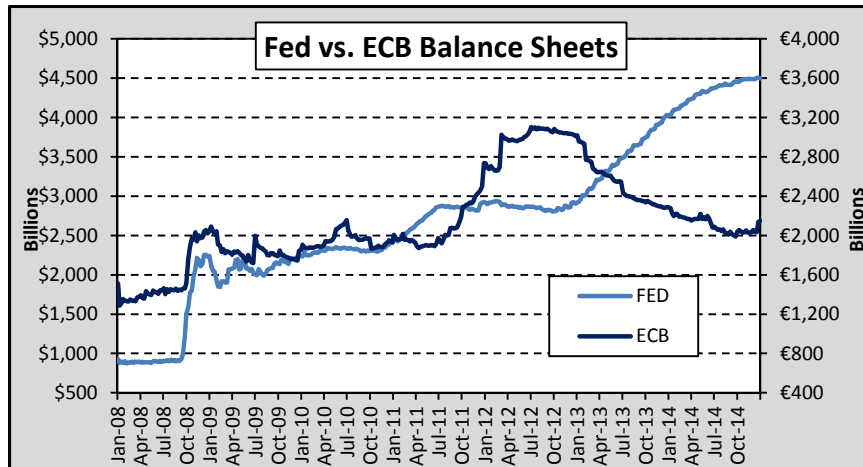


Chicago Fed National Activity 3 Month moving average was positive through December; typically a positive indicator for growth.

Source: Bloomberg as of 12/31

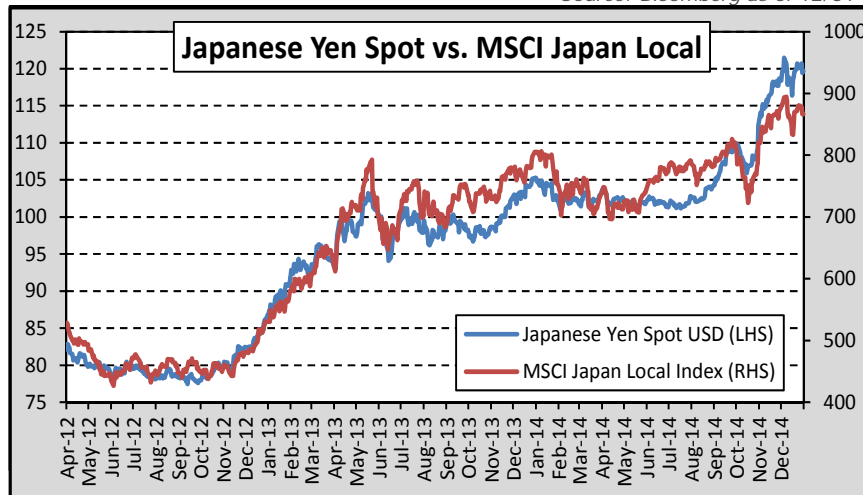
# Ventura County Employees' Retirement Association

## Economic Environment – Monetary Policy and Banks



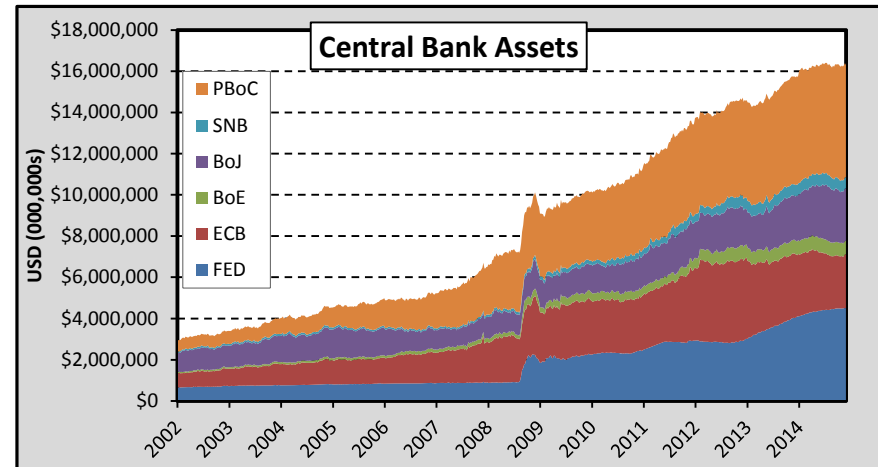
The Federal Reserve Bank balance sheet has increased in 2014 while the European Central Bank balance sheet has decreased

Source: Bloomberg as of 12/31



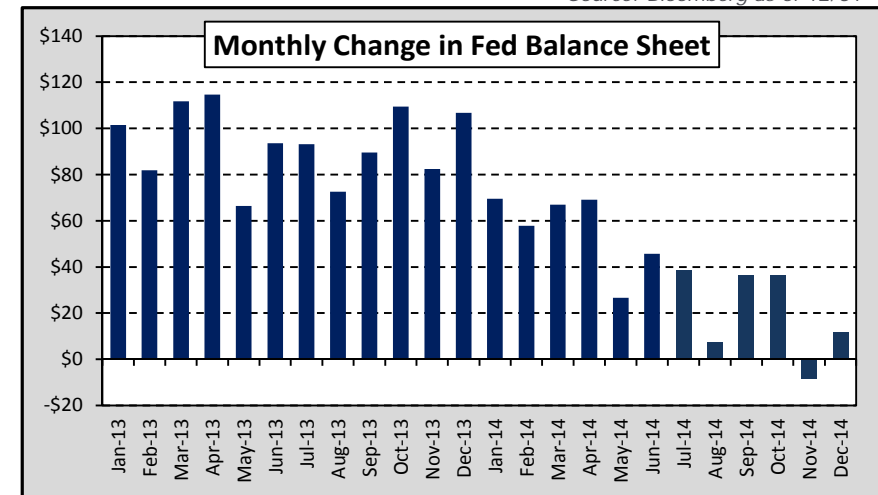
The Japanese Yen has weakened 17.4% relative to the U.S. dollar in 2014; while the MSCI Japan TR Net Local Index returned 17.29%

Source: Bloomberg as of 12/31



Central bank assets worldwide have risen significantly since 2008

Source: Bloomberg as of 12/31

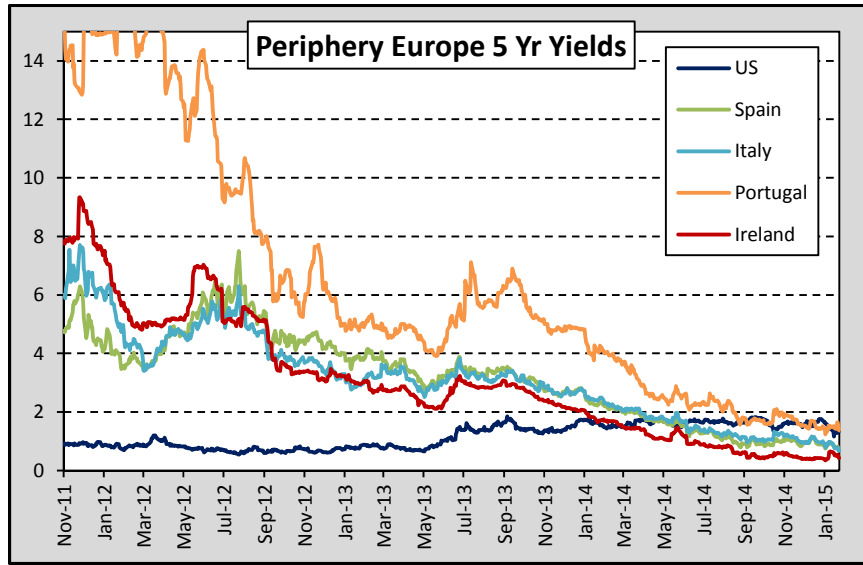


The Fed completed the taper as scheduled

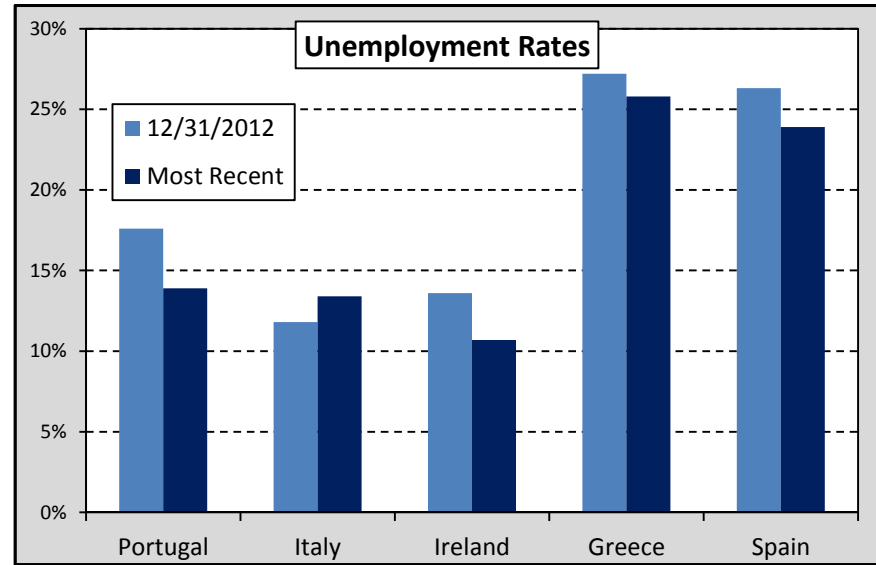
Source: Bloomberg as of 12/31, Values after 11/30 based on market projections

# Ventura County Employees' Retirement Association

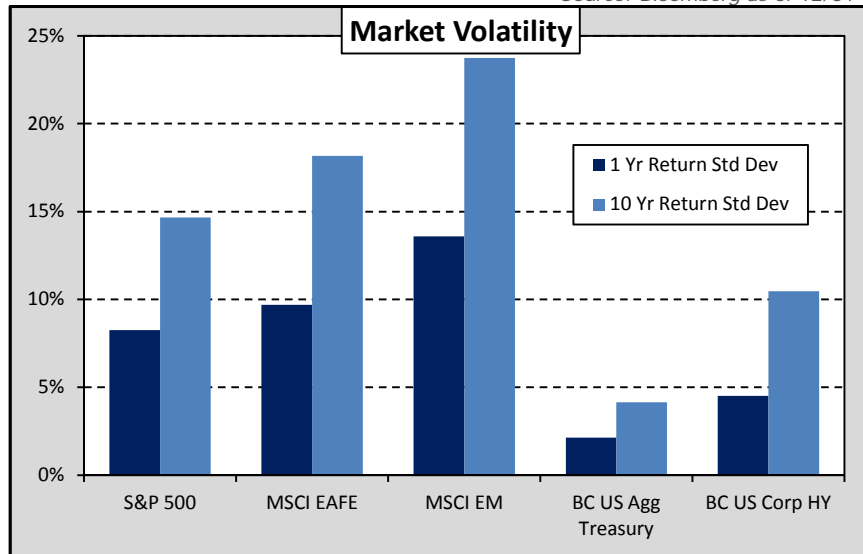
## Looming Macro Uncertainties



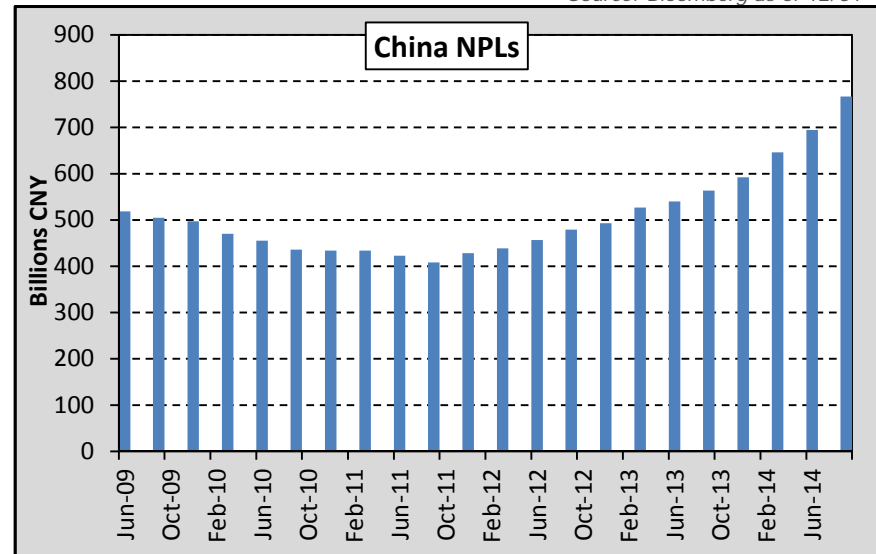
Source: Bloomberg as of 12/31



Source: Bloomberg as of 12/31



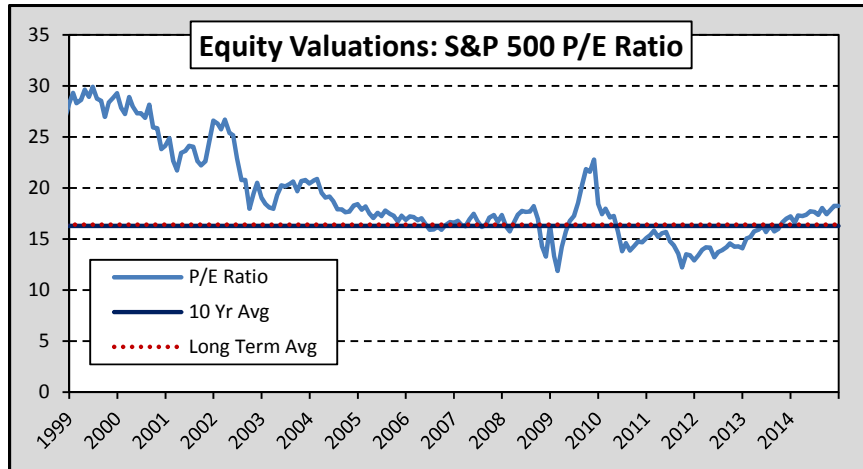
Source: Morningstar as of 12/31



Source: Bloomberg as of 9/30

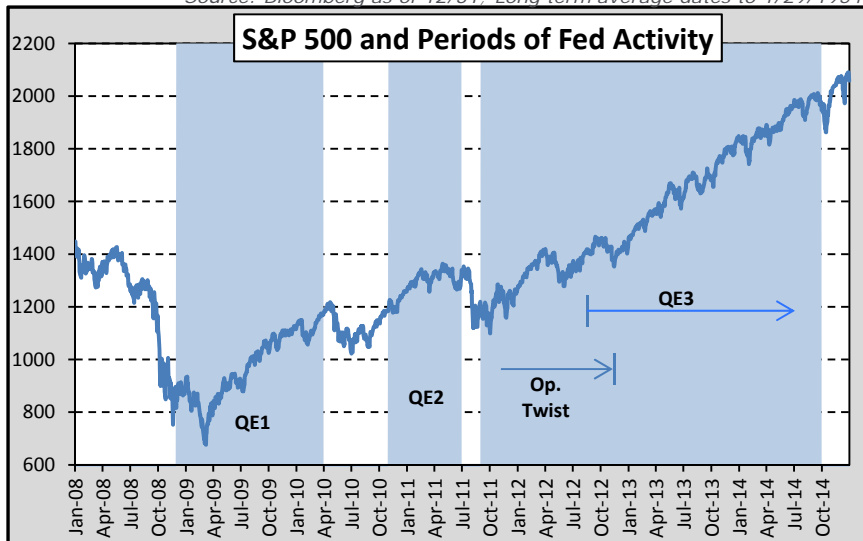
# Ventura County Employees' Retirement Association

## Market Environment – U.S. Equity

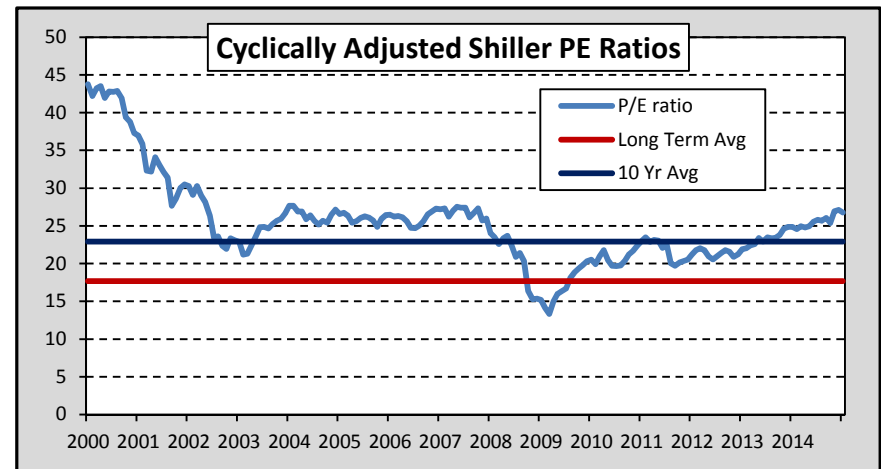


S&P valuations decreased slightly through December remaining above the 10 year and long term averages

Source: Bloomberg as of 12/31; Long term average dates to 1/29/1954

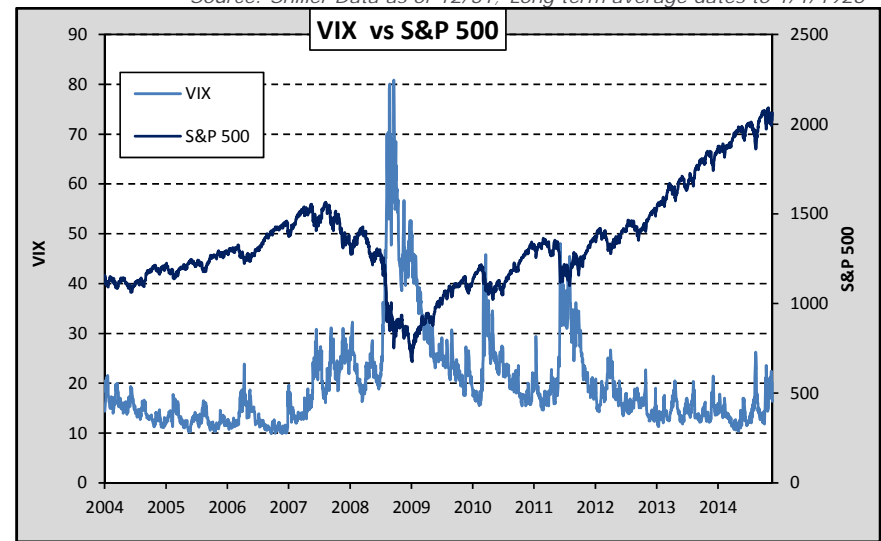


Source: Bloomberg as of 12/31



...The cyclically adjusted Shiller PE Ratio, is above the long term average of 17.66 and slightly above the 10 year average of 22.91

Source: Shiller Data as of 12/31; Long term average dates to 1/1/1926

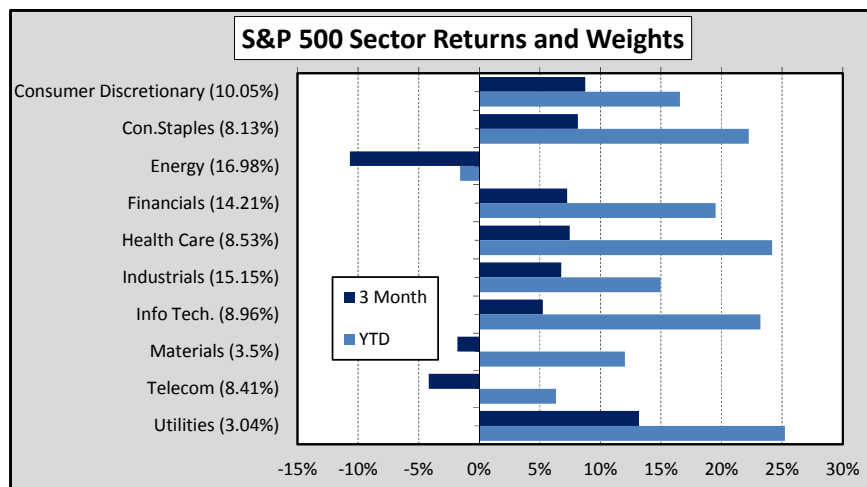


The VIX rose on the month; the S&P 500 declined -0.3% through December

Source: Bloomberg as of 12/31

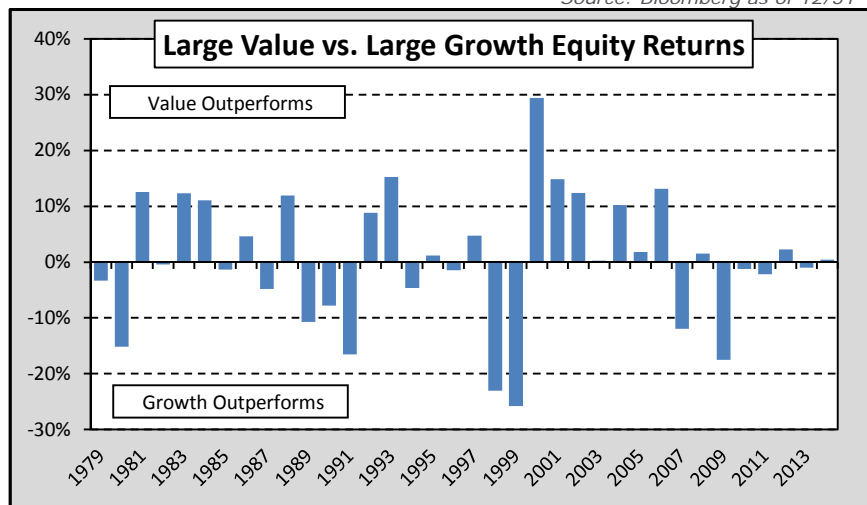
# Ventura County Employees' Retirement Association

## U.S. Stock Market Performance



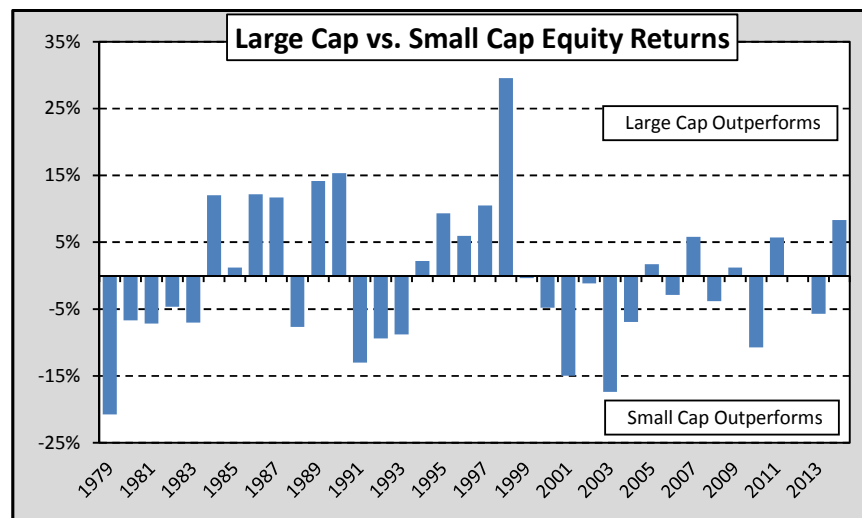
The energy sector was the greatest detractor in the S&P 500 in 2014 with utilities and healthcare providing the highest returns

Source: Bloomberg as of 12/31



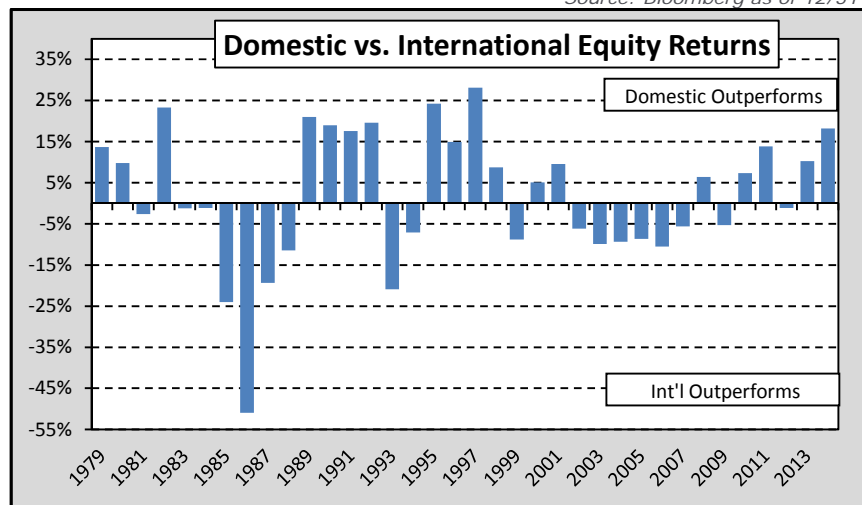
Large growth stocks have slightly outperformed large value in 2014

Source: Bloomberg as of 12/31



Large cap has outperformed small cap in 2014

Source: Bloomberg as of 12/31



Domestic equity has outperformed international equity in 2014

Source: Bloomberg as of 12/31

# Ventura County Employees' Retirement Association

## Non-U.S. Stock Performance

### Developed Market Equity Returns (U.S. Dollars)

	YTD	3-Mo	1 Yr.	3 Yr. Ann.
Europe ex UK	-8.5%	-4.5%	-8.5%	10.3%
United Kingdom	-8.7%	-4.8%	-8.7%	5.5%
Japan	-5.7%	-2.5%	-5.7%	7.6%
Pacific Ex Japan	-4.3%	-2.2%	-4.3%	5.0%
Canada	-0.6%	-5.3%	-0.6%	3.1%
USA	11.1%	4.3%	11.1%	17.9%

### US Dollar Return vs. Major Foreign Currencies

(Negative = Dollar Depreciates, Positive = Dollar Appreciates)

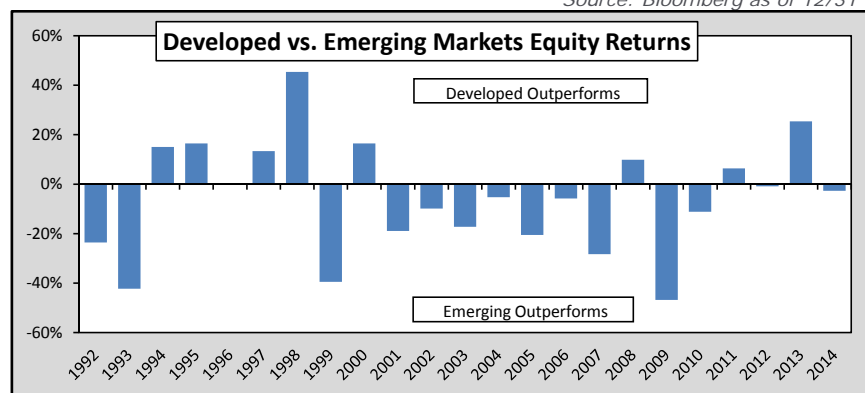
	YTD	3-Mo	1 Yr.	3 Yr. Ann.
Euro	12.0%	4.2%	12.0%	2.3%
Japanese Yen	12.0%	8.4%	12.0%	13.7%
British Pound	5.9%	3.9%	5.9%	-0.1%
Canada	8.6%	3.6%	8.6%	4.2%
Australia	8.4%	6.6%	8.4%	7.1%

### Currency Impact on Developed Mkt. Returns

(Negative = Currency Hurt, Positive = Currency Helped)

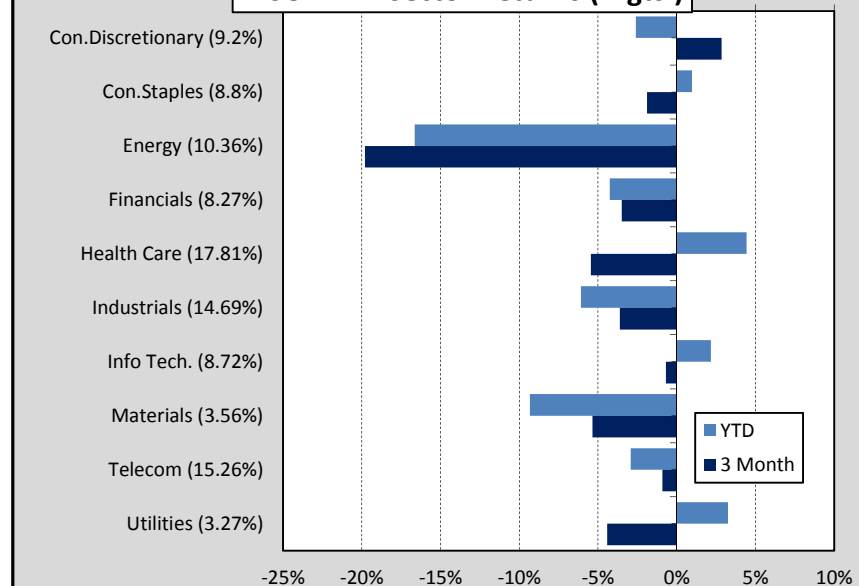
	YTD	3-Mo	1 Yr.	3 Yr. Ann.
MSCI EAFE (Local)	5.9%	1.8%	5.9%	16.4%
MSCI EAFE (USD)	-4.9%	-3.6%	-4.9%	11.1%
Currency Impact	-10.8%	-5.3%	-10.8%	-5.3%

