

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

FEBRUARY 12, 2018

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
Page No. |
| II. <u>APPROVAL OF AGENDA</u> | 1 – 3 |
| III. <u>APPROVAL OF MINUTES</u> | |
| A. Business Meeting of January 29, 2018. | 4 – 12 |
| IV. <u>RECEIVE AND FILE PENDING DISABILITY APPLICATION STATUS REPORT</u> | 13 – 45 |
| V. <u>APPLICATIONS FOR DISABILITY RETIREMENT</u> | |
| A. Application for Service-Connected Disability Retirement - Gonzales, Henry; Case No. 16-017. | 46 – 132 |
| 1. Application for Service-Connected Disability Retirement, filed May 19, 2016. | |
| 2. Medical Analysis and Recommendation, including Supporting Medical Documentation, submitted by County of Ventura, Risk Management, in support of the Application for Service-Connected Disability Retirement, dated January 6, 2018, received January 16, 2018. | |
| 3. Hearing Notice, dated January 26, 2018. | |

V. APPLICATIONS FOR DISABILITY RETIREMENT (continued)

- B. Application for Service-Connected Disability Retirement - Brister, Larry C.; Case No. 16-027. 133 – 207
1. Application for Service-Connected Disability Retirement, filed August 31, 2016.
 2. Medical Analysis and Recommendation, including Supporting Medical Documentation, submitted by County of Ventura, Risk Management, in support of the Application for Service-Connected Disability Retirement, dated January 31, 2018.
 3. Hearing Notice, dated February 5, 2018.
- C. Application for Service-Connected Disability Retirement - Olmos, Reymundo D.; Case No. 16-013. 208 – 236
1. Summary and Analysis of the Evidence, Proposed Findings of Fact and Conclusion of Law, submitted by Hearing Officer James P. Cloninger, dated January 2, 2018.
 2. Hearing Notice, dated January 18, 2018.
- D. Application for Service Connected Disability Retirement - Titcher, Jeffrey; Case No. 13-017. 237 – 294
1. Memorandum: Ventura County Employees' Retirement Association General Counsel, submitted by VCERA Board Counsel, Loria A. Nemiroff.
 2. Notice of Entry of Revised Judgment-Granting Peremptory Writ of Mandate.
 3. Revised Judgment Granting Peremptory Writ of Mandate
 4. Petition for Reconsideration dated January 11, 2016, submitted by Applicant Jeffrey Titcher.
 5. Legal Memorandum in Opposition to Applicant's Petition for Reconsideration, dated January 15, 2016, submitted by Stephen D. Roberson, Attorney for County of Ventura/Risk Management.
 6. Summary of Evidence, Findings of Fact, Conclusion of Law and Recommended Decision, dated October 28, 2015, submitted by Hearing Officer Irene P. Ayala
 7. Hearing Notice, dated February 5, 2018.

VI. OLD BUSINESS

- A. Recommendation to Approve HCA Fiscal Premium Pay.
RECOMMENDED ACTION: Approve.

- | | |
|---|-----------|
| 1. Staff Letter. | 295 – 296 |
| 2. Updated Language for Section 410 of the Management Resolution. | 297 – 298 |

VII. NEW BUSINESS

- A. Request to Authorization for Up to 500 Hours for V3 System Enhancements.
RECOMMENDED ACTION: Approve.

- | | |
|-------------------------|-----------|
| 1. Staff Letter. | 299 |
| 2. Enhancement Summary. | 300 – 303 |
| 3. V3 Hours Summary. | 304 |

VIII. CLOSED SESSION

- A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Gov. Code section 54956.9) PURSUANT TO GOVERNMENT CODE SECTION 54956.9, SUBDIVISION (d)(1): NAME OF CASE: Titcher v. Board of Retirement; Ventura County Superior Court Case No. 56-2016-00481070-CU-WM-VTA.

