

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

March 3, 2014

AGENDA

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

TIME: 9:00 a.m.

ITEM:

- | | | |
|------|--|-----------------|
| I. | <u>CALL TO ORDER</u> | Master Page No. |
| II. | <u>APPROVAL OF AGENDA</u> | 1 - 3 |
| III. | <u>APPROVAL OF MINUTES</u> | |
| | A. Business Meeting of February 24, 2014. | 4 - 12 |
| IV. | <u>RECEIVE AND FILE PENDING DISABILITY APPLICATION STATUS REPORT</u> | 13 - 58 |
| V. | <u>APPLICATIONS FOR DISABILITY RETIREMENT</u> | |
| | A. Application for Service Connected Disability Retirement; Abraham De Leon; Case No. 13-016. | 59 - 177 |
| | 1. Application for Service Connected Disability Retirement and Supporting Documentation. | |
| | 2. Hearing Notice served on February 21, 2014. | |

V. APPLICATIONS FOR DISABILITY RETIREMENT (continued)

- B. Application for Service Connected Disability Retirement; Michael A. Erickson; Case No. 13-003. 178 – 282
1. Application for Service Connected Disability Retirement and Supporting Documentation.
 2. Hearing Notice served on February 20, 2014.
- C. Application for Non-Service Connected Disability Retirement; Kelly Ryan; Case No. 13-021. 283 - 377
1. Application for Non-Service Connected Disability Retirement and Supporting Documentation.
 2. Hearing Notice served on February 21, 2014.
- D. Application for Service Connected Disability Retirement; Cheryl M. Means; Case No. 13-020. 378 - 438
1. Application for Service Connected Disability Retirement and Supporting Documentation.
 2. Hearing Notice served on February 19, 2014.

VI. OLD BUSINESS

- A. Hearing Officer Recommendation. 439
RECOMMENDED ACTION: Approve.

VII. NEW BUSINESS

- A. Ventura County Employees' Retirement Information System (VCERIS) Project Change Orders; Brian Colker, Linea Solutions and Tim Thonis, Interim Retirement Administrator. **RECOMMENDED ACTION: Approve.** 440 - 441
1. Vitech Change Order 442 - 448
 2. MBS Change Order 449 - 451
 3. Linea Change Order 452
 4. Recommendation to Utilize Linea Solutions Resources for VCERIS (PAS) Project 453 - 454

VII. NEW BUSINESS (continued)

- | | |
|--|----------------------------|
| B. Options for Board Member Claim Processing; Tim Thonis, Interim Retirement Administrator. RECOMMENDED ACTION: Approve. | 455 - 456 |
| C. Request from County Executive Office to Conduct Study Regarding Impacts of Pension Initiative (CEO Letter to be Distributed Friday 2/28/14). RECOMMENDED ACTION: Approve. | Under Separate Cover |

VIII. INFORMATIONAL

- | | |
|----------------------|-----------|
| A. RREEF Conference. | 457 - 458 |
| B. UBS Conference. | 459 - 463 |

IX. PUBLIC COMMENT

X. STAFF COMMENT

XI. BOARD MEMBER COMMENT

XII. ADJOURNMENT

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

February 24, 2014

MINUTES

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

DIRECTORS None.
ABSENT:

STAFF Tim Thonis, Interim Retirement Administrator
PRESENT: Henry Solis, Chief Financial Officer
Lori Nemiroff, Assistant County Counsel
Glenda Jackson, Program Assistant
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

Chairman Towner called the Business Meeting of February 24, 2014, to order at 9:02 a.m.

Mark Lunn, County Clerk & Recorder, administered the Oath of Office to Joseph Henderson and Mike Sedell.

II. APPROVAL OF AGENDA

MOTION: Approve the Agenda.

Moved by T. Johnston, seconded by Wilson.

Vote: Motion carried.

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

No: -

Absent: Hintz

III. APPROVAL OF MINUTES

A. Disability Meeting of February 3, 2014.

MOTION: Approve the Minutes.

Moved by Goulet, seconded by Henderson.

Vote: Motion carried.

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

No: -

Absent: Hintz

IV. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of January 2014.

B. Receive and File Report of Checks Disbursed in January 2014.

- C. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Investments & Cash Equivalents, and Schedule of Investment Management Fees December 2013.
- D. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Investments & Cash Equivalents, and Schedule of Investment Management Fees January 2014.
- E. Receive and File Budget Summary for FY 2013-14 Month ending January 2014.

MOTION: Approve the Consent Agenda.

Moved by Wilson, seconded by Henderson.

Vote: Motion carried.

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

No: -

Absent: Hintz

END OF CONSENT AGENDA

V. STANDING ITEM

Mr. Hintz arrived at 9:08 a.m.

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

Lori Nemiroff informed the Board that there is no new information to report.

VI. ANNUAL INVESTMENT PRESENTATIONS

- A. Annual Investment Presentation, UBS Realty Investors – Ron Lanier, Executive Director (30 Minutes).

Ron Lanier was present on behalf of UBS Realty Investors to discuss their annual investment results.

No Action Taken.

- B. Annual Investment Presentation, Prudential Real Estate Investors – Frank E. Garcia, Managing Director and Mark Oczkus, Principal (30 Minutes).

Frank E. Garcia and Mark Oczkus were present on behalf of Prudential Real Estate Investors to discuss their annual investment results.

No Action Taken.

VII. ACTUARIAL INFORMATION

- A. Discussion of Adjustment to Exclude Administrative Expenses in Developing Investment Return Assumption per GASB Financial Liability Reporting – Paul Angelo and John Monroe – The Segal Company.

