

# **VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

## **BOARD OF RETIREMENT**

### **BUSINESS MEETING**

**JULY 16, 2012**

### **AGENDA**

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

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

**ACTION ON AGENDA:** When Deemed to be Appropriate, the Board of Retirement May Take Action on Any and All Items Listed Under Any Category of This Agenda, Including "Correspondence" and "Informational".

### **ITEM:**

#### **I. INTRODUCTION OF MEETING**

#### **II. APPROVAL OF AGENDA**

#### **III. APPROVAL OF MINUTES**

A. Business Meeting of June 18, 2012.

B. Disability Meeting of July 2, 2012.

#### **IV. CONSENT AGENDA**

THE FOLLOWING ITEMS ARE ANTICIPATED TO BE ROUTINE AND NON CONTROVERSIAL. CONSENT ITEMS WILL BE APPROVED WITH ONE MOTION IF NO MEMBER OF THE BOARD WISHES TO COMMENT OR ASK QUESTIONS. IF COMMENT OR DISCUSSION IS DESIRED, THE ITEM WILL BE REMOVED FROM THE CONSENT AGENDA AND TRANSFERRED TO THAT SECTION OF THE AGENDA DEEMED APPROPRIATE BY THE CHAIR.

A. Regular and Deferred Retirements and Survivors  
Continuances for the Month of June 2012.

1 - 2

**IV. CONSENT AGENDA (continued)**

- |  |                      |
|--|----------------------|
| B. Report of Checks Disbursed in June 2012.  | 3 - 12               |
| C. Asset Allocation as of June 2012.   | 13                   |
| D. Statement of Plan Net Assets, Statement of Changes in Plan Net Assets, Investments & Cash Equivalents, and Schedule of Investment Management Fees for the Months Ended April 30, 2012 and May 31, 2012. | 14 - 21              |
| E. Budget Summary for the Month Ended June 30, 2012, Fiscal-Year 2011-12 (Estimated).  | 22                   |
| F. BlackRock Asset Management Report for the U.S. Equity Market Fund, Extended Equity Market Fund, ACWI EX-US Fund, U.S. Debt Index Fund for the Month Ended June 30, 2012.                                | UNDER SEPARATE COVER |

**END OF CONSENT AGENDA**

**V. INVESTMENT INFORMATION**

- |  |                      |
|--|----------------------|
| A. Hexavest Investment Presentation, Nadia Cesaratto. (30 minutes)   | UNDER SEPARATE COVER |
| B. Walter Scott Investment Presentation, Margaret Foley, MBA, BA, CFA, Relationship Manager. (30 minutes)                    | UNDER SEPARATE COVER |
| C. Hewitt ennisknupp, Russ Charvonja, ChFC, CFP, Esq., and Kevin Vandolder, CFA.   | UNDER SEPARATE COVER |
| 1. Monthly Investment Manager Report: Monthly Investment Update, Monthly Manager Updates, and Manager Watch List, June 2012. |                      |
| a. Sprucegrove   |                      |
| b. Hexavest  |                      |
| c. Walter Scott  |                      |
| d. GMO   |                      |
| e. Acadian   |                      |
| f. Western   |                      |
| g. Reams   |                      |
| h. Loomis Sayles   |                      |
| i. K2 (terminated)   |                      |

**V. INVESTMENT INFORMATION (continued)**

C. Hewitt ennisknupp (continued) UNDER SEPARATE  
COVER

2. Highlights and Research, July 2012.

- a. Investment Managers Transition Update
- b. Hexavest Ownership Update
- c. RREEF Update
- d. Medium Term Views
- e. Public Funds Can Compete
- f. Investment Policy Statement

3. Inflation Risk and Real Return Opportunities

**VI. NEW BUSINESS**

A. Segal Contract Renewal: Actuarial Services. UNDER SEPARATE  
COVER

B. Renewal of Professional Service Contract with CMP & UNDER SEPARATE  
Associates, Inc. COVER

C. AB 2664 and 2668. UNDER SEPARATE  
COVER

D. Request to Attend Opal's Investment Trends Summit – UNDER SEPARATE  
Trustees A. Goulet, T. Johnston, T. Towner and W. COVER  
Wilson.

E. Quarterly Retirement Administrator Report. UNDER SEPARATE  
COVER

F. 2012-13 Business Plan. UNDER SEPARATE  
COVER

**VII. OLD BUSINESS**

A. Pension Administration System Project Update. UNDER SEPARATE  
COVER

**VIII.     PUBLIC COMMENT**

**IX.       BOARD MEMBER COMMENT**

**X.        ADJOURNMENT**



# **VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

## **BOARD OF RETIREMENT**

### **BUSINESS MEETING**

**JUNE 18, 2012**

#### **MINUTES**

**DIRECTORS  
PRESENT:**

Tracy Towner, Vice Chair, Safety Employee Member  
Steven Hintz, Treasurer-Tax Collector  
Peter C. Foy, Public Member  
Albert G. Harris, Public Member  
Tom Johnston, General Employee Member  
Robert Hansen, General Employee Member  
Arthur E. Goulet, Retiree Member  
Chris Johnston, Alternate Employee Member  
Will Hoag, Alternate Retiree Member

**DIRECTORS  
ABSENT:**

William W. Wilson, Chair, Public Member  
Joseph Henderson, Public Member

**STAFF  
PRESENT:**

Donald C. Kendig, Retirement Administrator  
Henry Solis, Chief Financial Officer  
Lori Nemiroff, Assistant County Counsel  
Julie Stallings, Retirement Operations Manager  
Chantell Garcia, Program Assistant

**PLACE:**

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

**TIME:**

9:00 a.m.

**ITEM:**

**I. INTRODUCTION OF MEETING**

Vice Chairman Towner called the Business Meeting of June 18, 2012, to order at 9:00 a.m.

**II. APPROVAL OF AGENDA**

MOTION: Mr. Goulet moved, seconded by Mr. Harris, to approve the agenda as amended deleting agenda item V. E. 1. as it was also referenced in V. E. 2.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

**III. APPROVAL OF MINUTES**

**A. Business Meeting of April 16, 2012.**

Mr. Goulet proposed the following corrections:

Page 4, item VI. Actuarial Information, change the word "by" to "from" in the second to the last paragraph in regards to receiving public comment from Mr. Derse and Mr. Rubalcava.

Page 5, item VI. Actuarial Information, add "\$" in front of "64M" in the second to the last paragraph.

Page 6, item VI. Actuarial Information, delete the word "one" after "21" in the second complete paragraph.

Page 9, item VI. Actuarial Information, change the word "principle" to "principal" in both places of the large middle paragraph.

Page 10, item VI. Actuarial Information, add "bps" after the second use of the number "19".

MOTION: Mr. Goulet moved, seconded by Mr. T. Johnston, to approve the minutes of April 16, 2012 as corrected.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

**IV. CONSENT AGENDA**

THE FOLLOWING ITEMS ARE ANTICIPATED TO BE ROUTINE AND NON CONTROVERSIAL. CONSENT ITEMS WILL BE APPROVED WITH ONE MOTION IF NO MEMBER OF THE BOARD WISHES TO COMMENT OR ASK QUESTIONS. IF COMMENT OR DISCUSSION IS DESIRED, THE ITEM WILL BE REMOVED FROM THE CONSENT AGENDA AND TRANSFERRED TO THAT SECTION OF THE AGENDA DEEMED APPROPRIATE BY THE CHAIR.

**IV. CONSENT AGENDA (continued)**

- A. Regular and Deferred Retirements and Survivors Continuances for the Month of May 2012.
- B. Report of Checks Disbursed in May 2012.
- C. Asset Allocation as of May 2012.
- D. Statement of Plan Net Assets, Statement of Changes in Plan Net Assets, Investments & Cash Equivalents, and Schedule of Investment Management Fees for the Month Ended March 31, 2012.
- E. Budget Summary for the Month Ended May 31, 2012, Fiscal-Year 2011-12.
- F. Real Estate Investment Managers First Quarter 2012 Information.
  - 1. UBS
  - 2. Prudential
  - 3. Guggenheim
  - 4. RREEF
- G. Rolling Board Calendar.
- H. BlackRock Asset Management Report for the U.S. Equity Market Fund, Extended Equity Market Fund, ACWI EX-US Fund, U.S. Debt Index Fund for the Month Ended May 31, 2012.

MOTION: Mr. Harris moved, seconded by Judge Hintz, to approve the Consent Agenda.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

**END OF CONSENT AGENDA**

**V. INVESTMENT INFORMATION**

- A. GMO Presentation, John Allen and Edmund Bellord.

John Allen and Edmund Bellord were present on behalf of GMO to review the firm's organization, investment results for VCERA's accounts, investment process, and outlook.

V. INVESTMENT INFORMATION (continued)

A. GMO Presentation (continued)

NO ACTION TAKEN.

B. The Clifton Group Presentation, Justin Henne, CFA, Senior Portfolio Manager and Ben Lazarus, CFA, Director, Institutional Relationships.

Justin Henne and Ben Lazarus were present on behalf of The Clifton Group to review the firm's organization, investment results for VCERA's accounts, investment process, and outlook.

NO ACTION TAKEN.

C. The Clifton Group Proposed Updated Guidelines, Justin Henne, CFA, Senior Portfolio Manager and Ben Lazarus, CFA, Director, Institutional Relationships, and Donald Kendig, CPA, Retirement Administrator.

MOTION: Mr. Goulet moved, seconded by Mr. Hansen, to approve the proposed Clifton Group guidelines as amended by changing "Henry Solis" to "VCERA" in Addendum B.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

D. Report from the Hewitt ennisknupp Client Conference, Art Goulet and Will Hoag, Trustees, and Donald Kendig, CPA, Retirement Administrator.

MOTION: Judge Hintz moved, seconded by Mr. Foy, to receive and file the Hewitt ennisknupp Client Conference report.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

E. Hewitt ennisknupp, Russ Charvonja, ChFC, CFP, Esq., and Kevin Vandolder, CFA.

1. Monthly Investment Manager Report: Monthly Investment Update, Monthly Manager Updates, and Manager Watch List, May 2012.

- a. Sprucegrove
- b. Hexavest
- c. Walter Scott
- d. GMO
- e. Acadian
- f. Western
- g. Reams

V. INVESTMENT INFORMATION (continued)

E. Hewitt ennisknupp (continued)

1. Monthly Investment Manager Report: (continued)

- h. Loomis Sayles
- i. K2 (terminated)

MOTION: Mr. Harris moved, seconded by Mr. Foy, to receive and file the May 2012 Monthly Investment Update, Monthly Manager Updates, and Manager Watch List.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

2. Highlights and Research, May 2012.

- a. Proposed October 4<sup>th</sup> Retreat Agenda
- b. Asset Management Transition Update
- c. Memo from RREEF
- d. Western Removal from Watch List

MOTION: Mr. Hansen moved, seconded by Mr. Harris, to approve the proposed Board of Retirement Investment Retreat set for Thursday, October 4, 2012 at the Ventura Beach Marriott, from 9 a.m. to 5 p.m., followed by a reception and dinner.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

MOTION: Mr. Hansen moved, seconded by Mr. Harris, to receive and file the Asset Management Transition update from Hewitt ennisknupp.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

MOTION: Mr. Goulet moved, seconded by Mr. Harris, to receive and file the Memo from RREEF.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

MOTION: Mr. Hansen moved, seconded by Mr. Harris, to approve the removal of Western from the Watch List.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

**V. INVESTMENT INFORMATION (continued)**

**E. Hewitt ennisknupp (continued)**

**3. GMO Choice of Law Letter.**

- a. Hewitt ennisknupp Memo
- b. GMO Letter

**MOTION:** Mr. Goulet moved, seconded by Mr. Hansen, to receive and file the GMO Choice of Law Letter and Memorandums.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

**VI. NEW BUSINESS**

**A. Assigned Portable Electronic Device Policy.**

**MOTION:** Judge Hintz moved, seconded by Mr. Foy, to adopt the Assigned Portable Electronic Device Policy.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

**B. Annual Business Plan Presentations and Policy Review.**

**MOTION:** Mr. Harris moved, seconded by Mr. Foy, to receive and file the Annual Business Plan Presentations and Policy Review Memo, and affirm that the Business Planning Policy is still applicable/relevant.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

**VII. OLD BUSINESS**

**A. Due Diligence Report from the Hewitt ennisknupp Onsite Visit. (continued from April 16, 2012)**

**MOTION:** Mr. Hansen moved, seconded by Judge Hintz, to receive and file the Hewitt ennisknupp Due Diligence Report.

Motion passed unanimously. Mr. Wilson and Mr. Henderson absent.

**VII. OLD BUSINESS (continued)**

**B. Fiscal Year 2012-13 Proposed Budget: Second Hearing.**

MOTION: Mr. Goulet moved, seconded by Mr. T. Johnston, to adopt the Fiscal Year 2012-13 Proposed Budget 1.) Approving the 2012-13 proposed budget amounts as reduced by \$149,050 for the deletion of \$25,000 for the website, for the \$28,600 reduction of Conference, Seminar and Travel from \$88,600 to \$60,000, for the deletion of \$81,900 for costs associated with additional office space (Lease cost \$23,900, Furniture \$18,000, Network cabling, phone, etc. \$15,000, Office Construction \$25,000), and for the proportional reduction of contingency by \$13,550; 2.) Authorizing the creation of a petty cash fund in the amount of \$200; and 3.) Authorizing the addition of an Office Assistant III - C and an Accounting Officer IV - MB.

Motion passed with a vote of five to two in favor. Mr. Goulet, Mr. Hansen, Mr. Harris, Judge Hintz and Mr. T. Johnston voting yes. Mr. Foy and Mr. Towner voting no. Mr. Wilson and Mr. Henderson absent.

**VIII. PUBLIC COMMENT**

Mr. Kendig reported that there was an additional transition update memo from Hewitt Ennisknupp in the Trustee folders and a fiduciary liability insurance presentation will be given at the September business meeting.

**IX. BOARD MEMBER COMMENT**

Mr. Goulet reported that LACERA had pulled out of the pooling of tax counsel resources for the IRS Determination Letter and requested that an item be included on the next agenda to discuss whether VCERA should take a similar action.

Mr. Foy requested that an item be placed on the July 2, 2012 meeting agenda reconsidering the adoption of the updated Entry Age Normal method.

Mr. Towner requested that an item be placed on the July 2, 2012 meeting agenda regarding a request for proposal for discretionary and non-discretionary investment consultant services.

X. ADJOURNMENT

The Meeting adjourned at 12:48 p.m.

Respectfully submitted,



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DONALD C. KENDIG, CPA, Retirement Administrator

Approved,

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WILLIAM W. WILSON, Chairman



# **VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

## **BOARD OF RETIREMENT**

### **DISABILITY MEETING**

**JULY 2, 2012**

#### **MINUTES**

**DIRECTORS  
PRESENT:**

William W. Wilson, Chair, Public Member  
Tracy Towner, Vice Chair, Safety Employee Member  
Steven Hintz, Treasurer-Tax Collector  
Peter C. Foy, Public Member  
Albert G. Harris, Public Member  
Joseph Henderson, Public Member  
Robert Hansen, General Employee Member  
Tom Johnston, General Employee Member  
Arthur E. Goulet, Retiree Member  
Chris Johnston, Alternate Employee Member

**DIRECTORS  
ABSENT:**

Will Hoag, Alternate Retiree Member

**STAFF  
PRESENT:**

Donald C. Kendig, Retirement Administrator  
Henry Solis, Chief Financial Officer  
Lori Nemiroff, Assistant County Counsel  
Julie Stallings, Retirement Operations Manager  
Chantell Garcia, Program Assistant

**PLACE:**

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

**TIME:**

9:00 a.m.

**ITEM:**

**I. INTRODUCTION OF MEETING**

Chairman Wilson called the Disability Meeting of July 2, 2012, to order at 9:01 a.m.

**II. APPROVAL OF AGENDA**

Mr. Towner requested an amendment to the agenda to move item VII D. Letter from the Ventura County Deputy Sheriff's Association prior to agenda item V. Applications for Disability Retirement as to give guests, Richard A. Shimmel, Executive Director and Matt Finley, Deputy Sheriff, time for comments on this matter.

MOTION: Mr. Henderson moved, seconded by Mr. Hansen to approve the agenda as amended moving agenda item VII. D. prior to agenda item V.

Motion passed unanimously.

**III. APPROVAL OF MINUTES**

**A. Business Meeting of May 21, 2012.**

Mr. Goulet proposed the following correction:

Page 7, item VI. A. Actuarial Information, second motion, to change the word "recommend" to "recommended".

MOTION: Mr. Goulet moved, seconded by Mr. Harris, to approve the minutes of May 21, 2012 as corrected.

Motion passed unanimously. Mr. Henderson abstained.

**B. Disability Meeting of June 4, 2012.**

Mr. Goulet proposed the following correction:

Page 3, item VI. B. Application for Service Connected Disability Retirement: Patrick MacAuley, under the motion to add "because there was insufficient information on blood thickness" to "Mr. Goulet abstained".