IX. INFORMATIONAL

- | | |
|--|-----|
| A. Follow-Up on Trustee Goulet’s Request for Cost of Nossaman LLC Related to MBPP. | 305 |
|--|-----|

X. PUBLIC COMMENT

XI. STAFF COMMENT

XII. BOARD MEMBER COMMENT

XIII. ADJOURNMENT

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

JANUARY 29, 2018

MINUTES

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

DIRECTORS Maeve Fox, General Employee Member
ABSENT:

STAFF Linda Webb, Retirement Administrator
PRESENT: Lori Nemiroff, County Counsel
Henry Solis, Chief Investment Officer
Dan Gallagher, Chief Investment Officer
Julie Stallings, Chief Operations Officer
Shalini Nunna, Retirement Benefits Manager
Karen Scanlan, Accounting Manager I
Stephanie Berkley, Retirement Benefits Specialist
Chris Ayala, Program Assistant

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

TIME: 9:00 a.m.

ITEM:

**BOARD OF RETIREMENT
BUSINESS MEETING**

JANUARY 29, 2018

**MINUTES
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I. CALL TO ORDER

Chair Towner called the Business Meeting of January 29, 2018, to order at 9:02 a.m.

II. APPROVAL OF AGENDA

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

MOTION: Approve.

Moved by Hintz, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

III. APPROVAL OF MINUTES

A. Disability Meeting Minutes of January 8, 2018.

Trustee Sedell submitted a correction to the minutes for agenda item VII.B., which did not list Trustee Bianchi as the second for the motion.

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

MOTION: Approve as Amended.

Moved by Goulet, seconded by Johnston.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain: Foy

IV. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of December 2017.

B. Receive and File Report of Checks Disbursed in December 2017.

C. Receive and File Budget Summary for FY 2017-18 Month Ending November 30, 2017.

D. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Investments and Cash Equivalents, and Schedule of Investment Management Fees for the Period Ending November 30, 2017.

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

MOTION: Receive and File.

Moved by Wilson, seconded by Johnston.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

V. ACTUARIAL INFORMATION

A. Review and Approval of Annual Actuarial Information Report as of June 30, 2017 – Segal Consulting, John Monroe presented and Paul Angelo by phone.

1. June 30, 2017 Actuarial Valuation Report.
2. June 30, 2017 GAS 67 Actuarial Valuation Report.

Trustee Goulet said that he disagreed with the statement in the report on roman numeral ii, and iii, where it stated, “the decrease in the accrued liability is offset to some extent by higher than expected individual salary increases and other experience losses”, because he believed that the decrease in accrued liability was substantial. He remarked that 75.9% of the unfunded accrued actuarial liability was attributed to assumptions and plan changes since 2004, rather than from investment losses.

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

MOTION: Adopt the June 30, 2017 Actuarial Valuation and GAS 67 Actuarial Valuation Reports.

Moved by Hintz, seconded by Johnston.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

B. Segal Response to Independent Actuarial Audit Report.

RECOMMENDED ACTION: Receive and file.

1. Segal Response.

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

MOTION: Receive and File.

Moved by Goulet, seconded by Sedell.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

Following the vote on this item, the Board advanced to agenda items IX.B., then returned to item VI.A.

VI. COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

A. June 30, 2017 Comprehensive Financial Report (CAFR) – Brown Armstrong, Andrew Paulden, CPA

RECOMMENDED ACTION: Receive and file.

1. Brown Armstrong Presentation by Presenter Andrew Paulden, CPA.
2. Agenda.
3. Independent Auditor's Report.
4. Auditor's Report to Management, Year Ending June 30, 2017.

Trustee Goulet commented that the CAFR report highlights a need for VCERA to have a high-level Technology Officer on staff. He asked Ms. Webb about the status regarding the staff's request to the County in regard to a higher classification for a technology officer.

Ms. Webb replied that the original information sent to the County for the position yielded a much lower job classification, which staff believed was inadequate for VCERA's needs.

Trustee Johnston asked how long the County had been preventing VCERA from properly securing confidential data.

Ms. Webb replied that after receiving the County's response she had begun compiling more information, such as comparable job descriptions from other retirement systems and more expansive descriptions of the responsibilities to support the higher classification request. She said she hoped to submit a second request soon.

