

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

May 4, 2015

AGENDA

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

TIME: 9:00 a.m.

Members of the public may comment on any item under the Board's jurisdiction by filling out a speaker form and presenting it to the Clerk. Unless otherwise directed by the Chair, comments related to items on the agenda will be heard when the Board considers that item. Comments related to items not on the agenda will generally be heard at the time designated for Public Comment.

ITEM:

- | | | |
|------|--|-----------------------------|
| I. | <u>CALL TO ORDER</u> | Master
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1 – 3 |
| II. | <u>APPROVAL OF AGENDA</u> | |
| III. | <u>APPROVAL OF MINUTES</u> | |
| | A. Business Meeting of April 20, 2015. | 4 – 11 |
| IV. | <u>RECEIVE AND FILE PENDING DISABILITY APPLICATION
STATUS REPORT</u> | 12 – 44 |
| V. | <u>APPLICATIONS FOR DISABILITY RETIREMENT</u> | |
| | A. Application for Service Connected and Non-Service Connected
Disability Retirement, Andrew W. Poland; Case No. 13-005. | 45 – 87 |
| | 1. Summary of Evidence, Findings of Fact, Conclusions of Law,
and Recommendations, submitted by Hearing Officer John
L. Rosenthal, dated April 11, 2015. | |

V. APPLICATIONS FOR DISABILITY RETIREMENT (continued)

2. Hearing Notice Served on April 15, 2015.
- B. Application for Service Connected Disability Retirement, Ignacio Godinez; Case No. 14-023. 88 – 351
 1. Application for Service Connected Disability Retirement and Supporting Documentation.
 2. Hearing Notice Served on April 14, 2015.
- C. Application for Service Connected Disability Retirement, RayMel Lloyd; Case No. 14-024. 352 – 403
 1. Application for Service Connected Disability Retirement and Supporting Documentation.
 2. Hearing Notice Served on April 8, 2015.
- D. Application for Non-Service Connected Disability Retirement, Cynthia Lazenby; Case No. 14-026. 404 – 461
 1. Application for Non-Service Connected Disability Retirement and Supporting Documentation.
 2. Hearing Notice Served on April 22, 2015.
- E. Application for Service Connected Disability Retirement, Karen Anderson; Case No. 11-021. 462 – 493
 1. Proposed Findings of Fact, Conclusions of Law, and Recommendation, submitted by Hearing Officer Kenneth A. Perea, dated March 18, 2015.
 2. Hearing Notice Served on April 16, 2015.
- F. Michael Wheat v. Board of Retirement of VCERA, Ventura County Superior Court Case No. 56-2013-00440045-CU-WM-VTA 494 – 508
 1. Memorandum from County Counsel dated April 24, 2015
 2. Notice of Entry of Judgement and Issuance of Writ of Mandate, dated April 9, 2015
 3. Minute Order dated December 19, 2014
 4. Hearing Notice Served on April 8, 2015

VI. NEW BUSINESS

- A. Approval of Assignment of Contract from Schott & Lites to California Strategies & Advocacy, LLC
RECOMMENDATION: Approve
1. Staff Letter 509
 2. Press Release 510
 3. Schott & Lites Advocates Letter of Agreement, dated January 29, 2015. 511 – 515
- B. Recommendation to Approve Trustees' Attendance at Nossaman LLP Public Pensions & Investments Fiduciaries Forum, September 24 – 25, 2015, San Francisco, CA. 516 – 517
- C. Pension Bridge Report, Submitted by Trustee McCormick and Trustee Goulet 518 – 519
RECOMMENDATION: Receive and file.
- D. Ventura County Employees' Retirement Information System (VCERIS) Pension Administration Project
RECOMMENDATION: Receive and file.
1. Staff Letter 520 – 521
 2. VCERIS Project Quarterly Status Update 522 – 534

VII. INFORMATIONAL

- A. CALAPRS Principles of Pension Management for Trustees 535
2015, August 25 – 28, 2015, Pepperdine University, Malibu, CA.

VIII. PUBLIC COMMENT

IX. STAFF COMMENT

X. BOARD MEMBER COMMENT

XI. ADJOURNMENT

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

April 20, 2015

MINUTES

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

DIRECTORS None.
ABSENT:

STAFF Linda Webb, Retirement Administrator
PRESENT: Henry Solis, Chief Financial Officer
Lori Nemiroff, Assistant County Counsel
Stephanie Caiazza, Program Assistant
Julie Stallings, Chief Operations Officer
Vickie Williams, Retirement Benefits Manager
Shalini Nunna, Retirement Benefits Manager
Chantell Garcia, Retirement Benefits Specialist
Chris Webb, 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 Business Meeting of April 20, 2015, to order at 9:00 a.m.

II. APPROVAL OF AGENDA

MOTION: Approve.

Moved by Wilson, seconded by Johnston.

Vote: Motion carried

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

No: -

III. APPROVAL OF MINUTES

A. Disability Meeting of April 6, 2015.

MOTION: Approve.

Moved by Goulet, seconded by McCormick.

Vote: Motion carried

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

No: -

IV. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of March 2015

B. Receive and File Report of Checks Disbursed in March 2015

C. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Investment Management Fees, and Investments and Cash Equivalents for the Period Ending February 28, 2015

- D. Receive and File Budget Summary for FY 2014-15 Month Ending March 31, 2015

MOTION: Approve the Consent Agenda.

Moved by McCormick, seconded by Hintz.

Vote: Motion carried

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

V. ACTUARIAL INFORMATION

- A. Actuarial Experience Study and Review of Economic Assumptions
Paul Angelo, FSA and John Monroe, ASA of Segal Consulting

1. Analysis of Actuarial Experience During the Period of July 1, 2011 through June 30, 2014
2. Review of Economic Actuarial Assumptions for the June 30, 2015 Actuarial Valuation

Trustee Foy requested that the Board postpone the vote on this item until the May 18, 2015 Business Meeting.

