



PUBLIC PENSION SYSTEMS: A SEA OF CHANGE

CALAPRS

EDUCATION • COMMUNICATION • NETWORKING

California Association of Public Retirement Systems

2015 GENERAL ASSEMBLY

MARCH 7-10 | MONTEREY, CA

SATURDAY - MARCH 7, 2015

4:00 PM - 6:00 PM Early-Bird Registration *San Carlos Foyer*

SUNDAY - MARCH 8, 2015

9:00 AM - 1:30 PM Optional Golf at Del Monte Golf Course

10:00 AM - 5:00 PM Registration *San Carlos Foyer*

2:00 PM - 2:15 PM Opening Remarks *San Carlos 1-3*

2:15 PM - 3:15 PM **Beyond Beta: Tactical Allocation and Relative Value** *San Carlos 1-3*

Public retirement plans in California continue to face uncertainty in achieving required returns. Low yields, apparently full valuations in equity markets, geo-political tensions, and divergent central bank policies are some of the factors that cloud the investment landscape for investment staffs and boards. Mihir Worah, PIMCO's Chief Investment Officer for Real Return and Asset Allocation, will discuss PIMCO's approach to analyzing the global economic environment and PIMCO's longer term capital market expectations. Mihir will provide context for the current investment landscape and review areas of the market that offer return opportunities in line with the objectives of public retirement plans.

Moderator: Stanley L. McDivitt, *Administrator, City of Fresno Retirement Systems*

Speaker: Mihir P. Worah, *Chief Investment Officer, Real Return and Asset Allocation, PIMCO*

3:15 PM - 3:30 PM Networking Break *San Carlos Foyer*

3:30 PM - 4:30 PM **Is Your Investment Compliance Program Sufficient? Key Elements of an Investment Compliance Program** *San Carlos 1-3*

This presentation will consist of a brief presentation covering the six core elements of an investment compliance program, followed by a panel discussion around some of the frequently asked questions and current issues in the area of public pension fund investments and related compliance activities. The panel includes representation from both large, medium and smaller plan sponsors, and the discussion will include the variety of compliance approaches appropriate for both internally and externally managed portfolios.

Moderator: Stanley L. McDivitt, *Administrator, City of Fresno Retirement Systems*

Speakers: David Kushner, *Chief Investment Officer, Los Angeles County Employees' Retirement Association* and Wylie A. Tollette, *Chief Operating Investment Officer, California Public Employees' Retirement System*

7:00 PM - 9:30 PM **Strolling Dinner at the Monterey Bay Aquarium**
Buses will depart from the Monterey Marriott starting at 6:30 PM. Return shuttles will start at 8:00 PM and will depart every 15 minutes after. The last bus will depart at 9:30 PM. Check the shuttle schedule for complete details. Those who wish to drive to the Aquarium will be responsible for parking. Parking garages are located approximately three blocks from the Aquarium.