Paul Angelo was present on behalf of The Segal Company to provide background and options regarding potential changes to Financial Liability Reporting.

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

MOTION: The Segal Company will submit to the Board additional written information on an alternative option, to be discussed by the Board, Brown Armstrong, and The Segal Company at the April 21, 2014 Disability Meeting.

Moved by Sedell, seconded by McCormick.

Vote: Motion carried.

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

No: -

Henry Solis entered the meeting.

VIII. INVESTMENT INFORMATION

- A. NEPC – Don Stracke, Senior Consultant.
1. Receive and File Investment Summary – Quarter Ending December 31, 2013.
 2. Receive and File Preliminary Performance Report, Month Ending January 31, 2014.
 3. Receive and File Fixed Income Overview.
 4. Receive and File Real Estate Market Update.

MOTION: Receive and File Items 1 – 4.

Moved by Henderson, seconded by Wilson.

Vote: Motion carried.

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

No: -

5. Review Change to Bridgewater All Weather Benchmark.

Don Stracke, present on behalf of NEPC, corrected an error in the 1st sentence, 2nd paragraph of the letter to "does not match".

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

MOTION: Approve the recommended change to Bridgewater All Weather Benchmark.

Moved by Wilson, seconded by Goulet.

Vote: Motion carried.

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

No: -

6. Asset Allocation Workshop.

Don Stracke presented the Asset Allocation Workshop to the Board.

MOTION: Receive and File the Asset Allocation Workshop.

Moved by Henderson, seconded by T. Johnston.

Vote: Motion carried.

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

No: -

IX. OLD BUSINESS

A. IRS Tax Determination Letter Update – Interim Retirement Administrator.

The Interim Retirement Administrator updated the Board on the IRS Tax Determination Letter.

After discussion by the Board and Interim Retirement Administrator, the following motion was made:

MOTION: Receive and File.

Moved by Henderson, seconded by T. Johnston.

Vote: Motion carried.

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

No: -

X. NEW BUSINESS

- A. GMO Investment Presentation Report – Trustee Goulet.

MOTION: Receive and File.

Moved by Goulet, seconded by Henderson.

Vote: Motion carried.

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

No: -

- B. Authorization for Trustee McCormick to Attend Pension Bridge Conference.

Staff recommended authorization for Ms. McCormick to join Mr. Goulet at the conference.

MOTION: Approve.

Moved by T. Johnston, seconded by Goulet.

Vote: Motion carried.

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

No: -

- C. Authorization to Attend Manatt 2014 Public Pension Fiduciary Forum.

Staff recommended approval of the authorization, noting that due diligence visits were designated to take place in conjunction with the Manatt Conference, and that the Prudential and UBS locations are client service offices, not company headquarters.

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

MOTION: Approve.

Moved by T. Johnston, seconded by Sedell.

Vote: Motion carried.

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

No: -

D. Mid-Year Budget Projections.

Staff recommended approval, noting that projected amounts are within the original budget of appropriations and Staff is not seeking any change to the budget at this time.

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

MOTION: Approve.

Moved by Wilson, seconded by Henderson.

Vote: Motion carried.

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

No: -

E. Review and Discussion of Brown Armstrong Contract.

After discussion by the Board and Interim Retirement Administrator, the following motion was made:

MOTION: Approve the contract and authorize Interim Retirement Administrator to sign documents after Board Counsel Review.

Moved by Foy, seconded by McCormick.

Vote: Motion carried.

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

No: -

XI. INFORMATIONAL

- A. Western Asset Update SEC and DOL Settlements.
- B. SACRS Spring 2014 Conference.

C. Loomis Sayles Conference.

D. Pantheon Conference.

XII. PUBLIC COMMENT

None.

XIII. STAFF COMMENT

Interim Retirement Administrator informed the Board that Form 700's will need to be submitted soon.

Interim Retirement Administrator announced Glenda Jackson's retirement from the County, and the Board joined him in thanking her for her work with the Department and the Board.

Glenda Jackson reminded the Board that the deadline for the SACR's conference is approaching. She thanked everyone and said that it had been a pleasure.

XIV. BOARD MEMBER COMMENT

Mr. Hoag suggested that the Board may want to consider obtaining an estimate of the associated costs for changing employees to 401k plans.

Mr. Goulet stated that the Board of Supervisors will consider obtaining a cost analysis on February 25, 2014.

Chair Towner commented that the April 21, 2014 Board Meeting will likely be a long meeting.

Chair Towner noted that the work of Dr. Brigitte Madrian on the topics of 401k and pension may be of interest to the Board.

XV. ADJOURNMENT

The meeting was adjourned at 11:52 p.m.

Respectfully submitted,



JIM THONIS, Interim Retirement Administrator

Approved,

TRACY TOWNER, Chairman

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

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

March 3, 2014

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

SUBJECT: HEARING OFFICER RECOMMENDATION

Dear Board Members:

Recommendation:

Offer Mr. Ernest Gould a Hearing Officer contract through June 30, 2015.

Background:

As the Board is well aware, VCERA is currently evaluating the work experience and sample written decisions of approximately a dozen Hearing Officers. Last month the Board approved adding Ms. Catherine Harris to the VCERA Hearing Officer Panel.

Discussion:

Mr. Gould has decided '37 Act disability cases since 2002. He has worked for the Los Angeles, Orange and Santa Barbara retirement systems. His sample written decisions were well organized and well-reasoned. According to the other retirement systems, Mr. Gould is extremely professional and his work is timely. Staff believes Mr. Gould to be a good candidate for VCERA's Hearing Officer Panel.