Source: Bloomberg as of 12/31

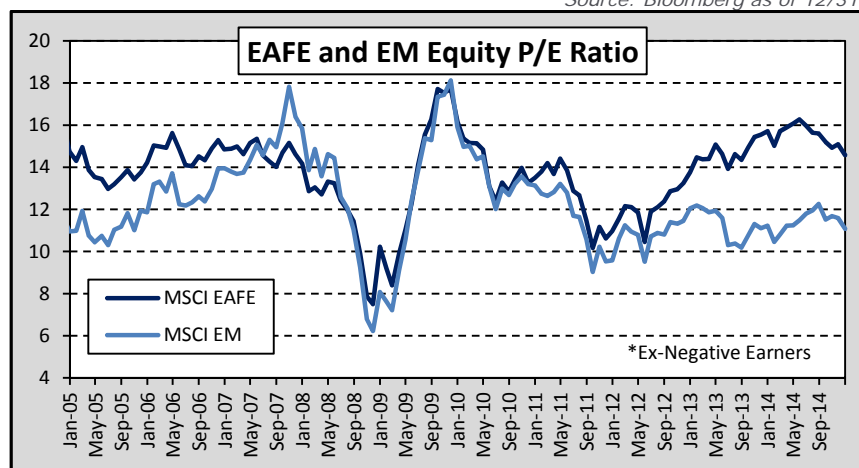


Source: Bloomberg as of 12/31

### MSCI EAFE Sector Returns (Wgts.)



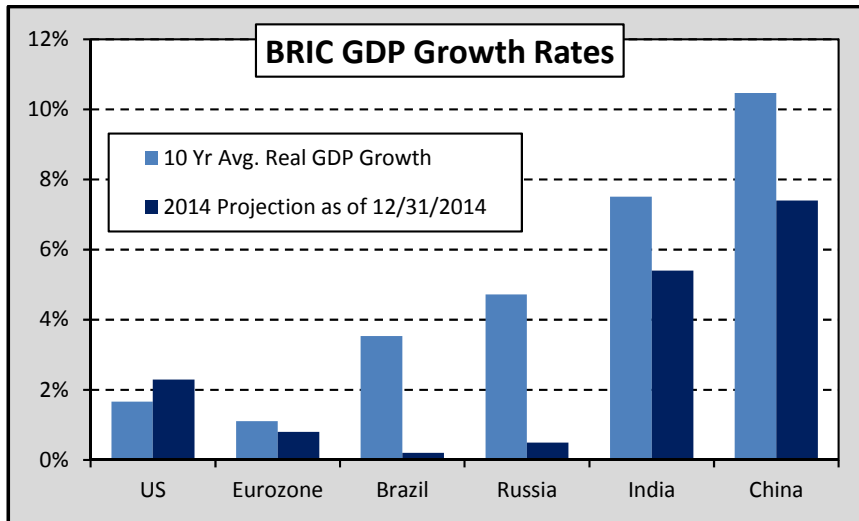
Source: Bloomberg as of 12/31



Source: Bloomberg as of 12/31

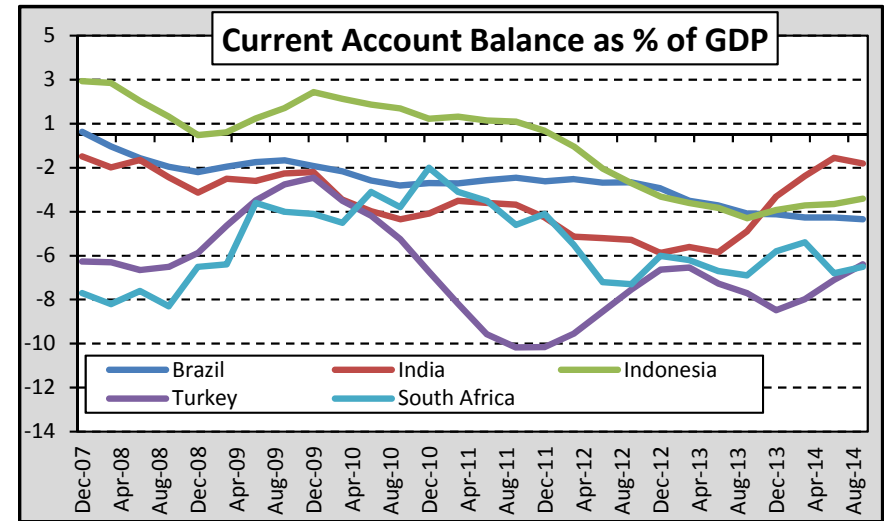
# Ventura County Employees' Retirement Association

## Market Environment – Emerging Markets



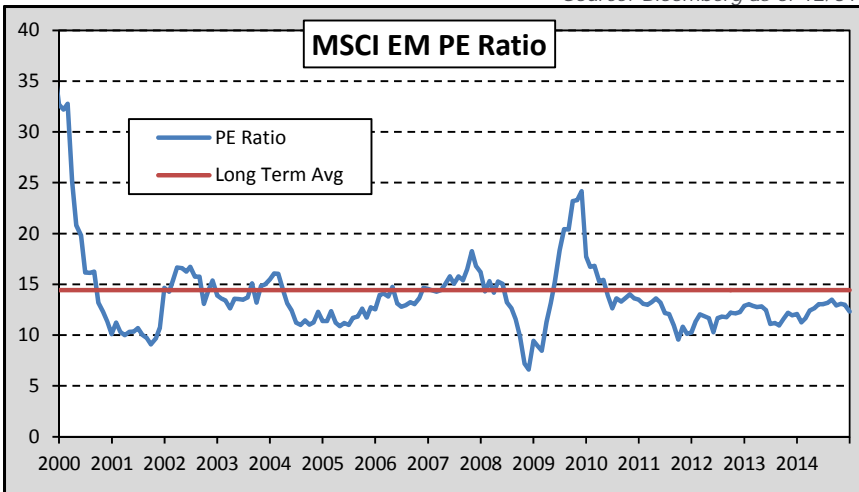
Projected GDP growth rates have declined in emerging market countries

Source: Bloomberg as of 12/31



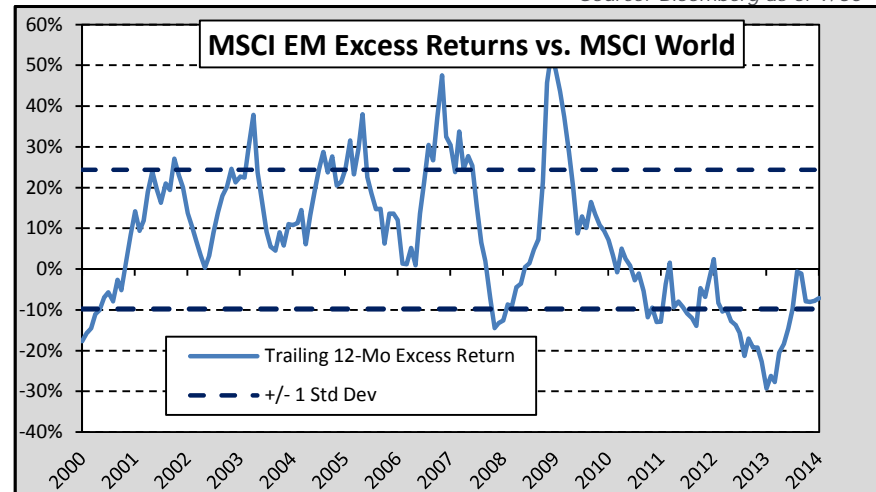
Balance of payment challenged countries have shown signs of improvement

Source: Bloomberg as of 9/30



The MSCI EM PE Ratio remains below its long term average

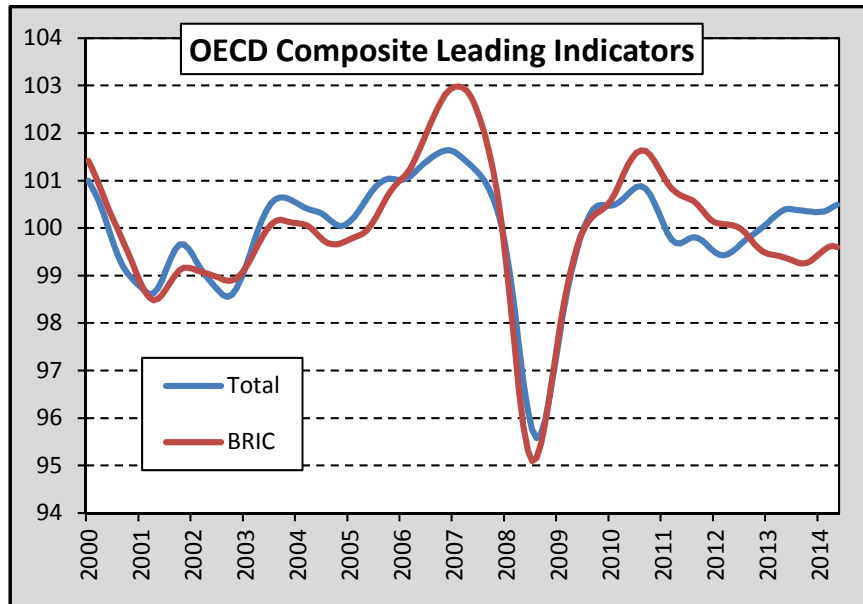
Source: Bloomberg as of 12/31



MSCI EM Rolling 12-Month excess returns relative to MSCI World have moved above the lower bound of the historical range

Source: Bloomberg as of 12/31

## Emerging Markets

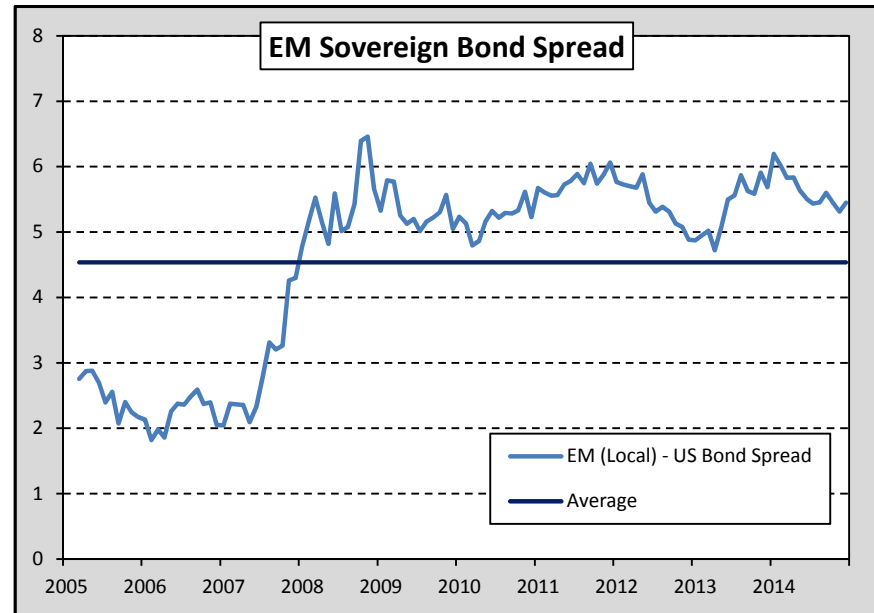


Source: Bloomberg as of 11/30

<b>Emerging Markets Valuation</b>		
	<b>MSCI EM</b>	<b>MSCI EM Small Cap</b>
<b>PE Ratio</b>	12.31	19.33
<b>PE Historical Avg</b>	14.44	18.34
<b>PB Ratio</b>	1.42	1.25
<b>Historical Avg</b>	1.53	1.28
<b>PS Ratio</b>	0.98	0.79
<b>Historical Avg</b>	1.11	0.72

- The MSCI EM index's PE, PB, and PS ended December below their historical averages.
- The MSCI EM Small Cap PE and PS ratios are above historical averages while the PB ratio is below its historical average

Source: Bloomberg as of 12/31



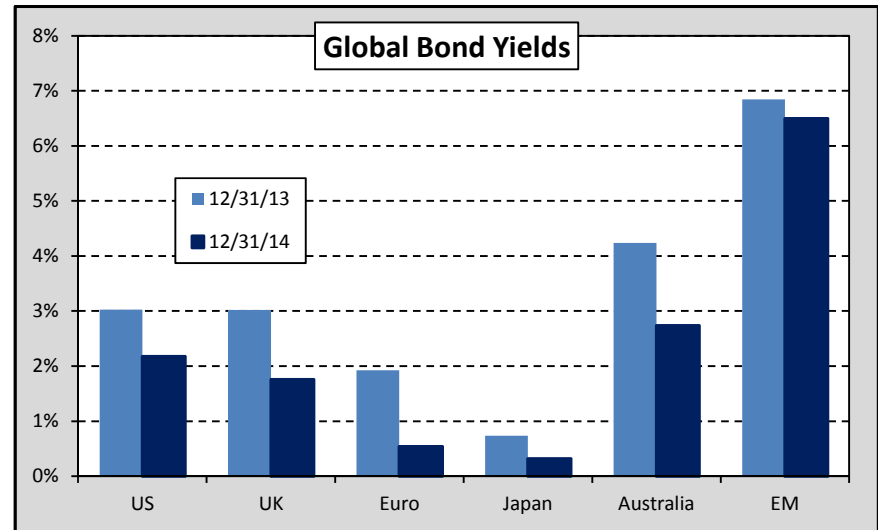
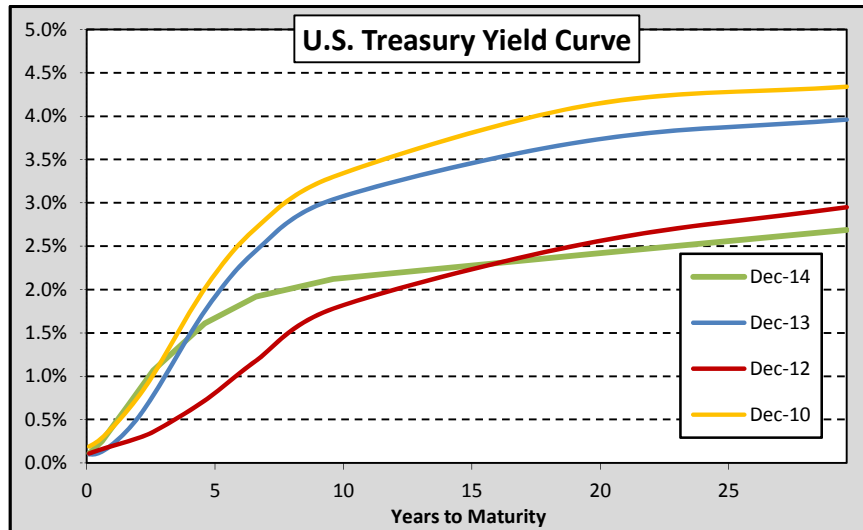
Source: Bloomberg as of 12/31

<b>US Dollar Return vs. Major EM Currencies</b>				
(Negative = Dollar Depreciates, Positive = Dollar Appreciates)				
	<b>YTD</b>	<b>3-Mo</b>	<b>1 Yr.</b>	<b>3 Yr. Ann.</b>
<b>Brazilian Real</b>	10.8%	7.8%	10.8%	11.1%
<b>Russian Ruble</b>	43.3%	31.8%	43.3%	17.9%
<b>Indian Rupee</b>	2.2%	2.1%	2.2%	5.6%
<b>Chinese Renminbi</b>	2.4%	1.1%	2.4%	-0.5%
<b>Singapore Dollar</b>	-0.9%	-0.2%	-0.9%	-0.9%
<b>Hungarian Forint</b>	17.3%	5.9%	17.3%	2.4%
<b>Turkish Lira</b>	7.9%	2.3%	7.9%	6.8%
<b>Mexican Peso</b>	11.7%	9.0%	11.7%	1.8%
<b>So. African Rand</b>	9.1%	2.4%	9.1%	11.3%
<b>So. Korean Won</b>	3.7%	3.2%	3.7%	-2.0%

Source: Bloomberg as of 12/31

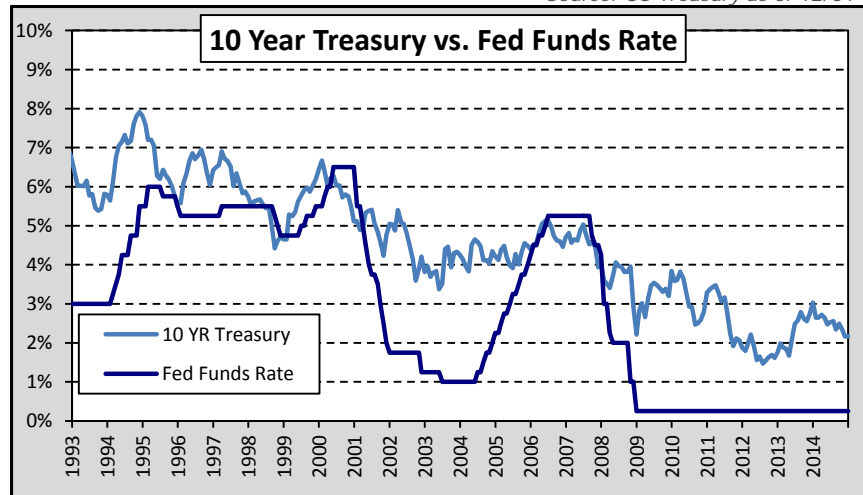
# Ventura County Employees' Retirement Association

## Market Environment – Interest Rates



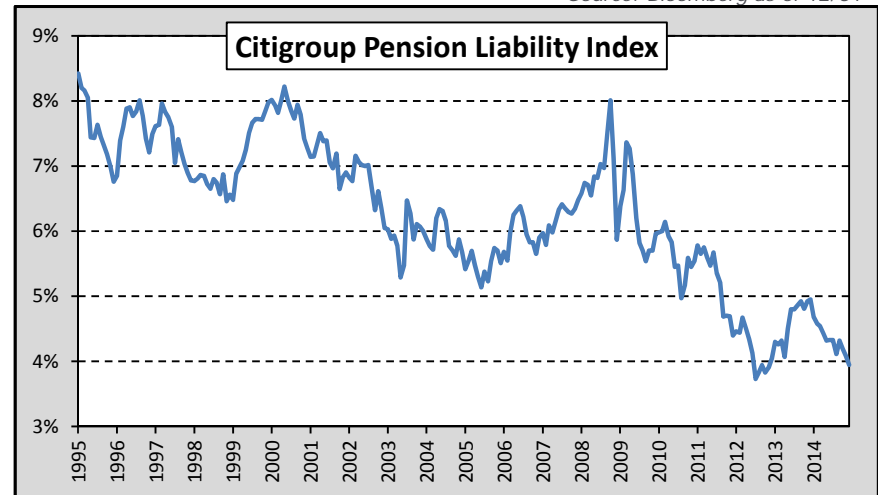
Bond yields across the globe have mostly declined in 2014

Source: Bloomberg as of 12/31



Fed Funds rate target remained at 0.25% while the 10 Yr. Treasury Yield finished December at 2.16%

Source: Bloomberg as of 12/31

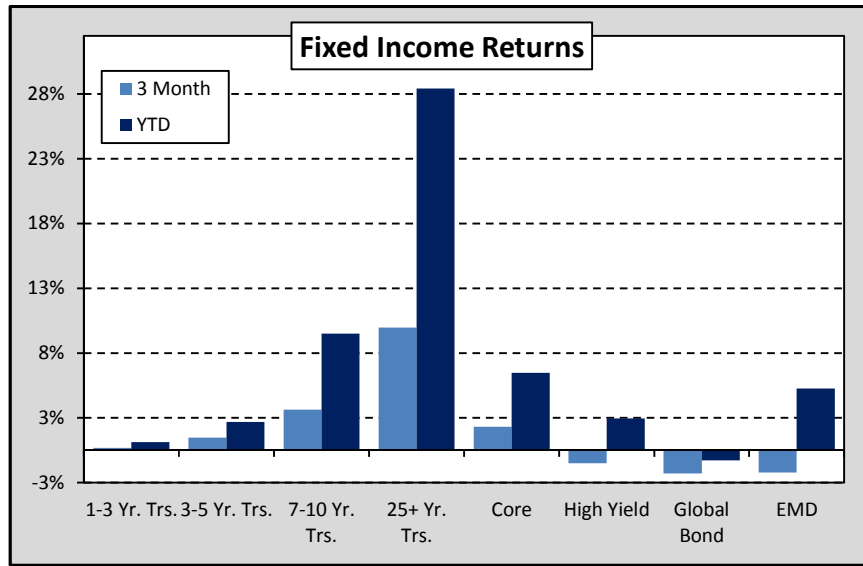


The Citi Pension discount rate decreased to 3.9% through December

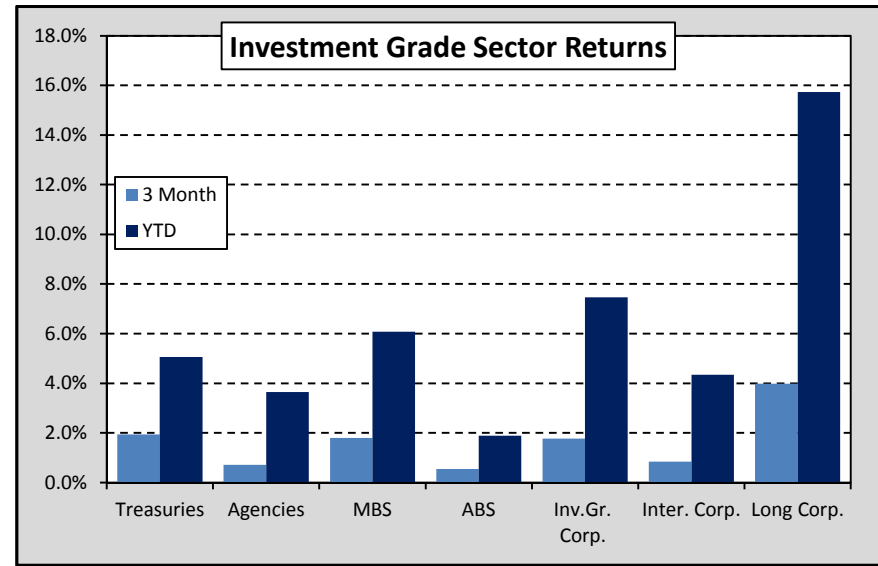
Source: Citigroup as of 12/31

# Ventura County Employees' Retirement Association

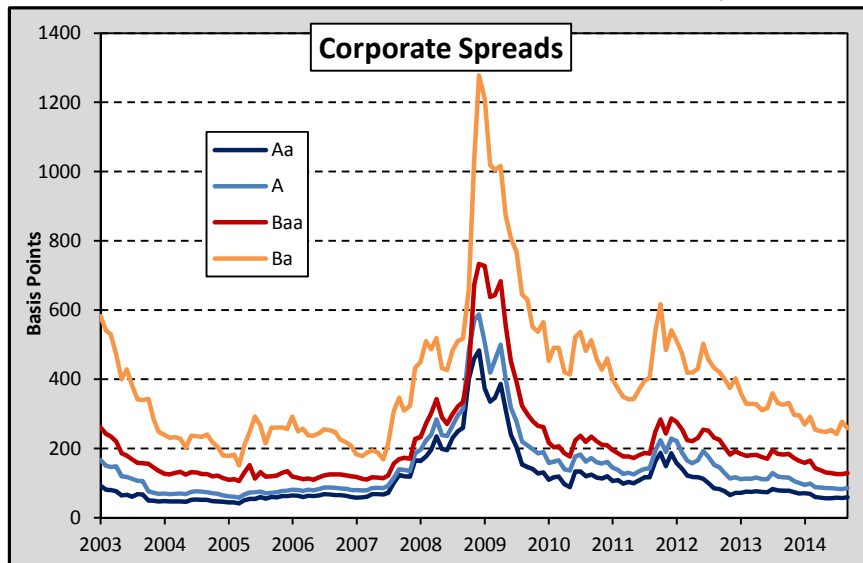
## Fixed Income Performance



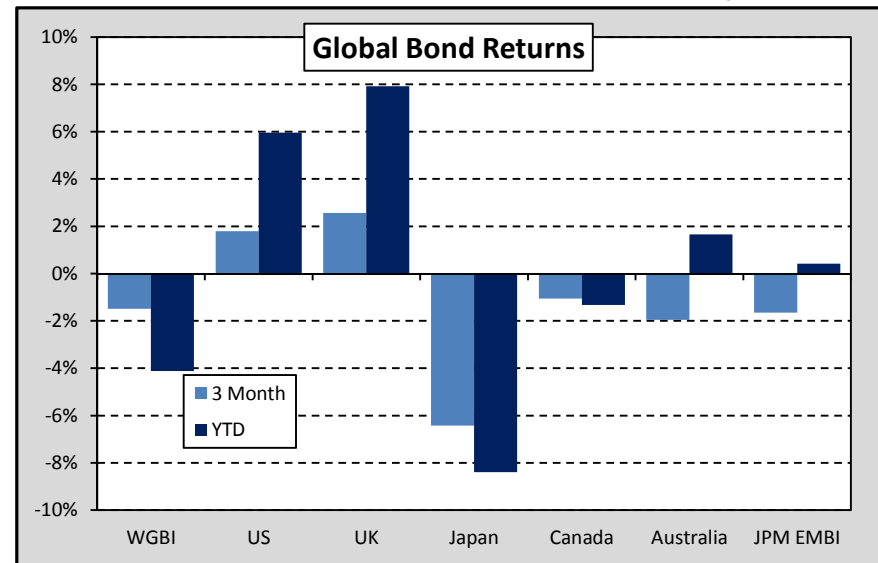
Source: Barclays as of 12/31



Source: Barclays as of 12/31



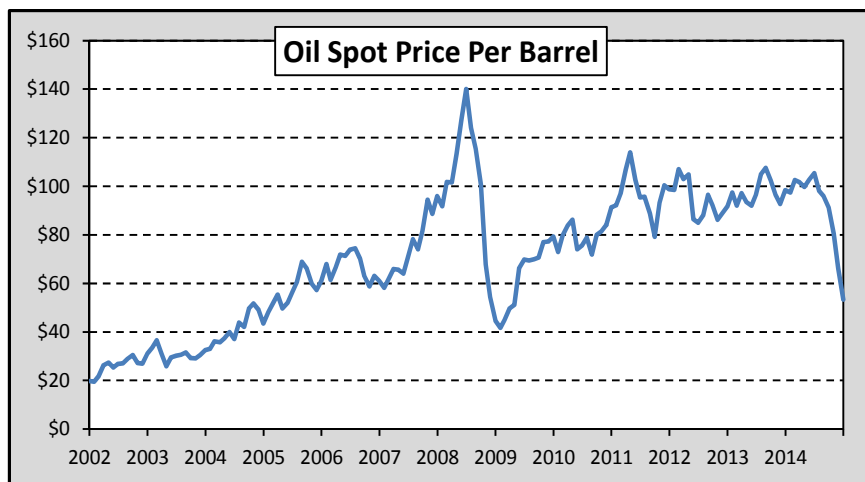
Source: Barclays as of 12/31



Source: Barclays, Bloomberg as of 12/31

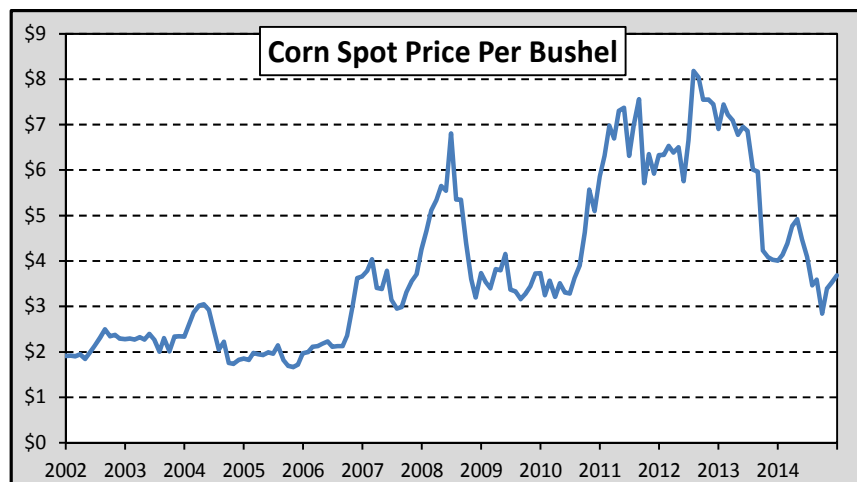
# Ventura County Employees' Retirement Association

## Market Environment – Commodities



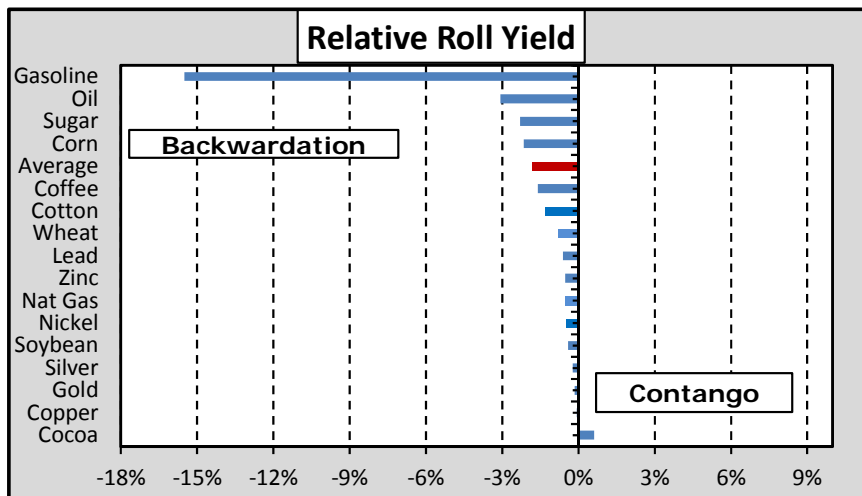
Oil prices finished December down significantly at \$53.27 per barrel

Source: Bloomberg as of 12/31



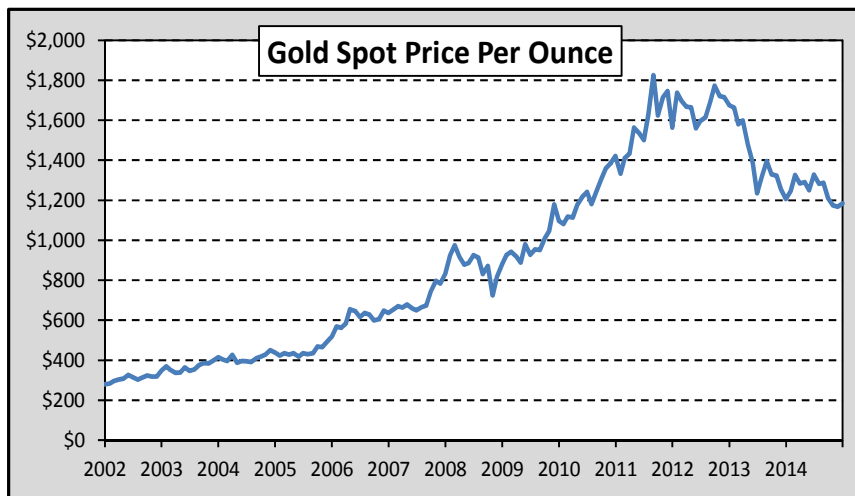
Corn prices finished December up at \$3.68 per bushel

Source: Bloomberg as of 12/31



The backwardation in the gasoline market indicates that the expected future price will be lower than the current spot price.