Ms. Webb said that part of the difficulty was that the level requested typically supervised others, and VCERA's IT Director would not initially have direct employees.

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

MOTION: Receive and File.

Moved by Winter, seconded by Sedell.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

Following the vote on this item, the Board took a break at 10:10 a.m.

The Board returned from break at 10:20 a.m.

VII. INVESTMENT INFORMATION

A. NEPC – Allan Martin

VCERA – Dan Gallagher, Chief Investment Officer

1. Preliminary Performance Report Month Ending November 30, 2017.
RECOMMENDED ACTION: Receive and file.

2. Preliminary Performance Report Month Ending December 31, 2017.
RECOMMENDED ACTION: Receive and file.

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

MOTION: Receive and File Performance Reports for November and December 2017.

Moved by Bianchi, seconded by Winter.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

B. Recommendation for the Board to Authorize C.I.O. to Accept Board Seat on Abbott Capital Management's Secondary Opportunities Fund (ASO).
RECOMMENDED ACTION: Approve.

1. Staff Letter by C.I.O., Dan Gallagher.

Mr. Gallagher requested the Board approve the C.I.O. to accept an invitation from Abbott Capital Management to sit on the advisory board for their Secondary Opportunities Fund.

Trustee Goulet asked if Abbott's invitation was for VCERA or for Mr. Gallagher specifically.

Mr. Gallagher replied that it was for him as an individual.

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

MOTION: Approve recommendation for the Board to authorize the C.I.O. to accept Board seat on Abbott Capital Management's Secondary Opportunities Fund (ASO) on behalf of and to represent VCERA; and, consistent with VCERA's Education and Travel Policy, all payments and reimbursements for travel expenses incurred for this appointment shall be subject to prior approval by the Board in each instance.

Moved by Sedell, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

VIII. OLD BUSINESS

A. Determine Pensionability of HCA Fiscal Premium Pay.

RECOMMENDED ACTION: EXCLUDE HCA FISCAL PREMIUM PAY FROM PENSIONABLE COMPENSATION DUE TO DEFICIENCY IN MEETING PEPR CRITERIA.

Ms. Webb reminded the Board that in December, County H.R. Director, Shawn Atin said the County would be reviewing HCA Fiscal Premium Pay and return in January to discuss further with the Board. She said Mr. Atin recently said that the Board of Supervisors would be voting on an amendment to Section 410 of the Management Resolution based on discussions between VCERA's Counsel and County Counsel and that it was scheduled for the Board of Supervisors' agenda of February 6th.

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

MOTION: Postpone the Item to the Business Meeting in February 2018.

Moved by Sedell, seconded by Winter.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

IX. NEW BUSINESS

A. Recommendation to Adopt Amendment to Pensionable Compensation Resolution Addenda to Re-Categorize Inclusion of Scheduled Overtime for Non-Safety Members to Comply with PEPR

RECOMMENDED ACTION: Approve.

1. Staff Letter.
2. Proposed Amendment to Addendum (Redline).
3. Pensionable Compensation Resolution with Addenda.
4. Proposed Amendment to Resolution (Redline).

Ms. Webb provided background, saying that in October 2015, staff had completed an analysis and made recommendations to the Board on hundreds of County pay codes to either include or exclude in pensionable compensation. After considering those recommendations, the Board took action which resulted in two addenda to the pensionable

compensation Resolution. The first addendum listed included pay codes effective January 1, 2013 (PEPRA's inception), and the second addendum listed included pay codes effective as of January 3, 2016.

Ms. Webb continued that eight of the pay codes in the first addendum were used for regularly scheduled overtime for public safety agencies, and such inclusion under PEPRA is permissible, but only for those agencies' Safety members. Five of the eight regularly scheduled overtime codes were used by the County for Safety members exclusively; two were used for non-Safety members, and one was used for both groups. She said that to align the Resolution addendum with the US Code, CERL and PEPRA, staff recommended amending it the addendum as shown in the provided redline document, removing the two codes used for non-Safety members and adding "eligible Safety members only" to the code used for both populations.