Following his request, Trustee Foy left the meeting at 9:48 a.m.

After the presentation by Segal Consulting, the Board received public comment from Michael Powers, County Executive Officer, and Paul Derse, County Chief Financial Officer. A letter from Mr. Powers and Mr. Derse was distributed to the Board and was added to the meeting agenda materials as "Attachment A".

After discussion by the Board, Segal Consultants, and Ventura County representatives, the following motion was made:

MOTION: Postpone the vote on this item, pending further discussion, until the Business Meeting of May 18, 2015.

Moved by Goulet, seconded by Henderson.

Vote: Motion carried

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

No: -

Absent: Foy

Trustee Hoag left the meeting at 11:44 a.m.

VI. **REVIEW AND RECOMMENDATIONS REGARDING INTEREST
CREDITING POLICY**

A. Staff Letter

B. Draft Interest Crediting Policy
RECOMMENDED ACTION: Approve.

Trustee Goulet proposed an additional change to the Draft Interest Crediting Policy, Under "Step 5", Trustee Goulet recommended changing "an amount sufficient to bring the balance to zero" to "up to the amount sufficient to bring the balance to zero to make up for any cumulative earnings shortfall".

MOTION: Approve the draft Interest Crediting Policy with the proposed changes.

Moved by Goulet, seconded by Wilson.

Vote: Motion carried

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

No: Johnston

Absent: Foy

Trustee Sedell and Chair Towner left the meeting at 11:55 a.m. Trustee Wilson served as Chair for the remainder of the meeting.

VII. **INVESTMENT MANAGER PRESENTATIONS**

A. Receive Annual Investment Presentation, Sprucegrove Investment Management, Craig Maerrigan, President, Brad Haughey, Vice President, and Mark Shevitz, Principal Fair Haven Partners (30 Minutes)

Craig Maerrigan, Brad Haughey, and Mark Shevitz were present on behalf of Sprucegrove to provide an organizational and investment performance update.

VIII. INVESTMENT INFORMATION

A. NEPC – Allan Martin, Partner, and Chris Hill, Research Consultant.

1. Receive Currency Hedging Implementation Presentation, Parametric Engineered Portfolio Solutions, Justin Henne, Managing Director.

Following the presentation and discussion by the Board and consultants, the Vice Chair Wilson asked Mr. Martin to provide the overlay guidelines to the Board at an upcoming meeting.

2. Private Equity Program Review & 2015 Strategic Investment Plan
RECOMMENDED ACTION: Approve.

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

MOTION: Approve \$50 million commitment to diversified fund of fund, as recommended by NEPC.

Moved by Johnston, seconded by Henderson.

Vote: Motion carried

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

No: -

Absent: Foy, Sedell

At Trustee Johnston's request, Mr. Martin agreed to provide further data on the values and fees of this investment plan.

3. Preliminary Performance Report Month Ending March 31, 2015

Trustee Goulet left the meeting at 1:01 p.m.

MOTION: Receive and file.

Moved by Johnston, seconded by Henderson.

Vote: Motion carried

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

No: -

Absent: Foy, Sedell, Goulet

B. Consideration of Quiet Period Per Trustee Communications Policy

1. Staff Letter

2. Trustee Communications Policy

MOTION: Approve initiation of a quiet period for GMO, PIMCO, and Standard Life, which will cease upon the selection of a service provider, conclusion of the search or later action by the Board.

Moved by Henderson, seconded by Johnston.

Vote: Motion carried

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

No: -

Absent: Foy, Sedell, Goulet

IX. NEW BUSINESS

A. Recommendation to Approve Trustee Goulet's Attendance at Nossaman LLP Public Pensions & Investments Fiduciaries Forum, September 24 – 25, 2015, San Francisco, CA.

During discussion, several Board members expressed interest in attending this forum, which is limited to 5 attendees from the VCERA Board. Vice Chair Wilson directed staff to update Trustee Goulet's request to add Trustee Wilson, Trustee Sedell, Trustee Winter, and Trustee McCormick, with Trustee Johnston as an alternate attendee, and to bring the updated request back before the Board for approval at an upcoming meeting.

B. Recommendation to Approve Ms. Nemiroff's Attendance at the NAPPA Legal Education Conference, June 23 – 26, 2015, Austin, TX.

MOTION: Approve.

Moved by McCormick, seconded by Hintz.

Vote: Motion carried

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

No: -

Absent: Foy, Sedell, Goulet

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

1. VCERIS Project Monthly Status Report

MOTION: Receive and file.

Moved by Henderson seconded by Hintz.

Vote: Motion carried

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

No: -

Absent: Foy, Sedell, Goulet

X. INFORMATIONAL

A. Letter from Chair Towner to Assembly Member Das Williams for AB
1291

B. Invitation to Walter Scott Global Investment Management Lecture
Series.

XI. PUBLIC COMMENT

Michael Pineschi spoke on behalf of Unite Here, a union of hospitality employees. Mr. Pineschi previously provided public comment at the February 23, 2015 business meeting regarding a developing labor dispute at the Doubletree, owned by UBS Realty and managed by Trumble Property Group and Income Fund.

Mr. Pineschi requested that VCERA urge UBS Realty to reach an agreement ensuring labor peace at hospitality-related properties. In addition to his comments, Mr. Pineschi distributed a report from Unite Here on the performance of the UBS Trumbull Property Fund, and submitted a report compiled by Unite Here which featured a list of responsible and irresponsible real estate managers. These reports were added to the meeting agenda materials as Attachments B and C.