Source: Bloomberg as of 12/31



Gold prices finished December up at \$1,184.86 per ounce

Source: Bloomberg as of 12/31

- The client's custodian bank is NEPC's preferred data source unless otherwise directed. NEPC reconciles custodian data to manager data. If the custodian cannot provide accurate data, manager data may be used.
- Trailing time period returns are determined by geometrically linking the holding period returns, from the first full month after inception to the report date. Rates of Return are annualized when the time period is longer than a year. Performance is presented gross and/or net of fees as indicated.
- For managers funded in the middle of a month, the 'since inception' return will start with the first full month, although actual inception dates and cash flows are included in all respective Composite calculations.
- This report may contain forward-looking statements that are based on NEPC's estimates, opinions and beliefs, but NEPC cannot guarantee that any plan will achieve its targeted return or meet other goals.

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- **Past performance is no guarantee of future results.**
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## Glossary of Investment Terminology—Risk Statistics

**Alpha** - Measures the relationship between the fund performance and the performance of another fund or benchmark index and equals the excess return while the other fund or benchmark index is zero.

**Alpha Jensen** - The average return on a portfolio over and above that predicted by the capital asset pricing model (CAPM), given the portfolio's beta and the average market return. Also known as the abnormal return or the risk adjusted excess return.

**Annualized Excess Return over Benchmark** - Annualized fund return minus the annualized benchmark return for the calculated return.

**Annualized Return** - A statistical technique whereby returns covering periods greater than one year are converted to cover a 12 month time span.

**Beta** - Measures the volatility or systematic risk and is equal to the change in the fund's performance in relation to the change in the assigned index's performance.

**Information Ratio** - A measure of the risk adjusted return of a financial security, asset, or portfolio.

*Formula:*

*(Annualized Return of Portfolio - Annualized Return of Benchmark)/Annualized Standard Deviation(Period Portfolio Return - Period Benchmark Return). To annualize standard deviation, multiply the deviation by the square root of the number of periods per year where monthly returns per year equals 12 and quarterly returns is four periods per year.*

**R-Squared** - Represents the percentage of a fund's movements that can be explained by movements in an index. R-Squared values range from 0 to 100. An R-Squared of 100 denotes that all movements of a fund are completely explained by movements in the index.

**Sharpe Ratio** - A measure of the excess return or risk premium per unit of risk in an investment asset or trading strategy.

**Sortino Ratio** - A method to differentiate between good and bad volatility in the Sharpe Ratio. The differentiation of up and down volatility allows the calculation to provide a risk adjusted measure of a security or fund's performance without upward price change penalties.

*Formula:*

*Calculation Average (X-Y)/Downside Deviation (X-Y) \* 2*

*Where X=Return Series X Y = Return Series Y which is the risk free return (91 day T-bills)*

**Standard Deviation** - The standard deviation is a statistical term that describes the distribution of results. It is a commonly used measure of volatility of returns of a portfolio, asset class, or security. The higher the standard deviation the more volatile the returns are.

*Formula:*

*(Annualized Return of Portfolio - Annualized Return of Risk Free) / Annualized Standard Deviation (Portfolio Returns)*

**Tracking Error** - Tracking error, also known as residual risk, is a measure of the degree to which a portfolio tracks its benchmark. It is also a measure of consistency of excess returns. Tracking error is computed as the annualized standard deviation of the difference between a portfolio's return and that of its benchmark.

*Formula:*

*Tracking Error = Standard Deviation (X-Y) \*  $\sqrt{(\text{\# of periods per year})}$*

*Where X = periods portfolio return and Y = the period's benchmark return*

*For monthly returns, the periods per year = 12*

*For quarterly returns, the periods per year = 4*

**Treynor Ratio** - A risk-adjusted measure of return based on systematic risk. Similar to the Sharpe ratio with the difference being the Treynor ratio uses beta as the measurement of volatility.

*Formula:*

*(Portfolio Average Return - Average Return of Risk-Free Rate)/Portfolio Beta*

**Up/Down Capture Ratio** - A measure of what percentage of a market's returns is "captured" by a portfolio. For example, if the market declines 10% over some period, and the manager declines only 9%, then his or her capture ratio is 90%. In down markets, it is advantageous for a manager to have as low a capture ratio as possible. For up markets, the higher the capture ratio the better. Looking at capture ratios can provide insight into how a manager achieves excess returns. A value manager might typically have a lower capture ratio in both up and down markets, achieving excess returns by protecting on the downside, whereas a growth manager might fall more than the overall market in down markets, but achieve above-market returns in a rising market.

*UpsideCapture = TotalReturn(FundReturns)/TotalReturns(BMReturn) when Period Benchmark Return is > = 0*

*DownsideCapture = TotalReturn(FundReturns)/TotalReturns(BMReturn) when Benchmark < 0*

*Data Source: InvestorForce*

## Glossary of Investment Terminology

**# Of Portfolios/Observations<sup>1</sup>** – The total number of data points that make up a specified universe

**Allocation Index<sup>3</sup>** - The allocation index measures the value added (or subtracted) to each portfolio by active management. It is calculated monthly: The portfolio asset allocation to each category from the prior month-end is multiplied by a specified market index.

**Asset Allocation Effect<sup>2</sup>** - Measures an investment manager's ability to effectively allocate their portfolio's assets to various sectors. The allocation effect determines whether the overweighting or underweighting of sectors relative to a benchmark contributes positively or negatively to the overall portfolio return. Positive allocation occurs when the portfolio is over weighted in a sector that outperforms the benchmark and underweighted in a sector that underperforms the benchmark. Negative allocation occurs when the portfolio is over weighted in a sector that underperforms the benchmark and under weighted in a sector that outperforms the benchmark.

**Agency Bonds (Agencies)<sup>3</sup>** - The full faith and credit of the United States government is normally not pledged to payment of principal and interest on the majority of government agencies issuing these bonds, with maturities of up to ten years. Their yields, therefore, are normally higher than government and their marketability is good, thereby qualifying them as a low risk-high liquidity type of investment. They are eligible as security for advances to the member banks by the Federal Reserve, which attests to their standing.

**Asset Backed Securities (ABS)<sup>3</sup>** - Bonds which are similar to mortgage-backed securities but are collateralized by assets other than mortgages; commonly backed by credit card receivables, auto loans, or other types of consumer financing.

**Attribution<sup>3</sup>** - Attribution is an analytical technique that allows us to evaluate the performance of the portfolio relative to the benchmark. A proper attribution tells us where value was added or subtracted as a result of the manager's decisions.

**Average Effective Maturity<sup>4</sup>** - For a single bond, it is a measure of maturity that takes into account the possibility that a bond might be called back to the issuer.

For a portfolio of bonds, average effective maturity is the weighted average of the maturities of the underlying bonds. The measure is computed by weighing each bond's maturity by its market value with respect to the portfolio and the likelihood of any of the bonds being called. In a pool of mortgages, this would also account for the likelihood of prepayments on the mortgages.

**Batting Average<sup>1</sup>** - A measurement representing an investment manager's ability to meet or beat an index.

*Formula: Divide the number of days (or months, quarters, etc.) in which the manager beats or matches the index by the total number of days (or months, quarters, etc.) in the period of question and multiply that factor by 100.*

**Brinson Fachler (BF) Attribution<sup>1</sup>** - The BF methodology is a highly accepted industry standard for calculating the allocation, selection, and interaction effects within a portfolio that collectively explains a portfolio's underlying performance. The main advantage of the BF methodology is that rather than using the overall return of the benchmark, it goes a level deeper than BHB and measures whether the benchmark sector, country, etc. outperformed/or underperformed the overall benchmark.

**Brinson Hood Beebower (BHB) Attribution<sup>1</sup>** - The BHB methodology shows that excess return must be equal to the sum of all other factors (i.e., allocation effect, selection effect, interaction effect, etc.). The advantage to using the BHB methodology is that it is a highly accepted industry standard for calculating the allocation, selection, and interaction effects within a portfolio that collectively explains a portfolio's underlying performance.

**Corporate Bond (Corp)<sup>4</sup>** - A debt security issued by a corporation and sold to investors. The backing for the bond is usually the payment ability of the company, which is typically money to be earned from future operations. In some cases, the company's physical assets may be used as collateral for bonds.

**Correlation<sup>1</sup>** - A range of statistical relationships between two or more random variables or observed data values. A correlation is a single number that describes the degree of relationship between variables.

Data Source: <sup>1</sup>InvestorForce, <sup>2</sup>Interaction Effect Performance Attribution, <sup>3</sup>NEPC, LLC, <sup>4</sup>Investopedia, <sup>5</sup>Hedgeco.net

## Glossary of Investment Terminology

**Coupon<sup>4</sup>** – The interest rate stated on a bond when it is issued. The coupon is typically paid semiannually. This is also referred to as the "coupon rate" or "coupon percent rate."

**Currency Effect<sup>1</sup>** - Is the effect that changes in currency exchange rates over time affect excess performance.

**Derivative Instrument<sup>3</sup>** - A financial obligation that derives its precise value from the value of one or more other instruments (or assets) at the same point of time. For example, the relationship between the value of an S&P 500 futures contract (the derivative instrument in this case) is determined by the value of the S&P 500 Index and the value of a U.S. Treasury bill that matures at the expiration of the futures contract.

**Downside Deviation<sup>1</sup>** - Equals the standard deviation of negative return or the measure of downside risk focusing on the standard deviation of negative returns.

*Formula:*

*Annualized Standard Deviation (Fund Return - Average Fund Return) where average fund return is greater than individual fund returns, monthly or quarterly.*

**Duration<sup>3</sup>** - Duration is a measure of interest rate risk. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates. A bond's duration is inversely related to interest rates and directly related to time to maturity.

**Equity/Debt/Cash Ratio<sup>1</sup>** – The percentage of an investment or portfolio that is in Equity, Debt, and/or Cash (i.e. A 7/89/4 ratio represents an investment that is made up of 7% Equity, 89% Debt, and 4% Cash).

**Foreign Bond<sup>3</sup>** - A bond that is issued in a domestic market by a foreign entity, in the domestic market's currency. A foreign bond is most often issued by a foreign firm to raise capital in a domestic market that would be most interested in purchasing the firm's debt. For foreign firms doing a large amount of business in the domestic market, issuing foreign bonds is a common practice.

**Hard Hurdle<sup>5</sup>** – is a hurdle rate that once beaten allows a fund manager to charge a performance fee on only the funds above the specified hurdle rate.

**High-Water Mark<sup>4</sup>** - The highest peak in value that an investment fund/account has reached. This term is often used in the context of fund manager compensation, which is performance based. Some performance-based fees only get paid when fund performance exceeds the high-water mark. The high-water mark ensures that the manager does not get paid large sums for poor performance.

**Hurdle Rate<sup>4</sup>** - The minimum rate of return on an investment required, in order for a manager to collect incentive fees from the investor, which is usually tied to a benchmark.

**Interaction Effects<sup>2</sup>** - The interaction effect measures the combined impact of an investment manager's selection and allocation decisions within a sector. For example, if an investment manager had superior selection and over weighted that particular sector, the interaction effect is positive. If an investment manager had superior selection, but underweighted that sector, the interaction effect is negative. In this case, the investment manager did not take advantage of the superior selection by allocating more assets to that sector. Since many investment managers consider the interaction effect to be part of the selection or the allocation, it is often combined with the either effect.

**Median<sup>3</sup>** - The value (rate of return, market sensitivity, etc.) that exceeds one-half of the values in the population and that is exceeded by one-half of the values. The median has a percentile rank of 50.

**Modified Duration<sup>3</sup>** - The percentage change in the price of a fixed income security that results from a change in yield.

**Mortgage Backed Securities (MBS)<sup>3</sup>** - Bonds which are a general obligation of the issuing institution but are also collateralized by a pool of mortgages.

**Municipal Bond (Muni)<sup>4</sup>** - A debt security issued by a state, municipality or county to finance its capital expenditures.

**Net Investment Change<sup>1</sup>** – Is the change in an investment after accounting for all Net Cash Flows.

**Performance Fee<sup>4</sup>** - A payment made to a fund manager for generating positive returns. The performance fee is generally calculated as a percentage of investment profits, often both realized and unrealized.

*Data Source: <sup>1</sup>InvestorForce, <sup>2</sup>Interaction Effect Performance Attribution, <sup>3</sup>NEPC, LLC, <sup>4</sup>Investopedia, <sup>5</sup>Hedgeco.net*

## Glossary of Investment Terminology

**Policy Index<sup>3</sup>** - A custom benchmark designed to indicate the returns that a passive investor would earn by consistently following the asset allocation targets set forth in this investment policy statement.

**Price to Book (P/B)<sup>4</sup>** - A ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share, also known as the "price-equity ratio".

**Price to Earnings (P/E)<sup>3</sup>** - The weighted equity P/E is based on current price and trailing 12 months earnings per share (EPS).

**Price to Sales (P/S)<sup>4</sup>** - A ratio for valuing a stock relative to its own past performance, other companies, or the market itself. Price to sales is calculated by dividing a stock's current price by its revenue per share for the trailing 12 months.

**Return on Equity (ROE)<sup>4</sup>** - The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

**Selection (or Manager) Effect<sup>2</sup>** - Measures the investment manager's ability to select securities within a given sector relative to a benchmark. The over or underperformance of the portfolio is weighted by the benchmark weight, therefore, selection is not affected by the manager's allocation to the sector. The weight of the sector in the portfolio determines the size of the effect—the larger the sector, the larger the effect is, positive or negative.

**Soft Hurdle rate<sup>5</sup>** - is a hurdle rate that once beaten allows a fund manager to charge a performance fee based on the entire annualized return.

**Tiered Fee<sup>1</sup>** - A fee structure that is paid to fund managers based on the size of the investment (i.e. 1.00% fee on the first \$10M invested, 0.90% on the next \$10M, and 0.80% on the remaining balance).

**Total Effects<sup>2</sup>** - The active management (total) effect is the sum of the selection, allocation, and interaction effects. It is also the difference between the total portfolio return and the total benchmark return. You can use the active management effect to determine the amount the investment manager has added to a portfolio's return.

**Total Return<sup>1</sup>** - The actual rate of return of an investment over a specified time period. Total return includes interest, capital gains, dividends, and distributions realized over a defined time period.

**Universe<sup>3</sup>** - The list of all assets eligible for inclusion in a portfolio.

**Upside Deviation<sup>1</sup>** - Standard Deviation of Positive Returns

**Weighted Avg. Market Cap.<sup>4</sup>** - A stock market index weighted by the market capitalization of each stock in the index. In such a weighting scheme, larger companies account for a greater portion of the index. Most indexes are constructed in this manner, with the best example being the S&P 500.

**Yield (%)<sup>3</sup>** - The current yield of a security is the current indicated annual dividend rate divided by current price.

**Yield to Maturity<sup>3</sup>** - The discount rate that equates the present value of cash flows, both principal and interest, to market price.

Data Source: <sup>1</sup>InvestorForce, <sup>2</sup>Interaction Effect Performance Attribution, <sup>3</sup>NEPC, LLC, <sup>4</sup>Investopedia, <sup>5</sup>Hedgeco.net



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## Ventura County Employees' Retirement Association

**Performance Report**  
**Month Ending January 31, 2015**

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# Ventura County Employees' Retirement Association

## Total Fund Performance Detail Net of Fees

### Performance Summary

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Total Fund</b>	<b>4,283,341,413</b>	<b>100.0</b>	<b>100.0</b>	<b>-0.7</b>	<b>-0.4</b>	<b>-0.7</b>	<b>-0.8</b>	<b>7.7</b>	<b>11.0</b>	<b>10.8</b>	<b>6.5</b>	<b>8.2</b>	<b>Apr-94</b>
Policy Index				-0.8	-0.1	-0.8	0.3	7.9	10.6	10.3	6.6	8.2	Apr-94
Over/Under				0.1	-0.3	0.1	-1.1	-0.2	0.4	0.5	-0.1	0.0	
Allocation Index				-1.2	-0.5	-1.2	-0.6	7.7	9.9	9.8	6.3	--	Apr-94
<b>Total Fund ex Clifton</b>	<b>4,262,307,070</b>	<b>99.5</b>	<b>--</b>	<b>-0.6</b>	<b>-0.3</b>	<b>-0.6</b>	<b>-0.7</b>	<b>7.8</b>	<b>10.9</b>	<b>10.7</b>	<b>6.4</b>	<b>8.2</b>	<b>Apr-94</b>
<b>Total Fund ex Private Equity</b>	<b>4,171,686,354</b>	<b>97.4</b>	<b>--</b>	<b>-0.8</b>	<b>-0.5</b>	<b>-0.8</b>	<b>-1.1</b>	<b>7.4</b>	<b>10.1</b>	<b>--</b>	<b>--</b>	<b>11.2</b>	<b>Jan-12</b>
Policy Index				-0.8	-0.1	-0.8	0.3	7.9	10.6	10.3	6.6	11.7	Jan-12
Over/Under				0.0	-0.4	0.0	-1.4	-0.5	-0.5			-0.5	
<b>Total US Equity</b>	<b>1,357,748,515</b>	<b>31.7</b>	<b>30.0</b>	<b>-2.8</b>	<b>-0.4</b>	<b>-2.8</b>	<b>2.2</b>	<b>12.9</b>	<b>17.7</b>	<b>16.2</b>	<b>7.5</b>	<b>9.0</b>	<b>Dec-93</b>
Total U.S. Equity Benchmark				-2.8	-0.4	-2.8	2.2	12.8	17.4	15.9	8.0	9.3	Dec-93
Over/Under				0.0	0.0	0.0	0.0	0.1	0.3	0.3	-0.5	-0.3	
BlackRock Equity Market Fund	1,177,025,217	27.5		-2.8	-0.4	-2.8	2.3	13.0	17.4	15.9	--	7.1	Dec-07
Dow Jones U.S. Total Stock Market				-2.8	-0.4	-2.8	2.2	12.9	17.4	15.9	8.1	7.1	Dec-07
Over/Under				0.0	0.0	0.0	0.1	0.1	0.0	0.0		0.0	
Western U.S. Index Plus	135,011,136	3.2		-2.9	-0.6	-2.9	2.9	14.6	19.2	17.8	--	3.1	May-07
S&P 500				-3.0	-0.6	-3.0	2.9	14.2	17.5	15.6	7.6	5.8	May-07
Over/Under				0.1	0.0	0.1	0.0	0.4	1.7	2.2		-2.7	
BlackRock Extended Equity Index	45,712,161	1.1		-1.9	0.3	-1.9	-0.6	7.6	17.1	17.1	9.5	12.3	Oct-02
Dow Jones U.S. Completion Total Stock Market				-1.9	0.4	-1.9	-0.6	7.5	16.9	16.9	9.4	12.3	Oct-02
Over/Under				0.0	-0.1	0.0	0.0	0.1	0.2	0.2	0.1	0.0	

Policy Index: Uses an estimated CPI+4% index due to CPI monthly lag

Policy Index: Currently, 30% Total U.S. Equity Benchmark, 19% Barclays Aggregate, 14% MSCI ACWI ex U.S., 10% MSCI ACWI, 5% Barclays Global Aggregate, 5% DJ U.S. Total Stock Market Index + 3%, 10% CPI+4% Index, and 7% NCREIF ODCE Real Estate Index

Total U.S. Equity Benchmark: The Benchmark is a dynamic hybrid using the respective managers' market value weights within the U.S. Equity component toward their benchmark. Prior to May 2013, the Dow Jones U.S. Total Stock Market Index. Prior to May 2007, the Russell 3000 Index

CPI+4% is estimated for latest month.

# Ventura County Employees' Retirement Association

## Total Fund Performance Detail Net of Fees

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Total Non-US Equity</b>	<b>597,622,220</b>	<b>14.0</b>	<b>14.0</b>	<b>-0.1</b>	<b>-2.2</b>	<b>-0.1</b>	<b>-8.4</b>	<b>0.9</b>	<b>7.5</b>	<b>6.2</b>	<b>5.3</b>	<b>6.5</b>	<b>Mar-94</b>
Total Non-US Equity Benchmark				<u>-0.1</u>	<u>-3.1</u>	<u>-0.1</u>	<u>-9.1</u>	<u>0.6</u>	<u>6.6</u>	<u>5.4</u>	<u>5.3</u>	<u>5.2</u>	Mar-94
Over/Under				0.0	0.9	0.0	0.7	0.3	0.9	0.8	0.0	1.3	
BlackRock ACWI ex-U.S. Index	248,712,418	5.8		-0.2	-2.9	-0.2	-9.3	0.3	6.9	5.8	--	1.3	Mar-07
MSCI ACWI ex USA				<u>-0.1</u>	<u>-3.1</u>	<u>-0.1</u>	<u>-9.1</u>	<u>0.6</u>	<u>6.6</u>	<u>5.4</u>	<u>5.3</u>	<u>0.9</u>	Mar-07
Over/Under				-0.1	0.2	-0.1	-0.2	-0.3	0.3	0.4		0.4	
Sprucegrove	179,925,988	4.2		-0.2	-1.3	-0.2	-8.9	0.9	8.2	7.5	5.7	7.9	Mar-02
MSCI EAFE				<u>0.5</u>	<u>-1.7</u>	<u>0.5</u>	<u>-8.8</u>	<u>-0.4</u>	<u>9.3</u>	<u>6.4</u>	<u>4.7</u>	<u>6.2</u>	Mar-02
Over/Under				-0.7	0.4	-0.7	-0.1	1.3	-1.1	1.1	1.0	1.7	
MSCI ACWI ex USA				-0.1	-3.1	-0.1	-9.1	0.6	6.6	5.4	5.3	6.9	Mar-02
Hexavest	77,613,666	1.8		0.2	-2.4	0.2	-7.5	0.3	7.7	--	--	4.2	Dec-10
MSCI EAFE				<u>0.5</u>	<u>-1.7</u>	<u>0.5</u>	<u>-8.8</u>	<u>-0.4</u>	<u>9.3</u>	<u>6.4</u>	<u>4.7</u>	<u>4.8</u>	Dec-10
Over/Under				-0.3	-0.7	-0.3	1.3	0.7	-1.6			-0.6	
Walter Scott	91,370,149	2.1		0.1	-1.5	0.1	-5.7	2.9	7.5	--	--	4.1	Dec-10
MSCI ACWI ex USA				<u>-0.1</u>	<u>-3.1</u>	<u>-0.1</u>	<u>-9.1</u>	<u>0.6</u>	<u>6.6</u>	<u>5.4</u>	<u>5.3</u>	<u>2.7</u>	Dec-10
Over/Under				0.2	1.6	0.2	3.4	2.3	0.9			1.4	
<b>Total Global Equity</b>	<b>425,132,406</b>	<b>9.9</b>	<b>10.0</b>	<b>-1.2</b>	<b>-2.3</b>	<b>-1.2</b>	<b>-5.7</b>	<b>4.7</b>	<b>10.4</b>	<b>9.4</b>	<b>--</b>	<b>5.4</b>	<b>May-05</b>
MSCI ACWI				<u>-1.6</u>	<u>-1.8</u>	<u>-1.6</u>	<u>-3.4</u>	<u>6.8</u>	<u>11.4</u>	<u>9.8</u>	<u>6.2</u>	<u>6.4</u>	May-05
Over/Under				0.4	-0.5	0.4	-2.3	-2.1	-1.0	-0.4		-1.0	
BlackRock MSCI ACWI Equity Index	218,985,385	5.1		-1.5	-1.8	-1.5	-3.3	7.2	--	--	--	--	May-12
MSCI ACWI				<u>-1.6</u>	<u>-1.8</u>	<u>-1.6</u>	<u>-3.4</u>	<u>6.8</u>	<u>11.4</u>	<u>9.8</u>	<u>6.2</u>	<u>15.0</u>	May-12
Over/Under				0.1	0.0	0.1	0.1	0.4					
GMO Global Equity	206,147,021	4.8		-0.8	-2.8	-0.8	-8.1	2.1	9.6	9.0	--	6.5	Apr-05
MSCI ACWI				<u>-1.6</u>	<u>-1.8</u>	<u>-1.6</u>	<u>-3.4</u>	<u>6.8</u>	<u>11.4</u>	<u>9.8</u>	<u>6.2</u>	<u>6.4</u>	Apr-05
Over/Under				0.8	-1.0	0.8	-4.7	-4.7	-1.8	-0.8		0.1	

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

# Ventura County Employees' Retirement Association

## Total Fund Performance Detail Net of Fees

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Total US Fixed Income</b>	<b>765,249,682</b>	<b>17.9</b>	<b>19.0</b>	<b>0.7</b>	<b>0.4</b>	<b>0.7</b>	<b>0.7</b>	<b>3.1</b>	<b>3.6</b>	<b>5.7</b>	<b>5.9</b>	<b>6.3</b>	<b>Feb-94</b>
Barclays Aggregate				<u>2.1</u>	<u>2.9</u>	<u>2.1</u>	<u>4.1</u>	<u>6.6</u>	<u>3.1</u>	<u>4.6</u>	<u>4.9</u>	<u>5.9</u>	Feb-94
Over/Under				-1.4	-2.5	-1.4	-3.4	-3.5	0.5	1.1	1.0	0.4	
BlackRock U.S. Debt Fund	142,169,750	3.3		2.1	3.0	2.1	4.2	6.8	3.2	4.7	4.9	5.8	Nov-95
Barclays Aggregate				<u>2.1</u>	<u>2.9</u>	<u>2.1</u>	<u>4.1</u>	<u>6.6</u>	<u>3.1</u>	<u>4.6</u>	<u>4.9</u>	<u>5.7</u>	Nov-95
Over/Under				0.0	0.1	0.0	0.1	0.2	0.1	0.1	0.0	0.1	
Western	272,592,785	6.4		2.3	2.9	2.3	4.0	8.6	5.5	6.8	5.7	6.7	Dec-96
Barclays Aggregate				<u>2.1</u>	<u>2.9</u>	<u>2.1</u>	<u>4.1</u>	<u>6.6</u>	<u>3.1</u>	<u>4.6</u>	<u>4.9</u>	<u>5.8</u>	Dec-96
Over/Under				0.2	0.0	0.2	-0.1	2.0	2.4	2.2	0.8	0.9	
Reams	277,753,953	6.5		-1.6	-3.2	-1.6	-3.9	-4.8	1.4	4.5	5.9	5.8	Sep-01
Reams Custom Index				<u>0.0</u>	<u>0.1</u>	<u>0.0</u>	<u>0.1</u>	<u>0.2</u>	<u>1.0</u>	<u>3.3</u>	<u>4.2</u>	<u>4.6</u>	Sep-01
Over/Under				-1.6	-3.3	-1.6	-4.0	-5.0	0.4	1.2	1.7	1.2	
Barclays Aggregate				2.1	2.9	2.1	4.1	6.6	3.1	4.6	4.9	5.1	Sep-01
Loomis Sayles Multi Strategy	72,733,195	1.7		1.3	0.4	1.3	0.7	7.4	7.2	8.3	--	7.3	Jul-05
Loomis Custom Index				<u>1.6</u>	<u>1.4</u>	<u>1.6</u>	<u>1.9</u>	<u>5.0</u>	<u>4.3</u>	<u>5.7</u>	--	<u>5.8</u>	Jul-05
Over/Under				-0.3	-1.0	-0.3	-1.2	2.4	2.9	2.6		1.5	
Barclays Aggregate				2.1	2.9	2.1	4.1	6.6	3.1	4.6	4.9	5.0	Jul-05
<b>Total Global Fixed Income</b>	<b>261,194,908</b>	<b>6.1</b>	<b>5.0</b>	<b>0.5</b>	<b>-0.1</b>	<b>0.5</b>	<b>-2.5</b>	<b>1.5</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1.2</b>	<b>Jun-12</b>
Barclays Global Aggregate				<u>-0.2</u>	<u>-1.2</u>	<u>-0.2</u>	<u>-4.3</u>	<u>-0.6</u>	<u>0.1</u>	<u>2.5</u>	<u>3.7</u>	<u>0.2</u>	Jun-12
Over/Under				0.7	1.1	0.7	1.8	2.1				1.0	
Loomis Sayles Global Fixed Income	91,966,539	2.1		-0.2	-1.6	-0.2	-4.6	-0.5	--	--	--	0.6	Jun-12
Barclays Global Aggregate				<u>-0.2</u>	<u>-1.2</u>	<u>-0.2</u>	<u>-4.3</u>	<u>-0.6</u>	<u>0.1</u>	<u>2.5</u>	<u>3.7</u>	<u>0.2</u>	Jun-12
Over/Under				0.0	-0.4	0.0	-0.3	0.1				0.4	
PIMCO Global Fixed Income	126,874,193	3.0		0.8	0.6	0.8	-2.1	2.4	--	--	--	-0.4	Sep-12
Barclays Global Aggregate				<u>-0.2</u>	<u>-1.2</u>	<u>-0.2</u>	<u>-4.3</u>	<u>-0.6</u>	<u>0.1</u>	<u>2.5</u>	<u>3.7</u>	<u>-1.1</u>	Sep-12
Over/Under				1.0	1.8	1.0	2.2	3.0				0.7	
Loomis Strategic Alpha	42,354,175	1.0		0.9	1.2	0.9	1.2	3.5	--	--	--	3.1	Jul-13
Barclays Global Aggregate				<u>-0.2</u>	<u>-1.2</u>	<u>-0.2</u>	<u>-4.3</u>	<u>-0.6</u>	<u>0.1</u>	<u>2.5</u>	<u>3.7</u>	<u>1.0</u>	Jul-13
Over/Under				1.1	2.4	1.1	5.5	4.1				2.1	