MOTION: Mr. Goulet moved, seconded by Mr. Harris, to approve the minutes of June 4, 2012 as corrected.

Motion passed unanimously.

**IV. PENDING DISABILITY APPLICATION STATUS REPORT**

MOTION: Mr. Harris moved, seconded by Mr. Hansen to receive and file the pending disability application status report.

Motion passed unanimously.

**VII. NEW BUSINESS**

**D. Letter from the Ventura County Deputy Sheriffs' Association (VCDSA).**

Richard A. Shimmel, Executive Director and Matt Finley, Deputy Sheriff, representing the VCDSA, commented on their concerns regarding VCERA's processing time for Benefit Estimate Requests by VCDSA members. Mr. Shimmel reported that they [the VCDSA] were familiar with some of the circumstances surrounding the delays, as detailed in the letter by Mr. Kendig, and the letter helped them form a more complete understanding. Mr. Shimmel emphasized the importance of providing adequate resources to address member requests and that this situation could have been anticipated, and requested that services be restored as quickly as possible.

The Board thanked the gentlemen for their comments and continued with the agenda as presented coming back to this item after item VII. C.

**V. APPLICATIONS FOR DISABILITY RETIREMENT**

**A. Application for Non-Service Connected Disability Retirement; Michael Rhineheart, Case No. 11-016.**

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

Paul C. Hilbun was present representing the County of Ventura, Risk Management. The applicant, Michael Rhineheart, was present representing himself.

Both parties accepted into the record pages 1 through 52 of the Application for Service Connected Disability Retirement.

Both parties declined an offer to make a statement.

**MOTION:** Mr. Goulet moved, seconded by Mr. Harris, to grant the applicant, Michael Rhineheart, a non-service connected disability retirement.

Motion passed unanimously.

Both parties agreed to waive preparation of Findings of Fact and Conclusions of Law.

V. APPLICATIONS FOR DISABILITY RETIREMENT (continued)

B. Application for Service Connected Disability Retirement; Patricia A. Gonzales, Case No. 10-035.

1. Summary of Evidence, Findings of Fact, Conclusions of Law and Recommendation, Submitted by Hearing Officer, Kenneth A. Perea, dated April 4, 2012.
2. Respondent's Objection to Recommendation of Hearing Officer, Submitted by John I. Gilman, Attorney at Law, dated April 16, 2012.
3. Applicant's Reply to Respondent's Objections to Recommendation of Hearing Officer, Submitted by Patricia A. Gonzales, dated April 25, 2012.
4. Hearing Notice.

John I. Gilman, Attorney at Law, was present representing the County of Ventura, Risk Management. The applicant, Maria A. Christine, was present representing herself.

Comments were made by both parties.

Following a discussion by the Board, the following motion was made.

MOTION: Mr. Goulet moved, seconded by Mr. Foy, to have Patricia A. Gonzales obtain an independent medical evaluation with a doctor specializing in psychiatry and experienced in the 1937 Act Law and to have staff forward the medical report to the Hearing Officer for both consideration and issuance of a supplemental report, and to ask the Hearing Officer to consider the appellate case *Valero v. Board of Retirement of Tulare County Employees' Retirement Association* (2012) 205 Cal.App.4th 960 in determining how much weight to give to medical reports prepared in connection with the applicant's workers compensation case.

Motion passed unanimously.

**V. APPLICATIONS FOR DISABILITY RETIREMENT (continued)**

- C. Application for Service Connected Disability Retirement, Veronica L. Long, Case No. 09-037.
1. Summary of Evidence, Findings of Fact, Conclusions of Law and Recommendation, Submitted by Hearing Officer Mark Burstein, dated May 19, 2012.
  2. Respondent's Objection to Recommendation of Hearing Officer, Submitted by Marshall W. Graves, Attorney at Law, dated June 1, 2012.
  3. Applicant's Reply to Respondent's Objections to Recommendation of Hearing Officer, Submitted by Veronica L. Long, dated June 4, 2012.
  4. Hearing Notice.

Marshall W. Graves was present representing the County of Ventura, Risk Management. The applicant, Veronica Long, was present representing herself.

Comments were made by both parties.

Following a discussion by the Board, the following motion was made.

MOTION: Mr. Hansen moved, seconded by Judge Hintz, to grant the applicant, Veronica L. Long, a service connected disability retirement.

Motion passed, Mr. Goulet voting no because the applicant had not completed the recommended surgeries.

**VI. ACTUARIAL INFORMATION**

- A. Review and Approval of the Economic Actuarial Assumptions for the June 30, 2012 Actuarial Valuation.

Paul Angelo, FSA, EA, MAAA, FCA, Senior Vice President & Actuary and John Monroe, ASA, EA, MAAA, Vice President & Associate Actuary from The Segal Company were present.

Received Public Comment from Paul Derse, Chief Financial Officer, County of Ventura and Michael Powers, County Executive Officer, County of Ventura.

**VI. ACTUARIAL INFORMATION (continued)**

- A. Review and Approval of the Economic Actuarial Assumptions for the June 30, 2012 Actuarial Valuation. (continued)

MOTION: Mr. Foy moved, seconded by Mr. Hansen, to adopt Segal's recommended Economic Assumptions for the June 30, 2012 Actuarial Valuation, phasing in the cost over three years.

Motion passed unanimously.

- C. Reconsideration of Entry Age Normal.

MOTION: Mr. Foy moved, seconded by Mr. Goulet, to reconsider the Entry Age Normal Cost method.

Motion passed unanimously.

Following Board discussion the following motion was made.

MOTION: Mr. Foy moved, seconded by Mr. Hansen, to approve Segal's recommended change in the Entry Age Normal Cost method, phasing in the cost over three years.

Motion passed unanimously.

- B. COLA Calculations for Beneficiaries Under Alternative Retirement Benefit Options.

MOTION: Mr. Towner moved, seconded by Mr. T. Johnston, to receive and file and to follow the issue as it develops.

Motion passes unanimously.

**VII. NEW BUSINESS**

- A. Education and Travel Policy Review.

Following Board discussion, it was determined to amend the Travel Policy, making "board" consistently "Board" in all places, adding "s" to "meeting" on page 3, changing "\$400.00" to "\$500.00" on page 3, and changing "June 18, 2012" to "July 2, 2012" on page 7.

MOTION: Mr. Goulet moved, seconded by Mr. Harris, to approve the proposed Travel Policy as amended.

**VII. NEW BUSINESS (continued)**

**A. Education and Travel Policy Review. (continued)**

Motion passed unanimously.

**B. Renewal of Disability Referee Services Contracts.**

Following Board discussion, it was determined to amend the Disability Referee contract template by adding "or within any time extension granted by the Board pursuant to paragraph 3 above," to paragraphs 6. (a) and 6. (c).

MOTION: Mr. Hansen moved, seconded by Mr. Harris, to authorize the Retirement Administrator to execute contracts with the provided list of Disability Referees (Hearing Officers) utilizing the contract template as amended.

Motion passed unanimously.

**C. Proposed Site Visit of Hexavest and Sprucegrove.**

MOTION: Mr. Towner moved, seconded by Mr. T. Johnston, to authorize interested VCERA Trustees to conduct an onsite due diligence site visit of Hexavest and Sprucegrove.

Motion passed unanimously.

**D. Letter from the Ventura County Deputy Sheriffs' Association (VCDSA).**

MOTION: Mr. Towner moved, seconded by Mr. Hansen, to receive and file the letter of concern from the VCDSA and the Retirement Administrator's response letter, to direct the Retirement Administrator to report to the Board quarterly on the status of estimate requests, and to direct the Retirement Administrator to draft a letter to the VCDSA, under the Chair's signature, communicating that responding timely to member inquiries is a priority of the Board and that it will be monitoring staff's progress quarterly.

Motion passed unanimously.

**VII. NEW BUSINESS (continued)**

- E. RFP for Investment Consultant for Both Non-Discretionary and Discretionary Services.

MOTION: Judge Hintz moved, seconded by Mr. Hansen, to table the consideration of an RFP for an Investment Consultant until February 4, 2013.

Motion passes with a majority vote with Mr. Hansen, Mr. Harris, Mr. Henderson, Judge Hintz and Mr. Wilson, voting for and Mr. Foy, Mr. Goulet, Mr. T. Johnston and Mr. Towner voting against.

- F. Participation in SACRS' IRS Tax Determination Efforts.

MOTION: Mr. Henderson moved, seconded by Judge Hintz, to direct the Retirement Administrator to keep the Board informed of the SACRS IRS tax collaboration and to explore alternatives.

Motion passed unanimously.

- G. Conference Report: CALAPRS Trustees' Roundtable on June 8, 2012 – Trustee Art Goulet.

MOTION: Mr. Harris moved, seconded by Mr. T. Johnston, to receive and file the CALAPRS Trustees' Roundtable Conference Report.

Motion passes unanimously. Mr. Henderson absent.

**VIII. PUBLIC COMMENT**

Mr. Kendig assessed which Trustees needed an iPad case and will order them.

Mr. Kendig solicited Trustee opinion on allowing VCERA's Investment Managers to attend the October 4, 2012 Board Retreat, if interested.

**IX. BOARD MEMBER COMMENT**

None.



X. ADJOURNMENT

There being no further items of business before the Board, Chairman Wilson adjourned the meeting at 12:18 p.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Donald C. Kendig", written over a horizontal line.

DONALD C. KENDIG, CPA, Retirement Administrator

Approved,

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WILLIAM W. WILSON, Chairman

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

**JUNE 2012**

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

Mechelle	Bailey	G	11/05/1995	12.90		Human Services Agency	05/09/12
George G.	Becerra Sr.	G	05/23/1993	7.74		General Services (from deferred)	05/24/12
Karen S.	Busch	G	09/13/1992	7.92		Child Support Services (from deferred)	04/28/12
Art	Cardiel	G	07/30/1995	16.30	B=.1150	Superior Courts	05/05/12
Felix	Carmona	G	09/03/2000	10.87		Health Care Agency	05/28/12
Dana M.	Cinnamon	G	01/29/1995	12.10	B=.1170	Health Care Agency (from deferred)	05/10/12
Ronald	Hall	G	11/28/1983	23.27	C=3.130	Assessor (from deferred)	05/04/12
Suzanne L.	Hobbs	G	03/04/2012	10.21		Information Techonogy Services	05/26/12
Joanne	Mercado	G	08/09/1999	0.12	C=27.441	Human Services Agency (from deferred)	05/05/12
Rita M.	Peterson	G	04/02/2001	11.07		Human Services Agency	05/01/12
Carol A.	Richardson	G	10/13/1991	18.13	B=.0959	Health Care Agency	05/01/12
Angel L.	Rosado	G	12/03/2001	10.42	B=.1027	Information Techonogy Services	06/01/12
Debra K.	Schambra	G	12/04/1994	6.86	C=10.800	Sheriff's Department (from deferred)	06/02/12
Nancy K.	Thomas	G	03/03/2002	5.11		Sheriff's Department (from deferred)	06/11/12
Reginald R.	Valencia	S	02/11/2007	5.43	A=5.43	Probation Agency	04/27/12

**DEFERRED RETIREMENTS:**

Jesus	Almanza	G	10/22/2006	5.50		Public Works	04/19/12
Maria	Armas	G	11/09/1980	27.77		Health Care Agency	02/29/12
Ryan L.	Bailey	G	04/23/2006	6.18		Superior Court	06/22/12
Deborah	Ball	G	08/28/2005	6.28		Health Care Agency	04/12/12
Jennifer L.	Burell	G	04/15/2002	9.74		Superior Court	06/24/12
Norma	Camacho	G	05/13/1990	21.58		Public Works	03/14/12
Wendy M.	Carlton	G	06/29/1997	15.89		Public Defender	03/02/12
Amanda M.	Clark	G	01/28/2007	5.18		Sheriff's Department	03/30/12
Heather L.	Clark	G	08/27/2006	5.80		Superior Court	06/22/12
Julie A.	Doss	G	05/07/2006	6.14	C=2.40	Superior Court	06/23/12
Clifford G.	Finley	G	09/01/2010	1.70	C=13.17	Public Works	05/11/12
Edith	Garza	G	06/27/1999	10.62		Child Support	02/09/12
Donna A.	Gicewicz	G	01/06/1991	21.45		Superior Court	06/23/12
Mona L.	Goe	G	02/21/1999	13.24		Sheriff's Department	05/31/12
India	Gonzalez	G	11/05/1995	13.06		Human Services Agency	05/11/12
Robert H.	Gregory	G	12/24/2000	7.89	A=4.09	Health Care Agency	01/06/12
Susan J.	Howard	G	01/28/2007	5.41		Superior Court	06/23/12
Julie K.	Laan	G	01/08/2006	6.23		Human Services Agency	03/30/12

000001

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

**JUNE 2012**

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	TOTAL SERVICE	OTHER SERVICE	DEPARTMENT	EFFECTIVE DATE
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**DEFERRED RETIREMENTS: (cont.)**

Steven A.	Miller	G	03/23/2008	4.12	C=6.064	Sheriff's Department	05/02/12
Kathleen A.	Peterson	G	06/25/2001	9.49		CEO	01/05/12
Colleen	Raper	G	02/09/2004	8.38		Superior Court	06/23/12
Jennifer S.	Roach	G	09/05/2001	5.08		Health Care Agency	05/30/12
Richard J.	Roach	S	06/14/1998	13.74		Probation Agency	03/02/12
Kimberly A.	Sabedra	G	07/16/2006	5.45		Human Service Agency	06/12/12
Joseph J.	Samprone	G	06/18/2006	5.69		Fire Protection District	02/23/12
Jorge	Sotelo	G	04/01/2001	10.27		Human Service Agency	03/07/12
Edwin E.	Tuazon	S	02/23/1997	15.21	D=4.33	Sherff's Department	05/04/12
Tammy A.	White	G	10/06/1996	10.82		Probation Agency	06/08/12
Sandra	Woolever	G	04/25/2004	5.29		Health Care Agency	02/02/12
Robert J.	Ybarra	G	06/18/1995	16.77		Superior Court	03/20/12
Maria M.	Zamarripa	G	10/05/1997	10.24		Heath Care Agency	04/15/12

**SURVIVORS' CONTINUANCES:**

Dixie A. Carson  
Arlene Hale  
Jessie D. White

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

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# Ventura County Retirement Assn

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Check Nbr	Check Type	Check Date	Vendor ID	Vendor Name	Period To Post	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
<b>Company: VCERA</b>											
021035	1002 CK	6/1/2012	00	BARNEY ABU COURT REPORTING INC	12-12	015899	VO	ADMIN EXP	6/1/2012	0.00	315.00
021036	CK	6/1/2012		BURSTEIN MARK BURSTEIN	12-12	015900	VO	ADMIN EXP	6/1/2012	0.00	4,375.00
021037	CK	6/1/2012		ENNIS HEWITT ENNIS KNUPP, INC	12-12	015901	VO	INVESTMENT FEES	6/1/2012	0.00	119,500.00
021038	CK	6/1/2012		STATE STREET CORPORATI	12-12	015902	VO	INVESTMENT FEES	6/1/2012	0.00	8,027.67
021039	CK	6/1/2012		PRUDENTIAL REAL ESTATE	12-12	015903	VO	INVESTMENT FEES	6/1/2012	0.00	175,678.22
021040	CK	6/1/2012		WESTERN ASSET MANAGEM	12-12	015904	VO	INVESTMENT FEES	6/1/2012	0.00	192,848.60
021041	CK	6/1/2012	101602	HENRY SOLIS	12-12	015905	VO	TRAVEL REIMB	6/1/2012	0.00	478.04
021042	CK	6/1/2012	990004	WILL HOAG	12-12	015906	VO	TRAVEL REIMB	6/1/2012	0.00	432.65
021043	CK	6/1/2012	SACRS SACRS		12-12	015907	VO	ADMIN EXP	6/1/2012	0.00	2,500.00
021044	CK	6/1/2012	MF M.F. DAILY CORPORATION		12-12	015908	VO	ADMIN EXP	6/1/2012	0.00	13,911.36
021045	CK	6/1/2012	F6432 DIANE C GRIST		12-12	015909	VO	PENSION PAYMENT	6/1/2012	0.00	1,606.28
021046	CK	6/1/2012	104227 RUTH TABAREZ		12-12	015931	VO	ADMIN EXP	6/1/2012	0.00	10.00
021047	CK	6/1/2012	122180 DONALD C KENDIG		12-12	015932	VO	ADMIN EXP	6/1/2012	0.00	299.13
021048	CK	6/1/2012	CA SDU CALIFORNIA STATE		12-12	015910	VO	CRT ORDERED PMT	6/1/2012	0.00	1,060.22