MONDAY - MARCH 9, 2015

7:00 AM - 4:00 PM Registration *San Carlos Foyer*

7:30 AM - 8:25 AM Breakfast *San Carlos 4 & Foyer*

8:30 AM - 8:45 AM Opening Remarks *San Carlos 1-3*

8:45 AM - 9:45 AM	U.S. Federal Reserve & Fixed-Income Outlook Federal actions in recent years have impacted the investment landscape in unprecedented ways. As investors continue to face the possibility of a prolonged low-interest rate environment, it is helpful to understand how the influence of Federal actions can impact the macro-economic environment globally. Prior to becoming a Portfolio Manager and Research Analyst at Western Asset, John L. Bellows, PhD, spent several years working at the US Treasury most recently as Acting Assistant Secretary for Economic Policy to Timothy Geithner. In this workshop, Mr. Bellows, will provide his thoughts on the inner workings of the Federal Government and our outlook for what investors can expect in the near future. <u>Moderator:</u> David J. Kehler, <i>Administrator, Tulare County Employees' Retirement Association</i> <u>Speaker:</u> John Bellows, PhD, <i>Portfolio Manager and Research Analyst, Western Asset Management Company</i>	San Carlos 1-3
9:45 AM - 10:00 AM	Networking Break	San Carlos Foyer
10:00 AM - 11:00 AM	How to Earn 7% in a 4% World Ironically as interest rates have dropped and equity valuations have soared (resulting in extraordinary returns for holders of stocks and bonds), the outlook for continuing high returns is less attractive. This session will evaluate strategies for generating total returns in the 7-8% range given the current capital markets outlook. <u>Moderator:</u> Brian P. White, <i>Chief Executive Officer, San Diego County Employees' Retirement Association</i> <u>Speaker:</u> Allan C. Martin, <i>Partner, NEPC, LLC</i>	San Carlos 1-3
11:00 AM - 12:00 PM	Here Come the RP 2014 Mortality Tables! What About Using the Generational Mortality Approach and the Direct Rate Smoothing Concept? In this session we will discuss the new mortality tables and how mortality is expected to change in the future. The concept of "generational mortality" will also be examined. Then the discussion will turn to an old concept that is getting more interest lately – direct rate smoothing. This will be explained and contrasted with the more traditional asset smoothing. Learn more about these issues and have an opportunity to question two industry experts on how these concepts could affect you. <u>Moderator:</u> Donna Lum, <i>Deputy Executive Officer, Customer Services and Support, California Public Employees' Retirement System</i> <u>Speakers:</u> Paul Angelo, <i>Senior Vice President and Actuary, Segal Consulting</i> and Alan W. Milligan, <i>Chief Actuary, California Public Employees' Retirement System</i>	San Carlos 1-3
12:00 PM - 1:15 PM	Lunch	San Carlos 4 & Foyer
1:30 PM - 2:45 PM	"My Contract is Better Than You're your Contract...Right?" Will Public Pensions Survive Bankruptcy Court? This session will explore the impact a municipal bankruptcy can have on employees' and retirees' pension rights, and developments in recent cases that challenge those rights. We will highlight what has and has not happened in the Detroit, Stockton and San Bernardino bankruptcies and what to expect in the future. <u>Moderator:</u> Jeff Wickman, <i>Administrator, Marin County Employees' Retirement Association</i> <u>Speaker:</u> Harvey Leiderman, <i>Partner, Reed Smith</i>	San Carlos 1-3
2:45 PM - 3:00 PM	Networking Break	San Carlos Foyer
3:00 PM - 4:00 PM	Master Limited Partnerships (MLP'S): Do They Have a Place in Our Portfolios? Prior to the recent fall-off in energy prices, Master Limited Partnerships were garnering increasing attention from institutional investors. This panel will explore the important questions of what role MLPs play in a diversified portfolio; what are their return drivers and associated risks; what are the unique characteristics investors should consider; and do MLPs still make sense in a declining energy price regime? <u>Moderator:</u> Scott Whalen, <i>Executive Vice President and Senior Consultant, Wurts & Associates</i> <u>Speakers:</u> Ian Toner, <i>Managing Director, Strategic Research, Wurts & Associates</i> and Abel Mojica III, <i>Director, Head of Corporate Development Group, Tortoise Capital</i>	San Carlos 1-3

MONDAY - MARCH 9, 2015 (CONTINUED)

5:00 PM - 6:00 PM Hosted Reception at the Monterey Marriott

Ferrantes Bayview

TUESDAY - MARCH 10, 2015

7:00 AM - 11:00 AM Registration

San Carlos Foyer

7:30 AM - 8:25 AM Breakfast

San Carlos 4

8:30 AM - 9:30 AM **The Retirement Revolution: Part II**

San Carlos 1-3

There are at least four “game changing” trends that are having a profound effect on how individuals are experiencing age and retirement. These trends reflect the needs, expectations and aspirations of those in the second half of life. Most prefer to age in their own residence, have a purpose and want to age successfully with an increasing number embracing technology. New movements and industries will be described that are responding to this call. The focus is not necessarily on the last years of life, but the decades that come before. Cultural anthropologist Mary Catherine Bateson said it well, “We’ve had 20 years added not to the end of life but to the middle of life.” It’s this precious life stage that holds promise for us all.

Moderator: Jeff Wickman, *Administrator, Marin County Employees’ Retirement Association*

Speaker: Helen Dennis, *a recognized leader on issues of aging, employment and retirement*

9:30 AM - 9:45 AM Networking Break

San Carlos Foyer

9:45 AM - 11:00 AM **Cyber Threats and Data Breach Response**

San Carlos 1-3

Make no mistake – the world has changed and we can never go back to the way it was. Today, the growth of cyber threats is only equaled by the pace of technology development. Seemingly on a weekly basis, we hear about new and significant data breaches. What if it was your organization? How did it happen? What do you do now? In this session, we will explore the root of cyber threats, the anatomy of data breaches, and what we can do to help prevent such catastrophe.

Moderator: Stanley L. McDivitt, *Administrator, City of Fresno Retirement Systems*

Speaker: James Pu, *Chief Information Officer, Los Angeles County Employees Retirement Association*

11:00 AM Closing Remarks

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