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 of Fees

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Total Real Estate</b>	<b>322,351,195</b>	<b>7.5</b>	<b>7.0</b>	<b>0.0</b>	<b>3.1</b>	<b>0.0</b>	<b>6.2</b>	<b>11.6</b>	<b>10.4</b>	<b>12.2</b>	<b>5.4</b>	<b>7.7</b>	<b>Mar-94</b>
Total Real Estate Benchmark				<u>0.0</u>	<u>3.3</u>	<u>0.0</u>	<u>6.6</u>	<u>12.5</u>	<u>12.4</u>	<u>13.9</u>	<u>7.0</u>	<u>8.8</u>	Mar-94
Over/Under				0.0	-0.2	0.0	-0.4	-0.9	-2.0	-1.7	-1.6	-1.1	
Prudential Real Estate	107,886,266	2.5		0.0	3.8	0.0	6.9	12.7	11.7	14.0	7.2	5.1	Jun-04
NCREIF-ODCE				<u>0.0</u>	<u>3.3</u>	<u>0.0</u>	<u>6.6</u>	<u>12.5</u>	<u>12.4</u>	<u>13.9</u>	<u>7.1</u>	<u>7.4</u>	Jun-04
Over/Under				0.0	0.5	0.0	0.3	0.2	-0.7	0.1	0.1	-2.3	
UBS Real Estate	208,224,343	4.9		0.0	2.8	0.0	5.8	10.6	9.6	11.4	6.6	7.3	Mar-03
NCREIF-ODCE				<u>0.0</u>	<u>3.3</u>	<u>0.0</u>	<u>6.6</u>	<u>12.5</u>	<u>12.4</u>	<u>13.9</u>	<u>7.1</u>	<u>7.7</u>	Mar-03
Over/Under				0.0	-0.5	0.0	-0.8	-1.9	-2.8	-2.5	-0.5	-0.4	
RREEF	6,240,585	0.1		0.0	1.9	0.0	7.3	25.9	21.4	24.2	--	-6.5	Sep-07
NCREIF-ODCE				<u>0.0</u>	<u>3.3</u>	<u>0.0</u>	<u>6.6</u>	<u>12.5</u>	<u>12.4</u>	<u>13.9</u>	<u>7.1</u>	<u>3.0</u>	Sep-07
Over/Under				0.0	-1.4	0.0	0.7	13.4	9.0	10.3		-9.5	
<b>Total Liquid Alternatives</b>	<b>421,353,085</b>	<b>9.8</b>	<b>10.0</b>	<b>0.9</b>	<b>-1.1</b>	<b>0.9</b>	<b>-3.3</b>	<b>10.4</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>12.8</b>	<b>Apr-13</b>
CPI + 4% (Unadjusted)				-0.2	-0.7	-0.2	0.2	3.8	5.0	5.6	6.1	4.2	Apr-13
Over/Under				1.1	-0.4	1.1	-3.5	6.6				8.6	
Bridgewater All Weather Fund	282,096,536	6.6		2.8	1.9	2.8	1.1	10.7	--	--	--	10.0	Aug-13
CPI + 5% (Unadjusted)				-0.2	-0.5	-0.2	0.8	4.8	--	--	--	4.9	Aug-13
Over/Under				3.0	2.4	3.0	0.3	5.9				5.1	
Tortoise Energy Infrastructure	139,256,549	3.3		-2.9	-6.7	-2.9	-11.1	9.9	--	--	--	14.3	Apr-13
Wells Fargo MLP Index				-3.3	-9.5	-3.3	-12.9	3.4	10.8	--	--	5.0	Apr-13
Over/Under				0.4	2.8	0.4	1.8	6.5				9.3	

Total Real Estate Benchmark: NCREIF ODCE; prior to January 2006, the NCREIF Property Index

Real Estate managers and NCREIF ODCE are valued on a quarterly basis. Performance is not applicable in mid-quarter months, therefore 0% return is shown.

Total Liquid Alternatives index, the CPI+4% is estimated by carrying the last available month forward

CPI+5% and CPI+4% are estimated by carrying the last available month forward

Real Estate Valuation is as of 12/31/2014

# Ventura County Employees' Retirement Association

## Total Fund Performance Detail Net of Fees

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Total Private Equity</b>	<b>111,655,059</b>	<b>2.6</b>	<b>5.0</b>	<b>2.3</b>	<b>3.8</b>	<b>2.3</b>	<b>9.9</b>	<b>21.7</b>	<b>15.2</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>Jul-10</b>
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>-2.5</u>	<u>0.3</u>	<u>-2.5</u>	<u>4.0</u>	<u>16.2</u>	<u>20.8</u>	--	--	--	<i>Jul-10</i>
Over/Under				4.8	3.5	4.8	5.9	5.5	-5.6				
Adams Street Partners	71,314,433	1.7		0.0	2.8	0.0	7.1	19.6	13.6	--	--	--	Jul-10
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>-2.5</u>	<u>0.3</u>	<u>-2.5</u>	<u>4.0</u>	<u>16.2</u>	<u>20.8</u>	--	--	--	<i>Jul-10</i>
Over/Under				2.5	2.5	2.5	3.1	3.4	-7.2				
Panteon Ventures	7,168,287	0.2		0.0	-2.4	0.0	3.3	16.7	11.3	--	--	--	Aug-10
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>-2.5</u>	<u>0.3</u>	<u>-2.5</u>	<u>4.0</u>	<u>16.2</u>	<u>20.8</u>	--	--	--	<i>Aug-10</i>
Over/Under				2.5	-2.7	2.5	-0.7	0.5	-9.5				
Harbourvest	33,172,339	0.8		8.1	7.9	8.1	19.3	28.3	--	--	--	--	May-13
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>-2.5</u>	<u>0.3</u>	<u>-2.5</u>	<u>4.0</u>	<u>16.2</u>	<u>20.8</u>	--	--	<u>18.4</u>	<i>May-13</i>
Over/Under				10.6	7.6	10.6	15.3	12.1					

Please Note:

Private Equity performance is shown on a time-weighted return basis. Values are cash adjusted with current month cash flows.

# Ventura County Employees' Retirement Association

## Total Fund

### Cash Flow Summary

Month Ending January 31, 2015

	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Fees	Net Investment Change	Ending Market Value
Adams Street Partners	\$71,314,433	\$0	\$0	\$0	\$0	\$0	\$71,314,433
BlackRock ACWI ex-U.S. Index	\$249,106,026	\$0	\$0	\$0	-\$22,393	-\$393,608	\$248,712,418
BlackRock Equity Market Fund	\$1,210,549,570	\$0	\$0	\$0	-\$21,700	-\$33,524,352	\$1,177,025,217
BlackRock Extended Equity Index	\$46,580,017	\$0	\$0	\$0	-\$3,047	-\$867,856	\$45,712,161
BlackRock MSCI ACWI Equity Index	\$222,413,451	\$0	\$0	\$0	-\$8,966	-\$3,428,066	\$218,985,385
BlackRock U.S. Debt Fund	\$139,244,770	\$0	\$0	\$0	-\$8,072	\$2,924,979	\$142,169,750
Bridgewater All Weather Fund	\$274,286,699	\$0	\$0	\$0	-\$92,103	\$7,809,837	\$282,096,536
Clifton	\$34,179,509	-\$18,169,211	\$2,942,539	-\$15,226,672	-\$2,629	\$2,081,506	\$21,034,343
GMO Global Equity	\$207,898,270	\$0	\$0	\$0	-\$94,484	-\$1,751,249	\$206,147,021
Harbourvest	\$30,690,701	\$0	\$0	\$0	\$0	\$2,481,638	\$33,172,339
Hexavest	\$77,396,658	\$0	\$0	\$0	-\$30,038	\$217,008	\$77,613,666
Loomis Sayles Global Fixed Income	\$92,140,718	\$0	\$0	\$0	-\$22,992	-\$174,179	\$91,966,539
Loomis Sayles Multi Strategy	\$71,754,377	\$0	\$0	\$0	-\$24,017	\$978,818	\$72,733,195
Loomis Strategic Alpha	\$41,976,351	\$0	\$0	\$0	-\$14,118	\$377,825	\$42,354,175
Panteon Ventures	\$8,083,286	-\$915,000	\$0	-\$915,000	\$0	\$1	\$7,168,287
PIMCO Global Fixed Income	\$125,823,520	\$0	\$0	\$0	-\$35,885	\$1,050,673	\$126,874,193
Prudential Real Estate	\$107,886,266	\$0	\$0	\$0	\$0	\$0	\$107,886,266
Reams	\$282,260,049	\$0	\$0	\$0	-\$40,969	-\$4,506,096	\$277,753,953
RREEF	\$6,240,585	\$0	\$0	\$0	\$0	\$0	\$6,240,585
Sprucegrove	\$180,309,142	\$0	\$0	\$0	-\$57,068	-\$383,154	\$179,925,988
Tortoise Energy Infrastructure	\$143,263,217	\$0	\$0	\$0	-\$82,946	-\$4,006,668	\$139,256,549
UBS Real Estate	\$208,224,343	\$0	\$0	\$0	\$0	\$0	\$208,224,343
Walter Scott	\$91,185,006	\$0	\$0	\$0	-\$67,560	\$185,143	\$91,370,149
Western	\$266,362,313	\$0	\$0	\$0	-\$46,574	\$6,230,471	\$272,592,785
Western U.S. Index Plus	\$139,063,476	\$0	\$0	\$0	-\$29,376	-\$4,052,340	\$135,011,136
<b>Total</b>	<b>\$4,328,232,756</b>	<b>-\$19,084,211</b>	<b>\$2,942,539</b>	<b>-\$16,141,672</b>	<b>-\$704,939</b>	<b>-\$28,749,670</b>	<b>\$4,283,341,413</b>

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

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February 23, 2015

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

## **SUBJECT: VENTURA COUNTY EMPLOYEES' RETIREMENT INFORMATION SYSTEM (VCERIS) PROJECT**

Dear Board Members:

Attached is the Ventura County Employees' Retirement Information System ("VCERIS") project Quarterly Report (Attachment A) and a revised Vitech Change Order #6 (Attachment B).

### **Project Status**

As detailed in the VCERIS Quarterly Report, as of 12/31/2014, the effort to implement the system, excluding member web, is approximately 73.6% complete. The planned completion at this point of the project was projected to be 78.53%. However, since the project duration was extended in January of 2015, these completion percentages will be recalculated to reflect the updated schedule. Although there is currently a 5% gap between the actual and expected completion percentages, rollout #1 is expected to complete on schedule in April of 2016.

The Auditor Controller and VRSD continue to make progress on providing the active payroll file interface to VCERA. At the end of January, the Auditor Controller team delivered the first test file containing compensation earnable data, which is considered a major accomplishment for the project.

The project team continues to work with the Auditor Controller team to resolve issues prior to entering parallel testing, which is scheduled to begin March 13<sup>th</sup>. The system testing performed over the last six weeks has yielded positive results: the technical teams are identifying and resolving issues. Significant work remains between now and March 13<sup>th</sup>, however, to ensure we can enter parallel testing.

VRSD has committed to providing a completed test file by 2/28/15. It is anticipated that all testing activities for the file can be completed within the current project schedule.

## **PENSION ADMINISTRATION SYSTEM (PAS) PROJECT UPDATE**

February 23, 2015

Page 2 of 3

Due to the relatively small number of members represented by VRSD, if the file cannot be completed on time, the project team will provide a workaround solution until VRSD is able to comply with the reporting requirements. This will prevent any impact to the overall go-live schedule.

Vitech's design of the system will be substantially complete by March 31<sup>st</sup>. Development of the system is scheduled for completion by October of this year. The project team continues to test the software delivered by Vitech. The defect rate is currently 15%, which is considered very low compared to similar projects. VCERA continues to test system functionality using converted data, which allows the project team to uncover data issues along with functionality issues.

The data conversion activities are also continuing. 100% of VCERA's legacy data has been converted and successfully loaded into V3. Testing and cleansing activities are ongoing. No major data issues have been uncovered.

As shown in the attached quarterly report, the project was currently \$682,443 over budget as of 12/31/2014. The next quarterly report will reflect the change orders approved on January 5<sup>th</sup>.

### **Vitech Change Order Modification**

Vitech has requested minor changes to the Change Order #6, which was approved by the Board on January 5<sup>th</sup>. These changes are not material to VCERA: no costs or significant terms have been modified. VCERA's General Counsel has reviewed these changes and determined they are acceptable. The changes are described below:

- Vitech corrected language that indicates the term of license was extended; it is an extension of the live date, not the license
- Vitech removed references to development hours and associated hourly rates: these are internal figures, and not intended to be publicized
- Vitech corrected language regarding the extension to indicate that the last two months of the extension are optional (the previous language indicates the entire eight month extension may be optional)

The change order also corrects the milestone table, which incorrectly indicated the member web portal would be launched in June of 2016. The correct date is August, 2016. The revised change order and the redlined version are both included as Attachment B.

### **Recommendations**

**PENSION ADMINISTRATION SYSTEM (PAS) PROJECT UPDATE**

February 23, 2015

Page 3 of 3

Staff recommends your Board take the following actions:

- Receive and File the Attachment A - VCERIS Quarterly Report
- Approve the revised Vitech Change Order #6 (Attachment B)

We would be pleased to respond to any questions during the Board meeting.

Sincerely,



LINDA WEBB  
Retirement Administrator



BRIAN COLKER  
Linea Solutions, Inc.

Attachments (2)

# 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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**DATE: January 5, 2015**

**SUBJECT: Change Order #6**

## BACKGROUND

This Change Order #6 extends the Implementation Period of the Project (as such terms are defined in the License, Professional Services, Maintenance and Support Agreement between Vitech Systems Group, Inc. ("Vitech" or "Vendor") and Ventura County Employee's Retirement Association ("VCERA") (the "Agreement") dated February 27, 2012 (and effective as of December 30, 2011)) by six months at a minimum and optionally up to eight months in total to allow for additional and extended services ("extended services")(and accompanying data conversion services) to be provided.

## COST AND EFFORT

The extended services to be provided under this Change Order will be provided at a monthly fixed fee price of \$190,000 for Analysis, Meetings, Development, Testing, Project Management, Build/Deployment. Payment for extended services will be made in accordance with the VCERA Service Payment Schedule set forth herein. Additional data conversion work shall be provided on an hourly fee basis and shall be invoiced as expanded on a monthly basis (and such fees are not included in the VCERA Service Payment Schedule set forth herein). Partial months will be billed on a pro-rated basis, in quarter-month increments. In the event that the members of the Project Steering Committee collectively determine that the full optional last two (or a portion thereof) of the eight months of the time extension provided for herein are not necessary, the Committee shall communicate the modified project schedule to Vitech, in writing, no later than August 14, 2015.

Services to be provided	Estimated Months	Estimated Hours	Fixed Price Per Month	Hourly Rate	Estimated Total
Analysis, Meetings Development, Testing, Project Management, Build/Deployment	8	N/A	\$190,000	N/A	\$1,520,000
Additional data conversion hours – 3 additional cycles		400		\$100	\$40,000
Data conversion services in support of final cut-over to production		200		\$100	\$20,000

# VITECH – VCERA CHANGE ORDER #6

January 5, 2015

Page 2 of 4

## VCERA Service Payment Schedule

Total Services (Old): 4,090,300

Total Services (New): **5,610,300**

Change Order for: **1,520,000**

Milestone #	License Fee	Est Invoice Date	Milestone Description*	Gross Payment	Payments Withheld	Withhold Release	Total Payment
1	\$ 575,000	Mar-12	Project Initiation / Initial License payment (development license)	200,000			200,000
2		May-12	QA Hardware and Software Installed and Configured	128,000	19,200		108,800
3		Jun-12	Detailed Implementation Plan Approved	96,000	14,400		81,600
4		Aug-12	V3 Baseline Application Configuration & Demonstration Complete	224,000	33,600		190,400
5		Nov-12	Rollout 1: VCERA confirms Segment A functionality delivered and validated	224,000	33,600		190,400
6		Mar-13	Rollout 1: VCERA validates Segment B functionality delivered	224,000	33,600		190,400
7		Jun-13	Rollout 1: VCERA confirms Segment C functionality delivered	224,000	33,600		190,400
8		Jul-13	Change Order #2 Execution	370,720		168,000	538,720
9		Sep-13	Rollout 1: VCERA confirms Segment D Track 1 functionality delivered	314,640			314,640
10		Dec-13	Rollout 1: VCERA confirms Segment D Track 2 functionality delivered	314,640			314,640
11		Mar-14	Rollout 1: VCERA confirms Segment F functionality delivered	139,200			139,200
12		May-14	CO #4 Mobilization (33%)	81,857			81,857
13		Sep-14	Change Order #5 Execution (50%) - Four (4) Additional Interfaces	46,125			46,125
14		Sep-14	Rollout 1: VCERA confirms Segment G functionality delivered	139,200			139,200
15		Oct-14	Rollout 1: VCERA begins parallel testing of the transmittal files	139,200			139,200
16		Dec-14	Change Order #5 Completion (50%) - Four (4) Additional Interfaces	46,125			46,125
17		Dec-14	Rollout 1: VCERA confirms Segment H functionality delivered	139,200			139,200
18		Dec-14	Rollout 1: VCERA confirms Segment I track 1 functionality delivered	69,600			69,600
19		Mar-15	Rollout 1: VCERA confirms Segment I track 2 functionality delivered	69,600			69,600
20		May-15	CO #4 Progress Payment (33%)	81,857			81,857
21		May-15	CO #6: Project Extension for Active Payroll File [1 of 3]	380,000			380,000
22		Jul-15	CO #6: Project Extension for Active Payroll File [2 of 3]	380,000			380,000
23		Sep-15	CO #6: Project Extension for Active Payroll File [3 of 3]	380,000			380,000
24		Sep-15	CO #4 Completion(34%)	84,336			84,336
25		Nov-15	CO #6: Optional Extension for Active Payroll File	380,000			380,000
26		Jan-16	Rollout 1: VCERA begins UAT	40,000			40,000
27		Apr-16	Rollout 1: VCERA accepts system for production	400,000			400,000
28		Apr-16	Rollout 2: Start of MSS Implementation	122,000			122,000
29		Aug-16	Rollout 2: VCERA accepts MSS for production	72,000			72,000
30		Nov-16	Warranty Complete: Three (3) months after System Live Date	50,000			50,000
31		Aug-17	Warranty for Cyclical Processes Complete: Twelve (12) months after Sys. Live	50,000			50,000
	\$575,000			5,610,300	168,000	168,000	5,610,300

\* Rollout 1 includes contribution and benefit processing, payments and RDBS and RIS Replacement

\*\* Depending on whether and when a determination has been made that the time extension is no longer necessary, subsequent milestones will be moved up one or two months.

This Change Order is made pursuant to and subject to the terms of the Agreement. This Change Order authorizes Vitech to perform the associated services for the fixed fee or hourly billing rate set forth herein. Travel expenses will be billed monthly as defined in the original Agreement. This Change Order constitutes an addendum to the Agreement and except as expressly amended by this Change Order, all of the terms, conditions and provisions of the Agreement remain unchanged and shall remain in full force and effect for the purposes of this Change Order.

**IN WITNESS WHEREOF**, the parties hereto have caused this Change Order to be executed by their duly authorized representatives as of the Change Order Effective Date.

TRACY TOWNER  
VCERA  
Chairman of the Board

JAMES E. VITIELLO  
VITECH SYSTEMS GROUP, INC.  
Executive Vice President

**VITECH – VCERA CHANGE ORDER #6**

January 5, 2015

Page 3 of 4

Change Order Effective Date: January 5, 2015

Signature:

Signature:

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Date:

Date:



# Attachment A: Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

1/16/2015

## Board of Retirement Ventura County Employees' Retirement Information System (VCERIS) Report

**Reporting period: October 1<sup>st</sup>, 2014 – December 31<sup>st</sup>, 2014**

### Current Project Plan

**DATA AS OF 12/31/14:**

<b>Rollout 1: Active Member &amp; Retiree Combined</b>	<b>Rollout 2: Member Web</b>
<b>Actual % Complete:</b> 73.62%	<b>Actual % Complete:</b> N/A
<b>Planned % Complete:</b> 78.53%	<b>Planned % Complete:</b> N/A
<b>Variance:</b> -4.91%	<b>Variance:</b> N/A
<b>Rollout Timeline, Initial:</b> July 2012 – October 2013	<b>Rollout Timeline, Initial:</b> January 2015 – June 2015
<b>Rollout Timeline, Revised:</b> July 2012 – September 2015	<b>Rollout Timeline, Revised:</b> September 2015 – December 2015

### Initial Plan

<b>Rollout 1: Active Member</b>	<b>Rollout 2: Retiree</b>	<b>Rollout 3: Member Web</b>
<b>Rollout Timeline, Initial:</b> July 2012 – October 2013	<b>Rollout Timeline, Initial:</b> November 2013 – April 2015	<b>Rollout Timeline, Initial:</b> January 2015 – June 2015



# Attachment A: Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

1/16/2015

## Accomplishments for the Period 10/01/2014 – 12/31/2014

- Conducted design and development activities for the following functionality:
  - Imaging
  - Disability
  - Active Death Processing
  - Retired Death Processing
  - Member Account Adjustments
  - DRO Processing – Alt Payee
  - 1099R Processing
  - Workflow
  - Annual Benefit Statements
  - Member Correspondence
- Signed-off Segment H Design Document (Disability, Active Death Processing, Retired Death Processing, DRO Processing – Alt Payee and 1099R Processing).
- Continued writing and executing tests for Segment C, Segment D Tracks 1 and 2, Segment F Segment G and Segment H.
- To date, 2,487 tests have been executed and there are currently 376 open defects and issues.
- MBS delivered Cycle 10 conversion files (RDBS active member data, RIS and ADP retired member data). These files were successfully loaded into V3 and the project team is in the process of analyzing the results and testing the converted data.
- Plan Sponsors – VRSD has been unable to work on the transmittal files during this quarter. The Auditor-Controller's office is still working on development for key data elements. Below is a snapshot of the current status of the transmittal files:

File	VRSD	County
Demographics (Name, Address, etc.)	<ul style="list-style-type: none"> <li>• Passed Integration Testing</li> </ul>	<ul style="list-style-type: none"> <li>• Passed Integration Testing</li> </ul>
Employment (Job Type, Job Class, Hours)	<ul style="list-style-type: none"> <li>• Successfully received the second file via SFTP.</li> <li>• File issues reported back and acknowledged by VRSD.</li> </ul>	<ul style="list-style-type: none"> <li>• Passed Integration Testing.</li> </ul>
Contributions (Comp earnable, Contributions)	<ul style="list-style-type: none"> <li>• VRSD anticipates to complete the development work for contribution file and provide test file by mid February 2015. The transition to the ADP has been moved to later in the year 2015.</li> </ul>	<ul style="list-style-type: none"> <li>• Received Test File (Demographic, Employment and Contribution) for the PP 2014-24 on 12/23/2014.</li> <li>• The testing of the file is completed: Auditor/Controller is working on fixing the issues.</li> <li>• Auditor/Controller anticipates providing a test contribution file with Comp Earnable by 01/30/2015.</li> <li>• The two teams are meeting weekly to discuss issues</li> </ul>



# Attachment A: Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

1/16/2015

## Summary

Cost Item	Budget	Change Orders	Amended Budget <sup>1</sup>	Expended to Date	Remaining
Vitech (software, implementation, hosting)	\$ 4,986,500	\$ 657,800	\$ 5,644,300	\$ 3,751,582	\$ 1,892,718
Linea (project oversight, design, data conversion, testing, training)	2,088,407	412,862	2,501,269	\$ 2,017,494	483,775
External Costs	100,000	141,275	241,275	\$ 188,197	53,078
Third party data conversion	680,000	(49,198)	630,802	\$ 546,806	83,996
Limited Term Positions <sup>2</sup>	581,200	(480,296)	100,904	\$ 100,904	-
<b>Project Budget Subtotal</b>	<b>\$ 8,436,107</b>	<b>\$ 682,443</b>	<b>\$ 9,118,550</b>	<b>\$ 6,604,983</b>	<b>\$ 2,513,567</b>
Project Contingency	843,611	(682,443)	161,168	-	\$ 161,168
<b>Total Project Budget</b>	<b>\$ 9,279,718</b>	<b>\$ -</b>	<b>\$ 9,279,718</b>	<b>\$ 6,604,983</b>	<b>\$ 2,674,735</b>

<sup>1</sup>Amended budget reflects only *approved* change orders.

<sup>2</sup>Limited term positions were converted to full-time employees as of 3/31/2013; costs will be reflected in Staff Costs from this point onward.