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

MOTION: Approve Subject to Clarification that on Addendum Inclusion Applies to Regularly Scheduled Overtime.

Moved by Sedell, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

Following the vote on this item, the Board advanced to agenda item "IX.C. Quarterly Administrator's Report for October - December, 2017".

B. VCERA Cost-of-Living Adjustments (COLA) as of April 1, 2018.

RECOMMENDED ACTION: Approve.

1. Actuary's Annual COLA Analysis.

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

MOTION: Approve.

Moved by Johnston, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

Following the vote on this item, the Board returned to agenda item "VI.A. Comprehensive Annual Financial Report (CAFR)".

- C. Quarterly Administrator's Report for October - December, 2017.
RECOMMENDED ACTION: Receive and file.

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

MOTION: Receive and File.

Moved by Wilson, seconded by Hintz.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

- D. SACRS 2018-2019 Board of Director Nominations.

1. SACRS Notice.

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

MOTION: Receive and File.

Moved by Winter, seconded by Hintz.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

- E. Recommendation to Approve Fiscal Manager's Attendance at the Government Finance Officers Association's (GFOA) 2018 Annual Conference, St. Louis, MO, May 6 – 9, 2018.

RECOMMENDED ACTION: Approve.

1. Staff Letter.
2. GFOA 2018 Annual Conference Brochure.

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

MOTION: Approve.

Moved by Johnston, seconded by Bianchi.

Following further discussion by the Board, Trustee Johnston withdrew his motion. The following motion was made:

MOTION: Approve and Waive the Education and Travel Policy Provision Prohibiting Complimentary Registration.

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BUSINESS MEETING**

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Moved by Johnston, seconded by Goulet.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, Sedell, Towner, Wilson, Winter

No: -

Absent: Fox

Abstain:

X. INFORMATIONAL

A. Abbott Capital Management's Client Letter.

XI. PUBLIC COMMENT

None.

XII. STAFF COMMENT

Ms. Webb reminded the Board of the upcoming SACRS Spring Conference, and that staff would be presenting recommended enhancements to the V3 system at the business meeting in February.

Mr. Gallagher said Abbott continued to have great relationships with some of the more difficult to enter partnerships. He also reminded the Board that the 1st quarter due diligence visits were coming up soon.

Ms. Nemiroff informed the Board of a confidential memorandum that summarized the new court of appeals case related to AB197.

XIII. BOARD MEMBER COMMENT

None.

XIV. ADJOURNMENT

The Chairman adjourned the meeting at 10:05 a.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,

TRACY TOWNER, Chairman



February 12, 2018

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

SUBJECT: RECOMMENDATION TO INCLUDE HCA FISCAL PREMIUM PAY IN PENSIONABLE COMPENSATION UNDER PEPRA

Dear Board Members:

Background

After the Board's initial action in October 2015 on the pensionability of individual pay codes under PEPRA, staff returned to the Board in January 2017 for subsequent action on codes not included in the original 2015 action. One of these codes was HCA Fiscal Premium Pay, which is covered in Section 410 of the Management Resolution.

Staff's initial recommendation for HCA Fiscal Premium Pay was to exclude from pensionable compensation because it had a discretionary component and could be withheld at a later date without a change in duties. Outside Counsel agreed with this recommendation on June 12, 2017 in a confidential memorandum, which was later released and made public on September 11, 2017. In that memorandum, Counsel opined:

"... we determined that this payment appears to be precisely the type of ad hoc, and discretionary bonus, payment that is not provided to all similarly situated members of the same group or class of employment. For this reason, the VCERA Board does not have the discretion to include that payment in pensionable compensation."

With the release of the memorandum, the Board postponed action on HCA Fiscal Premium Pay when it postponed action on Market-Based Premium Pay (MBPP), and has continued to do so to allow for VCERA Counsel and County Counsel to discuss the issues regarding this pay item, and for County HR to propose amended language to the County Board of Supervisors. This discussion and collaboration has resulted in the County finalizing an amendment to Section 410 of the Management Resolution addressing HCA Fiscal Premium Pay. This amendment, adopted by the Ventura County Board of

February 12, 2018

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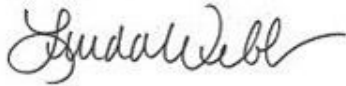
Supervisors at their February 5th meeting, is provided. The newly-adopted language has removed the discretionary component and allows for a decrease in the pay item only by amending the section, and that such an amendment be publicly posted.