Conclusion:

Staff continues to evaluate applicants and hopes to provide at least one more recommendation from the current applicant pool of seven who have '37 Act experience.

I will be pleased to respond to any questions you may have on this matter at the March 3, 2014 Disability Meeting.

Sincerely,



Tim Thonis
Interim Retirement Administrator

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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Ventura, CA 93003-6572
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March 3, 2014

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:

Recommendation:

Approve Change Order Agreements for Vitech Systems, MBS and Linea Solutions and authorize the Board Chairman to sign the Agreements.

Background & Discussion:

1. Vitech and MBS Change Orders

As discussed at the February 3rd, 2014 Board Meeting, the VCERIS project requires additional hours from Vitech Systems, Inc. and MBS, Inc. to complete the data conversion for the VCERIS project. The conversion is approximately 70% complete at present. The reason that these additional hours are needed is due to the unforeseen complexity of the active member data in RDBS (the legacy system). For example, in many cases two extraction programs had to be written to move data from the legacy system. The reason for these two programs is the County's 2004 Peoplesoft implementation created changes in the legacy system in terms of how data is stored, and so a pre-2004 and a post-2004 extraction program is required.

In December, 2013, the VCERIS project team and both vendors analyzed the remaining tasks required for the conversion, which include the conversion of retiree data (pension payments, COLA, tax deductions, etc.), and were able to create estimates to complete the project. These estimates are reflected in the attached Change Orders for Vitech (Attachment #1) and MBS (Attachment #2) respectively. The cost for Vitech's change order is \$67,500 (representing 675 hours) and the cost for MBS' is \$41,340 (representing 526 hours).

Risks associated with not completing the conversion include potential delays to the project implementation date as data workarounds are researched, the need to create a stand-alone database for any unconverted data, and more manual work processes for staff such as COLA calculations and 1099R reprints.

March 3, 2014

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In order to provide VCERA with the most functional system possible at the go-live date, staff recommends that the Board approve both change orders.

2. Linea Solutions Change Order

As discussed on February 3rd, 2014, the project risks associated with VCERA provided resources remains critically high. If VCERA is not able to provide the planned internal resources to the VCERIS project, then delays costing as much as \$200,000 per month after the planned "go live" date may be incurred. The task of staging data for testing, a critical component of the overall VCERIS project, was assigned to VCERA resources within the original project plan; however, due to unforeseen circumstances it is highly unlikely that the planned resources are available.

Mr. Thonis reviewed three options for providing a data staging resource at the February 3rd meeting (Attachment #4).

The Linea Solutions option, as described in the attached change order (Attachment #3), is the more expensive choice, but provides the most flexibility to VCERA in balancing its resource demands. The agreement has a not-to-exceed clause per the direction of the Board.

Staff recommends that the Board approve the Linea Solutions change order.

We will be pleased to respond to any questions you may have on this matter at the March 3, 2014 disability meeting.

Sincerely,



TIM THONIS
Interim Retirement Administrator



BRIAN COLKER
Linea Solutions, Inc.

Attachment (4)

VCERIS Implementation Change Order

Data Conversion Fixed Price

CO 3773



401 Park Avenue South
New York, NY 10016

Originally Delivered: February 24th, 2014

1.0 Overview of Requested Change

The Vitech-VCERA Software License, Professional Services Maintenance and Support Agreement includes 3,500 hours for Vitech personnel to perform Data Conversion activities for the VCERIS project. The combination of greater than expected complexity to convert work history and RIS data along-with the additional scope of converting ADP data created the scenario where the project would need conversion hours in excess of the originally anticipated 3,500 hours.

During the Data Conversion Discovery phase (deliverables included Data Conversion Strategy Document and Conversion Mapping Overview excel) of the project, Vitech had no means to anticipate;

- That converting work history data from RDBS will take two sets of conversion rules/logic functions. Conversion rules for data from prior to 2004 are different from data after 2004.
- That even though RIS is not a transactional system there is enough business logic built into it, which would require more complex than initially expected conversion logic and rules to extrapolate VCERA's data.
- That data conversion from ADP would be required.

The project team started raising concerns with VCERA as soon as it was able to identify that conversion rules for work history are twice the effort than initially estimated. The project team however did not have means to quantify the magnitude of impact (in terms of data conversion hours) until more detailed Data Conversion workshops were conducted (in October 2013 and December 2013) to analyze RIS and ADP data. Note: Data mapping and the V3 Design for modules yet to start had to be solidified to establish final counts.

The additional data conversion hours proposed in this Change Order will cost VCERA \$67,500 and this Change Order does not affect any other contract terms.

2.0 Solution Details

Through January 31, 2014, Vitech has performed 3,229.50 hours for data conversion. There still remains 270.50 hours for Vitech data conversion activities however, based on projected estimates for the remaining Data Conversion work, Vitech estimates that it will need the remaining 270.50 hours from original contract and an additional 675 hours for completing the data conversion tasks/activities on the project. Given the assumptions and Terms & Conditions below, this Change Order would require VCERA to raise the Data Conversion hours cap from 3,500 to 4,175 (675 additional hours which represents a 19.3% increase).

See Appendix A for details regarding the estimates used to project the additional 675 data conversion hours required.