## Details

Milestone Description	Scheduled Invoice Date	Amended Budget	Holdback (15%)	Net Scheduled Payment	Amount Incurred
Project Initiation / Initial License Payment (Development License)	March-12	\$ 200,000	\$ -	\$ 200,000	\$ 200,000
QA Hardware and Software Installed and Configured	May-12	128,000	(19,200)	108,800	108,800
Detailed Implementation Plan Approved	June-12	96,000	(14,400)	81,600	81,600
V3 Baseline Application Configuration & Demonstration Complete	August-12	224,000	(33,600)	190,400	190,400
Rollout 1: VCERA Confirms Segment A Functionality Delivered and Validated	November-12	224,000	(33,600)	190,400	190,400
Rollout 1: VCERA Confirms Segment B Functionality Delivered	March-13	224,000	(33,600)	190,400	190,400
Rollout 1: VCERA Confirms Segment C Functionality Delivered	June-13	224,000	(33,600)	190,400	190,400
Change Order #2 (3489) Execution	July-13	370,720		370,720	370,720
Holdback Release	July-13		168,000	168,000	168,000
Rollout 1: VCERA Confirms Segment D Track 1 Functionality Delivered	September-13	314,640		314,640	314,640
Rollout 1: VCERA Confirms Segment D Track 2 Functionality Delivered	December-13	314,640		314,640	314,640
Rollout 1: VCERA Confirms Segment F Functionality Delivered	March-14	139,200		139,200	139,200
Change Order #4 (3774) Execution (33%)	May-14	81,857		81,857	81,857
Change Order #5 (3852) Execution (50%)	September-14	46,125		46,125	46,125
Rollout 1: VCERA Confirms Segment G Functionality Delivered	September-14	139,200		139,200	139,200
Rollout 1: VCERA Begins Parallel Testing of Transmittal Files	October-14	139,200		139,200	139,200
Change Order #5 (3852) Completion (50%)	December-14	46,125		46,125	-
Rollout 1: VCERA Confirms Segment H Functionality Delivered	December-14	139,200		139,200	-
Rollout 1: VCERA Confirms Segment I Track 1 Functionality Delivered	December-14	69,600		69,600	-
Rollout 1: VCERA Confirms Segment I Track 2 Functionality Delivered	March-15	69,600		69,600	-
Change Order #4 (3774) Execution (33%)	May-15	81,857		81,857	-
Rollout 1: VCERA Begins UAT	May-15	40,000		40,000	-
Rollout 1: VCERA Accepts System for Production	September-15	400,000		400,000	-
Rollout 1: Change Order #4 (3774) Completion (34%)	September-15	84,336		84,336	-
Rollout 2: Start of MSS Implementation	September-15	122,000		122,000	-
Rollout 2: VCERA Accepts MSS for Production	December-15	72,000		72,000	-
Warranty Complete: Three Months after R1 Go-Live	March-16	50,000		50,000	-
Warranty Complete: Three Months after R2 Go-Live	Dec-16	50,000	-	50,000	-
<b>Vitech Implementation Services Subtotal:</b>		<b>\$ 4,090,300</b>	<b>\$ -</b>	<b>\$ 4,090,300</b>	<b>\$ 2,865,582</b>
<b>Vitech Other Costs</b>		<b>Amended Budget</b>		<b>Paid This Qtr.</b>	<b>Cumulative</b>
Vitech V3 License Fee	August-12	\$ 575,000			\$ 575,000
Vitech V3 Upgrade Fee -	Various	450,000			150,000
Infrastructure Hosting	Various	376,000		58,500	83,500
Travel	On-going	82,500		10,000	77,500
Software Escrow Agreement	FY 13/14	3,000			-
Additional Data Conversion Hours	On-going	67,500		18,600	35,750
<b>Vitech Other Costs Subtotal:</b>		<b>1,554,000</b>		<b>87,100</b>	<b>886,000</b>
<b>Vitech Services Total:</b>		<b>\$ 5,644,300</b>		<b>\$ 87,100</b>	<b>\$ 3,751,582</b>



# Attachment A: Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

1/16/2015

Linea - Project Oversight and Integrating Services Description:		Amended Budget		Incurred This Qtr.	Cumulative
Project Oversight	On-going	\$ 795,240		\$ 28,665	\$ 912,334
Design Consulting	On-going	\$ 484,000		56,550	165,010
Testing	On-going	\$ 599,630		48,430	679,706
Interfaces	On-going	\$ 165,360		1,755	46,182
Cut-Over Support	On-going	\$ 140,700		-	-
Training	On-going	\$ 11,460		-	9,066
Data Conversion	On-going	\$ 136,520		3,351	64,559
Travel Expenses	On-going	\$ 168,359		8,629	140,638
<b>Project Oversight and Integrating Services Total:</b>		<b>\$ 2,501,269</b>		<b>\$ 147,380</b>	<b>\$ 2,017,494</b>
External Costs:		Amended Budget		Paid this Qtr	Cumulative
Software	Varies	\$ 81,375		\$ 7,872	\$ 90,360
Hardware	Varies	\$ 30,000		-	14,400
Broadband to Host Facility	On-going	\$ 14,800		958	5,885
Additional Project Workspace	On-going	\$ 52,500		4,955	49,117
Beneficiary Form Updates		\$ 37,600		2,121	2,121
Imaging		\$ 25,000		15,054	26,314
Data Conversion	On-going	\$ 630,802		12,663	546,806
Limited Term Positions	To 3/31/13	\$ 100,904		-	100,904
<b>3rd Party Hardware / Software / Other Total:</b>		<b>\$ 972,981</b>		<b>\$ 43,623</b>	<b>\$ 835,907</b>
<b>Total Project Expenditures</b>					<b>\$ 6,604,983</b>
<b>Total Amended Project Budget</b>		<b>\$ 9,118,550</b>			

Original Project Budget	<b>\$ 8,436,107</b>	Variance from Original	<b>\$ 682,443</b>
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## Total Project Cost Summary

<b>Total Project Expenditures</b>	<b>\$ 6,604,983</b>
Staff Support Costs for the quarter (not in project budget)	171,138
Staff Support Costs to date (not in project budget)	908,947
<b>Total Project Costs</b>	<b>\$ 7,513,930</b>



# Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

12/31/2014

## Change Orders This Period

Cost Item	Name	Description	Cost Impact	Budget Year

No change orders submitted for this period.

## Approved Change Orders (All To Date)

Cost Item	Name	Description	Cost Impact	Budget Year
Vitech	Vitech Change Order #5 – Additional Interfaces	VCERA requested four additional system interfaces to be provide by Vitech. Vitech requires an additional 600 hours to deliver these interfaces. Vitech assigned their CO #3852 for this.	\$92,250	FY'14-FY'15
Vitech	Vitech Change Order #4 - CalPEPRA	Vitech submitted a change order to add 1,210 hours for programming new CalPEPRA requirements. Vitech assigned their CO #3774 for this.	\$248,050	FY'13-FY'14: \$81,857 FY'14-FY'15: \$81,857 FY'15-FY'16: \$84,336
Vitech	Vitech Change Order #3 – Additional Data Conversion Hours	VCERA requested Vitech provide an additional 675 hours for data conversion activities. Vitech assigned their CO #3773 for this.	\$67,500	FY'13-FY'14: \$15,000 FY'14-FY'15: \$45,000 FY'15-FY'16: \$7,500
Vitech	Vitech Change Order #2 – Revised Implementation Plan	Vitech submitted a change order adjusting the implementation schedule to extend the overall project by 5 months. They changed the payment milestones as part of the negotiation. Vitech has offered a significant discount for these services; the normal cost for a 5 month extension would be \$675,000 (\$135,000 per month for 5 months) Vitech assigned their CO #3489.	\$250,000	FY'15-FY'16: \$250,000



# Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

12/31/2014

Cost Item	Name	Description	Cost Impact	Budget Year
Vitech	Vitech Change Order #1 – Revised Implementation Plan	Vitech submitted a change order adjusting the implementation schedule to extend the overall project by 6.5 months. They changed the payment milestones as part of the negotiation. Vitech assigned their CO #3223.	None (net over course of project)	FY'12-FY'13: \$163,200 FY'13-FY'14: \$147,388 FY'14-FY'15: (\$310,589)
<b>Total for Cost Item</b>			<b>\$657,800</b>	
Linea	Linea Change Order #6 - SME Support	Additional SME support hours for Brenda Cummings.	\$70,920	FY'14-FY'15
Linea	Linea Change Order #5 - CalPEPRA	Additional hours required to implemented CalPEPRA requirements	\$65,642	FY'15-FY'16
Linea	Linea Change Order #4 - Test support	Linea submitted a change order to add 2,500 hours for a Linea resource to assist with testing activities.	\$157,500	FY'13-FY'14: \$34,800 FY'14-FY'15: \$104,400 FY'15-FY'16: \$18,300
Linea	Linea Change Order #3 - Revised Implementation Plan	Linea submitted a change order to adjust the implementation schedule to extend the overall project by 5 months.  These fees include project management, testing, training, design, QA, requirements confirmation and traceability.  Linea has offered a significant discount for these services; the normal cost for a 5 month extension would be \$167,400 (\$33,480 per month for 5 months)	\$64,800	FY'15-FY'16: \$64,800



# Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

12/31/2014

Cost Item	Name	Description	Cost Impact	Budget Year
Linea	Linea Change Order #2 - Data Conversion	VCERA's additional data conversion resources needed to support MBS in performing the data conversion (Includes Linea Change Order #2 for \$54,000).	\$54,000	FY'12-FY'13: \$27,000 FY'13-FY'14: \$27,000
Linea	Linea Change Order #1 - Revised Implementation Plan	Linea submitted a change order to adjust the implementation schedule to extend the overall project by 6.5 months.	None	N/A
<b>Total for Cost Item</b>			<b>\$412,862</b>	
External Costs	Assima Training	Additional 3-day training from Assima to train new resources	\$5,875	FY'14-FY'15
External Costs	Kofax	County IT to provide Kofax services for V3 Imaging.	\$25,000	FY'14-FY'15
External Costs	Additional project workspace	The project team has determined that there is considerable advantage to in-person meetings.	\$49,500	FY'12-FY'13: \$13,500 FY'13-FY'14: \$18,000 FY'14-FY'15: \$18,000
External Costs	Increased cost of Broadband to Host Facility	The secure point-to-point connection from VCERA to Vitech's hosting facility is considerably more expensive than anticipated.	\$68,100	FY'13-FY'14: \$3,300 FY'14-FY'15: \$32,400 FY'15-FY'16: \$32,400
External Costs	Additional Project Software	This change covers the purchase of the Assima training tool.	\$43,900	FY'12-FY'13: \$22,900 FY'13-FY'14: \$7,000 FY'14-FY'15: \$7,000 FY'15-FY'16: \$7,000
External Costs	County providing Broadband	County ITS was able to provide a secure broadband connection to Vitech's hosting facility, considerably decreasing the	(\$101,300)	FY'12-FY'13: \$(7,000) FY'13-FY'14: \$(31,100) FY'14-FY'15: \$(31,100)



# Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

12/31/2014

Cost Item	Name	Description	Cost Impact	Budget Year
		required cost for this service.		FY'15: \$(31,100)FY'15- FY'16: \$(31,100)
External Costs	Construction costs for project office space	The additional leased office space on the first floor needs to be modified in order to accommodate the increase in Vitech and Linea resources that will be moving into the space after the first of the year.	\$3,000	FY'13-FY'14: \$3,000
External Costs	Additional Assima License	This license will be needed to create training scripts for UAT testing. VCERA currently does not have enough licenses for the SMEs for this purpose.	\$9,600	FY'14-FY'15: \$9,600
External Costs	Beneficiary designation form updates	V3 requires beneficiary information to provide accurate retirement estimates for members. RDBS does not currently contain beneficiary information so VCERA is going to conduct a mass mailing to members requesting new beneficiary forms be completed. Once returned to VCERA, the data will be entered onto a spreadsheet so it can be uploaded into V3 at go-live.	\$37,600	FY'13-'FY14: \$37,600
<b>Total for Cost Item</b>			<b>\$141,275</b>	
Third Party Data Conversion	MBS Change Order #1	Additional hours required to complete data conversion.	\$41,340	FY'14-FY'15



# Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

12/31/2014

Cost Item	Name	Description	Cost Impact	Budget Year
Third Party Data Conversion	Additional Data Conversion Assistance	VCERA's additional data conversion resources needed to support MBS in performing the data conversion	\$93,000	FY'12-FY'13: \$48,000 FY'13-FY'14: \$23,000 FY'14-FY'15: \$22,000
Third Party Data Conversion	Document Conversion Assistance	The change order is for Novanis, the current imaging company, to assist with converting images into V3.	\$50,250	FY'13-FY'14: \$50,250
Third Party Data Conversion	Additional Data Conversion Assistance	Additional hours for CMP & Associates to assist with data conversion (previously approved by Board)	\$14,500	FY'13-FY'14: \$14,500
Third Party Data Conversion	Third party data conversion	Third party vendor (MBS) costs were lower than budgeted.	(\$248,288)	
<b>Total for Cost Item</b>			<b>(\$49,198)</b>	
Limited Term Positions	Limited term positions	The limited term positions allocated to the project were converted to permanent positions.	(\$480,296)	
<b>Total for Cost Item</b>			<b>(\$480,296)</b>	
<b>Total for All Change Orders</b>			<b>\$682,443</b>	



# Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

12/31/2014

#	ISSUES / RISKS – Explanation of Issues	MITIGATION - Explanation of Action Needed	UPDATE – Current Status of Issue
1	Auditor Controller must make changes to the method by which Compensation Earnable and Retroactive Adjustments are reported or the new system will not be able to calculate final average salary correctly without substantial and ongoing manual clean-up. Auditor Controller has stated that these changes are significant.	The project schedule was changed to allow Auditor Controller sufficient time to address the issue.	The Auditor-Controller's office has agreed to provide compensation earnable as required by VCERA. They have committed to a schedule that has been agreed to by VCERA. The project team is working on a revised project schedule based on the agreed upon dates. Vitech, Linea Solutions and MBS will submit change orders to the Board in January. <b>RISK IS CONSIDERED HIGH</b>
2	The Benefits staff continues to be impacted by illness and family issues. Given that the project is currently utilizing the absolute minimum number of resources, VCERA has needed to add staff resources in order to ensure the project timeline is not impacted.	VCERA Management has hired resources to be added to VCERA's staff to assist with operations. The recruitment and training of these resources will allow VCERA to add two resources to the project as required.	Project activities are currently approximately eight weeks behind schedule. The proposed revised project schedule is expected to allow sufficient time for all remaining project activities to be completed as scheduled. The project team will continue to monitor progress. <b>RISK IS CONSIDERED MEDIUM</b>



# Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

12/31/2014

## Progress on Critical Success Factors

Factor	Acceptance Criteria	Short Term Impact?	Long-Term Impact?	Current State
<b>Automation of Benefits Processes</b>	<ul style="list-style-type: none"> <li>System uses "wizards" to move through processes</li> <li>Minimal manual workarounds</li> <li>Reports support each process</li> <li>Online member access</li> </ul>	HIGH	HIGH	On Track
<b>Payroll Interface Data</b>	<ul style="list-style-type: none"> <li>Active payroll data allows for significant automation of benefit estimates and benefit calculation</li> <li>VCERA receives full data elements needed for all calculations</li> </ul>	HIGH	HIGH	At Risk
<b>Moving to Current Technology</b>	<ul style="list-style-type: none"> <li>System utilizes current database technology</li> <li>System utilizes current application technology</li> </ul>	MEDIUM	HIGH	On Track
<b>Project Cost</b>	<ul style="list-style-type: none"> <li>Project is within 15% of the original budget</li> </ul>	MEDIUM	LOW	At Risk
<b>Project Duration</b>	<ul style="list-style-type: none"> <li>Project completes within 20% of original duration</li> </ul>	HIGH	LOW	At Risk

### Explanation of "At Risk" Current State:

**Project Duration** – As previously reported, any delays in receiving completed payroll transmittal files by 6/30/14 would result in impacts to the project schedule. The completed files are expected to be delivered seven months past this date. The project team will present a revised schedule at the 1/5/2015 Board meeting.

**Project Cost** – See above: the extension of the project will result in change orders for Vitech, Linea, and MBS, as well as ITS and CMP. The project team will present change orders at the 1/5/2015 Board meeting.

## Accomplishments Planned for Next Period (1/1/2015 – 03/31/2015)

- Complete design for:
  - Segment I
    - Workflow
    - General System Parameter Updates
    - Annual Statements
    - Year-End Processing
    - Actuarial Extract
- Complete writing and executing tests for all delivered functionality
- Receive cycle 11 data conversion files (includes data from all legacy systems)



# Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

12/31/2014

## **Accomplishments Planned for Next Period (1/1/2015 – 03/31/2015)**

- Enter parallel testing for County transmittal file
- Receive updated contributions file from VRSD
- Continue testing converted data and resolving identified issues
- Continue creating Assima training materials

# 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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February 23, 2015

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

**SUBJECT: BOARD EDUCATION COMPLIANCE REPORT FOR 2014**

Dear Board Members:

Per Government Code Section 31522.8, the Board has an education policy that requires trustees to receive at least 24 hours of Board member education during the first two years after becoming a trustee, and during each subsequent two year period. The code further requires the Board to maintain a record of compliance and to post the information annually on our website.

Provided is a summary of the Board's education compliance for 2014 with this information. The majority of trustees have either met the required hours.

**RECOMMENDED ACTION: RECEIVE AND FILE COMPLIANCE REPORT FOR 2014 AND AUTHORIZE STAFF TO POST TO WEBSITE IN COMPLIANCE WITH GOVERNMENT CODE SECTION 31522.8**

VCERA staff will be pleased to respond to any questions you may have on this matter at the February 23, 2015 business meeting.

Sincerely,



Linda Webb  
Retirement Administrator

**BOARD MEMBER EDUCATION  
COMPLIANCE PURSUANT TO  
GOVERNMENT CODE SECTION 31522.8**

**Reporting Period January 1, 2014 – December 31, 2014**

Government Code Section 31522.8, effective January 1, 2013, requires Trustees to receive at least 24 hours of Board member education during the first two years after becoming a trustee, and during each subsequent two year period.

<b>PETER FOY</b>	<b>HOURS</b>
TOTAL HOURS COMPLETED	0.00

<b>ARTHUR GOULET</b>	<b>HOURS</b>
Grantham, Mayo, Van Otterloo (GMO) Investment Presentation January 28, 2014	3.50
Manatt, Phelps, Phillips, LLP Public Pension Fiduciary Forum March 28, 2014	7.00
Pension Bridge Pension Bridge Conference April 22-23, 2014	16.00
State Association of County Retirement Systems (SACRS) Spring Conference May 13-15, 2014	10.00
California Association of Public Retirement Systems (CALAPRS) Trustees' Roundtable September 12, 2014	5.00
State Association of County Retirement Systems (SACRS) Fall Conference November 11-14, 2014	12.75
TOTAL HOURS COMPLETED	41.50

<b>JOSEPH HENDERSON</b>	<b>HOURS</b>
TOTAL HOURS COMPLETED	0.00

<b>STEVEN HINTZ</b>	<b>HOURS</b>
State Association of County Retirement Systems (SACRS) Fall Conference November 11-14, 2014	16.00
TOTAL HOURS COMPLETED	16.00

<b>WILBUR HOAG</b>	<b>HOURS</b>
State Association of County Retirement Systems (SACRS) Spring Conference May 13-15, 2014	12.20
California Retired County Employees Association (CRCEA) Fall Conference October 20-22, 2014	4.00
State Association of County Retirement Systems (SACRS) Fall Conference November 11-14, 2014	6.75
TOTAL HOURS COMPLETED	22.95

<b>EDWARD CHRISTOPHER JOHNSTON</b>	<b>HOURS</b>
NEPC Public Funds Workshop January 26-28, 2014	12.00
Manatt, Phelps, Phillips, LLP Public Pension Fund Fiduciary Forum March 28, 2014	8.00
State Association of County Retirement Systems (SACRS) Fall Conference May 14-17, 2013	9.00
TOTAL HOURS COMPLETED	29.00

<b>TOM JOHNSTON</b>	<b>HOURS</b>
State Association of County Retirement Systems (SACRS) Spring Conference May 14-17, 2014	13.20
<b>TOTAL HOURS COMPLETED</b>	<b>13.20</b>

<b>TRACY TOWNER</b>	<b>HOURS</b>
State Association of County Retirement Systems (SACRS) Spring Conference May 14-17, 2014	0.00
State Association of County Retirement Systems (SACRS) Fall Conference November 11-14, 2014	11.83
<b>TOTAL HOURS COMPLETED</b>	<b>11.83</b>

<b>DEANNA MCCORMICK</b>	<b>HOURS</b>
Manatt, Phelps, Phillips, LLC Fiduciary Forum March 28, 2014	8.00
Pension Bridge Pension Bridge Conference April 22-23, 2014	16.00
State Association of County Retirement Systems (SACRS) Spring Conference May 13-15, 2014	13.20
GMI Conferences Public Funds Forum - The future of Corporate Reform September 2-4, 2014	12.50
PIMCO PIMCO Institute 2014 October 16-24, 2014	45.75
State Association of County Retirement Systems (SACRS) Fall Conference November 11-14, 2014	14.50
<b>TOTAL HOURS COMPLETED</b>	<b>109.95</b>

<b>MICHAEL SEDELL</b>	<b>HOURS</b>
State Association of County Retirement Systems (SACRS) Spring Conference May 13-15, 2014	12.20
State Association of County Retirement Systems (SACRS) Fall Conference November 11-14, 2014	10.83
<b>TOTAL HOURS COMPLETED</b>	<b>23.03</b>

<b>WILLIAM WILSON</b>	<b>HOURS</b>
State Association of County Retirement Systems (SACRS) Fall Conference November 11-14, 2014	9.50
<b>TOTAL HOURS COMPLETED</b>	<b>9.50</b>

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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February 23, 2015

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

**SUBJECT: MODIFICATION TO BOARD OF RETIREMENT EDUCATION AND TRAVEL POLICY**

Dear Board Members:

At the February 2, 2015 Disability Meeting, it was noted that while the current VCERA Board of Retirement Travel and Education Policy addresses attendance at SACRS Committee meetings, it did not specify SACRS Board participation.

Provided is a proposed modification to the policy to specifically include SACRS Board meetings and participation.

**RECOMMENDED ACTION: APPROVE PROPOSED CHANGES TO BOARD OF RETIREMENT EDUCATION POLICY.**

Sincerely,

A handwritten signature in blue ink, appearing to read "Linda Webb", with a long horizontal flourish extending to the right.

Linda Webb  
Retirement Administrator

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD OF RETIREMENT

### EDUCATION AND TRAVEL POLICY

#### INTRODUCTION

Recognizing its fiduciary responsibility to plan participants, it is the desire of the Board of Retirement (Board) to encourage members of the Board, and its staff, to enhance their knowledge of the financial and benefit aspects of the retirement system by attending educational meetings, conferences and seminars. Attendance at such functions, as well as due diligence trips relating to the operation of the retirement system, is essential to ensure that Board members and staff are able to carry out their fiduciary responsibilities.

#### PURPOSE

The purpose of this policy is to set forth the guidelines to be followed to ensure Board members and staff members are allowed to cost effectively attend the educational meetings, conferences and seminars the Board believes to be necessary for the performance of their duties.

#### COMPLIANCE WITH STATE LAW

Effective January 1, 2013, and in compliance with Section 31522.8 of the California Government Code, all Board members shall receive a minimum of 24 hours of trustee education within the first two years of assuming office, and for every subsequent two-year period the Board member continues to hold membership on the Board. Further, the Board will maintain a record of Board member compliance with the policy. This policy and an annual report on Board member compliance shall be placed on the Internet Web site.

#### ON-SITE DUE DILIGENCE

Regular on-site due diligence evaluations shall be scheduled with VCERA's investment managers every three years. More frequent evaluations shall be conducted if there have been material organizational changes, significant underperformance of the investment or for any other reason deemed appropriate by the Board.

On-site due diligence evaluations may be conducted by one or more Trustees and may include the Administrator or his/her designee. The Administrator shall, in consultation with the Investment Consultant, agendaize a proposed schedule for all on-site due diligence trips to be conducted in the upcoming year. The Board Chair shall, with Board consent, designate the Trustee(s) to participate in each on-site evaluation. Every effort shall be

made to rotate due diligence responsibilities so no single Trustee, or group of Trustees, is conducting a majority of due diligence visits on VCERA's behalf. The Trustee(s) and Administrator, or designee, shall be responsible for providing a written/oral report to the Board no later than the second subsequent regular Board meeting summarizing their findings and recommendations, if any.

#### LIMITATION ON MEETING FOR BUSINESS PURPOSES

Travel by multiple Board members shall be conducted in such a manner as to not violate the provisions of the Brown Act (Government Code Section 54950 et. Seq.). Board member attendance at educational meetings, conferences, seminars and related social events is not a violation of the Brown Act.

#### TRAVEL AUTHORIZATION

Approval for travel by a Board or staff member to an educational meeting, conference or seminar shall be made in an open meeting of the Board, except for attendance at the Spring and Fall State Association of County Retirement Systems (SACRS) conferences for which authorization by the Board will not be required. Additionally, the Retirement Administrator may approve Board or staff travel, including the Board's legal advisor, for one-day meetings held within the State. The Administrator may also approve an overnight stay by a staff member if it is determined to be in the best interest of the Association in terms of economy and efficiency. In the event a Board member wishes to conduct an on-site due diligence visit, or attend a one-day seminar, of a VCERA investment manager or consultant without prior Board approval, the Administrator is authorized to reimburse travel expenses up to \$300.00 upon submission of a verified claim.

Although State law may permit gifts of travel to the System, if a third party offers to pay for some or all of the travel expenses associated with a particular conference, seminar or meeting, the Board shall decline the offer. However, the Board may consider authorizing attendance at the particular conference, seminar or meeting at VCERA's expense if such attendance would be beneficial to VCERA.

#### ANNUAL TRAVEL BUDGET

The Retirement Administrator shall include in the annual budget to be approved by the Board sufficient funding to allow each member of the Board, and staff, to attend the Spring and Fall SACRS conferences. Additionally, funds will be budgeted, based upon the information available on scheduled conferences and input from individual Board members during the budget preparation process, to allow each Board member and management staff to attend up to three additional conferences, educational meetings, seminars and site visits each fiscal year. This limitation shall not apply to on-site visits that are made with the consent of the Board, including in connection with the retention of a new manager, nor shall it apply to any conference, educational meeting, seminar or site visit where the cost to the Association can reasonably be expected to be less than \$500.00.

Travel expenses of Board members and staff shall be considered a cost of administration and may not be paid by any third party without the express written authorization of the Board.

### RECOMMENDED PUBLIC RETIREMENT SYSTEM MEETINGS

It is the intention of the Board to establish a standard whereby attendance at educational meetings, conferences and seminars will be approved only if the agenda for the event contains an average of five (5) hours of substantive educational content per day. This standard would not apply to meetings with investment managers, consultants, etc., which would not be expected to last for five hours.

The Board establishes the following as recommended educational meetings, conferences and seminars that qualify as trustee education.

1. State Association of County Retirement Systems (SACRS), including meetings of SACRS Board or Committees on which a member of the Board or staff participates. The Board recognizes the importance of having its Trustees actively participate as members of the SACRS Board or its committees. Therefore, attendance at such meetings shall not count towards the three conferences, educational meetings, seminars or site visits limitation set forth above, even if such cost exceeds \$500.00.
2. Public Pension Investment Management Program (SACRS/Berkeley). (Attendance shall not count towards the three conference limit.)
3. California Association of Public Retirement Systems (CALAPRS) Annual General Assembly, trustee and staff roundtables, Advanced Board Leadership Institute, Administrators' Institute and the Principles of Pension Management for Trustees course. (Attendance shall not count towards the three conference limit.)
4. Programs sponsored by the International Foundation of Employee Benefit Plans (IFEBCP).
5. Programs sponsored by the Institute for Fiduciary Education (IFE).
6. NCPERS Annual Conference.
7. Pension Funds and Money Management, and Alternative Investments and Real Estate; The Wharton School, University of Pennsylvania.
8. Programs sponsored by the National Association of Police Officers (NAPO).
9. Client conferences sponsored by investment managers, asset custodians and consultants with whom the Retirement System has a current professional relationship. (Attendance shall not count towards the three conference limit.)
10. National Association of Pension Fund Attorneys Conference.
11. California Retired County Employees Association (CRCEA).

12. Manatt, Phelps & Phillips Fiduciary Symposium. (Attendance shall not count towards the three conference limit.)
13. Council of Institutional Investors (CII)

Board members may request approval to attend the recommended, or any other, educational meetings, seminars and conferences by submitting a written request to the Retirement Administrator for inclusion on the next Board agenda. Requests approved by the Board qualify as Board member education. Educational seminars sponsored by the state or national public pension fund organizations and seminars sponsored by accredited academic institutions shall be deemed to meet Board member education requirements.

#### APPROPRIATE TOPICS

Appropriate topics for Board member education, may include, but is not limited to, the following:

1. Fiduciary responsibilities.
2. Ethics.
3. Pension fund investments and investment program management.
4. Actuarial matters.
5. Pension funding.
6. Benefits administration.
7. Disability evaluation.
8. Fair hearings.
9. Pension fund governance.
10. New Board member orientation.

#### TRAVEL ARRANGEMENTS

It is the preference of the Board to have travel arrangements made through VCERA staff. This would include processing of registrations, hotel accommodations and transportation. However, a Board member may arrange his/her own transportation if he/she is to be accompanied by a spouse or traveling companion. VCERA staff will not make travel arrangements for, or reimbursement to a Board or staff member for any costs associated with the attendance of a spouse or traveling companion to any function.

## TRAVEL COSTS

It is the policy of the Board that travel to educational meetings, conferences and seminars be achieved in the least expensive practical manner possible in order to reduce costs to the retirement system.

Reimbursement or payment for travel related expenses may not be made in certain instances. For travel to meetings within the State of California, lodging and other eligible travel related expenses will be paid for the evening prior to the start of the meeting only if the meeting starts at or prior to 9:30a.m. Lodging for the night of the last day of the conference will not be paid by the Retirement System.

For travel outside the State of California, lodging and other travel related expenses will be paid by VCERA for the evening prior to the day the meeting starts. Lodging will not be paid by VCERA for the evening of the final day of the meeting unless the substantive portion of the meeting ends after 2:00p.m. or it can be demonstrated that a reduction in airfare can be achieved by staying over for an additional day which will more than offset the cost for an additional night's lodging and other travel related costs that would be incurred.

In order to avoid unnecessary costs to the Retirement System, Board members should immediately notify VCERA's Chief Financial Officer of the cancellation or other changes in their travel plans.

Travel related costs which will be paid or reimbursed to a Board or staff member include the following:

### Air Transportation

Every attempt should be made to make air travel reservations in advance to take advantage of available discounts. Airfare will be paid for coach passage only.

### Hotel Accommodations

Payment for lodging will be at the single occupancy rate, plus applicable room tax. Any lodging costs in excess of the single occupancy room rate will be the responsibility of the Board or staff member.

### Meals & Beverages

Reimbursement for the cost of meals and beverages for the Board and staff members while on travel will be made at the rates established by the County of Ventura for reimbursement to employees for such expenses. A copy of the current rates of reimbursement will be provided to each member of the Board.