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Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
021049	CK	6/1/2012	CHILD5 STATE DISBURSEMENT UNIT	12-12	015911	VO	CRT ORDERED PMT	6/1/2012	0.00	511.00
021050	CK	6/1/2012	CHILD6 OREGON CHILD SUPPORT	12-12	015912	VO	CRT ORDERED PMT	6/1/2012	0.00	250.00
021051	CK	6/1/2012	CHILD8 LESLIE DEMATTIA	12-12	015913	VO	CRT ORDERED PMT	6/1/2012	0.00	500.00
021052	CK	6/1/2012	CHILD9 SHERIDA SEGALL	12-12	015914	VO	CRT ORDERED PMT	6/1/2012	0.00	260.00
021053	CK	6/1/2012	CHILD11 GILDA WHITE	12-12	015915	VO	CRT ORDERED PMT	6/1/2012	0.00	643.00
021054	CK	6/1/2012	CHILD12 KENNETH W. BAILEY	12-12	015916	VO	CRT ORDERED PMT	6/1/2012	0.00	125.00
021055	CK	6/1/2012	CHILD21 OREGON DEPT OF JUSTICE	12-12	015917	VO	CRT ORDERED PMT	6/1/2012	0.00	171.74
021056	CK	6/1/2012	SPOUSE2 KELLY SEARCY	12-12	015918	VO	CRT ORDERED PMT	6/1/2012	0.00	1,874.00
021057	CK	6/1/2012	SPOUSE3 ANGELINA ORTIZ	12-12	015919	VO	CRT ORDERED PMT	6/1/2012	0.00	250.00
021058	CK	6/1/2012	SPOUSE4 CATHY C. PEET	12-12	015920	VO	CRT ORDERED PMT	6/1/2012	0.00	550.00
021059	CK	6/1/2012	SPOUSE5 SUZANNA CARR	12-12	015921	VO	CRT ORDERED PMT	6/1/2012	0.00	829.00
021060	CK	6/1/2012	FTBCA3 FRANCHISE TAX BOARD	12-12	015922	VO	GARNISHMENT	6/1/2012	0.00	77.11
021061	CK	6/1/2012	CALPERS CALPERS LONG-TERM	12-12	015923	VO	INSURANCE	6/1/2012	0.00	18,487.98
021062	CK	6/1/2012	CVMP COUNTY OF VENTURA	12-12	015924	VO	INSURANCE	6/1/2012	0.00	550,148.05

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021063	CK	6/1/2012	SEIU SEIU LOCAL 721	12-12	015925	VO	DUES	6/1/2012	0.00	340.50
021064	CK	6/1/2012	VCDSA VENTURA COUNTY DEPUTY	12-12	015926	VO	INSURANCE	6/1/2012	0.00	228,075.21
021065	CK	6/1/2012	VCPFF VENTURA COUNTY PROFES	12-12	015927	VO	INSURANCE	6/1/2012	0.00	76,799.74
021066	CK	6/1/2012	VCREA RETIRED EMPLOYEES' ASSC	12-12	015928	VO	DUES	6/1/2012	0.00	4,227.00
021067	CK	6/1/2012	VRSD VENTURA REGIONAL	12-12	015929	VO	INSURANCE	6/1/2012	0.00	7,509.07
021068	CK	6/1/2012	VSP VSP	12-12	015930	VO	INSURANCE	6/1/2012	0.00	4,061.82
021069	ZC	6/1/2012	F5927'S FE S EBORDA	12-12	015896	VO	DEATH BENEFIT	5/24/2012	0.00	3,389.30
021069	ZC	6/1/2012	F5927'S FE S EBORDA	12-12	015898	AD		5/24/2012	0.00	-3,389.30
021070	Missing								<b>Check Total</b>	<b>0.00</b>
021071	CK	6/7/2012	VOLT VOLT	12-12	015933	VO	ADMIN EXP	6/7/2012	0.00	2,072.95
021072	CK	6/7/2012	CORPORATE STAPLES ADVANTAGE	12-12	015934	VO	ADMIN EXP	6/7/2012	0.00	118.45
021073	CK	6/7/2012	TWC TIME WARNER CABLE	12-12	015935	VO	ADMIN EXP	6/7/2012	0.00	317.64
021074	CK	6/7/2012	TOWERS TOWERS WATSON PENNSYL	12-12	015936	VO	ADMIN EXP	6/7/2012	0.00	8,337.53
021075	CK	6/7/2012	BOFA BANK OF AMERICA	12-12	015937	VO	ADMIN EXP	6/7/2012	0.00	11,878.61
021076	CK	6/7/2012	F0761 ARMANDO GARCIA	12-12	015938	VO	PENSION PAYMENT	6/7/2012	0.00	505.35

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021077	CK	6/7/2012	F1918 MARIA TAVARES	12-12	015939	VO	PENSION PAYMENT	6/7/2012	0.00	1,682.91
021078	CK	6/7/2012	F3287 ALBERT DUFF	12-12	015940	VO	PENSION PAYMENT	6/7/2012	0.00	5,772.39
021079	CK	6/7/2012	F2652 MARJORIE LOGAN	12-12	015941	VO	PENSION PAYMENT	6/7/2012	0.00	1,856.77
021080	CK	6/7/2012	F6531 FUJIE BEYER	12-12	015942	VO	PENSION PAYMENT	6/7/2012	0.00	2,294.41
021081	CK	6/7/2012	F1183B3 VIRGINIA BIRSKOVICH	12-12	015943	VO	DEATH BENEFIT	6/7/2012	0.00	628.53
021082	CK	6/7/2012	F3632B1 YVETTE M COLMENERO	12-12	015944	VO	DEATH BENEFIT	6/7/2012	0.00	3,648.98
021083	CK	6/7/2012	F0395B1 THE CARROLL TRUST	12-12	015945	VO	DEATH BENEFIT	6/7/2012	0.00	4,500.00
021084	CK	6/7/2012	F1491S JAMES P ORR	12-12	015946	VO	DEATH BENEFIT	6/7/2012	0.00	4,288.20
021085	CK	6/7/2012	F3320B1 FERN R PIER	12-12	015947	VO	DEATH BENEFIT	6/7/2012	0.00	4,000.00
021086	CK	6/7/2012	F5927S FE S EBORDA	12-12	015948	VO	DEATH BENEFIT	6/7/2012	0.00	3,389.30
021087	CK	6/15/2012	HARRIS HARRIS WATER CONDITIONI	12-12	015949	VO	ADMIN EXP	6/15/2012	0.00	29.50
021088	CK	6/15/2012	COURIER CENTRAL COURIER, LLC	12-12	015950	VO	ADMIN EXP	6/15/2012	0.00	375.27
021089	CK	6/15/2012	ADP ADP INC	12-12	015951	VO	ADMIN EXP	6/15/2012	0.00	10,019.51
021090	CK	6/15/2012	CORPORATE STAPLES ADVANTAGE	12-12	015952	VO	ADMIN EXP	6/15/2012	0.00	567.68

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021091	CK	6/15/2012	TRI TRI COUNTY OFFICE FURNIT	12-12	015953	VO	ADMIN EXP	6/15/2012	0.00	525.00
021092	CK	6/15/2012	SPRUCE SPRUCEGROVE INVESTMEN	12-12	015954	VO	INVESTMENT FEES	6/15/2012	0.00	50,546.57
021093	CK	6/15/2012	CK GRAPHIC CK GRAPHICS	12-12	015955	VO	ADMIN EXP	6/15/2012	0.00	300.00
021093	VC	6/30/2012	CK GRAPHIC CK GRAPHICS	12-12	015955	VO	ADMIN EXP	6/15/2012	0.00	-300.00
021094	CK	6/15/2012	MEGAPATH MEGAPATH INC.	12-12	015956	VO	ADMIN EXP	6/15/2012	0.00	0.00
021095	CK	6/15/2012	COUNTY COUNTY COUNSEL	12-12	015957	VO	LEGAL FEES	6/15/2012	0.00	18,554.18
021096	CK	6/15/2012	990002 ARTHUR E. GOULET	12-12	015958	VO	TRAVEL REIMB	6/15/2012	0.00	1,387.06
021097	CK	6/15/2012	990004 WILL HOAG	12-12	015959	VO	TRAVEL REIMB	6/15/2012	0.00	746.48
021098	CK	6/15/2012	100917 STEVEN HINTZ	12-12	015960	VO	TRAVEL REIMB	6/15/2012	0.00	299.49
021099	CK	6/15/2012	118365 TOM HENRY	12-12	015961	VO	REFUND T2 COL	6/15/2012	0.00	30,924.68
021100	CK	6/15/2012	F3806 MARGARET MASHBURN	12-12	015962	VO	PENSION PAYMENT	6/15/2012	0.00	1,327.81
021101	CK	6/15/2012	F1565 FRANKLYN POPEKLA	12-12	015963	VO	PENSION PAYMENT	6/15/2012	0.00	616.01
021102	CK	6/15/2012	F7128B2 CALVIN H YOUNGBLOOD JR	12-12	015964	VO	DEATH BENEFIT	6/15/2012	0.00	7,894.64
021103	CK	6/15/2012	F3401B1 TOMOKO WEAVER	12-12	015965	VO	DEATH BENEFIT	6/15/2012	0.00	61.29
021104	CK	6/15/2012	F3306S ARLENE S HALE	12-12	015966	VO	DEATH BENEFIT	6/15/2012	0.00	4,121.79

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021105	CK	6/15/2012	F4877B1 LEAH CHAMPION	12-12	015967	VO	DEATH BENEFIT	6/15/2012	0.00	1,807.20
021106	CK	6/15/2012	F4877B2 CHRISTINE P PETERS	12-12	015968	VO	DEATH BENEFIT	6/15/2012	0.00	1,807.21
021107	CK	6/21/2012	AT&T AT & T MOBILITY	12-12	015969	VO		6/19/2012	0.00	303.93
021108	CK	6/21/2012	F0798 GLADYS GOODMAN	12-12	015970	VO	PENSION PAYMENT	6/19/2012	0.00	293.07
021109	CK	6/21/2012	F5015 HELEN SIMPSON	12-12	015971	VO	PENSION PAYMENT	6/19/2012	0.00	825.50
021110	CK	6/21/2012	CINTAS CINTAS DOCUMENT MANAGI	12-12	015972	VO	ADMIN EXP	6/19/2012	0.00	107.00
021111	CK	6/21/2012	YORK ACCESS INFORMATION MAN	12-12	015973	VO	ADMIN EXP	6/19/2012	0.00	291.95
021112	CK	6/21/2012	CORPORATE STAPLES ADVANTAGE	12-12	015974	VO	ADMIN EXP	6/19/2012	0.00	103.06
021113	CK	6/21/2012	CDW GOVERN CDW GOVERNMENT	12-12	015975	VO	ADMIN EXP	6/19/2012	0.00	643.47
021114	CK	6/21/2012	BROWN BROWN ARMSTRONG	12-12	015976	VO	ADMIN EXP	6/19/2012	0.00	3,962.20
021115	CK	6/21/2012	121881 CHANTELL GARCIA	12-12	015977	VO	ADMIN EXP	6/19/2012	0.00	355.58
021116	CK	6/21/2012	BLACKROCK BLACKROCK INSTL TRUST C	12-12	015978	VO	INVESTMENT FEES	6/19/2012	0.00	153,092.31
021117	CK	6/21/2012	VOLT VOLT	12-12	015979	VO	ADMIN EXP	6/19/2012	0.00	1,166.40
021118	CK	6/21/2012	ENNIS HEWITT ENNIS KNUPP, INC	12-12	015980	VO	ADMIN EXP	6/19/2012	0.00	1,500.00

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Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
021119	CK	6/21/2012	VITECH SYSTEMS GROUP IN	12-12	015981	VO	ADMIN EXP	6/19/2012	0.00	111,300.00
021120	CK	6/21/2012	990004BM WILL HOAG	12-12	015982	VO	BRD MEM FEES	6/19/2012	0.00	200.00
021121	CK	6/21/2012	990001BM ALBERT G HARRIS	12-12	015983	VO	BRD MEM FEES	6/19/2012	0.00	200.00
021122	CK	6/21/2012	990002BM ARTHUR E GOULET	12-12	015984	VO	BRD MEM FEES	6/19/2012	0.00	237.74
021123	CK	6/21/2012	990002 ARTHUR E. GOULET	12-12	015985	VO	TRAVEL REIMB	6/19/2012	0.00	331.55
021124	CK	6/21/2012	106172 RITA M PETERSON	12-12	015986	VO	REFUND T2 COL	6/21/2012	0.00	589.65
021125	CK	6/21/2012	121937R WTRISC FBO CMHS403(B)	12-12	015987	VO	ROLLOVER	6/21/2012	0.00	5,112.12
021126	CK	6/21/2012	122156 ELENA BALDERRAMA	12-12	015988	VO	REFUND	6/21/2012	0.00	667.95
021127	CK	6/21/2012	121122 JENNIFER L NIX	12-12	015989	VO	REFUND	6/21/2012	0.00	8,192.95
021128	CK	6/21/2012	122211 GLENN SUE PRICE	12-12	015990	VO	REFUND	6/21/2012	0.00	191.78
021129	CK	6/21/2012	1214955 UNION BANK N A	12-12	015991	VO	ROLLOVER	6/21/2012	0.00	1,603.07
021130	CK	6/21/2012	F2743B1 MANUEL J RAMIREZ	12-12	015992	VO	DEATH BENEFIT	6/21/2012	0.00	1,957.75
021131	CK	6/21/2012	F2743B2 MICHELE N RAMIREZ	12-12	015993	VO	DEATH BENEFIT	6/21/2012	0.00	1,810.92
021132	CK	6/21/2012	F2094S JESSIE D WHITE	12-12	015994	VO	DEATH BENEFIT	6/21/2012	0.00	3,460.99

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Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
021133	CK	6/21/2012	F4857B4 JUDY ATWOOD	12-12	015995	VO	DEATH BENEFIT	6/21/2012	0.00	794.34
021134	CK	6/22/2012	KEITH SIMS KEITH SIMS	12-12	015996	VO	ADMIN EXP	6/22/2012	0.00	300.00
021135	CK	6/29/2012	CUSTOM CUSTOM PRINTING	12-12	015997	VO	ADMIN EXP	6/29/2012	0.00	180.13
021136	CK	6/29/2012	COURIER CENTRAL COURIER, LLC	12-12	015998	VO	ADMIN EXP	6/29/2012	0.00	368.70
021137	CK	6/29/2012	ADP ADP INC	12-12	015999	VO	ADMIN EXP	6/29/2012	0.00	2,361.05
021138	CK	6/29/2012	AYALA IRENE P. AYALA	12-12	016000	VO	ADMIN EXP	6/29/2012	0.00	5,950.00
021139	CK	6/29/2012	VOLT VOLT	12-12	016001	VO	ADMIN EXP	6/29/2012	0.00	595.35
021140	CK	6/29/2012	CMP CMP & ASSOCIATES, INC	12-12	016002	VO	ADMIN EXP	6/29/2012	0.00	33,277.50
021141	CK	6/29/2012	CORPORATE STAPLES ADVANTAGE	12-12	016003	VO	ADMIN EXP	6/29/2012	0.00	500.90
021142	CK	6/29/2012	MF M.F. DAILY CORPORATION	12-12	016004	VO	ADMIN EXP	6/29/2012	0.00	13,423.61
021143	CK	6/29/2012	BARNEY ABU COURT REPORTING INC	12-12	016005	VO	ADMIN EXP	6/29/2012	0.00	630.00
021144	CK	6/29/2012	CA SDU CALIFORNIA STATE	12-12	016006	VO	CRT ORDERED PMT	6/29/2012	0.00	1,034.22
021145	CK	6/29/2012	CHILD5 STATE DISBURSEMENT UNIT	12-12	016007	VO	CRT ORDERED PMT	6/29/2012	0.00	511.00
021146	CK	6/29/2012	CHILD6 OREGON CHILD SUPPORT	12-12	016008	VO	CRT ORDERED PMT	6/29/2012	0.00	250.00

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Date: Monday, July 02, 2012  
 Time: 09:39AM  
 User: CSTEVEN