Both staff and Counsel believe that the new amended language eliminates contradictions previously barring HCA Fiscal Premium Pay from compliant inclusion in pensionable compensation.

RECOMMENDED ACTION: APPROVE INCLUSION OF HCA FISCAL PREMIUM PAY IN PENSIONABLE COMPENSATION UNDER PEPRA, AND AUTHORIZE STAFF TO UPDATE PENSIONABLE COMPENSATION RESOLUTION ACCORDINGLY.

Staff will be happy to answer any questions on this item at the February 12th meeting.

Sincerely,

A handwritten signature in cursive script, appearing to read "Linda Webb".

Linda Webb
Retirement Administrator

commitment or performance. Such compensation is “at will”, meaning it may be discontinued at any time without cause and without any pre-deprivation process at the sole discretion of the Appointing Authority. The supplemental compensation will automatically expire at the end of each calendar year, unless renewed in writing at the sole discretion of the Appointing Authority. Renewal or multiple renewals of the supplemental compensation does not, under any circumstances, confer entitlement to continued renewal. Nothing in this section entitles any employee to a particular work assignment, and the supplemental compensation may be discontinued or not renewed whether or not there is a change in an employee’s work assignments, work hours or performance. The number of attorneys who may receive supplemental compensation at any given time may not exceed ten percent (10%) of the funded attorney allocations in the applicable office. In the event there are less than ten (10) such allocations, the office shall be allowed to pay the supplemental compensation to one attorney.

Attorney classifications utilized within the Office of the County Counsel and covered under this section include:

- Civil Attorney I
- Civil Attorney II
- Civil Attorney III
- Sr. Civil Attorney
- Principal Assistant County Counsel
- Chief Assistant County Counsel

~~Sec. 410 — **Health Care Agency Fiscal Premium Pay:** At the sole discretion of the Director Health Care Agency and upon his/her recommendation, the Director Human Resources may approve a premium pay at the rate of seven and one-half percent (7.5%) of the employee’s base bi-weekly pay (exclusive of other additions) for employees in the classifications of Manager, Accounting-Hospital and Assistant Chief Financial Officer-HCA who are assigned to positions in the Ventura County Medical Center and/or Santa Paula Hospital. The premium provided by this section is “at will”, meaning it may be discontinued at any time without cause and without any pre-deprivation process at the sole discretion of the Director Health Care Agency.~~

Sec. 410 **Health Care Agency Fiscal Premium Pay:** Employees in the Manager, Accounting-Hospital and Assistant Chief Financial Officer-HCA classifications assigned to positions in the Ventura County Medical Center and/or Santa Paula Hospital (“Employees”) shall be paid an additional hourly pay equal to seven and one-half percent (7.5%) of all such employees’ base bi-weekly pay (exclusive of other additions). The premium provided by this section to²¹ Employees may be decreased or

discontinued, via an amendment to this Section that will be publicly posted, at any time without any pre-deprivation process at the sole discretion of the Director-Health Care Agency based on the needs of the Agency.



February 12, 2018

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

SUBJECT: REQUEST FOR AUTHORIZATION TO ENGAGE VITECH FOR UP TO 500 HOURS FOR ENHANCEMENTS TO THE V3 PENSION ADMINISTRATION SYSTEM

Dear Board Members:

Since VCERA achieved "Go Live" on its new pension administration system in April 2016, staff has anticipated the eventual need for system enhancements. Such enhancements are improvements or changes not covered in the original contract/agreement.

Senior Benefits staff has compiled a list of potential enhancements, and identified specific ones likely to bring the best results for improving both compliance and efficiency. As with all new systems, enhancements are expected and typical. Staff has waited to request enhancements to allow for careful analysis and cost considerations.