3.0 Assumptions

1. Staffing requirements for VCERA remain unchanged with this Change Order. It is still expected, as initially identified in the Change Order 3489, that VCERA will dedicate the required number of Subject Matter Experts (SMEs) to the project (i.e. 4 fulltime SMEs by March 2014) who are knowledgeable about the Legacy (RDBS, RIS) systems and processes to participate in the V3 functional design for business categories identified in the RFP (including but not limited to transmittal design) and the data mapping activities (or other data conversion tasks) so that the updated Implementation Plan will not be negatively impacted.
2. The VCERA-Vitech Hosting Agreement is not impacted by this change order as the monthly hosting fee commences September 1, 2014. This remains unchanged.
3. All other conditions of the existing Vitech-VCERA Software License, Professional Services Maintenance and Support Agreement related to data conversion, with the exception of the data conversion hours cap, remain intact.

4.0 Costs

The services provided under this proposal will be delivered on a fixed price basis for the scope of the work mentioned above. The table below provides a representative breakdown and the hours.

| Cost Component | Hours |
|--|-----------------|
| Additional Data Conversion Hours Over Contractual Cap of 3,500 | 675 |
| Discounted Rate to VCERA for Data Conversion hours | 100 |
| Total Cost to VCERA | \$67,500 |

5.0 Terms & Conditions

1. This is a fixed price proposal based upon Vitech's current interpretation of the needs presented. Charges related to this proposal will be billed 100% upon VCERA execution of this change order.
2. All payments to be received within 30 days of invoicing. If payment not received on time, interest shall accrue at 1.75% per month until the date paid.
3. Vitech cannot predict all the future regulatory changes VCERA may have to comply with. Vitech can work with VCERA to address any more regulatory changes not

covered by the estimate analysis in this document as and when they are explicitly requested by VCERA. Such work would be outside the scope of this proposal.

4. Unless they are overridden by the terms and conditions from this document, terms from the original Software License, Update Subscription and Service agreement apply.
5. Change Order 3489 (July 2013) did not intend to change the original Warranty Period defined in section 1.60 in the Vitech-VCERA Software License, Professional Services Maintenance and Support Agreement (Feb 2012). At the request of the VCERA BOR Vitech re-affirms its original definition of the warranty period in this Change Order as;

"Warranty Period." The period of time commencing with the Project Start Date and terminating three (3) months after the Live Date of the System. The Warranty Period shall be extended as to Defects VCERA identifies by notice to VENDOR during the Warranty Period for as long as is necessary to fix any and all such identified Defects. Notwithstanding the foregoing, solely as to (a) Errors which occur in functionality which has been subjected to User Acceptance Testing and accepted by VCERA and which would be classified as a Critical System Failure or General System Error under Attachment E hereof and (b) the annual or semi-annual batch processes listed below, the Warranty Period shall be deemed to be one (1) year from the applicable Live Date of the System.

1099 Calculations, Reports and Statements

Actuarial Calculations, Reports and Statements

Interest Posting

COLA Granting

Member Statements

Tax Reporting Processes (federal and state)

Tax Compliance (415) Limit Testing

See Appendix B for the re-affirmed Payment Schedule.

Client Initial _____

6.0 Acceptance

VITECH SYSTEMS GROUP, INC.

Signed by: _____ Date: _____

Name and Title:

Ventura County Employees Retirement Association (VCERA)

Signed by: _____ Date: _____

Name and Title:



Appendix A – Estimates for Additional Data Conversion hours

Data Conversion estimates using hours expended as of 1/31/2014

| | | |
|----------------------------|---------|---------|
| Total DC hours | | 3500.00 |
| Hours used as of 1/31/2014 | 3229.50 | |
| Hours remaining | | 270.50 |

Break-up of Hours used for DC from RDBS

Hours used till 9/30/2013 are only used

Demographics Data Maps [JAD 1 and 2: 9-26-2012 till 12-31-2012]

SCP Data Maps [JAD 1 and 2: 10-01-2012 till 1-23-2013]

Contribution Data Maps [JAD 1 and 2: 10-1-2012 till 1-23-2013]

Part Account Data Maps [JAD 2 and 3: 12-7-2012 till 7-29-2013]

Pension Data Maps [Source = RDBS] [JAD 3: 4-22-2013 till 5-2-2013]

Disbursement Data Maps [Source = RDBS] JAD 2: 1-24-13 to 2-20-13]

Hours used as of 1/31/2014 for ADP/RIS DC tasks

Estimate of required hours for DC from RIS/ADP

Pension Data Maps [Source = ADP]

Disbursement Data Maps [Source = ADP]

Imaging Data Maps

Add: Additional hours that might be required in the future for revisions to RDBS data maps during the rest of the project

Less: Hours used previously for Pension and Disb. maps (D12)

Less: Hours already available (from E4)

Additional DC Hours required (Est.)