XII. STAFF COMMENT

Ms. Webb said that she planned to invite staff members to Board meetings over the coming months, as well as inviting Board members to monthly staff meetings. Ms. Webb proceeded to introduce the Board to VCERA staff members Shalini Nunna, Retirement Benefits Manager, and Chris Webb, Retirement Benefits Specialist. Ms. Webb thanked Trustee Sedell for agreeing to attend the VCERA staff meeting scheduled for April 22, 2015.

XIII. BOARD MEMBER COMMENT

In response to the comments made regarding UBS during Public Comment, a few board members commented on the issue of social investing.

XIV. ADJOURNMENT

The meeting was adjourned at 1:21 p.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,

TRACY TOWNER, Chairman

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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Ventura, CA 93003-6572
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<http://www.ventura.org/vcera>

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

**SUBJECT: APPROVAL OF ASSIGNMENT OF CONTRACT FROM SCHOTT & LITES
TO CALIFORNIA STRATEGIES & ADVOCACY, LLC.**

Dear Board Members:

At the February 2, 2015 disability meeting, the Board of Retirement voted to engage Schott & Lites, Advocates, LLC for services advocating VCERA's proposed CERL legislation. The work is being performed by Jim Lites. We received notification that Mr. Lites is amicably leaving Schott & Lites and will be principal for California Strategies & Advocacy, LLC. effective June 1, 2015.

Provided is the press release from California Strategies announcing this move, as well as the letter of agreement from Schott & Lites that was approved at the February 2nd meeting. Counsel has reviewed the original agreement, and confirms VCERA may assign the contract to California Strategies, as it contains no provision governing assignment.

**RECOMMENDATION: APPROVE ASSIGNMENT OF THE CONTRACT FOR
ADVOCATING VCERA'S PROPOSED CERL LEGISLATION (AB 1291) TO
CALIFORNIA STRATEGIES & ADVOCACY, LLC. AND DELEGATE AUTHORITY TO
THE CHAIR TO APPROVE AND EXECUTE AN ASSIGNMENT AGREEMENT.**

VCERA staff will be pleased to respond to any questions you may have on this matter at May 5, 2015 disability meeting.

Sincerely,



Linda Webb
Retirement Administrator



FOR IMMEDIATE RELEASE

CONTACT: Jason Kinney

Tuesday, April 28, 2015

[916-806-2719](tel:916-806-2719)

CA STRATEGIES & ADVOCACY WELCOMES LONGTIME CAPITOL VETERAN JIM LITES AS PRINCIPAL

Building on recent growth, CS&A enhances Legislative Advocacy and Policy practice with respected expert on Tax Policy, Economic Development, International Trade & Higher Ed

SACRAMENTO—California Strategies & Advocacy, LLC is pleased to announce the addition of Jim Lites as Principal, where he will add to the extensive client offerings of the firm's expanding Sacramento-based Legislative Advocacy and Policy practice.

Lites is a respected advocate and seasoned legislative veteran who has navigated complex public-policy issues in and around California's State Capitol for more than 26 years. He will bring a broad and diverse range of expertise to CS&A clients, including the State Budget, state and local taxation, telecommunications, public pension systems, aviation, rail transportation, cargo and goods movement, mortgage insurance and local government.

Previously, Lites was a lobbyist and partner with Schott & Lites Advocates. Before that, he served as Consultant to then-Speaker Cruz Bustamante on tax, economic development and international trade issues, as well as Chief of Staff to Assemblyman Bustamante. He also served as Chief Consultant to the Assembly Committee on Revenue and Taxation under Chairwoman Juanita McDonald and Chief of Staff to Assemblywoman Marguerite Archie-Hudson.

"California Strategies & Advocacy prides itself on second-to-none policy expertise, bipartisan experience and an instinctual understanding of how to get things done," said California Strategies Founder and Chairman Bob White. "Jim Lites brings a career of legislative accomplishment that will enable him to make an immediate and unique impact on behalf of our Advocacy clients."

In 2009, Lites was selected to serve as the Executive Director of the new California Airports Council, an association of the 34 commercial airports in California. In addition, he serves on the California Maritime Security Council, the California Freight Advisory Committee and the Advisory Board of ReviverMX, a California technology start-up company.

"I'm honored and excited to be joining one of California's preeminent public-policy consulting and advocacy firms and serving its extraordinary portfolio of clients," said Lites. "Forging practical solutions to California's policy challenges is more multifaceted than ever – and few firms are better positioned to help clients achieve their policy goals than California Strategies & Advocacy."

Lites earned a Bachelor's degree in Political Science from the University of California, Los Angeles and a Master's degree in International Affairs from California State University, Sacramento. He also studied international political economy at the Universidad de Belgrano in Argentina. Lites is fluent in Spanish and holds an active California real estate sales license and Series 7, 63 & 79 securities licenses.

Mr. Lites was born in Pasadena, California and currently resides in Sacramento with his wife and three daughters.

SCHOTT & LITES

A D V O C A T E S

1510 14th Street • Sacramento, CA • 95814
P - (916) 444-7158 • F - (916) 447-4947
www.schottlites.com

January 29, 2014

Mr. Art Goulet
Trustee, Ventura County Employees Retirement Association
1190 S. Victoria Avenue, Suite 200
Ventura, CA 93003

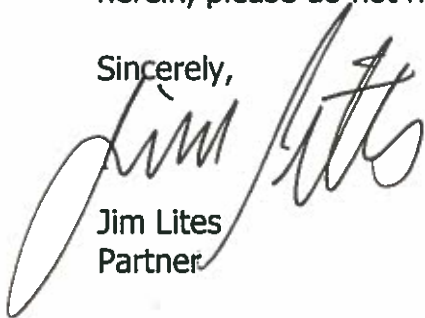
Dear Mr. Goulet:

Schott & Lites Advocates, LLC is pleased to submit the enclosed proposal to provide legislative advocacy services on behalf of the Ventura County Employees Retirement Association. Our firm has a long history of representation of public agencies and county retirement system interests in particular. With our long-term experience, knowledge of the California legislative arena and climate, and regular interaction with retirement policy stakeholders, we would be able to fulfill your state advocacy needs in a high-quality manner.