Provided is a summary of the compiled V3 system enhancements staff, each with a short description need and impact, and Vitech's estimate of hours needed to complete. Items A – B.7 are considered the most pressing and are recommended for implementation in the current fiscal year. (Note that Item A's estimated hours are not identified, as staff is currently negotiating with Vitech on this projection.) The remaining items (B.8 – B.15) are considered important but less urgent, and will be requested in a future budget year.

The Board has approved 2,000 hours in the current 2017-18 fiscal year; approximately half of those hours have been expended. (See provided documentation of hours expended in the current and previous fiscal years, categorized by issue.) If all of the recommended enhancements were approved for implementation, the hours could potentially be absorbed by the previously approved amount; however, to ensure that enough hours are available, staff requests that the Board authorize the Retirement Administrator to approve up to 500 additional hours to accommodate ongoing support services, as well as the proposed enhancements.

Staff will be pleased to answer any questions on this matter at the February 12, 2018 meeting.

Respectfully,

Linda Webb
Retirement Administrator

A. Security Updates for Member Self-Service Portal

To strengthen cybersecurity and provide essential vulnerability protection, Staff recommends multi-layer security updates for the Member Self-Service Portal, including security PINs for registration, email authentication for forgotten passwords, written confirmation of online changes, and access to view source IP addresses if a data breach occurs. These updated security measures are vital to protecting the data of over 18,600 members and mitigating risks of account takeovers, identity theft, and fraud. Furthermore, this enhancement aligns with VCERA's Business Plan Objective to establish additional security measures to protect member data.

Estimate: TBD

B.1 Actuarial Revisions to Reserve Formulas

Per recommendation of John Monroe at Segal, update reserve calculation formulas in V3 for SEIU COLA plans and for members having both safety and general plans. Revising the formulas ensures accurate and consistent reserve calculations, which minimizes actuarial liabilities.

Estimate: 55 – 70 hours

B.2 Front-End Query Expansion

Expand the front-end query module to allow more complex queries, joining of multiple query tables, and additional reportable data such as the plan, deductions and attributes of a payment. This enhancement makes valuable reporting tools accessible for all staff, resulting in quick access to important data, efficient data reconciliation, and faster turnaround of public record requests.

Estimate: 75 – 90 hours

B.3 Streamline Manual Account Adjustments

To improve the time-consuming process of making account adjustments, V3 will allow staff to quickly correct manual adjustment records without having to create additional adjustments, including peer review and audit tracking for corrections. Corrections are limited to staff-made adjustment records to preserve the integrity of converted data and data received through employer transmittal files. Estimated usage is at least 35 times per month.

Estimate: 60 – 80 hours

B.4 Payroll Reconciliation Report Expansion

Expand the Payroll Reconciliation Report to include refund distributions, one-time death benefits, manual payments, and voided or reissued payments. Currently it includes recurring monthly payments only, requiring manual tracking and reconciliation of over 60 payments per month. The updated report will be used to more efficiently balance monthly disbursements for the general ledger and as supporting documentation for general ledger transactions.

Estimate: 35 – 50 hours

B.5 Retiree Reserve Report

Modify the Retiree Reserve Report, which contains over 65 records per month, to include plan-level general ledger codes for accounting purposes and update logic to include members currently missing in the report. This enhancement improves the accuracy of reserve funding and mitigates the risk of fiscal reporting errors.

Estimate: 60 – 80 hours

B.6 Work Management Improvements

For swift and seamless work management, Staff recommends allowing a work manager role to resolve common problems such as re-opening a task completed by a different staff member, removing duplicate or invalid tasks, and assigning tasks priority levels. This flexibility is value added for Staff, resulting in significant time saving and increased audit history of the workflow process. Estimated usage is over 45 times per month.

Estimate: 45 – 60 hours

B.7 Service Credit Purchase contribution rates

Update V3 to display the contribution rates used by the system for each service credit purchase calculation, providing increased transparency and efficiency for staff, auditors, and members. In addition to ensuring accuracy, it will improve turnaround time for service credit purchases as staff will no longer need to manually verify contribution rates for over 50 service credit calculations each month.