# Ventura County Retirement Assn

## Check Register - Standard

Period: 12-12 As of: 7/2/2012

Page: 9 of 10  
 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
021147	CK	6/29/2012	CHILD9 SHERIDA SEGALL	12-12	016009	VO	CRT ORDERED PMT	6/29/2012	0.00	260.00
021148	CK	6/29/2012	CHILD11 GILDA WHITE	12-12	016010	VO	CRT ORDERED PMT	6/29/2012	0.00	643.00
021149	CK	6/29/2012	CHILD12 KENNETH W. BAILEY	12-12	016011	VO	CRT ORDERED PMT	6/29/2012	0.00	125.00
021150	CK	6/29/2012	CHILD21 OREGON DEPT OF JUSTICE	12-12	016012	VO	CRT ORDERED PMT	6/29/2012	0.00	171.74
021151	CK	6/29/2012	SPOUSE2 KELLY SEARCY	12-12	016013	VO	CRT ORDERED PMT	6/29/2012	0.00	1,874.00
021152	CK	6/29/2012	SPOUSE3 ANGELINA ORTIZ	12-12	016014	VO	CRT ORDERED PMT	6/29/2012	0.00	250.00
021153	CK	6/29/2012	SPOUSE4 CATHY C. PEET	12-12	016015	VO	CRT ORDERED PMT	6/29/2012	0.00	550.00
021154	CK	6/29/2012	SPOUSE5 SUZANNA CARR	12-12	016016	VO	CRT ORDERED PMT	6/29/2012	0.00	829.00
021155	CK	6/29/2012	FTBCA3 FRANCHISE TAX BOARD	12-12	016017	VO	GARNISHMENT	6/29/2012	0.00	77.11
021156	CK	6/29/2012	CALPERS CALPERS LONG-TERM	12-12	016018	VO	INSURANCE	6/29/2012	0.00	19,185.04
021157	CK	6/29/2012	CVMP COUNTY OF VENTURA	12-12	016019	VO	INSURANCE	6/29/2012	0.00	554,081.49
021158	CK	6/29/2012	SEIU SEIU LOCAL 721	12-12	016020	VO	DUES	6/29/2012	0.00	336.50
021159	CK	6/29/2012	VCDSA VENTURA COUNTY DEPUTY	12-12	016021	VO	INSURANCE	6/29/2012	0.00	228,227.91
021160	CK	6/29/2012	VCPPF VENTURA COUNTY PROFES	12-12	016022	VO	INSURANCE	6/29/2012	0.00	76,288.39

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Date: Monday, July 02, 2012  
 Time: 09:39AM  
 User: CSTEVEN

**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 12-12 As of: 7/2/2012

Page: 10 of 10  
 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post	Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
021161	CK	6/29/2012	VCREA RETIRED EMPLOYEES' ASSC	12-12		016023	VO	DUES	6/29/2012	0.00	4,219.50
021162	CK	6/29/2012	VRSD VENTURA REGIONAL	12-12		016024	VO	INSURANCE	6/29/2012	0.00	7,509.07
021163	CK	6/29/2012	VSP VSP	12-12		016025	VO	INSURANCE	6/29/2012	0.00	4,051.31

Check Count: 129

Acct Sub Total: 2,861,184.21

Check Type	Count	Amount Paid
Regular	127	2,861,484.21
Hand	0	0.00
Void	1	-300.00
Stub	0	0.00
Zero	1	0.00
Mask	0	0.00
<b>Total:</b>	<b>129</b>	<b>2,861,184.21</b>

Company Disc Total 0.00 Company Total 2,861,184.21

000012

**VENTURA COUNTY EMPLOYEE'S RETIREMENT ASSOCIATION  
ASSET ALLOCATION  
As of 06/30/2012**

Mandate	\$ Actual	% of Actual	\$ Target	% Target	Permissible Min	Permissible Max	Outside Permissible	Calculated Adjustments	Proposed Adjustments	Closing Balance	Proposed Allocation	After Rebalancing
<b>BlackRock Extended Equity Index Fund</b>	28,845,145	0.9%	31,937,044	1.0%	0.5%	2.0%	OK	3,091,899		28,845,145	0.9%	OK
<b>Western U.S. Index Plus</b>	111,325,051	3.5%	95,811,131	3.0%	2.0%	4.0%	OK	(15,513,920)		111,325,051	3.5%	OK
<b>BlackRock Equity Market Fund</b>	1,055,825,562	33.1%	1,021,985,393	32.0%	28.0%	36.0%	OK	(33,840,169)		1,055,825,562	33.1%	OK
<b>Total U.S. Equities</b>	1,195,995,758	37.4%	1,149,733,567	36.0%	30.0%	40.0%	OK	(46,262,191)	-	1,195,995,758	37.4%	OK
<b>BlackRock ACWI ex-U.S. Index</b>	265,166,196	8.3%	319,370,435	10.0%	8.0%	12.0%	OK	54,204,239		265,166,196	8.3%	OK
<b>Sprucegrove</b>	140,627,582	4.4%	127,748,174	4.0%	3.0%	6.0%	OK	(12,879,408)		140,627,582	4.4%	OK
<b>Artio International Equity II **</b>	-	0.0%	-	0.0%	0.0%	0.0%	OK	-		-	0.0%	OK
<b>Hexavest</b>	51,097,904	1.6%	63,874,087	2.0%	1.0%	3.0%	OK	12,776,183		51,097,904	1.6%	OK
<b>Walter Scott</b>	74,293,080	2.3%	95,811,131	3.0%	1.5%	4.0%	OK	21,518,051		74,293,080	2.3%	OK
<b>Total Non-U.S. Equities</b>	531,184,762	16.6%	606,803,827	19.0%	15.0%	21.0%	OK	75,619,065	-	531,184,762	16.6%	OK
<b>GMO Global</b>	149,524,495	4.7%	159,685,218	5.0%	3.0%	7.0%	OK	10,160,723		149,524,495	4.7%	OK
<b>Acadian</b>	10,461	0.0%	-	0.0%	0.0%	0.0%	HIGH	(10,461)		10,461	0.0%	OK
<b>BlackRock MSCI ACWI Equity Index</b>	117,535,280	3.7%	159,685,218	5.0%	3.0%	7.0%	OK	42,149,938		117,535,280	3.7%	OK
<b>Total Global Equities</b>	267,070,236	8.4%	319,370,435	10.0%	7.0%	13.0%	OK	10,150,262	-	267,070,236	8.4%	OK
<b>Total Equities</b>	1,994,250,756	62.4%	2,075,907,830	65.0%	58.0%	70.0%	OK	39,507,136	-	1,994,250,756	62.4%	OK
<b>Western</b>	247,736,570	7.8%	255,496,348	8.0%	6.0%	10.0%	OK	7,759,778		247,736,570	7.8%	OK
<b>BlackRock U.S. Debt Fund</b>	131,199,410	4.1%	127,748,174	4.0%	3.0%	6.0%	OK	(3,451,236)		131,199,410	4.1%	OK
<b>Reams</b>	327,201,881	10.2%	223,559,305	7.0%	6.0%	9.0%	HIGH	(103,642,576)	(32,700,000)	327,201,881	10.2%	OK
<b>Loomis Sayles</b>	118,151,072	3.7%	95,811,131	3.0%	2.0%	4.0%	OK	(22,339,941)		118,151,072	3.7%	OK
<b>PIMCO Global</b>	-	0.0%	95,811,131	3.0%	2.0%	4.0%	LOW	95,811,131	98,200,000	-	0.0%	OK
<b>Loomis Sayles Global</b>	65,400,000	2.0%	63,874,087	2.0%	1.0%	4.0%	OK	(1,525,913)		65,400,000	2.0%	OK
<b>Total Fixed Income</b>	889,688,933	27.9%	862,300,176	27.0%	20.0%	37.0%	OK	(25,662,844)	-	889,688,933	27.9%	OK
<b>Prudential Real Estate</b>	78,201,633	2.4%	95,811,131	3.0%	2.0%	4.0%	OK	17,609,498		78,201,633	2.4%	OK
<b>UBS Real Estate</b>	168,368,620	5.3%	119,763,913	3.8%	3.0%	5.0%	HIGH	(48,604,707)		168,368,620	5.3%	HIGH
<b>Guggenheim</b>	21,101,544	0.7%	31,937,044	1.0%	0.5%	2.0%	OK	10,835,500		21,101,544	0.7%	OK
<b>RREEF</b>	8,833,337	0.3%	7,984,261	0.3%	0.1%	1.0%	OK	(849,076)		8,833,337	0.3%	OK
<b>Real Estate</b>	276,505,134	8.7%	255,496,348	8.0%	5.0%	10.0%	OK	(21,008,786)	-	276,505,134	8.7%	OK
<b>Adams Street Partners</b>	23,787,178	0.7%	-	0.0%	0.0%	4.0%	OK	(23,787,178)		23,787,178	0.7%	OK
<b>Pantheon Ventures</b>	4,907,892	0.2%	-	0.0%	0.0%	4.0%	OK	(4,907,892)		4,907,892	0.2%	OK
<b>Private Equity</b>	28,695,070	0.9%	-	0.0%	0.0%	5.0%	OK	(28,695,070)	-	28,695,070	0.9%	OK
<b>K2 Advisors</b>	-	0.0%	-	0.0%	0.0%	1.0%	OK	-	-	-	0.0%	OK
<b>Alternatives</b>	-	0.0%	-	0.0%	0.0%	5.0%	OK	-	-	-	0.0%	OK
<b>Clifton</b>	4,564,461	0.1%	-	0.0%	0.0%	3.0%	OK	(4,564,461)		4,564,461	0.1%	OK
<b>Other Assets</b>	4,564,461	0.1%	-	0.0%	0.0%	5.0%	OK	(4,564,461)	-	4,564,461	0.1%	OK
<b>Total Investment Portfolio</b>	3,193,704,354	100.0%	3,193,704,354	100.0%				(40,624,025)	-	3,193,704,354	100.0%	

\*\* - Note - The Arto investment was fully liquidated and spread evenly to Sprucegrove, Hexavest, and Walter Scott.

The permissible ranges for Arto were reallocated as follows: the minimum range was increased by 0.5% for Hexavest and Walter Scott and the maximum range was increased by 1.0% for Sprucegrove, Hexavest and Walter Scott.

Date Accessed

7/11/2012 12:43

000013

# Ventura County Retirement Assn

## Statement of Plan Net Assets April 30, 2012

### ASSETS

<b>CASH &amp; CASH EQUIVALENTS</b>	<b>\$91,861,091</b>
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### RECEIVABLES

ACCruED INTEREST AND DIVIDENDS	5,309,255
SECURITY SALES	10,106,366
MISCELLANEOUS	215
<b>TOTAL RECEIVABLES</b>	<b>15,415,836</b>

### INVESTMENTS AT FAIR VALUE

DOMESTIC EQUITY SECURITIES	80,793,954
DOMESTIC EQUITY INDEX FUNDS	1,112,534,048
INTERNATIONAL EQUITY SECURITIES	277,989,621
INTERNATIONAL EQUITY INDEX FUNDS	282,919,388
GLOBAL EQUITY	276,207,502
FIXED INCOME - CORE PLUS	737,779,365
FIXED INCOME - DOMESTIC BOND INDEX	129,945,312
REAL ESTATE	276,471,759
PRIVATE EQUITY	26,057,431
<b>TOTAL INVESTMENTS</b>	<b>3,200,698,381</b>

<b>TOTAL ASSETS</b>	<b>3,307,975,308</b>
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### LIABILITIES

SECURITY PURCHASES	31,646,661
ACCOUNTS PAYABLE	1,352,102
PREPAID CONTRIBUTIONS	14,665,820
<b>TOTAL LIABILITIES</b>	<b>47,664,583</b>

<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$3,260,310,725</b>
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# Ventura County Retirement Assn

## Statement of Changes in Plan Net Assets April 30, 2012

### ADDITIONS

#### CONTRIBUTIONS:

EMPLOYER	\$110,227,471
EMPLOYEE	<u>35,116,014</u>
<b>TOTAL CONTRIBUTIONS</b>	<b>145,343,486</b>

#### INVESTMENT INCOME:

NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	79,483,244
INTEREST INCOME	20,334,180
DIVIDEND INCOME	4,086,870
REAL ESTATE OPERATING INCOME, NET	9,207,836
SECURITIES LENDING INCOME	<u>330,770</u>
<b>TOTAL INVESTMENT INCOME</b>	<b>113,442,900</b>

#### LESS INVESTMENT EXPENSES:

MANAGEMENT & CUSTODIAL FEES	6,081,997
SECURITIES LENDING BORROWER REBATES	40,877
SECURITIES LENDING MANAGEMENT FEES	<u>93,764</u>
<b>TOTAL INVESTMENT EXPENSES</b>	<b>6,216,638</b>

<b>NET INVESTMENT INCOME</b>	<b>107,226,262</b>
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<b>TOTAL ADDITIONS</b>	<b>252,569,748</b>
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### DEDUCTIONS

BENEFIT PAYMENTS	158,329,656
MEMBER REFUNDS	3,168,707
ADMINISTRATIVE EXPENSES	3,054,868
LEGAL SETTLEMENTS	<u>30,855</u>

<b>TOTAL DEDUCTIONS</b>	<b>164,584,086</b>
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<b>NET INCREASE</b>	<b>87,985,662</b>
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### NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:

<b>BEGINNING OF YEAR</b>	<u><b>3,172,325,063</b></u>
<b>ENDING BALANCE</b>	<u><u><b>\$3,260,310,725</b></u></u>



# Ventura County Retirement Assn

Investments & Cash Equivalents

April 30, 2012

	SECURITIES FAIR VALUE	CASH
<b>EQUITY</b>		
<b>DOMESTIC EQUITY</b>		
WESTERN ASSET INDEX PLUS	\$80,793,954	\$31,633,675
<b>TOTAL DOMESTIC EQUITY</b>	<b>80,793,954</b>	<b>31,633,675</b>
<b>DOMESTIC INDEX FUNDS</b>		
BLACKROCK - US EQUITY MARKET	1,082,516,238	1
BLACKROCK - EXTENDED EQUITY	30,017,810	1
<b>TOTAL EQUITY INDEX FUNDS</b>	<b>1,112,534,048</b>	<b>2</b>
<b>INTERNATIONAL EQUITY</b>		
BLACKROCK - ACWIXUS	282,919,388	0
SPRUCEGROVE	148,623,544	0
HEXAVEST	52,732,499	0
WALTER SCOTT	76,633,579	0
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>560,909,009</b>	<b>0</b>
<b>GLOBAL EQUITY</b>		
GRANTHAM MAYO & VAN OTTERLOO (GMO)	152,894,341	0
ACADIAN GLOBAL EQUITY	123,313,161	0
<b>TOTAL GLOBAL EQUITY</b>	<b>276,207,502</b>	<b>0</b>
<b>PRIVATE EQUITY</b>		
ADAMS STREET	21,388,493	0
PANTHEON	4,668,938	0
<b>TOTAL PRIVATE EQUITY</b>	<b>26,057,431</b>	<b>0</b>
<b>FIXED INCOME</b>		
BLACKROCK - US DEBT INDEX	129,945,312	0
LOOMIS SAYLES & COMPANY (CORE PLUS)	110,206,462	8,262,367
REAMS(CORE PLUS)	323,617,692	31,204,082
WESTERN ASSET MGMT (CORE PLUS)	303,955,211	3,977,656
<b>TOTAL FIXED INCOME</b>	<b>867,724,677</b>	<b>43,444,106</b>
<b>REAL ESTATE</b>		
GUGGENHEIM REAL ESTATE	21,101,544	0
PRUDENTIAL REAL ESTATE	78,168,258	0
RREEF	8,833,338	0
UBS REALTY	168,368,620	0
<b>TOTAL REAL ESTATE</b>	<b>276,471,759</b>	<b>0</b>
<b>ALTERNATIVE STRATEGIES</b>		
<b>CASH OVERLAY - CLIFTON GROUP</b>	<b>0</b>	<b>6,137,804</b>
<b>IN HOUSE CASH</b>		<b>10,645,505</b>
<b>TOTAL INVESTMENTS AND CASH EQUIVALENTS</b>	<b>\$3,200,698,381</b>	<b>\$91,861,091</b>

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# Ventura County Retirement Assn

## Schedule of Investment Management Fees For the Ten Months Ending April 30, 2012

### EQUITY MANAGERS

#### DOMESTIC

BLACKROCK - US EQUITY	\$156,513
BLACKROCK - EXTENDED EQUITY	9,563
WESTERN ASSET INDEX PLUS	<u>122,686</u>
<b>TOTAL</b>	<b>288,762</b>

#### INTERNATIONAL

ARTIO GLOBAL INVESTORS	272,681
BLACKROCK - ACWIXUS	233,763
SPRUCEGROVE	405,988
HEXAVEST	133,564
WALTER SCOTT	<u>402,091</u>
<b>TOTAL</b>	<b>1,448,087</b>

#### GLOBAL

ACADIAN GLOBAL EQUITY	<u>795,266</u>
<b>TOTAL</b>	<b>795,266</b>

### FIXED INCOME MANAGERS

#### DOMESTIC

BLACKROCK - US DEBT INDEX	68,428
LOOMIS , SAYLES AND COMPANY	303,571
REAMS ASSET MANAGEMENT	418,997
WESTERN ASSET MANAGEMENT	<u>472,390</u>
<b>TOTAL</b>	<b>1,263,386</b>

#### REAL ESTATE

GUGGENHEIM	199,817
PRUDENTIAL REAL ESTATE ADVISORS	502,852
RREEF	55,732
UBS REALTY	<u>1,181,316</u>
<b>TOTAL</b>	<b>1,939,717</b>