As our proposal will show, Schott & Lites possesses the experience and history to ably represent the Ventura County Employees Retirement System. We enjoy strong and successful working relationships in both the Legislative and Executive branches of state government based upon years of working in the retirement policy arena. Schott & Lites would be honored to participate with the Ventura County Employees Retirement Association in bringing your proposal forward.

We look forward to the opportunity to discuss our proposal with you in further detail. Should you desire any additional information regarding our qualifications not otherwise contained herein, please do not hesitate to advise us.

Sincerely,



Jim Lites
Partner

SCHOTT & LITES

A D V O C A T E S

Introduction

Since the practice was established in 1973, Schott & Lites Advocates has provided comprehensive legislative advocacy and association management services to diverse private and public sector clients. Typically, our services include comprehensive public policy consulting, strategic planning and advocacy, and administrative management. We regularly engage in issue strategy development, legislative management, and direct Legislative and Administrative branch advocacy, including state agencies, departments, commissions and boards, as well as other constitutional officers. Our expertise includes a keen understanding of the balance between industry needs and public sector roles and responsibilities. We are often recognized within the California Legislature and Administration as the honest broker on behalf of public agencies seeking to execute their functions as efficiently as possible in the most cost-effective manner. We value this reputation and employ this approach to advocacy for all of our clients and welcome the opportunity to do so for the Ventura County Employees Retirement Association.

Our experience provides us with a breadth of understanding of the Executive and Legislative branches of California state government. We have effectively served the needs of retirement policy interests for decades. We work often with various other related stakeholders including advocates for individual association members and their constituencies, and partners in related organizations to achieve our policy objectives. Our on-going experience and style of direct engagement will serve the Ventura County Employees Retirement Association well with effective legislative advocacy services.

At Schott and Lites Advocates, we understand the importance of good communication. We provide written, electronic, and oral communications, including presentations in Sacramento and out-of-town, as desired by the client. We also make it a high priority to function at all times as a team. All of our staff are well-versed on issues of importance to our clients, so that if and when the entirety of our staff is called upon to work on an issue, even with little or no notice, we are prepared to engage in efforts immediately. We endeavor to be accessible at all times, understanding the critical, and at times urgent, nature of legislative engagement. We regularly encourage our clients to come to Sacramento and spend time in the Capitol advocating with us.

SCHOTT & LITES

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Schott & Lites Experience

Schott & Lites Advocates has represented the State Association of County Retirement Systems (SACRS) for over 20 years. SACRS was already a client when Jim Lites joined the firm in 1998 and served as their lobbyist for 11 years through 2008. Currently, Schott & Lites serves as the consultant to SACRS, managing the Legislative Committee's agenda, minutes and scheduling. Schott & Lites also provides all legislative tracking services for SACRS. With respect to SACRS-sponsored legislation, Schott & Lites prepares the written background materials for use in advocacy efforts. With years of experience in the 1937 Act policy arena, Schott & Lites has a keen understanding of the relationships between SACRS, individual systems, plan sponsors, employee organizations and the Legislature.

Schott & Lites has also represented individual SACRS systems as legislative advocates, including the Orange County Employees Retirement System (OCERS), the Marin County Employees Retirement Association, and the San Diego County Employees Retirement Association (SDCERA). Each engagement was for a specific legislative need, including independent district legislative authorization. On behalf of OCERS, Schott & Lites successfully worked to enact AB 1992/Ch. 74, Statutes of 2002, which granted independent district status to OCERS management. In 2008, legislation on behalf of SDCERA to authorize independent district status was unsuccessful, as local San Diego employee organizations were unable to reach an accord with SDCERA on a pathway to establish independent district status. The failure of this legislation underscored the requirement for a comprehensive local agreement among employee organizations on the nature and structure of independent district status for 1937 Act systems.

Today, with the new responsibilities upon boards of retirement mandated by the Public Employees Pension Reform Act of 2012 (PEPRA) to manage and limiting pension spiking activities, independent district status is an important structural tool. Boards of retirement need to have a measure of independence from the plan sponsor if this role is to be carried out effectively as envisioned by the proponents of PEPRA. The Contra Costa County Employees Retirement Association enacted SB 673/Ch. 244, Statutes of 2014, showing the current willingness of the Legislature and the Governor to provide this tool to county retirements boards when local agreement exists. While plan sponsors may not always share the enthusiasm for county retirement system independence, the Legislature and Administration are very aware of the challenges facing boards of retirement absent independent district authority.

SCHOTT & LITES

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Schott & Lites Proposed Services

On Behalf of the Ventura County Employees Retirement Association (VCERA), Schott & Lites proposes the following services:

- Secure legislative authorship of the proposal;
- Work with VCERA staff to prepare written background and advocacy materials;
- Work with VCERA officials to actively advocate for passage of the proposal;
- Engage retirement policy stakeholder groups regarding the proposal;
- Provide active communications to VCERA officials on the status of the proposal and related topics. Communications can consist of any method desired by VCERA, including email, telephone and formal written communications;
- Advocacy within the Governor's office prior to, and during the bill signing period following the close of 2015 legislative session.
- Legislative communications, including amendments and other related legislative proposals as desired by VCERA.
- Preparation of Lobbyist Employer disclosure reports for VCERA review, as required by the California Political Reform Act of 1974.

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The Schott & Lites Team

Schott & Lites proposes Jim Lites serve as lead advocate on behalf of VCERA. Jim would be assisted by Ms. Lina Bernal, who would provide the legislative communications service to VCERA. As needed, other members of the Schott & Lites team will be available to assist on advocacy of the proposal.