Estimate: 35 – 50 hours

The following enhancements have been placed on hold for future consideration:

B.8 Importing Earnings Information

For account adjustment imports, the length of the earnings field needs to be increased to allow more digits. For example, the import is not allowing negative five-figure earnings with two decimal places (example: -10555.55).

Estimate: 35 – 50 hours

B.9 Taxation Details on Earning Statements

To better educate members on the taxation of benefits, add the taxable and nontaxable gross to the earnings statements produced for each distribution. Statements currently include only the total gross. This additional information helps members make informed decisions on their tax withholding and provides supporting information for 1099-R tax document amounts.

Estimate: 50 – 70 hours

B.10 Required Details for Manual Disbursements

Update the manual disbursements screen to store supporting details for the payment, such as nontaxable amounts and attribute information (Pension, Annuity, COLA, etc.). These supporting details are essential for accurate fiscal reporting, earnings statements, 1099-Rs, actuarial extracts, and data queries and currently require significant staff time to reconcile and correct. Manual disbursements occur 10 or more times per month for exception processing scenarios.

Estimate: 140 – 170 hours

B.11 Employer for Member Transactions

To preserve the accuracy and integrity of data, update V3 to limit the employers staff may choose from when making manual adjustments to member data in the system. Selection of an incorrect employer is time-intensive to resolve can result in discrepancies within the actuarial extracts, Certified Annual Financial Reports (CAFRs), fiscal reporting, and data queries.

Estimate: TBD

B.12 Increased Communications Capability

Enhance V3 communications to allow mass mailings from V3 for newsletters, cost of living notices, new retiree deductions, changes in retirement law, retirement seminar invitations, and other items as needed. Communications will be immediately available to Member Self-Service Portal users and can be mass printed for mailing by Staff. This enhancement is within VCERA's Business Plan Objective to broaden VCERA's member communication effort and increase member education.

Estimate: 65 – 80 hours

B.13 Military Restoration for PEPRA Members

The military restoration process in V3 is based on CERL sections 31649.5 and 31653, however 31653 does not apply to PEPRA members. As a result, V3 needs to be modified for PEPRA members. If this enhancement is not implemented, all military restorations for PEPRA members will be processed manually outside of V3.

Estimate: 95 – 120 hours

B.14 Return of Annuity Death Benefit Calculations

Modify V3 to include a return of annuity death benefit calculation that accurately determines the remaining annuity in a member's account for payment to the member's beneficiary. Calculations are currently being done manually outside of V3. This enhancement ensures accurate death benefit calculations and mitigates the risk of overpaid benefits.

Estimate: 45 – 60 hours

B.15 SEIU COLA Benefit Projection

Design V3 to estimate how long it takes a member to receive his or her SEIU COLA contributions back if contributions are not withdrawn at retirement. This valuable calculation helps members make informed decisions when deciding whether to refund SEIU COLA contributions. Automating this process increases efficiency and accuracy compared with the current manual calculations done by Staff. This enhancement is within VCERA's Business Plan Objective to increase member education.

Estimate: 60 – 80 hours

Disability Meeting Agenda - VII.A. NEW BUSINESS: REQUEST TO AUTHORIZE PROPOSED V3 SYSTEM ENHANCEMENTS

Ventura County Employees' Retirement Association
Contract Expenses

Vitech Systems Group, Inc.