### Rental Car

Every attempt should be made to utilize public transportation, airport and hotel shuttle services which are reimbursable expenses. A rental car may be used if cost effective. The retirement system will not be responsible for any loss or damage resulting from the use of a rental car.

### Parking

Reasonable automobile parking expenses are reimbursable.

### Mileage

Retirement Board members and staff will be reimbursed for the use of their own automobile at the current mileage rate authorized by the Internal Revenue Service.

### Documentation of Expenses and Submission of Reimbursement Claims

All requests for reimbursement of travel costs shall be supported by receipts or other documentation. Agendas from the training may be attached to the travel claims, along with notations of the sessions attended with the associated hours recorded on the face of the claim. All travel claims shall be submitted to the Retirement Administrator or VCERA's Chief Financial Officer no later than the 60<sup>th</sup> calendar day after the expense is incurred by the Board or staff member. (A sample claim form is attached to this policy.)

### REPORTING

Retirement Board members shall, no later than the 2<sup>nd</sup> subsequent Board meeting, provide a brief report on meetings attended on behalf of VCERA. The Retirement Administrator shall, no later than the second month of the calendar year, report on annual Board member compliance and post said report on the VCERA Web site.

### POLICY REVIEW

In order to keep the provisions of this policy current, the Board will review this policy on an annual basis at a minimum.

### POLICY HISTORY

The Board last reviewed and approved this policy on June 17, 2013. The Board previously approved this policy on January 28, 2013, July 2, 2012, June 20, 2011, June 21, 2010, June 15, 2009, September 15, 2008, April 16, 2007, May 1, 2006, October 17, 2005, April 19, 2004, April 21, 2003, May 6, 2002, April 16, 2001, and April 17, 2000. The Board originally adopted this policy on July 6, 1998.

## Sample Claim Form

VCERA TRAVEL EXPENSE REIMBURSEMENT									
Name _____					Vendor Number _____				
Mailing Address, City, State & Zip Code _____									
Destination _____									
Purpose _____							Education Hours _____		
<b>MEALS</b>	MAXIMUM REIMBURSEMENT RATES			Date	Breakfast	Lunch	Dinner	Total	<b>TOTAL</b>
	Within California							\$	
	Breakfast: \$13 Lunch: \$18 Dinner: \$35							\$	
	Outside California							\$	
	Breakfast: \$15 Lunch: \$21 Dinner: \$40							\$	
	Receipts Required							\$	
<b>LODGING</b>	Hotel Name		City	Number of Nights		Total		<b>TOTAL</b>	
						\$			
						\$			
						\$			
<b>MILEAGE</b>	From	To	Miles	Rate		Total		<b>TOTAL</b>	
				0.585		\$			
				0.585		\$			
				0.585		\$			
<b>OTHER</b>	Description	Conf. Fees	Parking	Taxi	Airfare	Other		<b>TOTAL</b>	
<b>TOTAL CLAIM AMOUNT</b>								\$	
<b>CLAIMANT</b> The undersigned, under penalty of perjury, states: That the above claim and the items set out therein are true and correct; that no part thereof has been heretofore paid; and that the amount is justly due, and that claim is made within one year after the last item has accrued.  X _____ Date _____					<b>VCERA APPROVAL</b> I hereby certify, upon my own personal knowledge, that the goods or services specified in the above claim were reasonable, necessary and for the benefit of the County; that no part thereof has been heretofore paid; that the amount therein is justly due, and that payment of the above claim complies with the County policies and procedures.  X _____ Date _____				
Internal Use Only									
Account: 8262 Travel Reimbursement      \$ _____ 8264 Mileage Reimbursement      \$ _____					Agenda attached? <input type="checkbox"/> <b>TOTAL</b> \$ _____				
<b>CHECK REQUEST</b> REQUESTED BY: _____ CHECK DATE: _____ CHECK NUMBER: _____ PREPARED BY: _____ APPROVED BY: _____									

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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February 23, 2015

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

**SUBJECT: PROPOSED BUDGET ADJUSTMENTS FOR BOARD APPROVED REQUESTS**

Dear Board Members:

During the current fiscal year, your Board took action to approve several requests listed in the attached schedule (Attachment A), based on events that transpired after the budget was adopted. While those items were approved by your Board, budgetary adjustments were not included or authorized. Therefore, staff is recommending the following budgetary adjustments to establish appropriations for those items previously approved:

Authorize Staff to process the following Budgetary Adjustments:

INCREASE - Service & Supplies	\$ 28,200
INCREASE - Information Technology (Non-CAP)	\$425,100
DECREASE - Contingency	\$453,300

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

Sincerely,



Henry C. Solis, CPA  
Chief Financial Officer



Linda Webb  
Retirement Administrator

Attachment A

Ventura County Employees' Retirement Association  
Schedule of Budget Adjustments Required for Board Approved Requests  
Fiscal Year 2014-15

Board Letter Description	Date	Agenda Item	Expenditure Category	Amount	FY 2014-15	Future Years
Lease Amendment	10/20/2014	X.C	Service & Supplies	\$ 10,700	\$ 10,700	
Lease Amendment	10/20/2014	X.C	Contingency		(10,700)	
Approval of Timeline for VCERIS Project (Auditor-Controller)	10/15/2014	VI.B	Information Technology (Non-CAP)	\$ 220,000	\$ -	\$ 220,000
Approval of Timeline for VCERIS Project (Auditor-Controller)	10/15/2014	VI.B	Contingency		-	
Agreement with Foley & Lardner to provide Legal Services	1/5/2015	VI.B	Service & Supplies	\$ 17,500	\$ 17,500	
Agreement with Foley & Lardner to provide Legal Services	1/5/2015	VI.B	Contingency		(17,500)	
Approve Change Orders - VCERIS Project	1/5/2015	VII.D	Information Technology (Non-CAP)	\$ 2,061,580	\$ 351,400	\$ 1,710,180
Approve Change Orders - VCERIS Project	1/5/2015	VII.D	Contingency		(351,400)	
<b>Total Adjustments Requested</b>			<b>Salaries &amp; Benefits</b>		\$ -	
			<b>Service and Supplies</b>		28,200	
			<b>Information Technology (Non-CAP)</b>		351,400	
			<b>Contingency</b>		(379,600)	

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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February 23, 2015

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

## **SUBJECT: MID-YEAR BUDGET UPDATE FOR FISCAL YEAR 2014-15**

Dear Board Members:

With respect to the adopted budget, more than fifty percent of the fiscal year ending June 30, 2015 is complete and consequently, we have a reasonable estimate of the financial status for the year. The attached Budget Summary (Attachment A) reflects actual expenditures through January 31, 2015, as well as year-end projected expenditures based on staff's estimates. In addition, the Budget Summary reflects the proposed budget adjustments requested in item IX.C from today's agenda.

**Salaries & Employee Benefits:** Overall Salaries and Employee Benefits are projected to be under budget by approximately \$125,100. Savings were realized due to vacancies, primarily the Retirement Administrator, IT Manager (Senior Office Systems Coordinator) and Accounting Officer IV positions, with an increase due to negotiated MOU increases (COLA and Market Based Adjustments), the addition of the Benefits Manager (Staff Services Manager II) allocation (approved in July 2014) and an increase in the use of extra-help to help manage workload.

The Salary and Benefits projection also includes funding for the Chief Investment Officer. However, the position allocation has not been added to VCERA's existing position allocations and will be requested as part of the recommended action.

**Services & Supplies:** Overall Services & Supplies is projected to be under budget by approximately \$32,000. The majority of the savings will be realized in Professional Services (\$17,600). While the variance is minimal, within the line item several unbudgeted expenditures authorized by the Board (Legal services - \$99,400, Lobbyist \$12,500, Search Firm for CIO - \$21,000) were offset with savings primarily realized due to reduced Disability Hearing Officer fees (\$69,800) and Managements decision to defer planned expenditures such as the Actuarial Audit (\$75,000). All other service and supplies variances are not material.

**Technology:** The Information Technology budget is projected to be under budget by approximately \$43,200. Computer Hardware savings of \$18,000 are due planned expenditures being less than budgeted and deferral of PAS project hardware due to a revised project timeline. Computer Software is projected to exceed budget due to the cost of software being greater than budgeted. Systems Application and Support is projected to be under budget by approximately \$109,200 due to the start date of the Vitech Hosting services agreement which

## MID-YEAR BUDGET UPDATE FOR FISCAL YEAR 2014-15

February 23, 2015

Page 2 of 2

began in September 2014, but budgeted for the entire year resulting in budgetary savings of \$39,000 and County of Ventura IT-Services in support of the PAS project budgeted to this line item instead of the Pension Administration System line item in the amount of \$35,500.

Pension Administration System is projected to be approximately \$73,500 over budget. The majority of the projected variance is due to the approved Vitech data conversion charges of approximately \$73,700 with no appropriations included in the budget, offset with a savings of \$29,700 from budget for the completion of additional approved interfaces. Savings are also projected to be realized from Managed Business Solutions (MBS), provider of data conversion services, which is projected to come in under budget by approximately \$18,000. Finally, County of Ventura IT-Services in support of the PAS project in the amount of \$35,500 will be charged to this account but budgeted to System Application and Support line item.

Staff recommends that no further budgetary adjustments be made at this time as we believe any excess can be absorbed within the overall budget. If the overall actual expenditures exceed the total adjusted budget, Staff will return to the Board after year end and request necessary appropriation proposed adjustments to close out the year.

### Recommendation:

1. Approve the addition of the following position and request that the County of Ventura – Chief Executive Officer – Human Resources Director add to VCERA's position allocations the following position to allow adjustment to the operational budget:

Job Code	Job Description	FTE	Annual Salary Range
00984	Retirement Chief Investment Officer	1.0	\$113,032.47 - \$158,260.97

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

Sincerely,



Henry C. Solis, CPA  
Chief Financial Officer



Linda Webb  
Retirement Administrator

Attachment A

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
BUDGET SUMMARY FISCAL YEAR 2014-2015**

**Attachment A**

**Year-to-Date through January 2015 - 58% of Fiscal Year Expended and Year End Projection (June 30, 2015)**

<u>EXPENDITURE DESCRIPTIONS</u>	<u>Adopted 2014/2015 Budget</u>	<u>Adjusted 2014/2015 Budget</u>	<u>YTD Expended</u>	<u>Projected @ Year End</u>	<u>Available Balance</u>	<u>Percent Expended</u>
<b>Salaries &amp; Benefits:</b>						
Salaries	\$ 1,842,500.00	\$ 1,842,500.00	\$ 844,337.71	\$ 1,703,237.71	\$ 139,262.29	92.44%
Extra-Help	62,600.00	62,600.00	45,319.94	112,744.94	(50,144.94)	180.10%
Overtime	1,000.00	1,000.00	1,951.82	2,951.82	(1,951.82)	295.18%
Supplemental Payments	59,600.00	59,600.00	25,082.17	51,482.17	8,117.83	86.38%
Vacation Redemption	102,500.00	102,500.00	47,000.56	102,500.56	(0.56)	100.00%
Retirement Contributions	366,000.00	366,000.00	173,400.48	357,084.48	8,915.52	97.56%
OASDI Contributions	115,600.00	115,600.00	51,773.59	110,114.59	5,485.41	95.25%
FICA-Medicare	29,100.00	29,100.00	12,994.37	26,699.37	2,400.63	91.75%
Retiree Health Benefit	13,300.00	13,300.00	14,030.00	21,230.00	(7,930.00)	159.62%
Group Health Insurance	182,100.00	182,100.00	83,087.40	163,187.40	18,912.60	89.61%
Life Insurance/Mgmt	1,100.00	1,100.00	523.86	1,023.86	76.14	93.08%
Unemployment Insurance	2,300.00	2,300.00	1,020.72	2,120.72	179.28	92.21%
Management Disability Insurance	4,500.00	4,500.00	3,874.77	6,074.77	(1,574.77)	134.99%
Worker' Compensation Insurance	13,400.00	13,400.00	6,709.74	12,909.74	490.26	96.34%
401K Plan Contribution	33,100.00	33,100.00	13,656.45	30,256.45	2,843.55	91.41%
Transfers In	150,700.00	150,700.00	41,819.18	71,819.18	78,880.82	47.66%
Transfers Out	(150,700.00)	(150,700.00)	(41,819.18)	(71,819.18)	(78,880.82)	47.66%
<b>Total Salaries &amp; Benefits</b>	<b>\$ 2,828,700.00</b>	<b>\$ 2,828,700.00</b>	<b>\$ 1,324,763.58</b>	<b>\$ 2,703,618.58</b>	<b>\$ 125,081.42</b>	<b>95.58%</b>
<b>Services &amp; Supplies:</b>						
Telecommunication Services - ISF	\$ 37,800.00	\$ 37,800.00	\$ 21,849.49	\$ 38,499.49	\$ (699.49)	101.85%
General Insurance - ISF	12,200.00	12,200.00	6,104.00	12,208.00	(8.00)	100.07%
Office Equipment Maintenance	3,900.00	3,900.00	269.90	1,069.90	2,830.10	27.43%
Membership and Dues	9,500.00	9,500.00	8,244.00	9,244.00	256.00	97.31%
Education Allowance	10,000.00	10,000.00	4,000.00	4,000.00	6,000.00	40.00%
Cost Allocation Charges	0.00	-	0.00	0.00	0.00	#DIV/0!
Printing Services - Not ISF	3,000.00	3,000.00	2,070.27	3,570.27	(570.27)	119.01%
Books & Publications	2,500.00	2,500.00	1,078.04	1,078.04	1,421.96	43.12%
Office Supplies	20,000.00	20,000.00	7,565.43	16,565.43	3,434.57	82.83%
Postage & Express	59,700.00	59,700.00	36,087.96	61,449.96	(1,749.96)	102.93%
Printing Charges - ISF	10,000.00	10,000.00	11,088.53	11,088.53	(1,088.53)	110.89%
Copy Machine Services - ISF	6,500.00	6,500.00	291.15	6,291.15	208.85	96.79%
Board Member Fees	12,000.00	12,000.00	5,800.00	11,800.00	200.00	98.33%
Professional Services	1,074,000.00	1,091,500.00	544,610.93	1,073,895.43	17,604.57	98.39%
Storage Charges	5,500.00	5,500.00	2,376.46	4,359.46	1,140.54	79.26%
Equipment	0.00	-	8,277.50	8,277.50	(8,277.50)	#DIV/0!
Office Lease Payments	186,000.00	194,200.00	107,740.34	190,418.69	3,781.31	98.05%
Private Vehicle Mileage	9,000.00	9,000.00	2,581.86	6,456.86	2,543.14	71.74%
Conference, Seminar and Travel	63,000.00	63,000.00	29,124.79	60,124.79	2,875.21	95.44%
Furniture	5,000.00	5,000.00	512.11	4,812.11	187.89	96.24%
Facilities Charges	3,900.00	6,400.00	3,478.47	4,478.47	1,921.53	69.98%
Transfers In	16,000.00	16,000.00	4,783.49	9,118.49	6,881.51	56.99%
Transfers Out	(16,000.00)	(16,000.00)	(4,783.49)	(9,118.49)	(6,881.51)	56.99%
<b>Total Services &amp; Supplies</b>	<b>\$ 1,533,500.00</b>	<b>\$ 1,561,700.00</b>	<b>\$ 803,151.23</b>	<b>\$ 1,529,688.08</b>	<b>\$ 32,011.92</b>	<b>97.95%</b>
<b>Total Sal, Ben, Serv &amp; Supp</b>	<b>\$ 4,362,200.00</b>	<b>\$ 4,390,400.00</b>	<b>\$ 2,127,914.81</b>	<b>\$ 4,233,306.66</b>	<b>\$ 157,093.34</b>	<b>96.42%</b>
<b>Technology:</b>						
Computer Hardware	\$ 32,600.00	\$ 32,600.00	\$ 900.81	14,500.81	\$ 18,099.19	44.48%
Computer Software	193,000.00	193,000.00	45,293.27	205,893.27	(12,893.27)	106.68%
Systems & Application Support	670,200.00	670,200.00	258,146.94	561,033.19	109,166.81	83.71%
Pension Administration System	1,621,400.00	1,972,800.00	971,099.64	2,043,946.64	(71,146.64)	103.61%
<b>Total Technology</b>	<b>\$ 2,517,200.00</b>	<b>\$ 2,868,600.00</b>	<b>\$ 1,275,440.66</b>	<b>\$ 2,825,373.91</b>	<b>\$ 43,226.09</b>	<b>98.49%</b>
<b>Contingency</b>	<b>\$ 615,200.00</b>	<b>\$ 235,600.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 235,600.00</b>	<b>0.00%</b>
<b>Total Current Year</b>	<b>\$ 7,494,600.00</b>	<b>\$ 7,494,600.00</b>	<b>\$ 3,403,355.47</b>	<b>\$ 7,058,680.57</b>	<b>\$ 435,919.43</b>	<b>94.18%</b>



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**John W. Monroe, ASA, MAAA**  
Vice President & Actuary  
jmonroe@segalco.com

January 20, 2015

Ms. Linda Webb  
Retirement Administrator  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003

**Re: Ventura County Employees' Retirement Association  
Cost-of-Living Adjustments (COLA) as of April 1, 2015**

Dear Ms. Webb:

We have determined the cost-of-living adjustments for the Association in accordance with Section 31870.1, as provided in the enclosed exhibit.

The cost-of-living factor to be used by the Association on April 1, 2015 is determined by comparing the December CPI for the Los Angeles-Riverside-Orange County Area (with 1982-84 as the base period) in each of the past two years. The ratio of the past two December indices, 240.475 in 2014 and 238.742 in 2013, is 1.0073. The County Law section cited above indicates that the resulting percentage change of 0.73% should be rounded to the nearest one-half percent, which is 0.5%. Please note the above cost-of-living adjustment calculated using established procedures for VCERA may result in adjustments different from those calculated using alternative procedures by other systems.

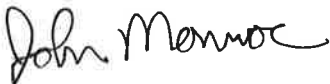
The actual cost-of-living adjustment is dependent on tier and date of retirement. The CPI adjustment to be applied on April 1, 2015 is provided in Column (4) of the enclosed exhibit. The COLA bank on April 1, 2015 is provided in Column (5).

Consistent with prior years, we have included the payee count in Column (6) and total monthly benefit in Column (7) of the enclosed exhibit.

Ms. Linda Webb  
January 20, 2015  
Page 2

Please give us a call if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "John Monroe". The signature is written in a cursive style with a large, stylized "J" and "M".

John Monroe

AW/hy  
Enclosure

Ventura County Employees' Retirement Association  
Cost-Of-Living Adjustment  
As of April 1, 2015

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Retirement Date	April 1, 2014 Accumulated Carry-over	CPI Change*	CPI Rounded**	CPI Used***	April 1, 2015 Accumulated Carry-over****	Payee Count*****	Total Monthly Benefit*****
All Tier 1 and Safety Section 31870.1 Maximum Annual COLA	3.0%						
On or Before 4/1/1975	54.5%	0.73%	0.5%	3.0%	52.0%	68	\$85,971
04/02/1975 to 04/01/1976	47.0%	0.73%	0.5%	3.0%	44.5%	35	\$53,594
04/02/1976 to 04/01/1977	39.5%	0.73%	0.5%	3.0%	37.0%	48	\$62,974
04/02/1977 to 04/01/1978	36.0%	0.73%	0.5%	3.0%	33.5%	32	\$51,483
04/02/1978 to 04/01/1979	32.0%	0.73%	0.5%	3.0%	29.5%	42	\$56,928
04/02/1979 to 04/01/1980	27.5%	0.73%	0.5%	3.0%	25.0%	32	\$30,824
04/02/1980 to 04/01/1981	19.5%	0.73%	0.5%	3.0%	17.0%	40	\$62,699
04/02/1981 to 04/01/1982	7.0%	0.73%	0.5%	3.0%	4.5%	37	\$51,551
04/02/1982 to 04/01/1983	0.5%	0.73%	0.5%	1.0%	0.0%	57	\$131,871
04/02/1983 to 04/01/1984	0.0%	0.73%	0.5%	0.5%	0.0%	47	\$70,901
04/02/1984 to 04/01/1985	0.0%	0.73%	0.5%	0.5%	0.0%	57	\$113,195
04/02/1985 to 04/01/1986	0.0%	0.73%	0.5%	0.5%	0.0%	44	\$105,266
04/02/1986 to 04/01/1987	0.0%	0.73%	0.5%	0.5%	0.0%	73	\$144,788
04/02/1987 to 04/01/1988	0.0%	0.73%	0.5%	0.5%	0.0%	70	\$166,635
04/02/1988 to 04/01/1989	0.0%	0.73%	0.5%	0.5%	0.0%	88	\$211,428
04/02/1989 to 04/01/1990	0.0%	0.73%	0.5%	0.5%	0.0%	47	\$82,297
04/02/1990 to 04/01/1991	0.0%	0.73%	0.5%	0.5%	0.0%	74	\$252,108
04/02/1991 to 04/01/1992	0.0%	0.73%	0.5%	0.5%	0.0%	112	\$411,667
04/02/1992 to 04/01/1993	0.0%	0.73%	0.5%	0.5%	0.0%	91	\$292,081
04/02/1993 to 04/01/1994	0.0%	0.73%	0.5%	0.5%	0.0%	93	\$320,179
04/02/1994 to 04/01/1995	0.0%	0.73%	0.5%	0.5%	0.0%	95	\$311,840
04/02/1995 to 04/01/1996	0.0%	0.73%	0.5%	0.5%	0.0%	82	\$288,151
04/02/1996 to 04/01/1997	0.0%	0.73%	0.5%	0.5%	0.0%	61	\$191,470
04/02/1997 to 04/01/1998	0.0%	0.73%	0.5%	0.5%	0.0%	108	\$539,609
04/02/1998 to 04/01/1999	0.0%	0.73%	0.5%	0.5%	0.0%	129	\$518,962
04/02/1999 to 04/01/2000	0.0%	0.73%	0.5%	0.5%	0.0%	146	\$620,343
04/02/2000 to 04/01/2001	0.0%	0.73%	0.5%	0.5%	0.0%	107	\$500,872
04/02/2001 to 04/01/2002	0.0%	0.73%	0.5%	0.5%	0.0%	95	\$447,335
04/02/2002 to 04/01/2003	0.0%	0.73%	0.5%	0.5%	0.0%	101	\$519,662
04/02/2003 to 04/01/2004	0.0%	0.73%	0.5%	0.5%	0.0%	130	\$669,270
04/02/2004 to 04/01/2005	0.0%	0.73%	0.5%	0.5%	0.0%	143	\$775,472
04/02/2005 to 04/01/2006	0.0%	0.73%	0.5%	0.5%	0.0%	137	\$746,505
04/02/2006 to 04/01/2007	0.0%	0.73%	0.5%	0.5%	0.0%	118	\$586,700
04/02/2007 to 04/01/2008	0.0%	0.73%	0.5%	0.5%	0.0%	98	\$558,562
04/02/2008 to 04/01/2009	0.0%	0.73%	0.5%	0.5%	0.0%	71	\$404,985
04/02/2009 to 04/01/2010	0.0%	0.73%	0.5%	0.5%	0.0%	127	\$809,747
04/02/2010 to 04/01/2011	0.0%	0.73%	0.5%	0.5%	0.0%	88	\$642,365
04/02/2011 to 04/01/2012	0.0%	0.73%	0.5%	0.5%	0.0%	84	\$582,792
04/02/2012 to 04/01/2013	0.0%	0.73%	0.5%	0.5%	0.0%	89	\$602,811
04/02/2013 to 04/01/2014	0.0%	0.73%	0.5%	0.5%	0.0%	55	\$351,887
04/02/2014 to 04/01/2015		0.73%	0.5%	0.5%	0.0%	10	\$27,204

\* Based on ratio of December 2014 CPI to December 2013 CPI for the Los Angeles - Riverside - Orange County Area.

\*\* Based on CPI change rounded to nearest one-half percent.

\*\*\* These are the cost-of-living adjustment factors to be applied on April 1, 2015.

\*\*\*\* These are the carry-over of the cost-of-living adjustments that have not been used on April 1, 2015.

\*\*\*\*\* Payee count for the last period shown only goes through June 30, 2014.

\*\*\*\*\* Excludes monthly benefits for vested fixed supplemental and supplemental medical benefit amounts.

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

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

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February 23, 2015

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

**SUBJECT: AUTHORIZATION FOR MR. WINTER TO ATTEND THE WHARTON SCHOOL'S  
PORTFOLIO CONCEPTS AND MANAGEMENT PROGRAM, APRIL 27-30, 2015**

Dear Board Members:

Trustee Winter has requested approval to attend The Wharton School's "Portfolio Concepts and Management" program being held April 27-30, 2015 in Philadelphia. This training will fulfill a portion of the 24 hours of required education in a trustee's first two years, per the education policy.

Staff recommends authorization of this request. The cost to attend is estimated to be \$6,400 including event registration, airfare, hotel, mileage and other travel related expenses.

VCERA staff will be pleased to respond to any questions you may have on this matter at the February 23, 2015 business meeting.

Sincerely,

A handwritten signature in blue ink, appearing to read "Linda Webb", with a long horizontal flourish extending to the right.

Linda Webb  
Retirement Administrator

# Portfolio Concepts and Management

April 27-30, 2015

The Wharton School | University of Pennsylvania | Philadelphia, Pennsylvania

Portfolio Concepts and Management is a 3½-day program that offers lecture/discussion sessions, problem-solving exercises and an interactive case study. Portfolio Concepts and Management is offered every year at the Wharton School on the University of Philadelphia campus.

## Objective

This program lays the groundwork for the **core principles** of portfolio theory and investment performance measurement, offering the practical tools and experiences needed to make sound investment management decisions. It is intended for those who have limited experience with investment-related coursework or those looking to refresh their past experience.

## Outline

### MONDAY, APRIL 27

7:15-8:15 a.m.

Registration and Breakfast

Steinberg Conference Center

8:15 a.m.-12:00 noon

Introduction and Overview  
of Financial Assets

- The difference between a bond and a stock
- How bonds and stocks are evaluated
- Discounted value of coupons
- What happens to bonds when interest rates change?
- Call features
- Rating services
- Different types of indexes
- Different definitions of earnings
- Illustrations of actual examples
- Management styles

### MONDAY, APRIL 27 (Cont.)

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

Lunch

Provided at the conference center

1:00-4:15 p.m.

Fundamentals of Portfolio Theory

- Time-weighted and value-weighted rates of return
- Principles of diversification
- The concept of efficiency
- How to construct well-diversified portfolios
- How to build portfolios for a targeted risk level

4:30-5:30 p.m.

Welcome Reception (optional)

Sheraton Philadelphia University City Hotel

# Portfolio Concepts and Management

## TUESDAY, APRIL 28

7:30-8:30 a.m.

### Breakfast

Provided at the conference center

8:30 a.m.-12:00 noon

### Performance Evaluation

- Elements of manager monitoring
- Risk-adjusted measures
- Factors behind the numbers
- Role of investment style
- What do the numbers in a performance evaluation report mean?
- Using your performance measurement tools (practical framework)
- Impact of investment policy

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

### Lunch

Provided at the conference center

1:00-4:15 p.m.

### Fundamentals of Valuation

- How does an analyst determine the price of stock?
- What determines the volatility of a bond?
- Mechanics of compounding and discounting
- Valuation of annuities
- Present and future value

4:15-4:30 p.m.

### Introduction to Case Study

## WEDNESDAY, APRIL 29

7:30-8:30 a.m.

### Breakfast

Provided at the conference center

8:30 a.m.-12:00 noon

### Macroeconomic Issues and Financial Markets

- Basics of price and return
- Monetary and fiscal policy structures and current stances
- Exchange rates and international factors

## WEDNESDAY, APRIL 29 (Cont.)

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

### Lunch

Provided at the conference center

1:00-4:15 p.m.

### The Current Markets

- Recent trends
- Determining the discount rate
- Historical risk and return patterns
- The capital asset pricing model
- Price distortions

4:15-6:00 p.m.

### Case Study Group Work

(Dinner on your own)

## THURSDAY, APRIL 30

7:30-8:30 a.m.

### Breakfast

Provided at the conference center

8:30-9:45 a.m.

### Asset Allocation and Impacts of Risk on Return

- Trends in pension management
- Investment policy
- Overall asset allocation and allocation within asset class
- Rebalancing vs. reinforcing asset allocation

10:00-11:15 a.m.

### Case Study

Required to earn a certificate

11:15 a.m.-12:00 noon

### Examination

Required to earn a certificate

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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---

February 23, 2015

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

**SUBJECT: AUTHORIZATION FOR MS. MCCORMICK TO ATTEND THE PUBLIC RETIREMENT JOURNAL'S 26<sup>TH</sup> ANNUAL SOUTHERN CALIFORNIA PUBLIC RETIREMENT SEMINAR ON FEBRUARY 24, 2015 IN LAKEWOOD.**

Dear Board Members:

Staff recommends authorization for Ms. McCormick to attend the Public Retirement Journal's 26<sup>th</sup> Annual Southern California Public Retirement Seminar on February 24<sup>th</sup> in Lakewood. The cost to attend should not exceed \$350.

VCERA staff will be pleased to respond to any questions you may have on this matter at the February 2, 2015 disability meeting.

Sincerely,



Linda Webb  
Retirement Administrator

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## **Public Retirement Journal**



### **SEMINAR INFORMATION**

Join your colleagues from around the state for a day of in-depth discussion on current and future issues facing public retirement in California at the 26th Annual Southern California Public Retirement Seminar.