Jim Lites, through years of service to SACRS, is recognized as among the experts in the California legislative arena on retirement and 1937 Act policy. Jim has been a presenter at the SACRS conference on many occasions and has been invited to speak to other retirement policy stakeholder organizations on current topics and legislation.

Fee for Service

Schott & Lites proposes to provide legislative advocacy services to VCERA for a monthly retainer of **\$2,500**. This fee will be all-inclusive and no other expenses will be charged, except for travel outside of Sacramento, as directed by VCERA.

Conclusion

Schott & Lites believes we are among the most qualified legislative advocacy options available to VCERA for this service and your policy proposal. We know well and understand the retirement policy stakeholder community, and are particularly familiar with 1937 Act county independent district dynamics. We are confident we can navigate the legislative landscape for VCERA on this proposal and would be honored to have the opportunity to serve you.

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>

May 5, 2015

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

SUBJECT: AUTHORIZATION FOR TRUSTEES GOULET, WILSON, SEDELL, WINTER & MCCORMICK TO ATTEND THE NOSSAMAN LLP PUBLIC PENSIONS & INVESTMENTS FIDUCIARIES FORUM SEPTEMBER 24TH – 25TH, IN SAN FRANCISCO.

Dear Board Members:

Staff recommends authorization for Trustees Goulet, Wilson, Sedell, Winter and McCormick to attend the Nossaman LLP Public Pensions & Investments Fiduciaries Forum September 24th & 25th in San Francisco, with Trustee Johnston as an alternate. The cost to attend will be approximately \$1,000 for each trustee, including registration, airfare, lodging and other related expenses.

VCERA staff will be pleased to respond to any questions you may have on this matter at May 5, 2015 disability meeting.

Sincerely,



Linda Webb
Retirement Administrator

Nossaman LLP's Public Pensions and Investments Fiduciaries' Forum

September 24-25, 2015 | San Francisco, CA

You are invited to Nossaman's First Annual Public Pensions and Investments Fiduciaries' Forum!

Nossaman is pleased to announce the continuation of the **Public Pension Fiduciaries' Forum – a nearly decade-long tradition** – hosted by **Ashley Dunning** and **Michael Toumanoff**.

Please join us in San Francisco this September (details to follow this summer) to discuss current and emerging public pension topics of 2015 and 2016, including:

- Court cases on PEPPRA and vested rights
- Current trends in alternative investment documentation and diligence
- Employment issues in a civil service world
- A bird's eye view of real asset investing
- Lunchtime speaker to be announced

Sept. 24, 2015

Dinner Reception, guest speaker on
"What to expect from Sacramento in 2016"

Sept. 25, 2015

All-day Fiduciaries' Forum

Attendance is limited to trustees (less than a quorum), executive staff, and in-house counsel. Clients and prior participating plans have priority for registration. Conference is limited to 50 attendees.

Cost: \$250.00 per person (covers the cost of meals and incidentals).

For more information or to RSVP, please contact Jennifer Barry-Smith, jbarry-smith@nossaman.com, or 415.438.7232.

NOSSAMAN PRESENTERS



Ashley Dunning
Partner



Yuliya Oryol
Partner



Michael Toumanoff
Of Counsel



John Kennedy
Partner



David Kimport
Partner



Clothilde Hewlett
Partner



Danielle Gensch
Partner

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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May 4, 2015

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

Dear Board Members:

On April 7 and 8, the undersigned attended the Pension Bridge Conference in San Francisco. Following is our report.

In a change from the usual, the conference had a Chairman, Dan McAllister, the Treasurer-Tax collector of San Diego and SACRS Treasurer. He kicked off the conference with a short presentation that can only be summarized as a prediction of hard times ahead.

Following Dan was the keynote presentation, comprised of a twosome: Don Pierce, CIO of SBCERA and Tim Barrett, former CEO/CIO of SBCERA and now CIO of Texas Tech University. Their topic was Dynamic Portfolio Management, a practice initiated by Tim and continued by Don. They stressed it consists of three key parts: asset allocation, asset structure, and manager relationships, the first being the primary driver of returns. Their position is that a portfolio should be managed based on valuation, technical issues, and sentiment, and on a continuous basis.

Throughout the two days of the conference, among the subjects discussed were a macroeconomic view, risk parity, tail risk hedging, asset allocation, fixed income investments that have come into favor such as distressed debt and direct lending, allocations to protect against rising interest rates (including commodities, ownership of farmland, energy, and infrastructure), currency investments, hedge funds, emerging markets, managed futures, emerging managers, investments based on environmental, social and governance perspectives, secondary and primary private equity, and real estate. The final session was a roundtable of chief investment officers from public pension systems. They talked about asset/liability evaluation, asset allocation for the future, and negotiation of fees. In a continuation of the topic from last year's agenda, there was an emphasis on the importance of risk management throughout the conference. Most of these subjects have been dealt with at previous Pension Bridge conferences and, although there were new speakers, there was little new information presented.

A significant difference between this year and last was that there few bullish forecasts of investment opportunities for the near term. The only consistent theme was that private equity, credit and hedge funds presented opportunities, but there was concern that too much investment money was chasing limited opportunities. Additionally, it was noted that because of this, fee reductions would be difficult to negotiate..

During casual conversations with managers during breaks, a number of them who knew Dan Gallagher told us we were fortunate to have hired him.

Pension Bridge advertises that it attempts to match the number of investment managers to the number of pension fund trustees and administrators in attendance. However, because managers frequently had more than one representative, there were still many more money managers than pension fund people. There were a number of trustees and others from 1937 Act counties, as well as trustees from various city, state, and union plans from throughout the U.S. Pension Bridge conferences are well organized and the agenda and time table are scrupulously adhered to, with subject matters presented thoroughly by informed and capable presenters. However, usually too much information is crammed into too short a period of time, and there was generally insufficient time for questions.

We'd be happy to answer any questions the Board may have.