#### ALTERNATIVES - K2

114,990

#### CASH OVERLAY - CLIFTON

47,436

#### SECURITIES LENDING/OTHER

BORROWERS REBATE	40,877
MANAGEMENT FEES	93,764
INVESTMENT CONSULTANT	119,500
INVESTMENT CUSTODIAN	<u>64,853</u>
<b>TOTAL</b>	<b>318,994</b>

#### TOTAL INVESTMENT MANAGEMENT FEES

\$6,216,638

000017

# Ventura County Retirement Assn

Statement of Plan Net Assets  
May 31, 2012

## ASSETS

CASH & CASH EQUIVALENTS	\$80,958,072
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### RECEIVABLES

EMPLOYER/EMPLOYEE CONTRIBUTIONS	2,625,791
ACCRUED INTEREST AND DIVIDENDS	5,310,945
SECURITY SALES	19,051,529
MISCELLANEOUS	215
<b>TOTAL RECEIVABLES</b>	<b>26,988,480</b>

### INVESTMENTS AT FAIR VALUE

DOMESTIC EQUITY SECURITIES	84,691,664
DOMESTIC EQUITY INDEX FUNDS	1,043,588,658
INTERNATIONAL EQUITY SECURITIES	251,637,457
INTERNATIONAL EQUITY INDEX FUNDS	251,074,585
GLOBAL EQUITY	254,397,391
FIXED INCOME - CORE PLUS	720,746,463
FIXED INCOME - DOMESTIC BOND INDEX	131,131,985
REAL ESTATE	276,468,734
PRIVATE EQUITY	26,283,931
<b>TOTAL INVESTMENTS</b>	<b>3,040,020,867</b>

<b>TOTAL ASSETS</b>	<b>3,147,967,420</b>
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## LIABILITIES

SECURITY PURCHASES	39,300,165
ACCOUNTS PAYABLE	1,420,156
PREPAID CONTRIBUTIONS	9,488
<b>TOTAL LIABILITIES</b>	<b>40,729,810</b>

<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$3,107,237,610</b>
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# Ventura County Retirement Assn

## Statement of Changes in Plan Net Assets May 31, 2012

### ADDITIONS

#### CONTRIBUTIONS:

EMPLOYER	\$126,325,031
EMPLOYEE	<u>40,057,971</u>
<b>TOTAL CONTRIBUTIONS</b>	<b>166,383,001</b>

#### INVESTMENT INCOME:

NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	(79,246,620)
INTEREST INCOME	22,308,069
DIVIDEND INCOME	4,097,105
REAL ESTATE OPERATING INCOME, NET	9,207,967
SECURITIES LENDING INCOME	<u>351,876</u>
<b>TOTAL INVESTMENT INCOME</b>	<b>(43,281,602)</b>

#### LESS INVESTMENT EXPENSES:

MANAGEMENT & CUSTODIAL FEES	6,105,013
SECURITIES LENDING BORROWER REBATES	42,315
SECURITIES LENDING MANAGEMENT FEES	<u>99,666</u>
<b>TOTAL INVESTMENT EXPENSES</b>	<b>6,246,994</b>

**NET INVESTMENT INCOME** **(49,528,596)**

**TOTAL ADDITIONS** **116,854,406**

### DEDUCTIONS

BENEFIT PAYMENTS	174,824,931
MEMBER REFUNDS	3,577,361
ADMINISTRATIVE EXPENSES	3,508,712
LEGAL SETTLEMENTS	<u>30,855</u>
<b>TOTAL DEDUCTIONS</b>	<b>181,941,859</b>

**NET INCREASE** **(65,087,453)**

### NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:

<b>BEGINNING OF YEAR</b>	<u><b>3,172,325,063</b></u>
<b>ENDING BALANCE</b>	<u><u><b>\$3,107,237,610</b></u></u>

*Ventura County Retirement Assn*  
Investments & Cash Equivalents  
May 31, 2012

	<b>SECURITIES FAIR VALUE</b>	<b>CASH</b>
<b>EQUITY</b>		
<b>DOMESTIC EQUITY</b>		
WESTERN ASSET INDEX PLUS	\$84,691,664	\$26,971,468
<b>TOTAL DOMESTIC EQUITY</b>	<b>84,691,664</b>	<b>26,971,468</b>
<b>DOMESTIC INDEX FUNDS</b>		
BLACKROCK - US EQUITY MARKET	1,015,648,436	1
BLACKROCK - EXTENDED EQUITY	27,940,221	1
<b>TOTAL EQUITY INDEX FUNDS</b>	<b>1,043,588,658</b>	<b>2</b>
<b>INTERNATIONAL EQUITY</b>		
BLACKROCK - ACWIXUS	251,074,585	0
SPRUCEGROVE	133,046,654	0
HEXAVEST	48,285,574	0
WALTER SCOTT	70,305,229	0
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>502,712,042</b>	<b>0</b>
<b>GLOBAL EQUITY</b>		
GRANTHAM MAYO & VAN OTTERLOO (GMO)	141,593,367	0
ACADIAN GLOBAL EQUITY	112,804,024	0
<b>TOTAL GLOBAL EQUITY</b>	<b>254,397,391</b>	<b>0</b>
<b>PRIVATE EQUITY</b>		
ADAMS STREET	21,464,993	0
PANTHEON	4,818,938	0
<b>TOTAL PRIVATE EQUITY</b>	<b>26,283,931</b>	<b>0</b>
<b>FIXED INCOME</b>		
BLACKROCK - US DEBT INDEX	131,131,985	0
LOOMIS SAYLES & COMPANY (CORE PLUS)	109,852,949	5,519,985
REAMS(CORE PLUS)	309,690,345	33,869,553
WESTERN ASSET MGMT (CORE PLUS)	301,203,169	7,629,016
<b>TOTAL FIXED INCOME</b>	<b>851,878,448</b>	<b>47,018,554</b>
<b>REAL ESTATE</b>		
GUGGENHEIM REAL ESTATE	21,101,544	0
PRUDENTIAL REAL ESTATE	78,165,232	0
RREEF	8,833,338	0
UBS REALTY	168,368,620	0
<b>TOTAL REAL ESTATE</b>	<b>276,468,734</b>	<b>0</b>
<b>ALTERNATIVE STRATEGIES</b>		
CASH OVERLAY - CLIFTON GROUP	0	4,059,141
IN HOUSE CASH		<b>2,908,908</b>
<b>TOTAL INVESTMENTS AND CASH EQUIVALENTS</b>	<b>\$3,040,020,867</b>	<b>\$80,958,072</b>

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# Ventura County Retirement Assn

Schedule of Investment Management Fees  
For the Eleven Months Ending May 31, 2012

## EQUITY MANAGERS

### DOMESTIC

BLACKROCK - US EQUITY	\$156,513
BLACKROCK - EXTENDED EQUITY	9,563
WESTERN ASSET INDEX PLUS	<u>122,686</u>
<b>TOTAL</b>	<b>288,762</b>

### INTERNATIONAL

ARTIO GLOBAL INVESTORS	272,681
BLACKROCK - ACWIXUS	233,763
SPRUCEGROVE	405,988
HEXAVEST	133,564
WALTER SCOTT	<u>402,091</u>
<b>TOTAL</b>	<b>1,448,087</b>

### GLOBAL

ACADIAN GLOBAL EQUITY	<u>795,266</u>
<b>TOTAL</b>	<b>795,266</b>

## FIXED INCOME MANAGERS

### DOMESTIC

BLACKROCK - US DEBT INDEX	68,428
LOOMIS , SAYLES AND COMPANY	303,571
REAMS ASSET MANAGEMENT	418,997
WESTERN ASSET MANAGEMENT	<u>472,390</u>
<b>TOTAL</b>	<b>1,263,386</b>

### REAL ESTATE

GUGGENHEIM	199,817
PRUDENTIAL REAL ESTATE ADVISORS	502,852
RREEF	55,732
UBS REALTY	<u>1,181,316</u>
<b>TOTAL</b>	<b>1,939,717</b>

### ALTERNATIVES - K2

114,990

### CASH OVERLAY - CLIFTON

62,477

### SECURITIES LENDING/OTHER

BORROWERS REBATE	42,315
MANAGEMENT FEES	99,666
INVESTMENT CONSULTANT	119,500
INVESTMENT CUSTODIAN	<u>72,828</u>
<b>TOTAL</b>	<b>334,309</b>

## TOTAL INVESTMENT MANAGEMENT FEES

\$6,246,994

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**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**BUDGET SUMMARY FISCAL YEAR 2011-2012 (ESTIMATED)**  
June 2012 - 100.00% of Fiscal Year Expended

<u>EXPENDITURE DESCRIPTIONS</u>	<u>2011/2012 Budget</u>	<u>Jun-12</u>	<u>Year to Date Expended</u>	<u>Available Balance</u>	<u>Percent Expended</u>
<u>Salaries &amp; Employee Benefits:</u>					
Regular Salaries	\$ 1,397,000.00	\$ 119,596.91	\$ 1,113,945.01	\$ 283,054.99	79.74%
Extra-Help	25,000.00	3,834.70	59,923.80	(34,923.80)	239.70%
Overtime	7,600.00	476.46	2,521.07	5,078.93	33.17%
Supplemental Payments	38,000.00	3,493.91	29,498.52	8,501.48	77.63%
Vacation Redemption	72,200.00	0.00	81,053.16	(8,853.16)	112.26%
Retirement Contributions	279,800.00	23,538.73	225,455.03	54,344.97	80.58%
OASDI Contributions	79,300.00	7,491.53	70,537.29	8,762.71	88.95%
FICA-Medicare	22,000.00	1,752.06	17,289.10	4,710.90	78.59%
Management Retiree Health Benefit	14,600.00	1,297.86	12,021.53	2,578.47	82.34%
Group Insurance	127,900.00	10,647.00	107,998.80	19,901.20	84.44%
Life Insurance/Mgmt	2,900.00	77.93	689.02	2,210.98	23.76%
Unemployment Insurance	1,700.00	240.89	2,209.06	(509.06)	129.94%
Management Disability Insurance	9,800.00	289.71	2,655.65	7,144.35	27.10%
Worker' Compensation Insurance	8,100.00	697.12	6,888.97	1,211.03	85.05%
401K Plan Contribution	34,000.00	2,270.35	22,114.73	11,885.27	65.04%
<b>Total Salaries &amp; Employee Benefits</b>	<b>\$ 2,119,900.00</b>	<b>\$ 175,705.16</b>	<b>\$ 1,754,800.74</b>	<b>\$ 365,099.26</b>	<b>82.78%</b>
<u>Services &amp; Supplies:</u>					
Telephone Services - ISF	\$ 20,300.00	\$ 4,257.65	\$ 36,276.50	\$ (15,976.50)	178.70%
General Insurance - ISF	9,500.00	0.00	8,692.00	808.00	91.49%
Office Equipment Maintenance	1,000.00	441.60	1,396.70	(396.70)	139.67%
Membership and Dues	9,200.00	0.00	8,025.00	1,175.00	87.23%
Education Allowance	3,000.00	0.00	2,000.00	1,000.00	66.67%
Cost Allocation Charges	34,000.00	0.00	34,007.00	(7.00)	100.02%
Printing Services - Not ISF	4,000.00	180.13	4,737.91	(737.91)	118.45%
Books & Publications	1,000.00	0.00	1,782.78	(782.78)	178.28%
Office Supplies	14,000.00	1,888.41	22,092.06	(8,092.06)	157.80%
Postage & Express	60,000.00	3,096.09	54,638.34	5,361.66	91.06%
Printing Charges - ISF	12,000.00	0.00	185.60	11,814.40	1.55%
Copy Machine Services - ISF	7,500.00	1,940.61	7,110.30	389.70	94.80%
Board Member Fees	13,000.00	600.00	9,900.00	3,100.00	76.15%
Professional Services	828,300.00	57,293.01	759,853.91	68,446.09	91.74%
Storage Charges	2,800.00	291.95	2,900.88	(100.88)	103.60%
Minor Equipment	5,000.00	126.39	878.58	4,121.42	17.57%
Office Lease Payments	160,100.00	27,249.23	158,073.58	2,026.42	98.73%
Private Vehicle Mileage	10,500.00	423.15	3,704.46	6,795.54	35.28%
Conference, Seminar and Travel	79,100.00	10,646.94	50,662.85	28,437.15	64.05%
Furniture	171,100.00	0.00	91,513.77	79,586.23	53.49%
Facilities Charges	52,200.00	525.00	6,691.01	45,508.99	12.82%
Judgment & Damages	0.00	0.00	30,855.00	(30,855.00)	#DIV/0!
<b>Total Services &amp; Supplies</b>	<b>\$ 1,497,600.00</b>	<b>\$ 108,960.16</b>	<b>\$ 1,295,978.23</b>	<b>\$ 201,621.77</b>	<b>86.54%</b>
<b>Total Administrative Budget</b>	<b>\$ 3,617,500.00</b>	<b>\$ 284,665.32</b>	<b>\$ 3,050,778.97</b>	<b>\$ 566,721.03</b>	<b>84.33%</b>
<u>Information Technology:</u>					
Computer Hardware	\$ 42,800.00	\$ 9,745.87	50,538.97	\$ (7,738.97)	118.08%
Computer Software	23,500.00	198.00	13,975.84	9,524.16	59.47%
Data Processing and Maintenance	437,300.00	41,456.79	357,830.59	79,469.41	81.83%
Special Project - New Pension System	1,775,000.00	111,300.00	512,613.48	1,262,386.52	28.88%
<b>Total Information Technology</b>	<b>\$ 2,278,600.00</b>	<b>\$ 162,700.66</b>	<b>\$ 934,958.88</b>	<b>\$ 1,343,641.12</b>	<b>41.03%</b>
<b>Contingency</b>	<b>\$ 562,100.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.00%</b>
<b>Total Current Year</b>	<b>\$ 6,458,200.00</b>	<b>\$ 447,365.98</b>	<b>\$ 3,985,737.85</b>	<b>\$ 2,472,462.15</b>	<b>61.72%</b>

## Ventura County Employees' Retirement Association

16 July 2012



# Table of contents

- I. Executive Summary**
- II. US Equity Market Fund Account Review**
- III. Extended Equity Market Fund Account Review**
- IV. ACWI ex-US IMI Index Fund Account Review**
- V. Fixed Income Account Review**
- VI. Market Reviews**

## Executive Summary

Summ-120716-sc\*

# Executive summary

## Ventura County Employees' Retirement Association

As of 30 June 2012

US Equity Market Fund			\$1,055,825,532
Performance	Fund return %	Dow Jones US Total Stock Index return %	Difference %
June	3.96	3.95	0.01
Fiscal year 2012	4.16	3.97	0.19
Since client inception (2 June 2008)	2.25	2.18	0.07

Extended Equity Market Fund			\$28,845,144
Performance	Fund return %	Dow Jones US Completion Total Stock Market Index %	Difference %
June	3.24	3.16	0.08
Fiscal year 2012	-1.60	-2.11	0.51
Since client inception (30 September 2002)	10.80	10.77	0.03

ACWI ex-US IMI Index Fund			\$265,166,044
Performance	Fund return %	Benchmark return %	Difference %
June	5.61	5.59	0.02
Fiscal year 2012	-14.53	-14.79	0.26
Since client inception (30 May 2008)	-5.44	-5.64	0.20

US Debt Index Fund			\$131,199,405
Performance	Fund return %	Barclays Capital Aggregate Index %	Difference %
June	0.05	0.04	0.01
Fiscal year 2012	7.56	7.47	0.09
Since client inception (31 December 1995)	6.21	6.11	0.10
<b>Total assets</b>			<b>\$1,481,036,125</b>

\* Returns since inception for periods greater than one year are annualized

# **Account Review US Equity Market Fund**

US-EqAR-120716-sc\*

# US Equity Market Fund

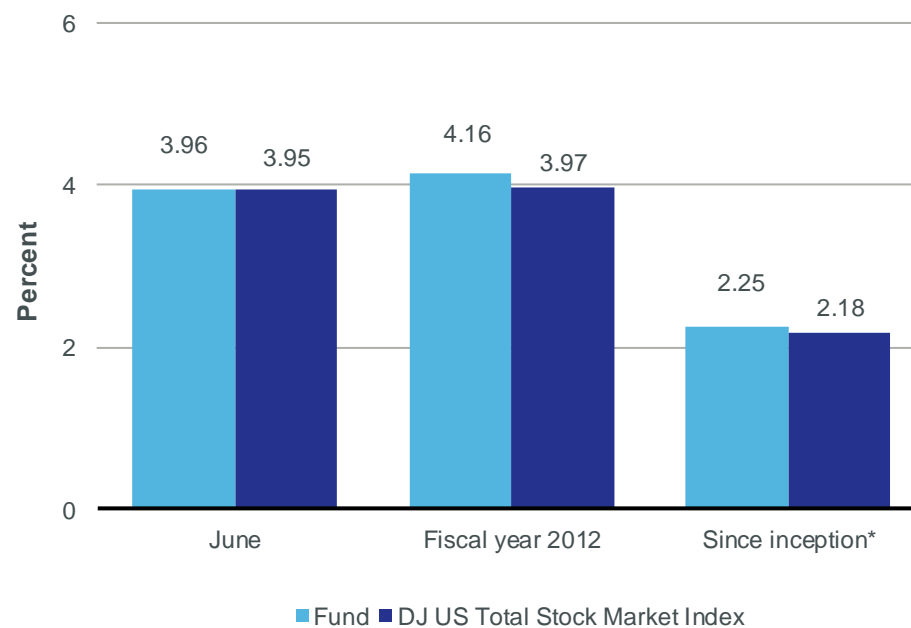
## Ventura County Employees' Retirement Association