February 24, 2015 - 9AM-4PM - Registration: 8AM; The Centre at Sycamore Plaza (5000 Clark Ave, Lakewood)

Keynote Speaker: Gregory Totten, Ventura County District Attorney

Registration Fee: \$200.00 - includes breakfast & lunch and seminar materials.

Register online or contact us directly @ 916-341-0848

Seminar registration: [publicretirementjournal.org](http://publicretirementjournal.org)

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# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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February 8, 2015

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

Dear Board Members:

On February 6, 2015, Art Goulet and De McCormick attended the CALAPRS Trustees' Roundtable in San Jose.

The turnout was excellent, mostly from 1937 Act counties throughout the state.

The morning began with a discussion by roundtable participants of a current issue at many plans; that is, socially responsible investing (SRI), potential divestiture of fossil fuel investments, and how these ideas impact the fiduciary responsibility of trustees.

Paul Angelo from Segal Consulting was the first speaker and he addressed several interesting actuarial topics and, as usual, was very good at explaining complex concepts. Several actuarial policies were discussed including the new ASOP rules. One important one is that actuarial "best" estimates have been replaced with "reasonable" estimates. He also warned of the likely consequences of new mortality tables.

In the afternoon, Chad Spitler and Christopher Flensburg from BlackRock discussed Green Bonds; debt instruments whose proceeds are used to fund projects with positive environmental or social objectives. Since Green Bonds have outperformed bond benchmarks, they present a way for trustees to fulfill their fiduciary responsibility, while also being socially responsible. In deciding to make investments in Green Bonds, due diligence is extremely important since there is no independent entity that rates the bonds with regard to whether the proceeds are, indeed, used entirely for the stated purpose or whether the issuer may be corrupt. Accordingly, it was suggested that due diligence should include efforts to insure the offering meets the "Green Bond Principles" adopted by an international consortium in January 2014. This area of investment appears to be a work in progress and requires careful consideration.

Anne Casscells from Aetos Captial talked about the role of hedge funds in pension plans, and suggested that as much as 20% of a fund's portfolio should be in hedge funds. Ms. Casscells discussed how hedge funds are intended to perform between stocks and bonds, with the risk profile of bonds. That is, they do not earn as much in up markets as equity investments, but do not lose as much during down markets. She noted that press reports tend to cite the high fees of 2/20 charged by hedge funds, but that Aetos has been successful in negotiating fees as low as 1.5/19.1.

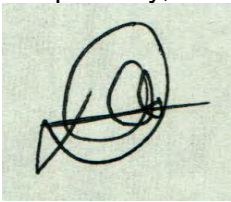
Shane Schurter from AON Hewitt discussed active versus passive investment management. He posited that over the long run, passive management resulted in greater earnings on average, and that a very small percentage of active managers outperform. He acknowledged that many funds must have active management in certain areas, but that selection must be made very carefully. As you are aware, a very large portion of VCERA's portfolio is invested passively.

Board of Retirement  
P.2

The day concluded with Ashley Dunning making a thorough presentation regarding SEC activities in enforcing its "pay to play" rules and recent cases involving pension funds. "Pay to Play" is described as "the practice of making campaign contributions and related payments to elected officials in order to influence the awarding of lucrative contracts for the management of public pension plan assets and similar government investment accounts." The relatively new rule has three components: 1) Prohibits an investment adviser from providing advisory services for compensation for two years under the circumstances noted below. 2) Prohibits an advisory firm and certain executives and employees from soliciting or coordinating campaign contributions from others, aka bundling. 3) Prohibits an adviser from paying a third party to solicit a government client on behalf of the investment advisor. The two-year time out is triggered by contributions, not only to elected officials who have legal authority to hire the adviser, but also to those who can influence the hiring of an adviser. There is an exception for contributions up to \$150 to officials for whom a covered associate is not entitled to vote, as well as \$350 for candidates for whom a covered associate is entitled to vote. Ashley wrote an article on this subject which was published in the latest issue of the Public Retirement Journal, which Art can make available to you.

All the handouts received will be available. If you have any questions, please contact us.

Respectfully,

A handwritten signature in black ink on a light green background. The signature is stylized, starting with a large 'D' and ending with a horizontal line.

De McCormick  
General Member Trustee

A handwritten signature in black ink. The signature is cursive and reads 'Arthur E. Goulet'.

Arthur E. Goulet  
Retiree Trustee

DATE: February 9, 2015  
TO: SACRS Membership, SACRS BOD  
FROM: Yves Chery, SACRS President  
RE: SACRS Strategic Facilitator Robert R. Palmer

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SACRS Strategic Facilitator, Mr. Bob Palmer has notified the SACRS Board of Directors of his intent to step down, effective March 5, 2015.

Bob has been involved with SACRS for over 25 years and has shown extraordinary dedication to our organization and his contributions have been immeasurable. Bob served as SACRS President, Chairman of the Legislative Committee and has served on numerous other committees. Bob has helped guide the organization on policy and operational matters, including during the recent era of pension reform and working to ensure 1937 Act systems could effectively implement the new mandates.

We all have the utmost respect for Bob, his expertise and tireless energy. The SACRS Board of Directors sincerely thanks Bob for his years of service and we wish Bob & Totty nothing but the best in their retirement.

In a special SACRS Board of Directors meeting on Friday, February 6, 2015, the Board voted unanimously to expand the role of Jim Lites to assist with ongoing projects that would have been addressed by the SACRS Executive Director/Strategic Facilitator. While it was unfortunate to lose someone with Bob's experience, I am very pleased that Mr. Lites, a consultant for SACRS since 1998, has agreed to expand his role to assist the SACRS Board to manage any outstanding projects during this transitional period.

Lastly, SACRS Program Committee is working very diligently on our May Conference at the Anaheim Marriott in Orange County. If you have not yet registered, please do so, as it will be an outstanding educational experience. I look forward to seeing you in May. If you have any questions, I can be reached at [ychery2013@gmail.com](mailto:ychery2013@gmail.com) or (323) 908-6200.

Regards,



Yves Chery, SACRS President  
Trustee, Los Angeles CERA

# EMERGING MANAGERS SUMMIT

JUNE 2015 CHICAGO, IL

Opal Financial Group  
Your Link to Investment Education

MONDAY JUNE 8

7:00 am	Exhibit Setup Begins
8:00 am	Registration Opens
7:30 am – 8:30 am	Breakfast in Registration Hall
8:30 – 8:40	<p>Chairman Welcoming Remarks</p> <p>Rene Nunez, Chairman/Trustee, <b>HISPANIC &amp; BUSINESS ALLIANCE EDUCATION FUND</b></p> <p>Marilyn R. Freeman, Principal &amp; Manager, <b>CAPITAL PROSPECTS LLC</b></p>
8:40 am – 9:00 am	STANDALONE
9:00 am – 9:20 am	STANDALONE
9:20 am – 9:40 am	STANDALONE
9:40 am – 10:40 pm	<p><b>WHY EMERGING MANAGERS: A INVESTOR ROUNDTABLE</b></p> <p>Moderator: <b>John Keane, Executive Director-Administrator, JACKSONVILLE POLICE AND FIRE PENSION FUND</b></p> <p>Panelists: <b>Thurman Zollicoffer, Trustee, STATE OF MARYLAND RETIREMENT SYSTEMS</b> <b>Howard Cooper, President, COOPER FAMILY OFFICE (SFO)</b></p>
10:40 am – 11:40 am	<p><b>SUCCESSFUL STRATEGIES FOR EMERGING MANAGERS</b></p> <p>Moderator: <b>S. Michael Sury, Executive Director, STRATEGIC INVESTORS (SIFIRM) US FAMILY OFFICE SYNDICATE</b></p> <p>Panelists:</p>
11:40 pm – 1:00 pm	MEET THE EMERGING MANAGERS

	Moderator:  Panelists: <b>Waldemar Mozes, PM, Partner, International Small Cap, <a href="#">TAMRO CAPITAL</a></b> <b>TBA, <a href="#">FOX RIVER PARTNERS</a></b>	
1:00 pm – 2:15 pm	<b>NETWORKING LUNCHEON</b>	
	<b>Track A</b>	<b>Track B</b>
2:15 pm – 3:15 pm	<b>OPPORTUNITIES IN THE CREDIT MARKETS</b>  Moderator:  Panelists: <b>TBA, <a href="#">ALTUM CAPITAL MANAGEMENT</a></b>	<b>REAL ESTATE</b>  Moderator:  Panelists: <b>Mark T. Hammond, Managing Partner, <a href="#">ALIDADE CAPITAL, LLC.</a></b>
3:15 pm – 4:15 pm	<b>EMERGING HEDGE FUNDS – WHAT TO EXPECT IN 2013?</b>  Moderator:  Panelists:	<b>INTERNATIONAL AND EMERGING MARKETS</b>  Moderator:  Panelists:
4:15 pm – 5:15 pm	<b>EQUITY INVESTING</b>  Moderator:  Panelists:	<b>REAL ASSETS, ENERGY, AND COMMODITIES</b>  Moderator: <b>Renato Alessandro Iregui, Principal, <a href="#">RAIRE FAMILY OFFICE (SFO)</a></b>  Panelists:
5:15 pm – 6:15 pm	<b>COCKTAIL RECEPTION</b>	

Tuesday JUNE 9

7:00 am – 8:00 am	<b>Breakfast in Registration Hall</b>
8:00 am – 8:20 am	<b>Chairman Welcoming Remarks</b>  <b>Rene Nunez, Chairman/Trustee, <a href="#">HISPANIC &amp; BUSINESS ALLIANCE EDUCATION FUND</a></b> <b>Marilyn R. Freeman, Principal &amp; Manager, <a href="#">CAPITAL PROSPECTS LLC</a></b>

8:20 am – 8:40 am	<b>STANDALONE</b>
8:40 am – 9:00 am	<b>STANDALONE</b>
9:00 am – 10:00 am	<b>INVESTING IN EMERGING MANAGERS WHAT DOES THE RESEARCH REALLY SHOW?</b>  Moderator: <b>James Maloney, Trustee, CHICAGO POLICEMEN'S ANNUITY AND BENEFIT FUND</b>  Panelists:
10:00 am – 11:00 am	<b>ARE SMALLER MANAGERS BETTER MANAGERS</b>  Evidence has shown that over time, emerging managers perform as well, if not better, than traditional firms. Are Investors overlooking the best talent in the marketplace? This panel will discuss the benefits of integrating emerging managers into your investment strategy.  Moderator: <b>Gilbert Garcia, Chairman, HOUSTON METRO</b>  Panelists: <b>Anthony Lombardi, Associate Partner, Institutional Advisory Solutions, AON HEWITT</b>
11:00 am – 11:15 am	<b>Afternoon Refreshment Break</b>
11:15 am – 12:00 pm	<b>WOMEN AND MINORITY OWNED FIRMS</b>  Moderator: <b>Lily Cavanagh, Treasurer, REDFORD (MI) POLICE &amp; FIREMEN RETIREMENT SYSTEM</b>  Panelists:
12:00 pm – 12:45 pm	<b>COMPLIANCE IN A REGULATORY ENVIRONMENT</b>  Moderator:  Panelists:
12:45 pm – 2:00 pm	<b>Networking Luncheon</b>
2:00 pm – 2:45 pm	<b>MANAGER SELECTION – HOW TO IDENTIFY TALENT</b>  Moderator: <b>Chris Trotter, Managing Director, GENSPRING FAMILY OFFICE, LLC (MFO)</b>  Panelists: <b>Tim Barron, Senior Vice President and Chief Investment Officer, SEGAL ROGERSCASEY</b> <b>Kweku Obed, Senior Vice President, MARQUETTE ASSOCIATES, INC.</b>

2:45 pm – 3:30 pm	<b>MANAGING RISK IN CURRENT INVESTMENT ENVIRONMENT</b>  Moderator: <b>Bill Rubin, First Deputy City Controller, OFFICE OF THE CONTROLLER PHILADELPHIA</b>  Panelists: <b>Paul Sylvia, Head of Risk Management, HEWITT ENNISKNUPP</b>
3:30 pm – 4:15 pm	<b>BENEFITS AND OPPORTUNITIES OFFERED BY EMERGING MANAGERS</b> With demand for emerging managers increasing, the definition continues to vary. Hear experts discuss definition of an emerging manager and the benefits of partnering with these firms  Moderator: <b>Gerald Garrett, Trustee, TULSA FIREFIGHTERS HEALTH AND WELFARE TRUST</b>  Panelists:
4:15 pm - 5:00 pm	<b>CONSULTANTS ROUNDTABLE</b>  Moderator:  Panelists: <b>Kelli Schrade, Director of Manager Research, MARQUETTE ASSOCIATES, INC.</b>
5:00 pm – 5:45 pm	<b>ENSURING SUCCESS- THE ROLE OF OUTSIDE SERVICE PROVIDERS</b>  Moderator:  Panelists:
5 :45 pm – 6:45 pm	Cocktail Reception in conjunction with OpalExchange

### 2015 Registered Investors

#### **Public and Private Pensions**

Lily Cavanagh, Treasurer, **REDFORD (MI) POLICE & FIREMEN RETIREMENT SYSTEM**

James Maloney, Trustee, **CHICAGO POLICEMEN'S ANNUITY AND BENEFIT FUND**

Gilbert Garcia, Chairman, **HOUSTON METRO**

Thurman Zollicoffer, Trustee, **STATE OF MARYLAND RETIREMENT SYSTEMS**

Adam Frankel, Chairman, **DELRAY BEACH POLICE & FIRE RETIREMENT SYSTEM**

Bill Rubin, First Deputy City Controller, [OFFICE OF THE CONTROLLER PHILADELPHIA](#)

Pete Morin, Chairman, [AUSTIN POLICE RETIREMENT SYSTEM](#)

David McConico, Chairman, [CITY OF AURORA \(CO\) GENERAL EMPLOYEES' RETIREMENT PLAN](#)

Carroll Robinson, Trustee, [HOUSTON FIREFIGHTERS' RELIEF AND RETIREMENT FUND](#)

Antonio Vasquez, Trustee, [STATE UNIVERSITIES RETIREMENT SYSTEM OF IL](#)

James McNamee, President, [ILLINOIS PUBLIC PENSION FUND ASSOCIATION](#)

Harry Griffin, Trustee, [SAN ANTONIO FIRE AND POLICE PENSION FUND](#)

Bobby Deal, Trustee and Board Chairman, [JACKSONVILLE POLICE AND FIRE PENSION FUND](#)

Timothy Atkinson, Vice Chairman, Trustee, [CITY OF AUSTIN DEFERRED COMPENSATION/CITY OF AUSTIN POLICE RETIREMENT SYSTEM](#)

Gerald Garrett, Trustee, [TULSA FIREFIGHTERS HEALTH AND WELFARE TRUST](#)

Jonathan Mariner, Executive Vice President of Finance, [BASEBALL OFFICE OF THE COMMISSIONER FOR MLB](#)

Charlie Harrison III, Chairman, [CITY OF PONTIAC GENERAL EMPLOYEES RETIREMENT SYSTEM](#)

Dean Niedospial, Executive Director, [CHICAGO PARK EMPLOYEES' ANNUITY AND BENEFIT FUND](#)

Pat Neylon, Manager of Public Equity, [MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM](#)

Don Ruiter, Trustee, [DAYTONA BEACH POLICE AND FIRE PENSION FUND](#)

Ruby Dang, Trustee, [METROPOLITAN TRANSIT OF THE CITY OF HOUSTON](#)

Ed Affolter, Trustee, [CHICAGO PARK EMPLOYEES ANNUITY & BENEFIT FUND](#)

John Keane, Executive Director-Administrator, [JACKSONVILLE POLICE AND FIRE PENSION FUND](#)

### **Family Offices**

Peter Rosenthal, CIO, [SENDER COLLECTION \(SFO\)](#)

Howard Cooper, President, [COOPER FAMILY OFFICE \(SFO\)](#)

Howard Meltzer, President, [HCM VENTURES \(SFO\)](#)

Hema Virani, Family Office Executive, [MODI GLOBAL \(SFO\)](#)

Joseph Meyer, President, [STATIM HOLDINGS, INC. \(MFO\)](#)

James Rosebush, Founder and CEO, [THE WEALTH & FAMILY MANAGEMENT GROUP](#)

S. Michael Sury, Executive Director, [STRATEGIC INVESTORS \(SIFIRM\) US FAMILY OFFICE SYNDICATE](#)

Cosmin Lucaci, Managing Director, [BROWNSON, REHMUS & FOXWORTH, INC. \(MFO\)](#)

Sonny Saksena, Principal, [MAIHAR CAPITAL STRATEGIES \(SFO\)](#)  
Patrick Fisher, Partner, [PROMUS CAPITAL \(MFO\)](#)  
Cooper White, Investment Advisor, [PROMUS CAPITAL \(MFO\)](#)  
Robert Kramarz, Managing Director, [KRAMARZ FAMILY OFFICE \(SFO\)](#)  
Joe Drozd, Director of Research, [MATRIX CAPITAL ADVISORS, LLC \(MFO\)](#)  
Valerie Mukherjee, Managing Principal, [ZEN CAPITAL PARTNERS, LLC \(SFO\)](#)  
Mike Durkin, Director, [O'BRIEN FAMILY OFFICE \(SFO\)](#)  
Jill Matesic, Managing Director, [O'BRIEN INTERNATIONAL \(SFO\)](#)  
John O'Brien, Jr., Principal, [O'BRIEN INTERNATIONAL \(SFO\)](#)  
Renato Alessandro Iregui, Principal, [RAIRE FAMILY OFFICE \(SFO\)](#)  
S. Brian Mukherjee, Principal, [ZEN CAPITAL PARTNERS \(SFO\)](#)  
Shanu SP Hinduja, Chairperson, [HINDUJA GROUP \(SFO\)](#)  
Robert Neuer, Vice President,, [HINDUJA GROUP \(SFO\)](#)  
Chris Trotter, Managing Director, [GENSPRING FAMILY OFFICE, LLC \(MFO\)](#)  
Puneet Gupta, Managing Director, [KENTRUS CAPITAL \(MFO\)](#)

#### Endowments/Foundations

Steve Mortimer, CIO, [SAN SIMEON FOUNDATION](#)  
Jim Schnorf, Investment Committee,  
[EASTERN ILLINOIS UNIVERSITY FOUNDATION](#)

#### Consultants

Kweku Obed, Senior Vice President, [MARQUETTE ASSOCIATES, INC.](#)  
Tim Barron, Senior Vice President and Chief Investment Officer, [SEGAL ROGERSCASEY](#)  
Kelli Schrade, Director of Manager Research, [MARQUETTE ASSOCIATES, INC.](#)  
Alexander Condrell, CIO, [MAIN STREET FINANCIAL](#)  
Anthony Lombardi, Associate Partner, Institutional Advisory Solutions, [AON HEWITT](#)  
Keegan Leahy, President, [THE LEAHY GROUP / TURTLE ISLAND FOUNDATION](#)  
Donald Baskin, Client Relationship Manager, [AON HEWITT](#)  
Eileen Neill, Managing Director, [WILSHIRE ASSOCIATES](#)  
Paul Sylvia, Head of Risk Management, [HEWITT ENNISKNUPP](#)  
Drew Butler, Managing Principal, [BUTLER GLOBAL PARTNERS LLC](#)  
Brienne Weymouth, Vice President, [CALLAN ASSOCIATES](#)  
Alex Condrell, CIO, [MAIN STREET FINANCIAL](#)

#### Fund of Funds

#### Firms Attending

[ALTUM CAPITAL MANAGEMENT](#)  
[TAMRO CAPITAL](#)  
[ALIDADE CAPITAL](#)

## FOX RIVER PARTNERS

### 2014 Participants

#### Pension Plans

Stan Rupnik, Chief Investment Officer, TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

Sam Kunz, CIO, POLICEMEN'S ANNUITY & BENEFIT FUND OF CHICAGO

Kenyatta K. Matheny, Senior Investment Officer - Emerging Managers & Private Equity, TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

Johara El-Harazin, Portfolio Officer - Valuation & Analysis Portfolio Manager - Emerging & Minority, ILLINOIS STATE BOARD OF INVESTMENTS

Chad Myhre, Senior Investment Officer - Hedge Funds, MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM

Jim Maloney, Trustee, CHICAGO POLICEMEN'S ANNUITY AND BENEFIT FUND

Rosa Vasquez, Investment Analyst, Emerging and Minority Managers, ILLINOIS MUNICIPAL RETIREMENT FUND

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Charlie Harrison III, Chairman, CITY OF PONTIAC GENERAL EMPLOYEES RETIREMENT SYSTEM

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Ken Miller, Trustee, CONNECTICUT PUBLIC PENSION FORUM

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Pete Morin, Chairman, CITY OF AUSTIN POLICE RETIREMENT FUND

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Ruby Dang, Trustee, METROPOLITAN TRANSIT OF THE CITY OF HOUSTON

Ken Hauser, President, CHICAGO (IL) POLICEMEN'S ANNUITY & BENEFIT FUND

James Love, Assistant City Attorney, CITY OF BIRMINGHAM, AL

Timothy Hicks, CPA Assistant City Treasurer, CITY OF CHICAGO, OFFICE OF THE CITY TREASURER

Lily Cavanagh, Treasurer, REDFORD (MI) POLICE & FIREMEN RETIREMENT

Mark Flaherty, General Counsel, PENNSYLVANIA STATE ASSOCIATION OF COUNTY CONTROLLERS

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Thurman Zollicoffer, Trustee, STATE OF MARYLAND RETIREMENT SYSTEMS

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Sharon Leggett, Trustee, TEACHERS' RETIREMENT SYSTEM OF ILLINOIS

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Phyllis Carr, Trustee, BIRMINGHAM RETIREMENT & RELIEF PENSION BOARD

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Gerald Garrett, Trustee, TULSA FIREFIGHTERS HEALTH AND WELFARE TRUST

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Stephen J. Carmody, Trustee, METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND  
Mariyana T. Spyropoulos, Trustee, METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND  
George Kirie, Financial Analyst, METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND  
David Ferguson, Senior Investment Analyst, MARYLAND STATE RETIREMENT AND PENSION SYSTEM  
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Shawn Wells, Trustee, CITY OF SOUTHFIELD  
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Janet Cowell, State Treasurer, STATE OF NORTH CAROLINA  
Stephanie Neely, Treasurer, CITY OF CHICAGO  
Paul R.T. Johnson, Jr., Trustee, STATE UNIVERSITIES RETIREMENT SYSTEM  
Samuel Friar, Trustee, DALLAS POLICE & FIRE PENSION SYSTEM  
Richard Salinas. Trustee, DALLAS POLICE & FIRE PENSION SYSTEM  
Joseph Connolly, Norfolk County Treasurer, NORFOLK COUNTY RETIREMENT BOARD  
Filisouaiga F. Ta'afua, Executive Director, AMERICAN SAMOA GOVERNMENT EMPLOYEES RETIREMENT  
Aleki Sene, Chairman, Board of Trustees, AMERICAN SAMOA GOVERNMENT EMPLOYEES RETIREMENT  
Toafala Iafeta, Trustee, AMERICAN SAMOA GOVERNMENT EMPLOYEES RETIREMENT  
Aitofele Sunia, Legal Advisor, AMERICAN SAMOA GOVERNMENT EMPLOYEES RETIREMENT  
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Robert Garaghty, Trustee, CHICAGO PARK EMPLOYEES ANNUITY & BENEFIT FUND  
Milissa Schmidt, System Analyst, DALLAS POLICE FIRE PENSION SYSTEM  
Kwesi Quaye, Investment Analyst, COOK COUNTY (IL) ANNUITY & BENEFIT FUNDS  
Michael Busby, Trustee, TEACHERS' RETIREMENT SYSTEM OF ILLINOIS  
Tim Moss, Executive Director, IPPFA  
Timothy Guest, Trustee, MUNICIPAL EMPLOYEES' ANNUITY & BENEFIT FUND OF CHICAGO  
Craig McCrohon, Trustee, STATE UNIVERSITIES RETIREMENT SYSTEM OF ILLINOIS  
Antonio Vasquez, Trustee, STATE UNIVERSITIES RETIREMENT SYSTEM OF ILLINOIS

#### Family Offices

Jill Matesic, Managing Director, O'BRIEN INTERNATIONAL (SFO)  
Chris Reese, Principal, REESE FAMILY OFFICE (SFO)  
Tom Demery, Managing Director, FR-2 (SFO)  
Darsh Singh, Portfolio Manager, SINGH FAMILY OFFICE/SATORI CAPITAL  
Daniel Curran, Partner, MOONBRIDGE, LLC (SFO)

Michael Durkin, Director, O'BRIEN FAMILY OFFICE (SFO)  
 Frank McGrath, CIO, BLUECHIP LOTS (MFO)  
 Sharath Sury, Executive Director, STRATEGIC INVESTORS (SIFIRM)  
 Dan Farrell, Chairman & CEO, PRIVOS CAPITAL  
 Anthony Ritossa, Chairman, RITOSSA OLIVE OIL & FAMILY OFFICE  
 Ralph Heffelman, Founder & CEO, INTERNATIONAL CAPITAL MANAGEMENT CORP (MFO)  
 James Rosebush, Founder and CEO, THE WEALTH & FAMILY MANAGEMENT GROUP  
 Peter Rosenthal, CIO, SENDER COLLECTION (SFO)  
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 Ann LeClair McSheehy, Principal, SCOVILLE PARK GROUP, LLC  
 Michael Gruber, Managing Director, CORNERSTONE ANGELS  
 Skip Coomber, President, COOMBER FAMILY ESTATES FAMILY OFFICE (SFO)  
 Darren Mattinson, Associate, ARJ STRATEGY PARTNERS, LLC (SFO)  
 Brandon Small, Portfolio Manager, PRIDECO CAPITAL MANAGEMENT (MFO)  
 Don Saulic, President, KING CROWN CAPITAL (MFO)  
 Robert Moore, President, CMJ PARTNERS, LLC (SFO)  
 Ryan McShane, Investment Analyst, TCS GROUP LLC (SFO)  
 Tim Itin, Principal, NORTHSIDE CAPITAL MANAGEMENT, LLC (MFO)  
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 Jimmy Flowers, Managing Director, STAFFORD FAMILY OFFICE (SFO)  
 Patrick Buck, Chief Financial Officer, STAFFORD FAMILY OFFICE (SFO)  
 Howard Meltzer, President, HCM VENTURES (SFO)  
 Gary Hebert, Director of Treasury, THE BROE GROUP (SFO)  
 Hema Virani, Family Office Executive, MODI FAMILY OFFICE (SFO)  
 Puneet Gupta, Managing Director, KENTRUS CAPITAL (MFO)  
 Bryan Wagner, Director, PROMUS CAPITAL (MFO)  
 Adam Code, Vice President, PROMUS CAPITAL (MFO)  
 Eric Munson, Founder & CIO, ELMWOOD CAPITAL LLC (SFO)  
 Linda Mack, President and Founder, MACK INTERNATIONAL, LLC  
 Christopher Cooper, Managing Director, COOPERFUND, INC (SFO)  
 Karim Ahamed, Partner, HPM PARTNERS, LLC (MFO)  
 Michael Felman, President, MSF CAPITAL ADVISORS (MFO)  
 Michael Katz, Managing Director/Partner, GLENROCK GLOBAL PARTNERS (SFO)  
 Fabiano Aguilar, Principal, BOSPHORUS INVESTMENTS, LLC (SFO)  
 Lance Baraker, Alternative Research Analyst, WESTFULLER ADVISORS (MFO)  
 Jake Barton, Senior Portfolio Manager, PROMUS CAPITAL (MFO)  
 Howard Cooper, CEO, COOPER FAMILY OFFICE (SFO)  
 Susan Cooper, Principal, COOPER FAMILY OFFICE (SFO)  
 Jeff Tepper, CEO, CAPE EDEN CAPITAL (MFO)  
 Chris Trotter, Family Investment Officer, GENSPRING FAMILY OFFICES, LLC (MFO)  
 Julie Zakarias, Principle, GENFI FAMILY & FIDUCIARY SERVICES (MFO)  
 Amy Wright, Director, MOONBRIDGE, LLC (SFO)  
 Joseph Meyer, President, STATIM HOLDINGS, INC. (MFO)

#### Endowments and Foundations

Bryan Allinson, Managing Director, UT HORIZON FUND  
 Rene Nunez, Chairman/Trustee, HISPANIC & BUSINESS ALLIANCE EDUCATION FUND  
 Jesse Brown, CIO & Chairman of the Board, KRYSTAL FOUNDATION  
 Jim Schnorf, Investment Committee, EASTERN ILLINOIS UNIVERSITY FOUNDATION  
 Paul Croitoru, Associate Professor, WILBUR WRIGHT COLLEGE  
 Jonathan Grushkin, Investment Analyst, ROBERT WOOD JOHNSON FOUNDATION  
 Jamal Smith, Portfolio Manager, KRYSTAL FOUNDATION  
 Louis DiRosa, Professor, DELGADO COMMUNITY COLLEGE

Jon Hennessy, Director, HUGHES FOUNDATION  
Stephen O'Neill, Manager, HEALTHCARE OF ONTARIO PENSION PLAN  
Kevin Wazette, Risk Manager, Manager, HEALTHCARE OF ONTARIO PENSION PLAN  
David Lindberg, Chief Financial Officer, COUNCIL OF MICHIGAN FOUNDATIONS  
Roy Allen, Chief Investment Officer, MEREDITH FAMILY FOUNDATION

**Consultants**

Jani Venter, Senior Consultant, HEWITT ENNISKNUPP  
Joseph Karpinski, Executive Vice President, Senior Consultant, GALLAGHER FIDUCIARY ADVISORS  
David Rose, Senior Consultant, HEWITT ENNISKNUPP INC. AN AON COMPANY  
Kelli Schrade, CAIA, Managing Partner, MARQUETTE ASSOCIATES, INC.  
Anthony Lombardi, Associate Partner, Institutional Advisory Solutions, HEWITT ENNISKNUPP, INC., AN AON COMPANY  
Elaine Hoffmann, Head of Real Estate Investment Group, RCM WEALTH ADVISORS  
Mike Cavanaugh, Director, RCM WEALTH ADVISORS  
Paul Rieger, Head of Managed Futures, RCM WEALTH ADVISORS  
Marc Grens, Executive Director, RCM WEALTH ADVISORS  
Chris Tobe, Senior Consultant, THE HACKETT GROUP  
Aoifinn Devitt, Director, CLONTARF CAPITAL  
Rob Kochis, Principal, THE TOWNSEND GROUP  
Andres Sandate, CEO & President, ENDURANCE STRATEGIES INSTITUTIONAL CONSULTING GROUP  
Tony Johnson, Senior Consultant, Principal, R.V. KUHN & ASSOCIATES  
Emily M. Fox, Senior Associate, MERCER  
Aaron Dirlam, Director of Research, ALTAIR ADVISERS, LLC  
Patrick Milligan, Consultant, CAMBRIDGE ASSOCIATES  
Donnell Ward, Manager, Equity Investment Manager Search, MARCO CONSULTING GROUP, INC.  
Rob Letwins, Executive Vice President, PENSION FUND EVALUATIONS  
Kristen Finney-Cooke, Principal, NEPC  
Ronen Schwartzman, Founder & CEO, TEN CAPITAL ADVISORS LLC  
Danielle London, Vice President, WILSHIRE ASSOCIATES INCORPORATED  
Kweku Obed, Senior Vice President, MARQUETTE ASSOCIATES, INC.  
Dorothy Bossung, Executive Vice President, LOWERY ASSET CONSULTING LLC  
Charles Heekin, President, FORESTVIEW WEALTH MANAGEMENT  
Aoifinn Devitt, Director, CLONTARF CAPITAL  
Deborah Gallegos, Director of Manager Research, STRATEGIC INVESTMENT SOLUTIONS, INC.  
Dean Armstrong, Managing Director, CLEARBROOK INVESTMENT CONSULTING  
Al Olieh, Managing Director, MAIN STREET FINANCIAL  
Alex Condrell, CIO, MAIN STREET FINANCIAL  
David O'Donovan, Managing Director-Investment Consulting, SEGAL ROGERSCASEY



## Tuesday, June 9, 2015

4:00pm -  
8:00pm

Registration

### Welcome Networking Cocktail Reception

Join us and unwind with fellow industry professionals for refreshments during our last networking break of the day.