Time and Materials Rate

2016 \$ 215.00
2017 \$ 220.00

Invoice#:	Invoice Date:	Payment Date:	Service Provided			IRS		Other	Other Amount	Total Hours	Total Charges
				Maintenance Hours	Maintenance Charges	Enhancement Hours	Enhancement Amount				
FY 2016-17:											
20252	12/30/2016	1/25/2017	Support Serv Nov & Dec	124.75	\$ 26,821.25					124.75	\$ 26,821.25
20332	1/31/2017	2/15/2017	Support Serv Jan	136.25	29,975.00					136.25	\$ 29,975.00
20396	2/28/2017	3/28/2017	Support Serv Feb	306.00	67,320.00					306.00	\$ 67,320.00
20492	3/31/2017	8/8/2017	Support Serv Mar	364.00	80,080.00	11.00	2,420.00			375.00	\$ 82,500.00
20552	4/30/2017	5/31/2017	Support Sev Apr	423.00	93,060.00					423.00	\$ 93,060.00
20553	4/30/2017	5/24/2017	Enhancements Apr (IRS) Suppor Serv Feb 1 - May 3, issue	-	-	334.50	73,590.00			334.50	\$ 73,590.00
20554	4/30/2017	5/24/2017	#405553 (Beneficiary Import) Suppor Serv Feb 1 - May 3, issue					30.00	6,600.00	30.00	\$ 6,600.00
20555	4/30/2017	5/24/2017	#405657 (Liberty Conversion)					40.00	8,800.00	40.00	\$ 8,800.00
20639	5/31/2017	6/14/2017	Enhancement Estimate	-	-			25.00	5,500.00	25.00	\$ 5,500.00
20637	5/31/2017	7/26/2017	Support Ser May	362.50	79,750.00					362.50	\$ 79,750.00
20638	5/31/2017	7/26/2017	Enhnaements May (IRS)	-	-	359.25	79,035.00			359.25	\$ 79,035.00
20728	6/30/2017	8/8/2017	Enhancements Jun (IRS)	-	-	56.00	12,320.00			56.00	\$ 12,320.00
20729	6/30/2017	8/2/2017	Support Sev Jun	414.50	91,190.00					414.50	\$ 91,190.00
FY 2016-17 Subtotal:				2,131.00	468,196.25	760.75	167,365.00	95.00	20,900.00	2,986.75	656,461.25
FY 2017-18:											
20834	7/31/2017		Support Services July	251.25	55,275.00					251.25	\$ 55,275.00
20835	7/31/2017		Enhancements Jul (IRS)	-	-	21.50	4,730.00			21.50	\$ 4,730.00
20915	8/31/2017		Support Services Aug	229.50	50,490.00					229.50	\$ 50,490.00
21002	9/30/2017		Support Services Sept	151.75	33,385.00					151.75	\$ 33,385.00
21095	10/31/2017		Support Services Oct	68.50	15,070.00					68.50	\$ 15,070.00
21183	11/30/2017		Support Services Nov	107.50	23,650.00					107.50	\$ 23,650.00
21277	12/31/2017		Support Services Dec	80.00	17,600.00			6.75	1,485.00	86.75	\$ 19,085.00
FY 2017-18 Subtotal:				888.50	195,470.00	21.50	4,730.00	6.75	1,485.00	916.75	201,685.00
Grand Total				3,019.50	663,666.25	782.25	172,095.00	101.75	22,385.00	3,903.50	858,146.25

Nossaman Legal Fees for Pensionable/ MBPP Related Services

Invoice#:	Service Period	Payment Date:	Pensionable/MBPP	
			Hours	Amount
FY - 2015-16				
453937	May 2016	06/29/16	4.30	\$ 1,866.50
455195	June 2016	08/03/16	4.70	2,312.50
FY -2016-17				
455915	July 2016	08/31/16	10.20	4,455.60
457425	August 2016	10/26/16	2.50	1,189.30
460093	October 2016	12/07/16	3.70	1,837.70
460629	November 2016	12/14/16	0.20	101.00
464182	February 2017	03/29/17	0.20	103.60
466522	April 2017	05/31/17	0.80	414.40
467624	May 2017	06/30/17	9.10	4,686.80
468777	June 2017	08/02/17	3.40	1,761.20
FY -2017-18				
470899	August 2017	10/04/17	0.20	103.60
472260	September 2017	10/25/17	26.30	10,475.80
473882	October 2017	12/06/17	9.20	4,765.60
474632	November 2017	12/27/17	16.70	8,807.40
476433	December 2017	02/07/18	2.20	1,139.60
Total			93.70	\$ 44,020.60