Respectfully,

A handwritten signature in black ink, appearing to read "Arthur E. Goulet". The signature is fluid and cursive, with a long horizontal stroke at the end.

Arthur E. Goulet

A handwritten signature in black ink, appearing to read "De McCormick". The signature is more compact and stylized than the one to its left, with a prominent circular loop at the beginning.

De McCormick

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>

May 4th, 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).

Project Status

As detailed in the VCERIS Quarterly Report, as of 3/31/2015, the effort to implement the system, excluding member web, is approximately 74.47% complete. The project is on track for the April 2016 go-live for rollout #1, contingent on the active payroll interface file's completion over the next three months.

The Auditor Controller and VRSD continue to make progress on providing the active payroll file interface to VCERA.

Parallel testing of the County's active payroll interface files was originally scheduled to begin after the successful completion of scenario-based testing. Although scenario-based testing was not complete as of the scheduled start of parallel testing, VCERA agreed to accept the first two parallel test files according to the schedule, with the understanding that parallel testing would then be on hold until all scenario-based testing is completed.

By entering parallel testing on schedule, the technical teams were able to identify issues that could not be identified through the scenario-based testing process. As predicted, parallel testing did reveal additional issues that the technical teams are in the process of resolving. Parallel testing will resume once scenario-based testing has been successfully completed. It is not yet known how long Auditor Controller will need to resolve the remaining technical issues. There are currently three significant issues that are in the process of being resolved, and five issues that Auditor Controller has reported as resolved, but VCERA has not been able to validate with additional testing at this time.

PENSION ADMINISTRATION SYSTEM (PAS) PROJECT UPDATE

May 4th, 2015

Page 2 of 2

The Auditor Controller is aware of the significant financial impact to VCERA of further delays.

VRSD submitted a contributions file on 2/20/2015, but the file was incomplete. The project team continues to work with VRSD to obtain a complete test file. It is anticipated that all testing activities for the file can be completed within the current project schedule. 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 completed by 6/30/2015; the design is currently approximately 90% complete. 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 remains 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. VCERA's legacy data has been converted and loaded into V3. Testing and cleansing activities will be ongoing, as system testing will uncover periodic data issues. No major data issues have been uncovered.

As shown in the attached quarterly report, the project's budget has been increased to \$11.18 million to account for the eight month extension to complete the active payroll interface. The contingency has been consumed. The project is currently 20% over the original budget.

Recommendations

Staff recommends your Board take the following actions:

- Receive and File the Attachment A - VCERIS Quarterly Report

We would be pleased to respond to any questions during the Board meeting.

Sincerely,



LINDA WEBB
Retirement Administrator
Attachments (1)



BRIAN COLKER
Linea Solutions, Inc.



Attachment A: Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement
Written by: Brian Colker

Report Date:

4/15/2015

Board of Retirement Ventura County Employees' Retirement Information System (VCERIS) Report

Reporting period: January 1st, 2015 – March 31st, 2015

Current Project Plan

DATA AS OF 3/31/15:

Rollout 1: Active Member & Retiree Combined	Rollout 2: Member Web
Actual % Complete: 74.47%	Actual % Complete: N/A
Planned % Complete: 74.47%	Planned % Complete: N/A
Variance: 0%	Variance: N/A
Rollout Timeline, Initial: July 2012 – October 2013	Rollout Timeline, Initial: January 2015 – June 2015
Rollout Timeline, Revised: July 2012 – September 2015	Rollout Timeline, Revised: September 2015 – December 2015
Rollout Timeline, Revised: July 2012 – April 2016	Rollout timeline, Revised: April 2016 – August 2016

Initial Plan

Rollout 1: Active Member	Rollout 2: Retiree	Rollout 3: Member Web
Rollout Timeline, Initial: July 2012 – October 2013	Rollout Timeline, Initial: November 2013 – April 2015	Rollout Timeline, Initial: 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:

4/15/2015

Accomplishments for the Period 01/01/2015 – 03/31/2015

- The project team developed a new project plan based on the schedule of transmittal file activities that was agreed on by VCERA and the Auditor-Controller's office. Linea, Vitech and MBS submitted change orders needed to extend the project by an additional eight months. The Board approved the change orders on 1/5/15.
- Conducted design and development activities for the following functionality:
 - Disability
 - Active Death Processing
 - Retired Death Processing
 - Member Account Adjustments
 - DRO Processing – Alt Payee
 - 1099R Processing
 - Workflow
 - Annual Benefit Statements
 - Member Correspondence
 - Year-end Processing
 - Actuarial Extract
- Continued writing and executing tests for Segment C, Segment D Tracks 1 and 2, Segment F Segment G and Segment H.
- Began writing and executing tests for Segment I.
- To date, 2,906 tests have been executed and there are currently 468 open defects and issues.
- MBS delivered Cycle 11 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 provided a contributions file on 2/20/15. The file only contained regular warrant records, it did not include adjustments and off-cycle warrants. The file also did not include comp earnable for all records. The project team reported all issues to VRSD and is waiting for a new, complete test file with corrections. VRSD expects to provide the new file in April.
- The schedule that was agreed to by the Auditor-Controller's office stated scenario-based testing would continue until the files were of sufficient quality prior to entering parallel testing. Since the Auditor-Controller's office is still working through previously identified issues, scenario-based testing has not been completed as scheduled. The Auditor-Controller's office requested that we move into parallel testing while these issues are being addressed through additional development. The VCERA project team agreed, for two reasons: first, it would minimize any delays, and second, it would allow for analysis of two full-cycles of data. This plan was agreed to with the understanding that parallel testing would be paused after two cycles, and then scenario testing would resume. This testing will be ongoing until all issues are resolved. At that point, the parallel testing will resume to confirm that the files are ready for production. The Auditor-Controller's office agreed to this plan. Below is a snapshot of the current status of the transmittal files:



Attachment A: Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement
Written by: Brian Colker

Report Date:

4/15/2015

Accomplishments for the Period 01/01/2015 – 03/31/2015

File	VRSD	County
Demographics (Name, Address, etc.)	<ul style="list-style-type: none">• Passed Integration Testing	<ul style="list-style-type: none">• Passed Integration Testing
Employment (Job Type, Job Class, Hours)	<ul style="list-style-type: none">• Successfully received the second file via SFTP.• File issues reported back and acknowledged by VRSD.	<ul style="list-style-type: none">• Passed Integration Testing.
Contributions (Comp earnable, Contributions)	<ul style="list-style-type: none">• Received the first test file 2/20/15.• The testing of the file is completed. VRSD is working on fixing the issues.	<ul style="list-style-type: none">• Received scenario-based test files in January and February.• Received the first parallel test file with on-cycle checks 3/16/15.• The testing of the initial scenario-based files and the first parallel test file is completed: Auditor/Controller is working on fixing the issues.• Auditor/Controller provided the second parallel test file with off-cycle checks on 04/10/15 as scheduled. The next scenario test file is due 5/1/2015.• The two teams are meeting weekly to discuss issues.



Attachment A: Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement
Written by: Brian Colker

Report Date:

4/15/2015

Summary

Cost Item	Budget	Change Orders	Amended Budget ¹	Expended to Date	Remaining
Vitech (software, implementation, hosting)	\$ 4,986,500	\$ 2,237,800	\$ 7,224,300	\$ 4,040,282	\$ 3,184,018
Linea (project oversight, design, data conversion, testing, training)	2,088,407	852,862	2,941,269	\$ 2,017,494	923,775
External Costs	100,000	141,275	241,275	\$ 227,810	13,465
Third party data conversion	680,000	(7,618)	672,382	\$ 554,401	117,981
Limited Term Positions ²	581,200	(480,296)	100,904	\$ 100,904	-
Project Budget Subtotal	\$ 8,436,107	\$ 2,744,023	\$11,180,130	\$ 6,940,891	\$ 4,239,239
Project Contingency	843,611		-	-	
Total Project Budget	\$ 9,279,718	\$ 2,744,023	\$11,180,130	\$ 6,940,891	\$ 4,239,239

¹ Amended budget reflects only *approved* change orders.

² 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.

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	16,400
Rollout 1: VCERA Confirms Segment H Functionality Delivered	December-14	139,200		139,200	139,200
Rollout 1: VCERA Confirms Segment I Track 1 Functionality Delivered	December-14	69,600		69,600	69,600
Rollout 1: VCERA Confirms Segment I Track 2 Functionality Delivered	March-15	69,600		69,600	-
Change Order #4 (3774) Progress Payment (33%)	May-15	81,857		81,857	-
Change Order #6: Project Extension for Active Payroll File (1 of 3)	May-15	380,000		380,000	-
Change Order #6: Project Extension for Active Payroll File (2 of 3)	July-15	380,000		380,000	-
Change Order #6: Project Extension for Active Payroll File (3 of 3)	September-15	380,000		380,000	-
Rollout 1: Change Order #4 (3774) Completion (34%)	September-15	84,336		84,336	-
Change Order #6: Optional Extension for Active Payroll File	November-15	380,000		380,000	-
Rollout 1: VCERA Begins UAT	January-16	40,000		40,000	-
Rollout 1: VCERA Accepts System for Production	April-16	400,000		400,000	-
Rollout 2: Start of MSS Implementation	April-16	122,000		122,000	-
Rollout 2: VCERA Accepts MSS for Production	August-16	72,000		72,000	-
Warranty Complete: Three Months after R1 Go-Live	November-16	50,000		50,000	-
Warranty Complete: Three Months after R2 Go-Live	Aug-17	50,000	-	50,000	-
Vitech Implementation Services Subtotal:		\$ 5,610,300	\$ -	\$ 5,610,300	\$ 3,090,782
Vitech Other Costs		Amended Budget		Paid This Qtr.	Cumulative
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	142,000
Travel	On-going	82,500		5,000	82,500



Attachment A: Ventura County Employees' Retirement Information System Status Report



Reporting to: Board of Retirement
Written by: Brian Colker

Report Date:

4/15/2015

Software Escrow Agreement	FY 13/14	3,000			-
Additional Data Conversion Hours	On-going	127,500		25,750	61,500

Vitech Other Costs Subtotal:		1,614,000		89,250	949,500
Vitech Services Total:		\$ 7,224,300		\$ 89,250	\$ 4,040,282

Linea - Project Oversight and Integrating Services Description:		Amended Budget	Mo. Fixed Billing	Incurred This Qtr.	Cumulative
Project Oversight	On-going	\$ 795,240			\$ 912,334
Design Consulting	On-going	\$ 484,000			165,010
Testing	On-going	\$ 599,630			679,706
Interfaces	On-going	\$ 165,360			46,182
Cut-Over Support	On-going	\$ 140,700			-
Training	On-going	\$ 11,460			9,066
Data Conversion	On-going	\$ 136,520			64,559
Travel Expenses	On-going	\$ 168,359			140,638
Change Order #7: 8 Month Extension	On-going	\$ 440,000			-
Fixed Billing as of 1/1/15 (Avg of Remaining Budget Plus CO #7 for 19 Mos)	Monthly		61,440	184,320	184,320
Project Oversight and Integrating Services Total:		\$ 2,941,269		\$ -	\$ 2,017,494