As of 30 June 2012

Account value

\$1,055,825,532

Returns since client inception



\* Returns since inception for periods greater than one year are annualized  
Client inception 2 June 2008  
Fiscal year end June 30

# US Equity Market Fund

## Ventura County Employees' Retirement Association

	U.S. Equity Market Fund	Dow Jones U.S. Total Stock Market Index	Tracking Difference
<b>2008<sup>1</sup></b>	<b>-7.25%</b>	<b>-7.24%</b>	<b>-0.01%</b>
<b>2009</b>	<b>-26.29</b>	<b>-26.39</b>	<b>0.10</b>
<b>2010</b>	<b>16.10</b>	<b>16.13</b>	<b>-0.03</b>
<b>2011</b>	<b>32.47</b>	<b>32.44</b>	<b>0.03</b>
<b>1 Yr.<sup>2</sup></b>	<b>4.16</b>	<b>3.97</b>	<b>0.19</b>
<b>3 Yrs Annualized</b>	<b>17.01</b>	<b>16.94</b>	<b>0.07</b>
<b>Fiscal Year 2012</b>			
Jul	-2.21%	-2.25%	0.04%
Aug	-5.99	-5.99	0.00
Sep	-7.74	-7.75	0.01
<b>1st Qtr.</b>	<b>-15.18%</b>	<b>-15.23%</b>	<b>0.05%</b>
Oct	11.56%	11.53%	0.03%
Nov	-0.26	-0.29	0.03
Dec	0.85	0.82	0.03
<b>2nd Qtr.</b>	<b>12.21%</b>	<b>12.12%</b>	<b>0.09%</b>
Jan	5.06%	5.06%	0.00%
Feb	4.23	4.25	-0.02
Mar	3.10	3.09	0.01
<b>3rd Qtr.</b>	<b>12.89%</b>	<b>12.90%</b>	<b>-0.01%</b>
Apr	-0.62%	-0.63%	0.01%
May	-6.18	-6.20	0.02
Jun	3.96	3.95	0.01
<b>4th Qtr.</b>	<b>-3.07%</b>	<b>-3.10%</b>	<b>0.03%</b>
<b>Fiscal YTD</b>	<b>4.16%</b>	<b>3.97%</b>	<b>0.19%</b>
<b>Cumulative Since Inception</b>	<b>9.51%</b>	<b>9.18%</b>	<b>0.33%</b>
<b>Annualized Since Inception</b>	<b>2.25%</b>	<b>2.18%</b>	<b>0.07%</b>
<b>Annualized Risk</b>	<b>21.16%</b>	<b>21.17%</b>	<b>0.15%</b>

The Fund is managed by BTC. The information disclosed herein is for informational purposes only and may not be compliant with the requirements of Department of Labor Rule 404a-5. Plan sponsors and/or administrators seeking the requisite information to comply with Rule 404a-5 should contact their Account Manager.

As of 1/1/89, fund returns are based on NYSE closing prices. Prior returns were based on composite closing prices. As of 1/1/89, fund returns are based on the Dow Jones U.S. Total Stock Market Index was the US Equity Market Index. Prior to September 30, 2001, the benchmark return for the Dow Jones U.S. Total Stock Market Index was the Wilshire 5000.

Between September 30, 2001 and June 18, 2004 the benchmark was the Wilshire 5000. The Fund is a privately offered collective investment fund maintained by BlackRock Institutional Trust Company, N.A. (BTC) and is available only to certain qualified employee benefit plans and governmental plans and not offered to the general public; a prospectus is not required and prices are not available in local publications. To obtain pricing information, please contact your local service representative.

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<sup>1</sup> Account Inception 06/02/08

<sup>2</sup> Performance figures are annualized as of fiscal year-end.

502925-652485

# US Equity Market Fund

	U.S. Equity Market Fund	Dow Jones U.S. Total Stock Market Index	Tracking Difference
2002	-21.24%	-20.86%	-0.38%
2003	31.74	31.64	0.10
2004	12.47	12.41	0.06
2005	6.48	6.38	0.10
2006	15.78	15.77	0.01
2007	5.71	5.62	0.09
2008	-36.95	-37.23	0.28
2009	28.19	28.57	-0.38
2010	17.60	17.49	0.11
2011	1.22	1.08	0.14
1 Yr. <sup>1</sup>	4.16	3.97	0.19
3 Yrs Annualized	17.01	16.94	0.07
5 Yrs Annualized	0.69	0.58	0.11
10 Yrs Annualized	6.18	6.11	0.07
<b>2012</b>			
Jan	5.06%	5.06%	0.00%
Feb	4.23	4.25	-0.02
Mar	3.10	3.09	0.01
<b>1st Qtr.</b>	<b>12.89%</b>	<b>12.90%</b>	<b>-0.01%</b>
Apr	-0.62%	-0.63%	0.01%
May	-6.18	-6.20	0.02
Jun	3.96	3.95	0.01
<b>2nd Qtr.</b>	<b>-3.07%</b>	<b>-3.10%</b>	<b>0.03%</b>
Jul			
Aug			
Sep			
<b>3rd Qtr.</b>			
Oct			
Nov			
Dec			
<b>4th Qtr.</b>			
<b>YTD 2012</b>	<b>9.43%</b>	<b>9.40%</b>	<b>0.03%</b>
<b>Cumulative Since Inception<sup>2</sup></b>	<b>2298.97%</b>	<b>2259.52%</b>	<b>39.45%</b>
<b>Annualized Since Inception</b>	<b>10.65%</b>	<b>10.59%</b>	<b>0.06%</b>

## General Notes:

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<sup>1</sup> Performance figures are annualized as of period end.

<sup>2</sup> Fund Inception 01/31/81

502925

# US Equity Market Fund Characteristics

As of 31 May 2012

## Characteristics

Strategy	Dow Jones US Total Stock Market Index
Beta vs. S&P 500®	1.0
Yield	1.90%
Total fund assets	\$14.8B
Number of holdings	2,432

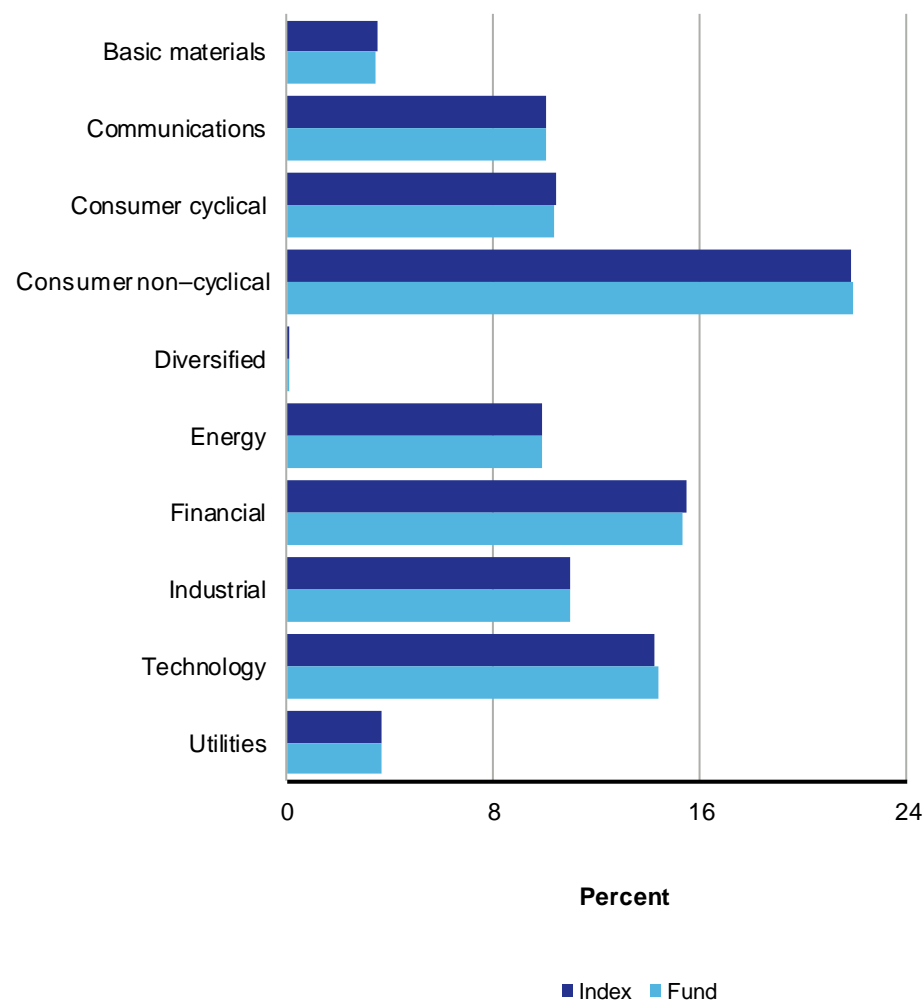
## Top 10 holdings

	Fund %	Index %
Apple Inc	3.73	3.72
Exxon Mobil Corp	2.62	2.62
Microsoft Corp	1.52	1.52
Intl Business Machines Corp	1.48	1.48
AT&T Inc	1.41	1.41
General Electric Co	1.40	1.40
Chevron Corp	1.37	1.37
Procter & Gamble Co/The	1.18	1.19
Johnson & Johnson	1.18	1.19
Pfizer Inc	1.17	1.17

US-Eq-Mkt-A-Ch

This information is unaudited and intended for analytical purposes only  
Source: BlackRock, Bloomberg, Wilshire

## Sector diversification





# **Account Review Extended Equity Market Fund**

ExEqAR-120716-sc\*

# Extended Equity Market Fund

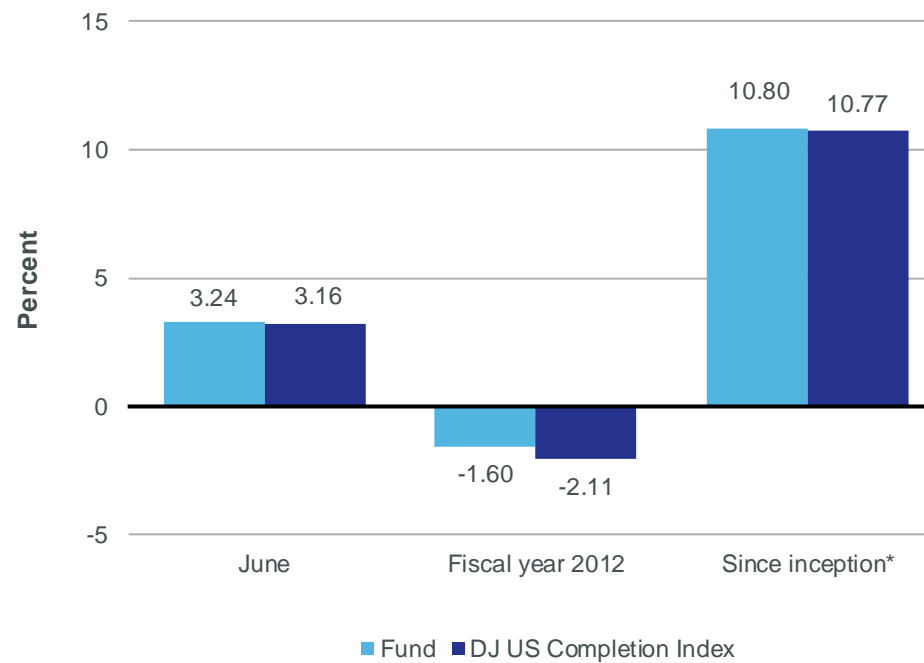
## Ventura County Employees' Retirement Association

As of 30 June 2012

Account value

\$28,845,144

Returns since client inception



\* Returns since inception for periods greater than one year are annualized  
 Client inception 30 September 2002  
 Fiscal year end June 30

# Extended Equity Market Fund

## Ventura County Employees' Retirement Association

	Fund	Dow Jones US Completion Total Stock Market Index <sup>2</sup>	Tracking Difference
2003 <sup>1</sup>	23.65%	24.23%	-0.58%
2004	29.73	29.53	0.20
2005	13.85	13.49	0.36
2006	14.50	14.03	0.47
2007	19.41	19.75	-0.34
2008	-11.19	-11.41	0.22
2009	-27.90	-27.54	-0.36
2010	23.98	24.27	-0.29
2011	39.38	39.19	0.19
1 Yr <sup>3</sup>	-1.60	-2.11	0.51
3 Yrs Annualized	19.36	19.19	0.17
5 Yrs Annualized	1.72	1.68	0.04
Fiscal Year 2012			
Jul	-3.14%	-3.23%	0.09%
Aug	-8.11	-8.17	0.06
Sep	-10.73	-10.79	0.06
1st Qtr.	-20.55%	-20.73%	0.18%
Oct	14.09%	14.00%	0.09%
Nov	-0.51	-0.57	0.06
Dec	-0.04	-0.05	0.01
2nd Qtr.	13.45%	13.29%	0.16%
Jan	7.58%	7.56%	0.02%
Feb	3.99	4.02	-0.03
Mar	2.29	2.29	0.00
3rd Qtr.	14.43%	14.44%	-0.01%
Apr	-0.72%	-0.73%	0.01%
May	-6.92	-6.99	0.07
Jun	3.24	3.16	0.08
4th Qtr.	-4.60%	-4.76%	0.16%
Fiscal YTD	-1.60%	-2.11%	0.51%
Cumulative Since Inception	171.89%	171.06%	0.83%
Annualized Since Inception	10.80%	10.77%	0.03%
Annualized Risk	18.84%	18.75%	0.49%

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<sup>1</sup> Account Inception 09/30/02

<sup>2</sup> Prior to August 31, 2001, the benchmark return for the Dow Jones U.S. Completion Total Stock Market Index was the Extended Equity Market Index. Between September 30, 2001 and June 30, 2004 the benchmark was the Wilshire 4500.

<sup>3</sup> Performance figures are annualized as of fiscal year-end.

500069-592443

# Extended Equity Market Fund

	Fund	Dow Jones US Completion Total Stock Market Index <sup>1</sup>	Tracking Difference
1996	18.52%	18.23%	0.29%
1997	26.61	26.30	0.31
1998	7.55	7.16	0.39
1999	32.86	32.68	0.18
2000	-9.12	-9.68	0.46
2001	-6.65	-7.29	0.64
2002	-18.26	-17.80	-0.46
2003	43.36	43.84	-0.48
2004	18.24	17.94	0.30
2005	10.53	10.03	0.50
2006	15.31	15.28	0.03
2007	6.41	6.39	0.02
2008	-38.40	-39.03	0.63
2009	35.02	37.43	-2.41
2010	29.01	28.62	0.39
2011	-3.41	-3.76	0.35
1 Yr <sup>2</sup>	-1.60	-2.11	0.51
3 Yrs Annualized	19.36	19.19	0.17
5 Yrs Annualized	1.72	1.68	0.04
10 Yrs Annualized	8.66	8.66	0.00

2012

Jan	7.56%	7.56%	0.02%
Feb	3.99	4.02	-0.03
Mar	2.29	2.29	0.00

1st Qtr.	14.43%	14.44%	-0.01%
Apr	-0.72%	-0.73%	0.01%
May	-6.92	-6.99	0.07
Jun	3.24	3.16	0.08
2nd Qtr.	-4.60%	-4.76%	0.16%

Jul			
Aug			
Sep			

3rd Qtr.

Oct			
Nov			
Dec			

4th Qtr.

YTD 2012	9.17%	9.00%	0.17%
Cumulative Since Inception <sup>3</sup>	2313.05%	2165.40%	157.65%
Annualized Since Inception	10.67%	10.43%	0.24%
Annualized Risk	18.34%	18.30%	0.59%

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<sup>1</sup> Prior to August 31, 2001, the benchmark return for the Dow Jones U.S. Completion Total Stock Market Index was the Extended Equity Market Index. Between September 30, 2001 and June 30, 2004 the benchmark was the Wilshire 4500.

<sup>2</sup> Performance figures are annualized as of period end.