6:00pm -  
8:00pm

Sponsored by:

## Wednesday June 10, 2015

7:00am -  
5:00pm

Registration

8:00am -  
10:00am

Breakfast

9:00am -  
12:00pm

Morning session of One-on-One Meetings

12:00pm -  
2:00pm

Luncheon *with option of One-on-One Meetings*

2:00pm -  
5:00pm

Afternoon session of One-on-One Meetings

Keynote Address

5:00pm -  
6:00pm

**Dr. A. Gary Shilling, President, A. GARY  
SHILLING & CO., INC.**

## Sponsor Networking Reception & Party

Join us and unwind with fellow industry professionals for refreshments during our last networking break of the day.

6:00pm -  
9:00pm

Sponsored by:

**Thursday, June 11, 2015**

8:00am - 10:00am

Breakfast

9:00am - 12:00pm

Morning session of One-on-One Meetings

12:00pm - 2:00pm

Luncheon *with option of One-on-One Meetings*

2:00pm - 4:00pm

Afternoon session of One-on-One Meetings

### 2015 Investors Confirmed to attend

#### **Pension: (Public, Corporate, Taft Hartley)**

Chairman, **DELRAY BEACH POLICE & FIRE RETIREMENT SYSTEM**

Chairman, **CITY OF AURORA (CO) GENERAL EMPLOYEES' RETIREMENT PLAN**

First Deputy City Controller, **OFFICE OF THE CONTROLLER PHILADELPHIA**

Treasurer, **REDFORD (MI) POLICE & FIREMEN RETIREMENT SYSTEM**

Vice Chairman, Trustee, **CITY OF AUSTIN DEFERRED COMPENSATION/CITY OF AUSTIN POLICE RETIREMENT SYSTEM**

Trustee, **TULSA FIREFIGHTERS HEALTH AND WELFARE TRUST**

Trustee, **STATE UNIVERSITIES RETIREMENT SYSTEM OF ILLINOIS**

Trustee, **SAN ANTONIO FIRE AND POLICE PENSION FUND**

Trustee, Chairman, **CITY OF AURORA (CO) GENERAL EMPLOYEES' RETIREMENT PLAN**

Trustee and Board Chairman, **JACKSONVILLE POLICE AND FIRE PENSION FUND**

Trustee, **STATE OF MARYLAND RETIREMENT SYSTEMS**

Trustee, **TULSA FIREFIGHTERS HEALTH AND WELFARE TRUST**

Executive Vice President of Finance, **BASEBALL OFFICE OF THE COMMISSIONER FOR MLB**

Chairman, **CITY OF PONTIAC GENERAL EMPLOYEES RETIREMENT SYSTEM**

Trustee, **NORTH MIAMI POLICE PENSION**

General Counsel, **PENNSYLVANIA STATE ASSOCIATION OF COUNTY CONTROLLERS**

Trustee, **DAYTONA BEACH POLICE AND FIRE PENSION FUND**

Trustee, **ALAN M. GOLD DEVELOPMENT CO., INC. PENSION PLAN**

Executive Director-Administrator, **JACKSONVILLE POLICE AND FIRE PENSION FUND**

## **Family Offices**

Family Office Executive, **MODI GLOBAL (SFO)**  
Managing Director, **COOPERFUND, INC (SFO)**  
President/Chief Investment Officer, **STATIM HOLDINGS, INC. (SFO)**  
President, **COOPER FAMILY OFFICE (SFO)**  
CEO, **SNY NEWTOWN (SFO)**  
Principal, **MAIHAR CAPITAL STRATEGIES (SFO)**  
Managing Director, **KRAMARZ FAMILY OFFICE (SFO)**  
Senior Portfolio Manager, **PROMUS CAPITAL (MFO)**  
President, **HCM VENTURES (SFO)**  
Director, **O'BRIEN FAMILY OFFICE (SFO)**  
Managing Director, **O'BRIEN INTERNATIONAL (SFO)**  
Principal, **O'BRIEN INTERNATIONAL (SFO)**  
Principal, **RAIRE FAMILY OFFICE (SFO)**  
Principal, **ZEN CAPITAL PARTNERS (SFO)**  
Managing Principal, **ZEN CAPITAL PARTNERS (SFO)**  
Family Office Executive, **SALIBACO LLC (SFO)**  
Chairperson, **HINDUJA GROUP (SFO)**  
Member, **HINDUJA GROUP (SFO)**

## **Fund of Funds:**

Director, **MORGAN STANLEY WEALTH MANAGEMENT, LLC**  
President, **PROPHECY ASSET MANAGEMENT Inc.**  
Senior Vice President, **CAL-PAC CAPITAL ADVISORS**

## **Consultants:**

Consultant, **CTA RESEARCH LLC**  
Associate Partner, Institutional Advisory Solutions, **AON HEWITT**  
Chairman & CEO, **PRIVOS CAPITAL**  
Consultant-Head of Managed Futures, **RCM WEALTH ADVISORS**  
Head of Risk Management, **HEWITT ENNISKNUPP**  
Managing Principal, **BUTLER GLOBAL PARTNERS LLC**

## **Endowments and Foundations:**

### **2015 Managers Confirmed to Attend**

1. The Midway Group
2. Single Oak Ventures
3. PhaseCapital LP
4. Origin Capital Partners

5. Angel Island Partners, LLC

6.

PAST 2014 Investors Confirmed to attend

Pension: (public, Corporate, Taft Hartley)

Treasurer, REDFORD (MI) POLICE & FIREMEN RETIREMENT  
Executive Director-Administrator, JACKSONVILLE POLICE AND FIRE PENSION FUND  
Chairman, CITY OF PONTIAC GENERAL EMPLOYEES RETIREMENT SYSTEM  
Trustee, DAYTONA BEACH POLICE AND FIRE  
Trustee, FARMINGTON PENSION BOARD, CT  
Trustee and Board Chairman, JACKSONVILLE POLICE AND FIRE PENSION FUND  
General Counsel, PENNSYLVANIA STATE ASSOCIATION OF COUNTY CONTROLLERS  
Trustee, BOCA RATON (FL) POLICE & FIRE RETIREMENT ASSOC  
Trustee, TUCSON (AZ) SUPPLEMENTAL RETIREMENT SYSTEM  
Trustee, TULSA FIREFIGHTERS HEALTH AND WELFARE TRUST  
Trustee, CITY OF SOUTHFIELD  
Chairman, NEW HAVEN POLICE AND FIRE RETIREMENT  
Vice Chairman, DELRAY BEACH POLICE & FIRE RETIREMENT  
Chairman, ATLANTA FIREFIGHTERS PENSION FUND  
Trustee, STATE OF MARYLAND RETIREMENT SYSTEMS  
Chairman, CITY OF AUSTIN POLICE RETIREMENT FUND  
Trustee, NEW HAMPSHIRE FIREMAN'S FUND  
Chairman, CITY OF AURORA (CO) GENERAL EMPLOYEES' RETIREMENT PLAN  
Board Member & Trustee, DEERFIELD BEACH FIRE PENSION  
Trustee, ALAN M. GOLD DEVELOPMENT CO., INC. PENSION PLAN  
Investment Officer, TELAMON CORPORATION

Family Offices

Managing Director, O'BRIEN INTERNATIONAL (SFO)  
Associate, ARJ STRATEGY PARTNERS, LLC (SFO)  
President, MSF CAPITAL ADVISORS (MFO)  
CEO, AFRICAN GROWTH GROUP INC (SFO)  
Managing Partner, CS WILTON GROUP LLC (SFO)  
Managing Director – Head of Portfolio Management, GUGGENHEIM PARTNERS, LLC (MULTI-FAMILY OFFICE DIVISION)  
Family Office Executive, MODI FAMILY OFFICE (SFO)  
Partner, CURRAN FAMILY LIMITED PARTNERSHIP (SFO)  
Senior Analyst, BILTMORE FAMILY OFFICE (MFO)  
CEO, IRISH FAMILY OFFICE (SFO)  
Managing Director, KENTRUS CAPITAL (MFO)  
Managing Director, GREEN SQUARE CAPITAL (MFO)  
Senior Portfolio Manager, PROMUS CAPITAL (MFO)  
Managing Director, COOPERFUND, INC (SFO)  
Alternative Research Analyst, WESTFULLER ADVISORS (MFO)  
Principal, COOPER FAMILY OFFICE (SFO)  
CEO, COOPER FAMILY OFFICE (SFO)  
Managing Director, STRAITS VENTURE INTERNATIONAL (SFO)  
Executive Director, STRATEGIC INVESTORS (SIFIRM) US FAMILY OFFICE SYNDICATE  
Principal, MOUNT CUBA CAPITAL (SFO)

Fund of Funds:

Principal, ALPHA TITANS LLC  
Associate, BAML CAPITAL ACCESS FUNDS  
Director of Manager Research, PRELUDE CAPITAL  
Vice President, BAML CAPITAL ACCESS FUNDS  
Managing Partner, PINE STREET ALTERNATIVE ASSET MANAGEMENT  
Director of Manager Selection, EFFICIENT CAPITAL MANAGEMENT  
Director of Manager Research, PRELUDE CAPITAL  
Hedge Fund Research Analyst, NORTHERN TRUST ALTERNATIVES  
Associate, RCP ADVISORS

Investment Manager, ALPINVEST PARTNERS  
Principal, THE FLORIDA OPPORTUNITY FUND  
Principal, THE FLORIDA OPPORTUNITY FUND  
Managing Director, SCIENS CAPITAL MANAGEMENT  
Vice President – Manager Research, SANDALWOOD SECURITIES, INC.  
Senior Vice President, LEGATO CAPITAL MANAGEMENT  
CFA, Senior Vice President, LEGATO CAPITAL MANAGEMENT  
Vice President, J.P. MORGAN ALTERNATIVE ASSET MANAGEMENT  
Product Specialist - Non US Equity, FIS GROUP, INC.  
CFO, TOPPING CAPITAL  
Risk Manager, FOURWINDS  
SVP, Investment Programs, FIS GROUP, INC.  
President, PROPHECY ASSET MANAGEMENT INC.  
Senior research analyst, PRELUDE CAPITAL  
Director of Hedge Fund Research, JAMES RIVER FINANCIAL CORP  
Managing Director, DA VINCI INVEST LTD  
Managing Director, LCM GLOBAL PARTNERS  
Managing Director, POPLAR JACKSON  
Principal, INDIGO TOWER PARTNERS  
CEO, FRUITION TECHFUND LLC  
Chief Investment Officer, SIRIUS PARTNERS LP

Consultants:

Associate Partner, Institutional Advisory Solutions, HEWITT ENNISKNUPP, INC., AN AON COMPANY  
CEO & President, ENDURANCE STRATEGIES INSTITUTIONAL CONSULTING GROUP  
Consultant, Head of Managed Futures, RCM WEALTH ADVISORS  
Owner, MANAGER ANALYSIS SERVICES, LLC  
Owner, ULTRA HIGH NET WORTH ADVISORS  
Futures Specialist, MORGAN STANLEY WEALTH MANAGEMENT, LLC  
Executive Director, RCM WEALTH ADVISORS  
Director of Research, ALTAIR ADVISERS, LLC  
CEO, GREEN CARD CAPITAL  
Senior Vice President, MARQUETTE ASSOCIATES, INC.  
President and Founder, MACK INTERNATIONAL, LLC

Endowments and Foundations:

Managing Director, UT HORIZON FUND  
Chairman/Trustee, HISPANIC & BUSINESS ALLIANCE EDUCATION FUND  
President & CEO, IRENE'S HOME  
Director, DELGADO COMMUNITY COLLEGE  
CIO, SAN SIMEON FOUNDATION

PAST 2014 Managers Confirmed to Attend (Limited to 70 Firms)

- WHITE OAK GLOBAL ADVISORS
- THE MIDWAY GROUP
- RIDGEFIELD CAPITAL ASSET MANAGEMENT
- AKUO INVESTMENT MANAGEMENT SA
- AVENUE CAPITAL
- GRUBB PROPERTIES, INC.
- MAGLAN CAPITAL
- NEW SALEM INVESTMENT MANAGEMENT, LLC
- GORELICK BROTHERS CAPITAL
- ALTRUIS CAPITAL MANAGEMENT, INC
- LEIBISH LTD
- SHORT HILLS CAPITAL PARTNERS, LLC
- BENCHMARK PLUS MANAGEMENT LLC
- WALLICK INVESTMENTS LLC
- INSIGHT EQUITY
- SANDALWOOD SECURITIES, INC.
- AQUITANIA CAPITAL MANAGEMENT, LLC
- WELLESLEY INVESTMENT ADVISORS, INC.
- OPUS CAPITAL MANAGEMENT
- KERRISDALE CAPITAL LLC
- GREENHAVEN, LLC
- LUMINUS MANAGEMENT
- SIRIOS CAPITAL MANAGEMENT
- MADISON PARK CAPITAL

- ZESIGER CAPITAL GROUP LLC
- GAME CREEK CAPITAL
- ORIGIN CAPITAL PARTNERS
- CARMOT CAPITAL LLC
- AVENTIS ASSET MANAGEMENT
- STEELCORE CAPITAL LP
- PACIFICOR, LLC
- ALCENTRA, LLC
- CUMULUS FUNDS
- SIGNATURE AFRICA VENTURES LIMITED
- TRISHIELD CAPITAL MANAGEMENT
- E360 POWER
- PERKINS CAPITAL MANAGEMENT
- COLCHIS CAPITAL MANAGEMENT
- BROOKLINE INVESTMENT GROUP, LLC
- DIVERSIFIED RESIDENTIAL
- GREEN PLAINS ASSET MANAGEMENT
- TRIUMPH ALTERNATIVES
- SUGAR CREEK INVESTMENT MANAGEMENT, LLC
- BOYLE CAPITAL
- GEMINI STRATEGIES

# Preliminary Agenda

time	event	location
<b>Saturday, March 21, 2015</b>		
6:30 PM - 9:30 PM	Opening Reception and Dinner	Lobby Lounge
<b>Sunday, March 22, 2015</b>		
7:00 AM - 11:00 AM	Breakfast buffet (vouchers)	Terrace Restaurant
8:00 AM - 5:00 PM	Educational and networking activities	
11:30 AM - 2:30 PM	Lunch Buffet (vouchers)	Terrace Restaurant
1:00 PM	Property Tour 1	Porte cochere
<b>Monday, March 23, 2015</b>		
7:00 AM - 9:30 AM	Breakfast	Viennese Terrace
8:00 AM - 8:15 AM	Allegis Value Trust Stockholder Meeting	
8:15 AM - 9:15 AM	Allegis Value Trust Investor Advisory Board Meeting	
9:30 AM - 12:00 PM	Property Tour 2	Porte cochere
12:00 PM - 1:30 PM	Lunch	Viennese Terrace
1:30 PM - 5:00 PM	<i>Business Sessions</i>	Viennese Ballroom
1:30 PM - 2:00 PM	Overview, Matthew Lynch, Head of Global Real Estate - US	
2:00 PM - 2:45 PM	Economic Outlook	
2:45 PM - 3:30 PM	Real Estate Outlook, Bill Hughes, Global Head of Real Estate Research & Strategy	
3:45 PM - 5:00 PM	L.A. Value-add Property Partners	
	Moderators: Tom Enger, Region Head, Asset Management	
	Rod Chu, Acquisitions Officer	
6:00 PM - 7:00 PM	Reception	Courtyard
7:00 PM - 9:00 PM	Dinner	Georgian Ballroom
<b>Tuesday, March 24, 2015</b>		
7:00 AM - 9:00 AM	Breakfast	Viennese Terrace
8:15 AM - 11:45 AM	<i>Business Sessions</i>	Viennese Ballroom
8:15 AM - 8:30 AM	Matthew Lynch, Head of Global Real Estate - US	Viennese Ballroom
8:30 AM - 10:15 AM	<b>Commingled accounts portfolio presentations</b>	Viennese Ballroom
8:30 AM - 9:00 AM	UBS Trumbull Property Income Fund	
	Gary Gowdy, Chris Clayton	
9:00 AM - 9:30 PM	UBS Trumbull Property Growth & Income Fund	
	Paul Canning, Peter Juliani	
9:30 AM - 10:15 AM	UBS Trumbull Property Fund	
	Kevin Crean, Steve Olstein, Pam Thompson	
10:30 AM - 11:15 AM	Acquisitions--2014 investments and 2015 strategies	
11:15 AM - 11:45 AM	Industry Developments	
	Bill Hughes, Global Head of Real Estate Research & Strategy	
11:45 AM - 1:30 PM	Lunch	Viennese Terrace
12:30 PM - 6:30 PM	Educational and networking activities	
1:30 PM - 5:00 PM	Property Tour 3	Porte cochere
6:30 PM - 9:30 PM	Reception and dinner	Poolside and Terrace Patio
<b>Wednesday, March 25, 2015</b>		
6:00 AM - 10:00 AM	Breakfast	Viennese Terrace

## 2015 Client Conference

### Property tours descriptions and guest speaker biography

*Please note times on the Agenda when selecting activities as some activities are simultaneous.*

#### **Sunday**

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##### **UBS Property Tour 1**

Depart hotel 1:00 PM  
Return hotel 4:30 PM

The Sunday afternoon Property Tour will feature four apartments. First we will see The Ic, a recently completed 84-unit TPI apartment in Hollywood. The second property is La Brea Gateway, a 179-unit TPI apartment development with 33,274 square feet of retail that will be approximately 40% complete. The third property is C on Pico (formerly known as Hyde Park), a 94-unit TPG property in West Los Angeles that was part of the "hard hat" tour when it was under construction during the 2013 client advisory council. The fourth property is The hw, a 79-unit TPI apartment in Hollywood that was also part of the "hard hat" tour when it was under construction during the 2013 client advisory council.

#### **Monday**

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##### **UBS Property Tour 2**

Depart hotel 9:30 AM  
Return hotel 12:00 PM

The Monday morning property tour will feature one office property and one apartment. First we will see Corporate Center Pasadena, a 637,651 square foot office complex consisting of four buildings and a 2,010-space parking structure. The second property is Brand + Wilson, a 401-unit TPF apartment development and 9,576 square feet of retail in Glendale that will be approximately 90% complete.

##### **Guest Speaker, Monday Dinner – Reva Bhalla, Stratfor**

Reva Bhalla is Stratfor's Vice President of Global Analysis. Ms. Bhalla joined Stratfor in 2004 and developed expertise in Middle Eastern, South Asian and Latin American affairs. As a senior global analyst, Ms. Bhalla plays an integral role in applying a forward-looking, strategic lens to Stratfor's coverage of global events.

Ms. Bhalla regularly represents Stratfor at speaking events in the United States and abroad. She provides an audience of decision-makers and sophisticated news consumers around the world with unique insights into political, economic and military developments. She uses her area of expertise combined with geopolitical analysis to produce penetrating explanations and forecasts of world events. This independent, non-ideological content enables users to better understand international events and reduce risks and identify opportunities in every region of the globe.

Ms. Bhalla has been featured in and cited by numerous newspapers and broadcasts, including Bloomberg, CNN, The Associated Press, National Public Radio, Time magazine, Al Jazeera, FOX News, Haaretz, The New York Times, RT, The Hindustan Times, Agencia Estado, Xinhua, Veja and Business Week.



Ms. Bhalla has a bachelor's degree in political science from the University of Texas and a master's degree from the Security Studies Program of the School of Foreign Service at Georgetown University in Washington, D.C.

## **Tuesday**

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### **UBS Property Tour 3**

Depart hotel 1:30 PM

Return hotel 5:00 PM

The Tuesday afternoon Property Tour will feature one retail property, one industrial property and two apartment properties. The first property is Shops at Montebello, a 381,491 square foot TPF enclosed mall. The second property is Bell Industrial, a recently completed three-building 424,154 square foot TPI industrial development. The third property is Apex The One, a 271-unit TPF apartment. The fourth property is 1111 Wilshire, a recently completed 210-unit TPI apartment with 8,195 square feet of retail that was also part of the 2013 "hard hat" tour.

## 2015 Americas Real Assets Conference

# Positioning for the Future

Diversifying through real assets to solidify gains and meet income demands

*Whether investor, consultant or advisor, our job is to continue to seek ways to protect and enhance future value and earnings. While most markets continue to perform, they are characterized by their ever growing complexity and areas of uncertainty. We must remain steadfast in our disciplined approach and continue to strengthen diversification.*

Join us for two days in Southern California for our 17<sup>th</sup> annual educational conference to explore the role **Real Assets** can play in these pursuits and enhance decision-making capabilities for all participants.

## Preliminary Agenda

### Tuesday, March 17, 2015

Laguna Cliffs Marriott Resort & Spa  
Dana Point, CA

Time	Topic
6:00pm	Welcome Reception & Dinner – Laguna Cliffs Marriott

### Wednesday, March 18, 2015

Time	Topic
7:15 – 8:00am	Breakfast
8:00 – 8:45am	Welcome & Firm Update <b>Pierre Cherki, Head of Alternatives and Real Assets</b> <b>Todd Henderson, Head of Real Estate, Americas</b> <b>Laura Gaylord, Global Client Group</b>
8:45 – 10:00am	Global Economic and Real Assets Market Outlook <b>Josh Feinman, Chief Global Economist for Deutsche AWM</b> <b>Mark Roberts, Head of Research &amp; Strategy</b> Josh will provide an overview of global and U.S. economic market conditions with a focus on current signals coming from indicators such as energy and bond yields. Mark will follow with our views on implications for real assets both home and abroad, including private and public real estate and infrastructure.
10:00 – 10:15am	Break
10:15 – 11:15am	Capital Markets Panel: View from the Streets <b>Moderator: Tim Ellsworth, Head of Real Estate Transactions</b> With real estate investment activity and capital flows poised for their biggest year since 2007, what does the future hold for real estate investing in 2015? Our panel of real estate transactions specialists will explore the capital markets trends that are having the biggest impact on the institutional real estate market, where we are in the investment cycle and which property sectors and markets should offer the best risk adjusted returns.



**Wednesday, March 18, 2015**

Continued

Time	Topic
11:15 – 12:15 pm	<b>A CIO's View</b> <b>Moderator: Carolyn Patton, Head of Consultant Relations</b> We are assembling a panel of leading CIOs from the public, corporate and endowment spaces to share their views on the role of real assets in their portfolios. The audience will have an opportunity to ask these esteemed investors for their views on the biggest opportunities and risks on the near-term horizon.
12:15 – 1:15pm	<b>Lunch</b>
1:15 – 2:15pm	<b>Core Real Estate Around the Globe</b> <b>Moderator: Mark Roberts</b> <b>Kevin Howley, North America</b> <b>Rahul Ghai, Asia Pacific</b> <b>Gianluca Muzzi, Europe</b> U.S. core real estate has long held an established position in a diversified investment portfolio. In this panel, we examine the role core real estate in Europe and Asia can play for U.S. investors who seek to add international exposure without taking on additional risk at the investment level.
2:15 – 3:15pm	<b>Infrastructure Investing</b> <b>Moderator: John Robertson</b> <b>Jorge Rodriguez, Infrastructure Debt</b> <b>Nadir Maruf, Private Infrastructure</b> <b>Manoj Patel, Listed Infrastructure</b> As infrastructure continues to gain traction among investors looking for a long-term portfolio diversifier with strong yields, the question most often asked is how best to access the asset class – listed or unlisted? Equity or debt? Our team of infrastructure experts leads a discussion on the merits of each.
3:15 – 3:30pm	<b>Break</b>
3:30– 4:30pm	<b><u>CONCURRENT SESSIONS</u></b> <div> <b>Liquid Real Assets Outlook</b>  <b>Moderator: Chuck Fiedler</b>  <b>John Vojticek, CIO</b>  <b>Joe Fisher, Portfolio Manager</b>  <b>Frank Greywitt, Portfolio Manager</b>            Portfolio managers from our real estate and infrastructure securities teams will provide an update on the listed markets, including our outlook for 2015 and key leading indicators in the space.         </div> <div> <b>RREEF America REIT III Annual Meeting</b>  <b>Moderator: Todd Henderson</b>  <b>Jay Miller, Portfolio Manager</b>  <b>Norton O'Meara, Portfolio Manager</b>  <b>Mike Nigro, Head of Value Added Real Estate</b>            Designed specifically for investors in RREEF America REIT III, this session will provide an update on 2014 performance and review the Fund's strategic plan for 2015.         </div>
6:30pm	<b>Cocktails &amp; Dinner</b>

**Thursday, March 19, 2015**

Continued

Time	Topic
7:15 – 8:15am	Breakfast
8:15 – 8:30am	Thursday Opening & Conference Recap, <b>Todd Henderson</b>
8:30 – 9:30am	<p><b>Sustainable Investing Through Real Assets</b></p> <p><b>Andrew Pidden, Head of Sustainable Investments</b></p> <p><b>Jeff Baer, Head of Energy Efficiency Retrofit Investing</b></p> <p><b>Ari Frankel, Head of ESG Strategy, Real Estate</b></p> <p>ESG strategies are reaching new heights of popularity, but what are the key benefits for pension investors whose primary responsibility is a fiduciary one. In this session we will examine different approaches to adding value to portfolios through sustainable investing.</p>
9:30 – 10:45am	<p><u>CONCURRENT SESSIONS</u></p> <div> <p><b>RREEF America REIT II Annual Meeting</b></p> <p><b>Moderator: Todd Henderson</b></p> <p><b>Kevin Howley, Portfolio Manager</b></p> <p><b>John Ehli, Portfolio Manager</b></p> <p><b>Chip George, Portfolio Manager</b></p> <p>Designed specifically for investors in RREEF America REIT II, this session will provide an update on 2014 performance and investment activity, and review the Fund's investment plans and strategic objectives for 2015.</p> </div> <div> <p><b>Separate Account Roundtable</b></p> <p><b>Marc Feliciano, CIO – Americas Real Estate</b></p> <p><b>Al Diaz, Asset Management</b></p> <p>Marc will lead an interactive session on key factors facing separate accounts in 2015 – from portfolio construction to asset management.</p> </div>
10:45 – 11:00am	Break
11:00 – 12:00pm	Keynote Address
12:00pm	<p>Lunch</p> <p>Conference Concludes</p>