Total Adjusted Hours for VCERA Data Conversion

Est. Cost to VCERA

Estimated

2467.00

204.50

2671.50

64% Complete with Project DC activities

558.00

13% Complete with ADP/RIS DC activities

Estimated

77% Project DC Completed

829.00

160

160

-204.50

944.50

23% Project DC Activities/tasks still remaining

-270.50

6% Hours still remaining

675.00

19% Additional DC Hours required

4175.00

\$ 67,500.00



Appendix B – Payment Schedule

VCERA Service Payment Schedule

Total Services (Old): 3,750,000

Total Services (New): **3,817,500**

Change Order for: **67,500**

| Invoice # | 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 3489 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 | Change Order 3773 Execution - Additional DC Hours | 67,500 | | | 67,500 |
| 12 | | Mar-14 | Rollout 1: VCERA confirms Segment F functionality delivered | 139,200 | | | 139,200 |
| 13 | | Jul-14 | Rollout 1: VCERA confirms Segment G functionality delivered | 139,200 | | | 139,200 |
| 14 | | Aug-14 | Rollout 1: VCERA confirms Segment H 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 | Rollout 1: VCERA confirms Segment I functionality delivered | 139,200 | | | 139,200 |
| 17 | | Mar-15 | Rollout 1: VCERA begins UAT | 40,000 | | | 40,000 |
| 18 | | Jul-15 | Rollout 1: VCERA accepts system for production | 400,000 | | | 400,000 |
| 19 | | Aug-15 | Rollout 2: Start of MSS Implementation | 72,000 | | | 72,000 |
| 20 | | Oct-15 | Warranty Complete: 1 year after R1 Go-Live** | 100,000 | | | 100,000 |
| 21 | | Nov-15 | Rollout 2: VCERA accepts MSS for production | 72,000 | | | 72,000 |
| 21 | | Feb-16 | Warranty Complete: three months after R2 Go-Live*** | 50,000 | | | 50,000 |
| | \$575,000 | | | 3,817,500 | 168,000 | 168,000 | 3,817,500 |

* Rollout 1 includes contribution and benefit processing, payments and RDBS and RIS Replacement

** VCERA-Vitech Contract (Feb. 2012) in section 1.60 defined VCERA's warranty period duration as:
Three (3) months from System Live date and

One (1) year for Cyclic processes only (e.g. Interest Posting, 1099R, Annual Benefit Statements etc.)

*** The warranty period for Rollout 2 is 3 months as there are no cyclic processes in Rollout 2

CHANGE ORDER 1

Ventura County Employees'
Retirement Association (VCERA)
Pension Administration System (PAS)
Data Conversion

Managed Business Solutions (MBS)
12325 Oracle Blvd., Suite 200
Colorado Springs, CO 80921

1.0 Project Scope Change Details

The data conversion scope and price is based on the count of target complex, moderate and simple tables requiring conversion. MBS estimated these table counts in September 2012 based on V3 designs and project progress at that time. The table below shows MBS's original table counts and hours.

Original Scope Table Counts

| Project Tasks | Quantity | Project Mgr/ Data | Data | Total Hours | Project Mgr/ Data | Data |
|-----------------------------------|----------|----------------------|--------------------------|----------------|----------------------|--------------------------|
| | | Conversion Lead | Conversion Consultant | | Conversion Lead | Conversion Consultant |
| Project Startup | 1 | 16 | 16 | 32 | 16 | 16 |
| Data Conversion JADs/Data Mapping | 6 | 56 | 112 | 1,008 | 336 | 672 |
| Table Conversions (Complex) | 19 | 12 | 80 | 1,748 | 228 | 1520 |
| Table Conversions (Moderate) | 33 | 6 | 40 | 1,518 | 198 | 1320 |
| Table Conversions (Simple) | 0 | 2 | 16 | - | 0 | 0 |
| Go Live | 2 | 30 | 120 | 300 | 60 | 240 |
| Project Closeout | 1 | 8 | 0 | 8 | 8 | 0 |
| Total Hours | | | | 4,614 | 846 | 3,768 |

Over the course of the data conversion project and continued V3 design activities during the last 15 months, MBS now has a final count of tables for conversion. The table below shows the revised scope table counts and hours.

Change Order 1 Revised Table Counts

| Project Tasks | Quantity | Project Mgr/ Data | Data | Total Hours | Project Mgr/ Data | Data |
|-----------------------------------|----------|----------------------|--------------------------|----------------|----------------------|--------------------------|
| | | Conversion Lead | Conversion Consultant | | Conversion Lead | Conversion Consultant |
| Project Startup | 1 | 16 | 16 | 32 | 16 | 16 |
| Data Conversion JADs/Data Mapping | 6 | 56 | 112 | 1,008 | 336 | 672 |
| Table Conversions (Complex) | 29 | 12 | 80 | 2,668 | 348 | 2320 |
| Table Conversions (Moderate) | 23 | 6 | 40 | 1,058 | 138 | 920 |
| Table Conversions (Simple) | 12 | 2 | 16 | 216 | 24 | 192 |
| Go Live | 1 | 30 | 120 | 150 | 30 | 120 |
| Project Closeout | 1 | 8 | 0 | 8 | 8 | 0 |
| Total Hours | | | | 5,140 | 900 | 4,240 |

The net result in the change of table counts and associated labor hours and additional cost is outlined below by role:

| | Original Scope Hours | Revised Scope Hours | Net Change Hours | Net Increase Dollars |
|-----------------------------------|-------------------------|------------------------|---------------------|-------------------------|
| Project Mgr/ Data Conversion Lead | 846 | 900 | 54 | \$5,940.00 |
| Data Conversion Consultant | 3,768 | 4,240 | 472 | \$35,400.00 |
| Total Change Order 1: | | | | \$41,340.00 |

2.0 Schedule Change

To match the current V3 Implementation Schedule, MBS estimates that data conversion activities will continue through July 31, 2015.

MBS and VCERA agree to amend that current Statement of work to increase the available funding by \$41,340.

MANAGED BUSINESS SOLUTIONS, LLC

VCERA

Richard Mainwaring

Print Name: _____

Vice President

Title: _____

12325 Oracle Blvd., Suite 200

1190 S Victoria Ave., Suite 200

Colorado Springs, CO 80921

Ventura, CA 93003



Contract Amendment #4

The VCERA Steering Committee and Project Team have collectively uncovered the need for an additional resource to support the VCERA staff’s testing of the V3 system. VCERA is not sufficiently staffed to be able to provide this resource, and so Linea has been asked to provide this service.