<sup>3</sup> Fund Inception 01/31/81

500069

# Extended Market Fund Characteristics

As of 31 May 2012

## Characteristics

Strategy	Extended Market Index
Beta	1.10
Yield	1.32%
Total fund assets	\$34.57B
Number of holdings	2,353

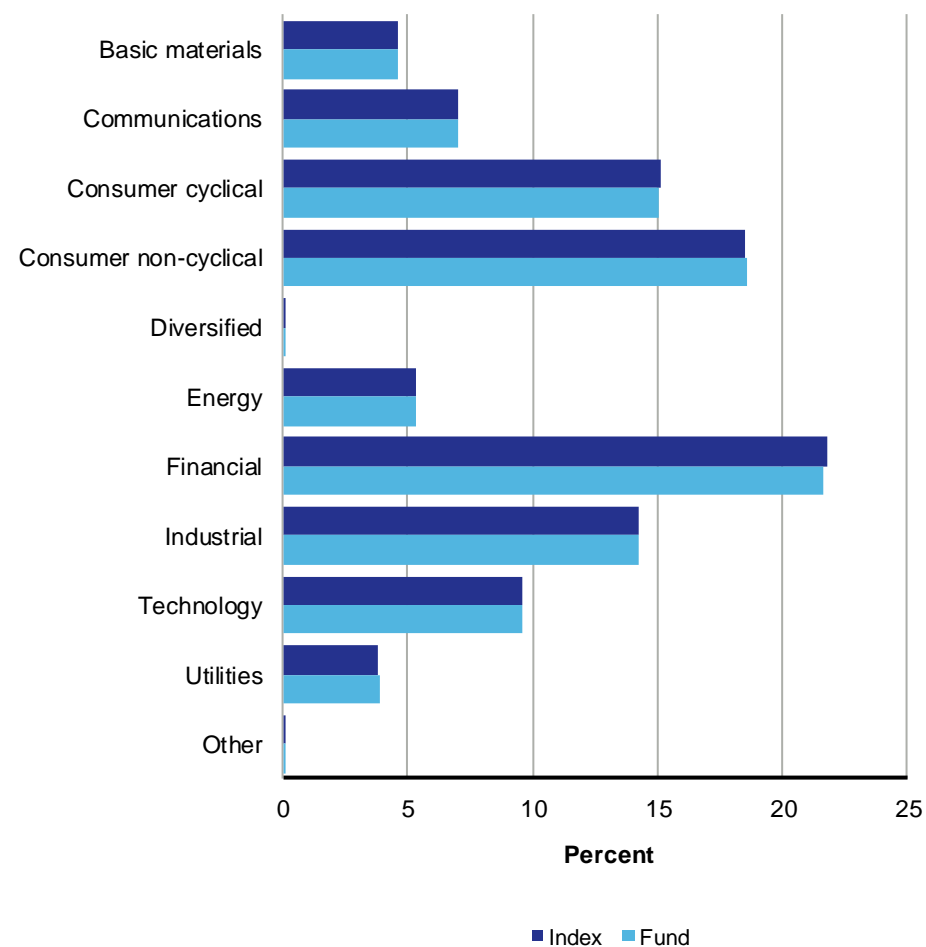
## Top 10 holdings

	Fund %	Index %
Las Vegas Sands Corp	0.69	0.69
Annaly Capital Management In	0.60	0.61
Lyondellbasell Indu-cl A	0.50	0.51
General Motors Co	0.48	0.48
Vertex Pharmaceuticals Inc	0.47	0.47
Liberty Global Inc-A	0.46	0.45
Monster Beverage Corp	0.42	0.42
Delta Air Lines Inc	0.39	0.39
Liberty Interactive Corp-A	0.38	0.38
Regeneron Pharmaceuticals	0.37	0.37

Ext-Mkt-A-Ch

This information is unaudited and intended for analytical purposes only  
Source: BlackRock, Bloomberg, Wilshire

## Sector diversification



# **Account Review**

## **ACWI ex-US IMI Index Fund**

ACWI-120716-sc\*

# ACWI ex-US IMI Index Fund

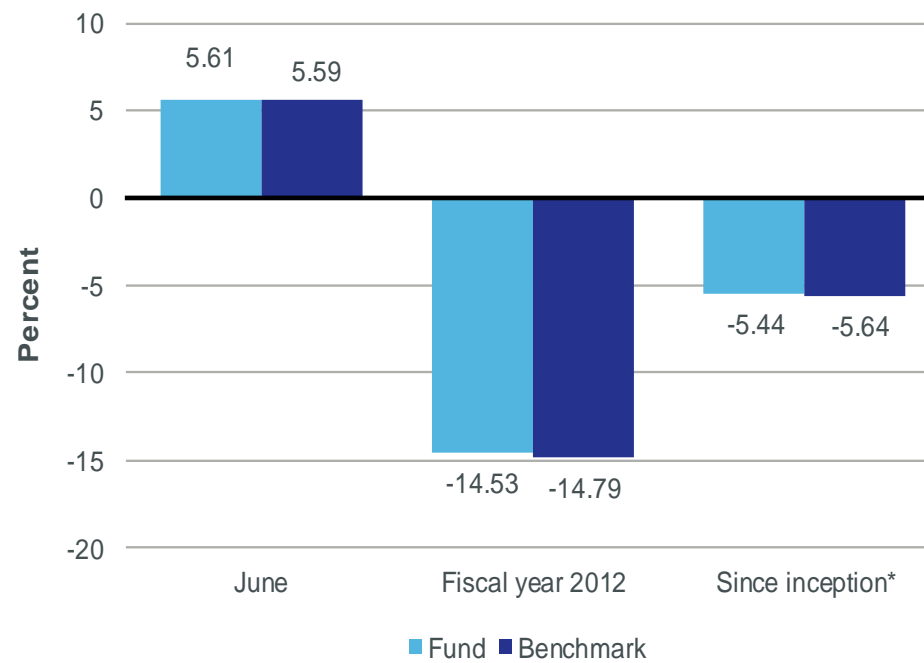
## Ventura County Employees' Retirement Association

As of 30 June 2012

Account value

\$265,166,044

Returns since client inception



\* Returns since inception for periods greater than one year are annualized  
 Client inception 30 May 2008  
 Fiscal year end June 30

# ACWI ex-US IMI Index Fund

## Ventura County Employees' Retirement Association

	Fund	MSCI ACWI ex-U.S. IMI U.S.\$ Net Dividend	Tracking Difference
2008 <sup>1</sup>	-8.18%	-8.26%	0.08%
2009	-30.35	-30.50	0.15
2010	11.44	11.49	-0.05
2011	30.61	30.26	0.35
1 Yr <sup>2</sup>	-14.53	-14.79	0.26
3 Yrs Annualized	7.55	7.36	0.19
Fiscal Year 2012			
Jul	-1.19%	-1.19%	0.00%
Aug	-8.58	-8.58	0.00
Sep	-11.26	-11.29	0.03
1st Qtr.	-19.84%	-19.87%	0.03%
Oct	10.29%	10.28%	0.01%
Nov	-5.16	-5.18	0.02
Dec	-1.20	-1.20	0.00
2nd Qtr.	3.34%	3.31%	0.03%
Jan	7.04%	7.03%	0.01%
Feb	5.72	5.71	0.01
Mar	-1.32	-1.36	0.04
3rd Qtr.	11.66%	11.60%	0.06%
Apr	-1.41%	-1.49%	0.08%
May	-11.26	-11.33	0.07
Jun	5.61	5.59	0.02
4th Qtr.	-7.60%	-7.77%	0.17%
Fiscal YTD	-14.53%	-14.79%	0.26%
Cumulative Since Inception	-20.43%	-21.10%	0.67%
Annualized Since Inception	-5.44%	-5.64%	0.20%
Annualized Risk	25.90%	25.98%	0.23%

### General Notes:

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(c) 2012 BlackRock Institutional Trust Company, N.A.

<sup>1</sup> Account Inception 05/30/08

<sup>2</sup> Performance figures are annualized as of fiscal year-end.

646297-632426



# ACWI ex-US IMI Index Fund

	Fund	MSCI ACWI ex-U.S. IMI U.S.\$ Net Dividend	Tracking Difference
2008 <sup>1</sup>	-37.07%	-37.48%	0.41%
2009	43.27	43.60	-0.33
2010	12.90	12.73	0.17
2011	-14.05	-14.31	0.26
1 Yr <sup>2</sup>	-14.53	-14.79	0.26
3 Yrs Annualized	7.55	7.36	0.19
2012			
Jan	7.04%	7.03%	0.01%
Feb	5.72	5.71	0.01
Mar	-1.32	-1.36	0.04
1st Qtr.	11.66%	11.60%	0.06%
Apr	-1.41%	-1.49%	0.08%
May	-11.26	-11.33	0.07
Jun	5.61	5.59	0.02
2nd Qtr.	-7.60%	-7.77%	0.17%
Jul			
Aug			
Sep			
3rd Qtr.			
Oct			
Nov			
Dec			
4th Qtr.			
YTD 2012	3.18%	2.93%	0.25%
Cumulative Since Inception	-9.72%	-10.73%	1.01%
Annualized Since Inception	-2.36%	-2.62%	0.26%
Annualized Risk	25.70%	25.76%	0.24%

## General Notes:

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<sup>1</sup> Fund Inception 03/20/08

<sup>2</sup> Performance figures are annualized as of period end.

646297

# BlackRock MSCI ACWI ex-US IMI Index<sup>SM</sup> Fund A

## Characteristics

As of 31 May 2012

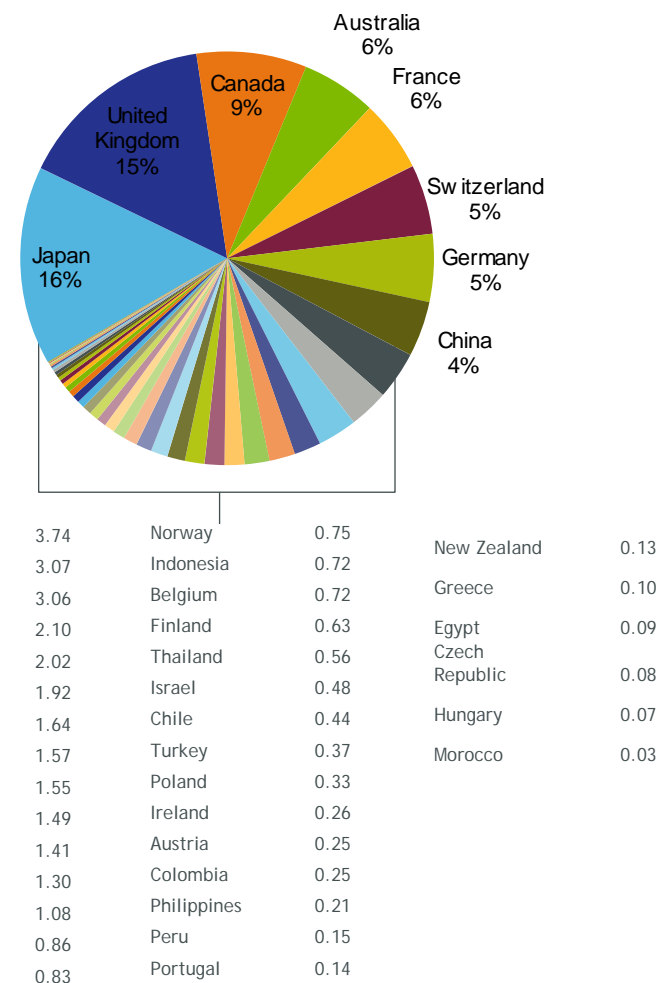
Characteristics	
Strategy	MSCI ACWI ex-US IMI <sup>SM</sup>
Total fund value	\$4.8B
Number of issues in fund	6,375
Predicted tracking error	0.20-0.50%

### Top 10 holdings

	Country	Weight (%)
Nestle S.A.	Switzerland	1.22
HSBC Holdings PLC	United Kingdom	0.92
Vodafone Group PLC	United Kingdom	0.88
Novartis AG	Switzerland	0.79
Samsung Electronics Co. Ltd	Korea	0.76
BP PLC	United Kingdom	0.76
Royal Dutch Shell PLC (CL A)	United Kingdom	0.74
GlaxoSmithKline PLC	United Kingdom	0.73
Roche Holding AG	Switzerland	0.72
Toyota Motor Corp.	Japan	0.70

ACWI-ex-US-IMI-A-Ch

### Country allocation



Portions of the above characteristics are based on benchmark data as the portfolio fully replicates benchmark and is for analytical purposes only. Index data may differ to those published by the Index due to calculation methods. Breakdowns may not sum to total due to rounding, exclusion of cash, STIF, and statistically immaterial factors

Index data only. Data not representative of the fund

Sources: BlackRock, FactSet, MSCI

## **Account Review Fixed Income**

FI-120716-sc\*

# US Debt Index Fund

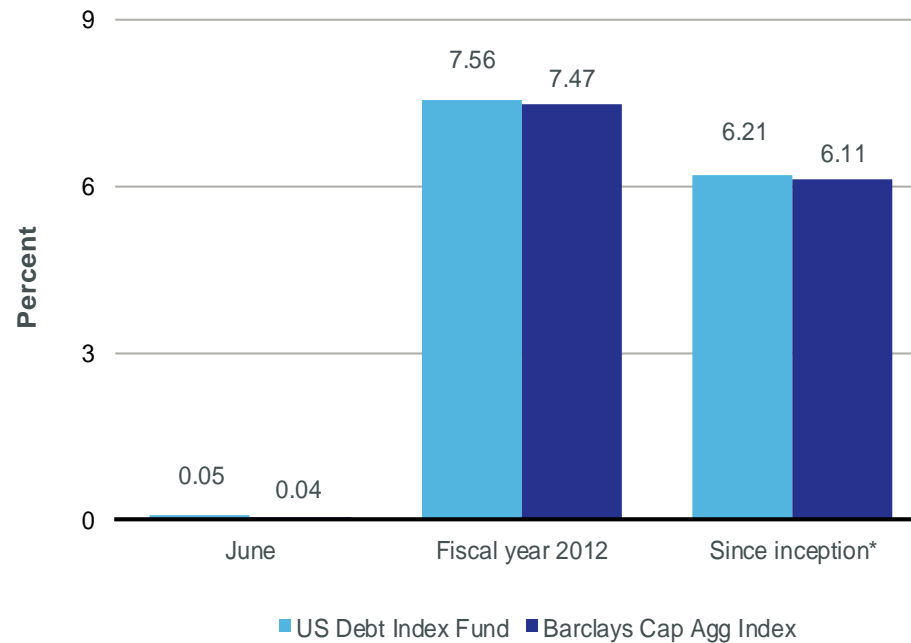
## Ventura County Employees' Retirement Association

As of 30 June 2012

Account value

\$131,199,405

Returns since client inception



\* Returns since inception for periods greater than one year are annualized  
 Client inception 31 December 1995  
 Fiscal year end June 30

# US Debt Index Fund

## Ventura County Employees' Retirement Association

	Fund	Barclays U.S. Aggregate Bond Index <sup>1</sup>	Tracking Difference
2002	3.91%	3.79%	0.12%
2003	10.47	10.40	0.07
2004	0.33	0.32	0.01
2005	6.85	6.80	0.05
2006	-0.76	-0.81	0.05
2007	6.21	6.12	0.09
2008	7.32	7.12	0.20
2009	6.15	6.05	0.10
2010	9.61	9.50	0.11
2011	4.03	3.90	0.13
1 Yr <sup>2</sup>	7.56	7.47	0.09
3 Yrs Annualized	7.04	6.93	0.11
5 Yrs Annualized	6.92	6.79	0.13
7 Yrs Annualized	5.69	5.58	0.11
10 Yrs Annualized	5.72	5.63	0.09

### Fiscal Year 2012

Jul	1.59%	1.59%	0.00%
Aug	1.45	1.46	-0.01
Sep	0.73	0.73	0.00
1st Qtr.	3.82%	3.82%	0.00%
Oct	0.11%	0.11%	0.00%
Nov	0.01	-0.09	0.10
Dec	1.02	1.10	-0.08
2nd Qtr.	1.14%	1.12%	0.02%
Jan	0.89%	0.88%	0.01%
Feb	0.06	-0.02	0.08
Mar	-0.61	-0.55	-0.06
3rd Qtr.	0.33%	0.30%	0.03%
Apr	1.12%	1.11%	0.01%
May	0.91	0.90	0.01
Jun	0.05	0.04	0.01
4th Qtr.	2.10%	2.06%	0.04%
Fiscal YTD	7.56%	7.47%	0.09%
Cumulative Since Inception <sup>3</sup>	170.04%	166.18%	3.86%
Annualized Since Inception	6.21%	6.11%	0.10%
Annualized Risk	3.57%	3.57%	0.08%

<sup>1</sup> 5/31/96 performance difference due to pricing changes in the Barclays Capital Mortgage Index.

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<sup>2</sup> Performance figures are annualized as of fiscal year-end.