External Costs:		Amended Budget		Paid this Qtr	Cumulative
Software	Varies	\$ 81,375		\$ 1,902	\$ 92,262
Hardware	Varies	\$ 30,000		-	14,400
Broadband to Host Facility	On-going	\$ 14,800		940	6,825
Additional Project Workspace	On-going	\$ 52,500		4,507	53,624
Beneficiary Form Updates		\$ 37,600		3,059	5,179
Imaging		\$ 25,000		29,205	55,520
Data Conversion	On-going	\$ 672,382		7,595	554,401
Limited Term Positions	To 3/31/13	\$ 100,904		-	100,904
3rd Party Hardware / Software / Other Total:		\$ 1,014,561		\$ 47,208	\$ 883,115

Total Project Expenditures					\$ 6,940,891
Total Amended Project Budget		\$ 11,180,130			

Original Project Budget	\$ 8,436,107	Variance from Original	\$ 2,744,023
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Total Project Cost Summary

Total Project Expenditures					\$ 6,940,891
Staff Support Costs for the quarter (not in project budget)					171,138
Staff Support Costs to date (not in project budget)					1,066,774
Total Project Costs					\$ 8,007,665



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
Third Party Data Conversion	MBS Change Order #2	Additional hours required to complete additional data conversion cycles required due to the 6-8 month project extension.	\$41,580	FY'15-FY'16
Linea	Linea Change Order #7 – Revised Implementation Plan	Linea submitted a change order adjusting the implementation schedule to extend the overall project by 8 months. These fees include project management, testing, training, design, QA, requirements confirmation and traceability necessitated by the extension.	\$440,000	FY'15-FY'16: \$330,000 FY'16-FY'17: \$110,000
Vitech	Vitech Change Order #6 – Revised Implementation Plan	Vitech submitted a change order adjusting the implementation schedule to extend the overall project by 8 months. They changed the payment milestones as part of the negotiation.	\$1,580,000	FY'14-FY'15: \$380,000 FY'15-FY'16: \$1,200,000

Approved Change Orders (All To Date)

Cost Item	Name	Description	Cost Impact	Budget Year
Vitech	Vitech Change Order #6 – Revised Implementation Plan	Vitech submitted a change order adjusting the implementation schedule to extend the overall project by 8 months. They changed the payment milestones as part of the negotiation.	\$1,580,000	FY'14-FY'15: \$380,000 FY'15-FY'16: \$1,200,000
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



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 #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
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)
Total for Cost Item			\$2,237,800	
Linea	Linea Change Order #7 – Revised Implementation Plan	Linea submitted a change order adjusting the implementation schedule to extend the overall project by 8 months. These fees include project management, testing, training, design, QA, requirements confirmation and traceability necessitated by the extension.	\$440,000	FY'15-FY'16: \$330,000 FY'16-FY'17: \$110,000



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
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
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
Total for Cost Item			\$852,862	
External Costs	Assima Training	Additional 3-day training from Assima to train new resources	\$5,875	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
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 required cost for this service.	(\$101,300)	FY'12-FY'13: \$(7000) FY'13-FY'14: \$(31,100) FY'14-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



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
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
Total for Cost Item			\$141,275	
Third Party Data Conversion	MBS Change Order #2	Additional hours required to complete additional data conversion cycles required due to the 6-8 month project extension.	\$41,580	FY'15-FY'16
Third Party Data Conversion	MBS Change Order #1	Additional hours required to complete data conversion.	\$41,340	FY'14-FY'15
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



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	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)	
Total for Cost Item			(\$7,618)	
Limited Term Positions	Limited term positions	The limited term positions allocated to the project were converted to permanent positions.	(\$480,296)	
Total for Cost Item			(\$480,296)	
Total for All Change Orders			\$2,744,023	



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 Board approved the change orders required to support the project extension necessary for the Auditor-Controller's office to to complete all transmittal file development and testing. They provided the first test file with compensation earnable as scheduled in January. Scenario and parallel testing are ongoing: significant issues have been uncovered and are being analyzed and addressed. Some business process changes may be required by County HR. RISK IS CONSIDERED HIGH
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 were back on schedule as of 3/31/15. The project team no longer considers VCERA resources to be a significant risk. This issue will be removed in the next quarterly report. RISK IS CONSIDERED :LOW



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
Automation of Benefits Processes	<ul style="list-style-type: none">System uses "wizards" to move through processesMinimal manual workaroundsReports support each processOnline member access	HIGH	HIGH	On Track
Payroll Interface Data	<ul style="list-style-type: none">Active payroll data allows for significant automation of benefit estimates and benefit calculationVCERA receives full data elements needed for all calculations	HIGH	HIGH	At Risk
Moving to Current Technology	<ul style="list-style-type: none">System utilizes current database technologySystem utilizes current application technology	MEDIUM	HIGH	On Track
Project Cost	<ul style="list-style-type: none">Project is within 15% of the original budget	MEDIUM	LOW	At Risk
Project Duration	<ul style="list-style-type: none">Project completes within 20% of original duration	HIGH	LOW	At Risk

Explanation of "At Risk" Current State:

Project Duration – The Board approved an eight month extension of the project in order to allow for the completion of the payroll interface files.

Project Cost – See above: the extension of the project resulted in change orders for Vitech, Linea, and MBS, as well as ITS and CMP, which were approved on January 5th, 2015.

Accomplishments Planned for Next Period (04/1/2015 – 06/30/2015)

- Sign off Segment I design document.
- Complete design for:
 - Backlog Sprint 1 (Remaining open design/development for previous sprint functionality)
 - Backlog Sprint 2 (Remaining open design/development for previous sprint functionality)
- Continue writing and executing tests for all delivered functionality
- Receive cycle 13 data conversion files (includes data from all legacy systems)
- Receive the second parallel test file and complete scenario-based testing.
- Receive updated contributions file from VRSD
- Continue testing converted data and resolving identified issues
- Continue creating Assima training materials



PROGRAM ANNOUNCEMENT



Tuesday, August 25 at 5pm
to Friday, August 28 at
1pm



Pepperdine University
Villa Graziadio
Executive Center
24255 Pacific Coast
Highway
Malibu, CA 90263

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