The scope of work for this testing is as follows:

- Prepare the V3 test environment for system, user acceptance, and/or system testing
- Stage all member data required to perform the testing, if the data do not already exist in the system
- Assist VCERA staff in identifying appropriate members in the database for testing
- Assist in coordinating or refreshing test environments
- Execute test scripts

This work is necessary to ensure that VCERA’s staff testers are able to focus on analyzing test results and assessing the system to ensure it meets user requirements. The hours spent by this resource would otherwise need to be spent by the testers, which would extend the duration of the overall project, at considerable cost to VCERA.

The duration of this testing is March, 2014 through August, 2015. Linea will bill \$63 per hour for this work. It will appear as a separate line item on the monthly invoices. The maximum number of hours billed under this change order is 2,500.

Assumptions:

1. The work performed in this change order will be primarily directed by VCERA staff.

This contract amendment does not alter the terms or conditions of Linea’s original contract with VCERA. The services described in this change order are outside the scope of Linea’s original scope of services.

LINEA SOLUTIONS, INC.

VCERA

By: _____
Brian Colker, CFO

By: _____

Date: _____

Date: _____

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1190 South Victoria Avenue, Suite 200

Ventura, CA 93003-6572

(805) 339-4250 • Fax: (805) 339-4269

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

February 3, 2014

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 RESOURCES

Dear Board Members:

Recommendation:

Authorize VCERA to utilize Linea Solutions resources to stage all data tests, including those tests required for data conversion, as a substitute for utilizing VCERA personnel through the project completion date of August 2015.

Background & Discussion:

As indicated in the October 1, 2013 – December 31, 2013 Status Report, the project risks associated with VCERA provided resources remains critically high. If VCERA is not able to provide the planned internal resources to the VCERIS project, then delays costing as much as \$200,000 per month after the planned "go live" date may be incurred. The task of staging data for testing, a critical component of the overall VCERIS project, was assigned to VCERA resources within the original project plan; however, unforeseen circumstances, specifically current medical absences for two senior benefit staff members, make it appear highly unlikely that the planned resources are available. Presently, the staging of data tests is being accomplished by a Linea Solutions resource; however, that resource, absent any action taken by VCERA, will be transitioned to a different Linea Solutions assignment in the near future. Staging test data, and other related assignments, is expected to consume approximately 2,500 hours of project resources between now and the anticipated August 2015 "go-live" date.

Staff has identified several cost options to address this specific project resource issue, including the assignment of a VCERA resource, for the Board's review and consideration:

- VCERA Option: Continue to plan for utilizing a VCERA resource at an approximate hourly cost of \$53.00, including benefits. The total projected cost for staging test data and being assigned full time to the VCERIS project through August 2015 is \$132,500 (\$53 x 2,500 hours).
- Linea Solutions Option: Utilize a Linea Solutions resource at a cost of \$63.00 per hour. The total projected cost for staging test data, and other related assignments is \$157,500 through August 2015.
- Temporary Agency Option: Estimated cost for utilizing temporary labor as a VCERA substitute is approximately \$40.00 - \$45.00 per hour. An additional agency premium charges needs to factored into the cost raising the estimated cost to approximately the VCERA Option described above.

In an ideal world, the best solution available is the VCERA Option as it would provide in-depth VCERIS experience to a benefit staff member and adhere to the original project plan; however, the critical shortfall of experienced benefit staff members makes this option "high risk" from an overall organizational standpoint. Assigning, through August 2015, a remaining "experienced" benefit staff member to the VCERIS project places additional burdens on the remaining "inexperienced" benefit staff members assigned to accomplish work on behalf of the membership. Further, management's flexibility in balancing resources between ongoing member service demands and VCERIS demands is restricted under the VCERA option.

The Linea Solutions option is the more expensive choice, but provides the most flexibility to VCERA in balancing its resource demands. Further, keeping the present Linea resource on the project maintains continuity within the overall project team and no additional training time and costs need to be incurred. The Temporary Agency option is the least preferable of the three as one could anticipate high resource turnover as well as increased time spent training resources.

Conclusion:

VCERA staff recognizes there is an additional project cost associated with the Linea Solutions options, but views the increased amount as an "insurance type" payment to decrease the risk of incurring material cost overrun charges due to project delays.

I will be pleased to respond to any questions you may have on this matter at the February 3, 2014 disability meeting.

Sincerely,



Tim Thonis
Interim Retirement Administrator

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

March 3, 2014

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

RE: PROCESSING BOARD MEMBER STIPEND PAYMENTS

Dear Board Members:

At the February 3, 2014 Board meeting, your Board was informed that a County Counsel opinion determined that board member stipend payments would be treated as wages, effective January 1, 2014. Staff was directed to compare whether it would be more cost effective to utilize the existing retiree payroll vendor (ADP) to process monthly these claims as opposed to the Count of Ventura Auditor-Controller's office.

Option 1 would have the Auditor-Controller's office process the Board stipend claims at an annual cost of approximately \$990. The Auditor-Controller's portion would be \$600. The Auditor-Controller would process the monthly claims, submit any federal and state taxes withheld, issue checks or process direct deposit, file all monthly, quarterly and annual required reports and issue form W-2. VCERA staff costs are estimated to be \$390 annually. Staff's role would be to prepare the monthly claims for each Board member, review and approve the claims and submit to the Auditor-Controller for processing.

Option 2 would have VCERA's current retiree payroll provider (ADP) process the monthly Board stipend claims at an annual cost of approximately \$1,200. ADP's cost would be \$350 as we are able to utilize the existing ADP platform and database and leverage our existing agreement. ADP's service would include issuing checks or direct deposit payments, submit any federal and state taxes withheld, prepare all monthly, quarterly and annual required reports and issue form W-2. VCERA staff costs would be \$850 due to staff having increased administrative responsibilities, including; inputting claims into ADP database, reviewing and approving payroll, reviewing and approving quarterly and annual payroll tax reports, and reviewing and approving the issuance of the form W-2. This would only be a viable option until the new Pension Administration System (PAS) is fully implemented. In the new system, retiree payroll will be housed in the Vitech V3 database. Currently, the new system will only be configured to issue 1099-R payments and not W-2 payroll. The Vitech V3 payroll module can be configured, but would be at additional cost.

PROCESSING BOARD MEMBER STIPEND PAYMENTS

March 3, 2014

Page 2 of 2

Staff recommends that your Board authorize utilizing the Auditor-Controller to process board member stipend payments, as it is the most cost effective solution and places the least administrative burden on existing staff resources.

I would be pleased to respond to any questions you may have on this subject at the March 3, 2014 Board meeting.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tim Thonis", written over a horizontal line.

Tim Thonis
Interim Retirement Administrator

2014 Real Estate Outlook

Passion to Perform

Dear Tim,

**Deutsche Asset & Wealth Management
Americas Real Estate 2014 Conference Series
2014 Real Estate Outlook**

**March 11, 2014
The Ritz-Carlton, San Francisco
600 Stockton Street
San Francisco, California, USA**

Please Register by March 3rd

As previously communicated, we have once again designed a series of investor conferences and educational roundtables for 2014 that will give us the opportunity to share our outlook and views in smaller, more interactive environments, and at regular intervals throughout the year.

While each regional event will share a research outlook focus, the content will be varied and relevant for all our valued clients and consultants. As such, we welcome you to attend any/all of these conferences as your schedule permits (see schedule below).

Please join us in San Francisco for the first in the series of events – the 2014 Real Estate Outlook - to be held at The Ritz-Carlton San Francisco on March 11, 2014.

The conference will kick off on Tuesday morning with breakfast and an organizational update, followed by interactive sessions focusing on the economy and trends impacting real estate; our 2014 house view and portfolio strategy, as well as transactions trends in the United States. Clients and their consultants will also have an opportunity to meet with their portfolio management teams and visit properties in their portfolios.

A detailed agenda outlining the full program can be downloaded on the registration page.

There will be considerable time for Q&A throughout the day to allow you to engage directly with members of our real estate organization. We hope you will find the sessions compelling and also take advantage of the opportunity to connect with your peers and the DeAWM real estate team.

We look forward to seeing you in San Francisco!

Yours sincerely,

Laura Gaylord
Head of Real Estate, Global Client Group

To register for the Workshop and to arrange hotel accommodations, please follow the "Please Click Here to Register" link below to complete the registration form. If you have any additional questions or concerns, please contact Loretta Culhane at loretta.culhane@db.com or (714) 640-3894.

Regional Conference Series Dates in 2014:

- **March 11 – 2014 Real Estate Outlook - San Francisco**
- **June 3 & 4 – Real Estate Investments Workshop - Chicago**
- **September 18 – Update to our 2014 Real Estate Outlook - New York**

I-033960-1.1

[PLEASE CLICK HERE TO REGISTER](#)

[Please click here to decline](#)

If you have a problem clicking on the above link, cut and paste the following into your browser:
<https://registration.db.com/event/m2625a0f-ATOSWP7KWJQ8>

UBS Global Asset Management Global Real Estate - US 2014 Client Conference

April 5-9, 2014

Grand Hyatt Tampa Bay, Tampa, FL - (A UBS-TPF investment)



As the economy and real estate markets continue to make modest improvements over the past year, it is more important than ever to stay informed about the markets and your portfolio.

This client-focused event will help you to stay up to date by providing:

- Current information on strategies and investments
- Views and insights from leading industry speakers
- Access to your investment teams
- Opportunity to interact with other investors

Please click on "RSVP Form" below to RSVP by February 28, 2014.

[RSVP Form](#)

Please see attached for additional information.

UBS Realty Investors LLC, 10 State House Square, 15th Floor, Hartford, CT 06103-3604 www.ubs.com/realestate



UBS Realty Investors LLC

242 Trumbull Street
Hartford, CT 06032
Tel. +860-616-9000

Matthew Lynch
Head of Global Real Estate - US
Tel. +860-616-9015
Fax +860-616-9104
matthew.lynch@ubs.com

www.ubs.com/realestate

January 21, 2014

Re: Please Join Our 2014 Annual Real Estate Client Conference

Dear Client,

Every year we host a **Real Estate Client Conference** to communicate with our clients about the real estate investments that we manage on your behalf and to provide a view of the economy, our strategies and how we view the future. I am pleased to invite your organization to join us for the 2014 meeting, which will be held at the Tampa Bay Grand Hyatt in Tampa, Florida. The business meeting portion of the conference will take place on Monday and Tuesday, April 7 and 8.

The real estate markets and the general economy have continued to show modest and steady improvement over the past twelve months with very low job growth, declining labor rate participation, and very low inflation against a backdrop of fiscal uncertainty and the commencement of 'tapering' by the Federal Reserve in 4Q. Real Estate posted its third year of strong double-digit returns with appreciation continuing at above-trend levels and fundamental growth at the property level. The 10-year Treasury note increased its yield by 100 basis points and cap rates moved modestly lower while the public equity markets grew at a very high rate and public REIT's were barely positive. It is perhaps even more important than it has been that you stay apprised of the impact the markets and economy will have on your investments going forward.

We intend to provide an outstanding selection of presentations by well-known real estate industry speakers and professionals, including our own staff, on topics of current interest to real estate investors in general and to our investors in particular. Additionally, we will have portfolio reviews for our pooled accounts and our portfolio management and other teams will be available for individual meetings. We are interested in hearing your thoughts and opinions on subjects that might be of interest to you.

Because your plan has a significant investment in the funds we manage, we are extending this invitation to your plan with the hope that a member of your team will make plans to join us. Our streamlined schedule includes a property tour of the Tampa Bay Grand Hyatt, a UBS-TPF investment, Monday morning, April 7, followed by business meetings that will begin midday and end Tuesday midday. Investors will be able to experience the entire business portion of the agenda in only one and a half days. Our entire conference, including pre- and post-conference activities will begin with Saturday evening dinner on April 5 and conclude after breakfast on Wednesday, April 9.

Rooms, meals and group activities will be provided by UBS for those able to accept them. As before, the spouse or guest of your representative is most welcome to attend, if allowed by your organization's policies. If you are able to join us, we will consult with you to accommodate your policies. We will send you more details as they are finalized.

In the interim, please let us know if you are interested in attending by completing the short form via the link on the enclosed invitation or by sending an e-mail to jennifer.cody@ubs.com by **February 18, 2014** advising us of your plans.

We hope you can join us for this important and informative event. As always we appreciate the opportunity to manage real estate assets on your behalf.

Sincerely,



Matthew H. Lynch
Managing Director
Head of Global Real Estate--US

Enclosure

Our conferences:

We hold two distinct investor conferences each year:

The Client Conference is held in the spring, and is open to all investors with over USD 5 million in assets and select consultants. Two representatives may attend from each organization, and attendees may bring guests, if allowed by their organization's policies. The conference is designed so that invitees can either attend only business sessions or the full conference, which also includes leisure and educational activities that provide the opportunity to spend additional time with the portfolio and servicing teams. The group events at the Client Conference are paid for by UBS.

The Client Advisory Council is an important part of the governance of our commingled funds. Attendance is restricted to one representative from each Fund's largest investors and a select group of consultants who represent a large portion of the Funds' assets. This conference is held in the fall. Room and board, transportation and meeting-related expenses for the conference are paid for by the Funds; therefore guests are not invited.

For either conference, we seek to comply with your organization's policies regarding the costs of the event. You may reimburse the full or partial cost, if required.



Global Real Estate - US 2014 Client Conference April 5-9, 2014

*Grand Hyatt Tampa Bay, Tampa, Florida
(a UBS-TPF investment)*

As the economy and real estate markets continue to make modest improvements over the past year, it is more important than ever to stay informed about the markets and your portfolio.

This client-focused event will help you to stay up to date by providing:

- Current information on strategies and investments
- Views and insights from leading industry speakers
- Access to your investment teams
- Opportunity to interact with other investors

Please RSVP by February 18, 2014.



Preliminary agenda

Pre-conference activities

Saturday April 5, 2014

Welcome reception & dinner

Sunday, April 6, 2014

Breakfast, group activities, lunch
Reception and dinner

Conference agenda

Monday, April 7, 2014

Morning

Breakfast

Property tour

Lunch

Afternoon

Business sessions 1:30pm - 5:30pm

Presentation on national economy
Matt Lynch, Head of Global Real Estate – US

Bill Hughes, Head of Global Real Estate, Research & Strategy
Commercial investment panel

Evening

Reception and dinner

Tuesday, April 8, 2014

Morning

Breakfast

Business Sessions 8:00am - 12:00pm

Market review
Acquisitions: investments & strategies

Portfolio presentations

UBS Trumbull Property Fund
Kevin Crean
UBS Trumbull Property Income Fund
Gary Gowdy
UBS Trumbull Property Growth & Income Fund
Paul Canning
Allegis Value Trust
Jeff Maguire

Afternoon

Property tour - Tampa
Lunch & group activities

Evening

Reception and dinner

Wednesday, April 9, 2014

Morning

Breakfast

General information

Transportation will be provided to and from the airport. Tampa International Airport (TPA) is 10 minutes from the hotel and is the preferred arrival location.

Amenities include shops, restaurants, swimming pools, beach and exercise facility.

Suggested attire is business casual for evening and daytime events. For Monday dinner "smart" business casual (i.e. jackets for men) is requested.

Rooms, meals, parking and group activities expenses will be covered by UBS for those able to accept them. As before, your spouse or guest is welcome to attend. If you are able to join us, we will consult with you to accommodate your policies.

Grand Hyatt Tampa Bay

2900 Bayport Drive, Tampa, FL 33607

Tel. 813-874 1234

Fax 813-207 6694

www.hyatt.com

Weather – average daytime high is 82°, average nighttime low is 66°

Check-in is 3:00pm and check-out is 12:00pm.

Questions? Please contact either your client relationship manager or the conference coordinators, Catherine Schuster at catherine.schuster@ubs.com, 860-616 9105 or Jennifer Cody at jennifer.cody@ubs.com, 860-616 9093.

UBS Realty Investors LLC

10 State House Square, 15th Floor

Hartford, CT 06103-3604

Tel. 860-616 9000