<sup>3</sup> Account Inception 12/31/95

506864-537745

# US Debt Index Fund

	Fund	Barclays U.S. Aggregate Bond Index <sup>1</sup>	Tracking Difference
2002	10.34%	10.26%	0.08%
2003	4.22	4.10	0.12
2004	4.37	4.34	0.03
2005	2.47	2.43	0.04
2006	4.42	4.33	0.09
2007	7.07	6.97	0.10
2008	5.41	5.24	0.17
2009	6.01	5.93	0.08
2010	6.73	6.54	0.19
2011	7.89	7.84	0.05
1 Yr <sup>2</sup>	7.56	7.47	0.09
3 Yrs Annualized	7.04	6.93	0.11
5 Yrs Annualized	6.92	6.79	0.13
7 Yrs Annualized	5.69	5.58	0.11
10 Yrs Annualized	5.72	5.63	0.09
2012			
Jan	0.89%	0.88%	0.01%
Feb	0.06	-0.02	0.08
Mar	-0.61	-0.55	-0.06
1st Qtr.	0.33%	0.30%	0.03%
Apr	1.12%	1.11%	0.01%
May	0.91	0.90	0.01
Jun	0.05	0.04	0.01
2nd Qtr.	2.10%	2.06%	0.04%
Jul			
Aug			
Sep			
3rd Qtr.			
Oct			
Nov			
Dec			
4th Qtr.			
YTD 2012	2.44%	2.37%	0.07%
Cumulative Since Inception <sup>3</sup>	518.78%	512.31%	6.47%
Annualized Since Inception	7.26%	7.22%	0.04%
Annualized Risk	3.96%	3.96%	0.09%

## General Notes:

<sup>1</sup> 5/31/96 performance difference due to pricing changes in the Barclays Capital Mortgage Index.

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<sup>2</sup> Performance figures are annualized as of period end.

<sup>3</sup> Fund Inception 06/30/96

506864

# Portfolio profile

As of 31 May 2012

## US Debt Index Fund

	US Debt Index Fund	Barclays Aggregate Bond Index
Market value (\$B)	6.31	16,490.79
# Issues	6,074	7,923
<b>Characteristics</b>		
Coupon (%)	3.87	3.84
Nominal yield (%)	1.66	1.66
Current yield (%)	3.53	3.49
Yield to maturity (YTM) (%)	1.66	1.67
Weighted avg life (yrs)	6.38	6.42
Effective duration (yrs)	4.43	4.45
Spread duration	3.05	3.08
Option adjusted spread (bps)	72	72
Convexity	0.11	0.10
Avg price (\$)	103.59	109.69
Moody rating	Aa1	Aa1
S&P rating	AA	AA
<b>Quality breakdown (mkt val %)</b>		
AAA or above	75.72	75.79
AA	3.27	3.18
A	11.31	11.29
BBB	9.70	9.73
NR	0.00	0.01

	US Debt Index Fund	Barclays Aggregate Bond Index
<b>Sector breakdown (mkt val %)</b>		
Treasury	36.40	35.86
Agencies	4.67	5.34
Financials	6.65	6.63
Industrials	11.46	11.45
Utilities	2.30	2.32
Non-US credit	4.51	4.50
Taxable munis	0.97	1.01
ABS	0.25	0.25
Mortgages	29.72	29.74
Hybrid ARM	0.98	0.99
CMBS	1.90	1.90
Cash	0.19	0.00
<b>Weighted avg life breakdown (mkt val %)</b>		
0-1	2.40	0.52
1-2	10.35	11.77
2-3	32.70	32.71
3-5	21.56	21.98
5-7	11.58	10.34
7-10	8.69	9.85
10-20	3.28	3.39
20-30	9.12	9.08
30+	0.32	0.35

Data is for analytical purposes only. Index data points may differ to those published by the Index due to calculation methods  
 Breakdowns may not sum to total due to rounding, exclusion of cash, STIF, and statistically immaterial factors  
 Source: BlackRock

## Market Reviews

MR-120716-sc\*



## Global Equity

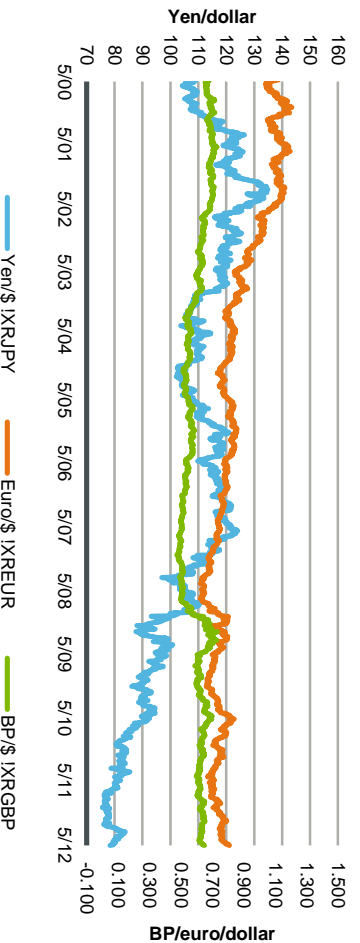
## Market Overview and Outlook

The state of the global economy is pretty much back to where it was in late 2011 -- an anemic recovery threatened by Europe. Amid renewed concerns about a worsening European crisis and a stalling recovery, stocks have erased most of their early 2012 gains.

Global equity markets finished May down 9%, with European and emerging market stocks particularly suffering, and as investor sentiment turned more cautious, the yield on the 10-year Treasury retreated last month to 1.56%. While stocks gained somewhat in early June, rising 1% through June 8 on hopes policy makers will continue to step in to save the day and revive slowing economies, recent market performance has still left many investors wondering whether we are on the verge of another global recession.

- ▶ In our opinion, the most likely outcome for the global economy for the remainder of the year continues to be slow, but positive growth. The US economy is on firmer footing, we expect emerging market growth to stabilize and there are some signs of a soft landing in China.
- ▶ That said, two big risks remain, either of which could send the global economy into a double-dip recession. First, the possibility of a full-blown eurozone crisis continues to remain the major threat to the global recovery and in particular, we are concerned about the rising risk of a Greece exit from the euro and a Spanish banking system crisis. Second, if US policy makers do not avert the United States' pending fiscal drag, the odds of a double dip rise.
- ▶ In light of the uncertainty regarding the fate of the eurozone and United States' fiscal policy, markets are likely to remain highly volatile in the second half of the year. While we continue to hold an overweight long-term view of global equities, especially relative to bonds, and we expect that stocks can move higher in the remainder of the year, stocks' ascent is likely to be anything but smooth.
- ▶ As such, we continue to recommend investors maintain a defensive positioning in their portfolios. We like high-quality, dividend paying stocks, including those in emerging markets; defensive sectors such as global telecommunications; global mega capitalization (mega cap) stocks; and US and international minimum volatility funds. We also prefer to get equity exposure through select developed and emerging markets that have robust growth prospects and fewer debt and banking sector problems. Within fixed income, we like US spread products such as investment grade and municipal bonds.

## Performance of US dollar



As of 31 May 2012; Sources: MSCI, Factset

## Returns by region (returns net dividends, US\$)

	May %	YTD %
MSCI AC World Index <sup>SM</sup>	-8.97	0.68
MSCI AC World ex USA Index <sup>SM</sup>	-11.36	-2.95
MSCI EAFE Index <sup>®</sup>	-11.48	-3.79
MSCI Europe ex-UK Index <sup>SM</sup>	-12.70	-6.03
MSCI United Kingdom Index <sup>SM</sup>	-11.47	-3.50
MSCI Japan Index <sup>SM</sup>	-8.93	-1.90
MSCI Pacific Free ex-JP Index <sup>SM</sup>	-11.84	-0.40
MSCI Canada Index <sup>SM</sup>	-10.75	-4.59
MSCI USA Index <sup>SM</sup>	-6.22	4.97
MSCI Emerging Markets (EM) Index <sup>SM</sup>	-11.21	0.07
MSCI EM Asia Index <sup>SM</sup>	-9.50	2.38
MSCI EM Latin America Index <sup>SM</sup>	-13.14	-4.20
MSCI EM EMEA Index <sup>SM</sup>	-14.48	-2.13

As of 31 May 2012; Sources: MSCI, Factset

## Returns by sector\* (returns net dividends, US\$)

	May %	YTD %
Energy	-11.98	-9.45
Materials	-13.07	-5.51
Industrials	-8.53	0.73
Consumer discretionary	-8.10	7.81
Consumer staples	-4.36	2.49
Health care	-5.09	2.39
Financials	-11.58	1.73
Information technology	-8.62	7.11
Telecomm.	-3.56	-2.62
Utilities	-4.64	-3.97

\* MSCI World  
As of 31 May 2012; Sources: MSCI, Factset

## Developed Markets Country Highlights

### Large Markets

	May Return (%)	YTD Return (%)
MSCI USA Index <sup>SM</sup>	-6.22	4.97
MSCI United Kingdom Index <sup>SM</sup>	-11.47	-3.50
MSCI Japan Index <sup>SM</sup>	-8.93	-1.90
MSCI France Index <sup>SM</sup>	-11.28	-6.42
MSCI Germany Index <sup>SM</sup>	-13.70	1.04
MSCI Switzerland Index <sup>SM</sup>	-10.50	-2.77

As of 31 May 2012; Source: MSCI, BlackRock

In the developed world, we still expect certain smaller, developed countries—Canada, Australia, Singapore, Switzerland and Hong Kong (the CASSH countries)—to outperform other developed markets over the long term given their generally lower debt levels and structural deficits, and more robust growth prospects. In the near term, among developed markets, we especially like Hong Kong and Singapore and certain countries in northern Europe.

► Despite all of the recent accords, firewalls and bailout funds, the eurozone's economic future remains on a precipice and we are closely watching four developments. First, we are watching the outcome of the upcoming Greek election. A market friendly development would be a vote slightly more favorable for the two main political parties. This would signal that Greece is likely to accept the terms of the bailout package and remain in the euro. But if the election does not produce a more definitive result and the far left party that wants to repudiate the bailout package emerges even more victorious, the risk of a Greece showdown with the rest of Europe goes up. Second, we are watching for further Greek banking system outflows, which would signal a worsening crisis. Third, as the Spanish banking system is arguably a bigger threat to Europe than a Greece exit from the euro, we are watching for more clarity on the rescue plan for Spain and on how Spain plans to recapitalize its banking system. Finally, we are looking for more signs that Germany is softening its position toward Eurobonds. Any development in this direction would signal a growing eurozone consensus toward how to resolve the crisis, a positive for markets. In short, we believe a worsening eurozone crisis can still be avoided if European politicians get more aggressive in addressing their region's problems. But as there is little likelihood of an imminent solution, the region is likely to continue to be a source of uncertainty and market volatility in the near term. As such, while we do like some countries in more economically stable northern Europe, we continue to advocate underweighting Italy and Spain, which look cheap for a reason.

► While US growth remains a bright spot in the world outlook and most measures continue to suggest that the United States will avoid another recession, the US recovery is still stuck in first gear thanks to the debt overhang of the last decade. US growth is likely to be around 2% this year and with job creation and wage growth at current slow paces, consumer spending is very likely going to slow down. In addition, with the graying of

the US population set to accelerate, the long-term downward trend in US labor force participation is likely to continue, dragging down future growth. Given that the US economy is so reliant on the consumer, tax uncertainty is also a potential headwind. US politicians have yet to address the pending tax hikes and spending cuts scheduled to take effect in January 2013. Assuming these hikes and cuts occur on schedule, they could pose a headwind to the US market later this year and significantly lower US growth in 2013. Finally, Europe remains a major risk to the US economy due to the impact a worsening eurozone crisis would have on US exports and banks.

► Japan's equity market has once again started to look more interesting thanks to compressed valuations on the back of foreign investor selling in May's risk-off environment. But while Japan's growth in the first quarter of 2012 was impressive, it was largely supported by post-earthquake government spending. In addition, the strengthening of yen as a traditional safe haven is likely to provide headwinds for the country's exporters. Still, market sentiment could benefit in coming months from further quantitative easing by the Bank of Japan. Also, resolution of the uncertainty surrounding a pending sales tax hike could help restore market confidence in the country's fiscal position.

## Emerging Markets Country Highlights

### Large Markets

	May Return (%)	YTD Return (%)
MSCI China Index <sup>SM</sup>	-10.56	1.80
MSCI Korea Index <sup>SM</sup>	-11.36	2.26
MSCI Brazil Index <sup>SM</sup>	-14.44	-8.72
MSCI Taiwan Index <sup>SM</sup>	-5.02	4.19
MSCI Russia Index <sup>SM</sup>	-19.38	-7.07

As of 31 May 2012; Source: MSCI, BlackRock

Emerging markets are generally experiencing a longer-term trend toward less volatility and offer stronger growth prospects than many developed markets. In addition, falling inflation in most emerging markets countries has yet to translate into multiple expansion, and valuations remain compelling. In short, as many large developed markets have yet to address their structural issues, and will likely experience slower economic growth over the longer term thanks to their aging populations, emerging markets may arguably be a source of growth and stability over the longer term horizon.

► Within Latin America, stock valuations in Mexico appear comparatively rich. While the country's economic outlook is robust (growth prospects have improved over the past six months and consumer confidence is high), Mexico's inflation actually ticked up in May, unlike inflation in most emerging markets. In addition, with Mexico's banking sector dominated by Spanish banks, Mexico is directly exposed to the Spanish banking crisis.

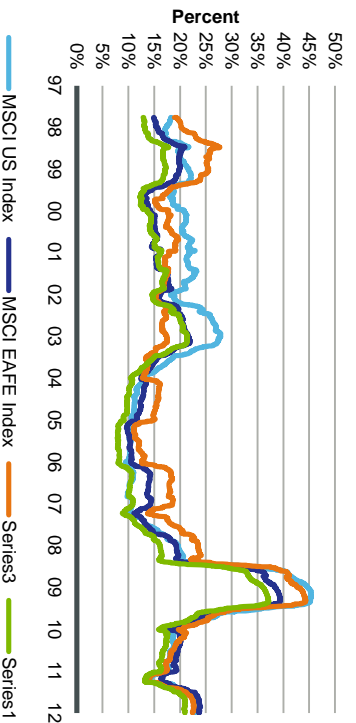
► We like emerging Asian countries thanks to these markets' robust growth prospects and relatively attractive valuations. Within emerging Asia, the Indonesian market currently looks like a good value relative to its own trading history and as the country's near-term growth prospects remain robust, Indonesia represents a rare growth play in a slow-growth environment. In addition, Indonesian companies are very profitable with an aggregate return on assets (ROA) that is the highest among larger emerging markets countries. Risks to our view include a government-controlled fuel price hike. The hike, however, could improve the country's financial position in the longer term.

► We continue to like China. Based on leading economic indicators, we expect China to be able to engineer a soft landing in the back half of the year, with growth settling at around 8%. In our view, China has both the motivation and ability to maintain growth at a respectable rate as the country readies itself for a leadership transition later this year. Government officials still have room for both fiscal and monetary stimulus measures such as the surprise rate cut in early June.

► In contrast, India's situation is precarious due to slowing growth, stubbornly high inflation, and large budget and current account deficits.

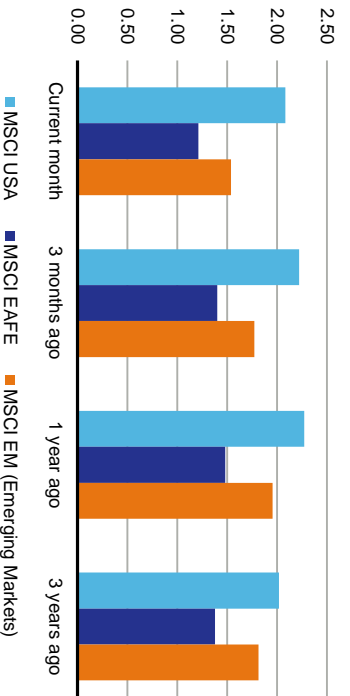
## Valuations and Market Returns

### Volatility



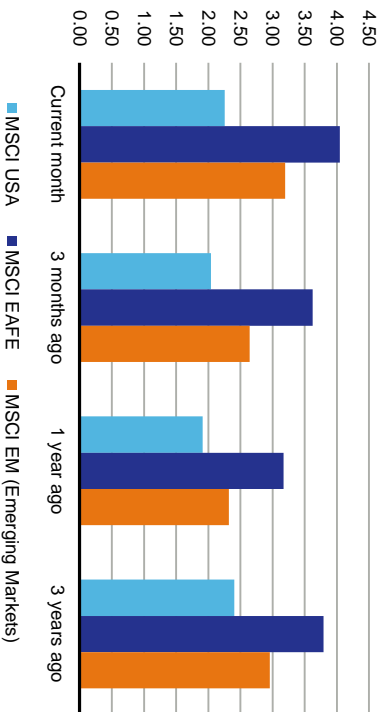
Annualized rolling 12-month daily returns  
As of 31 May 2012; Sources: MSCI, Factset

### Price/book



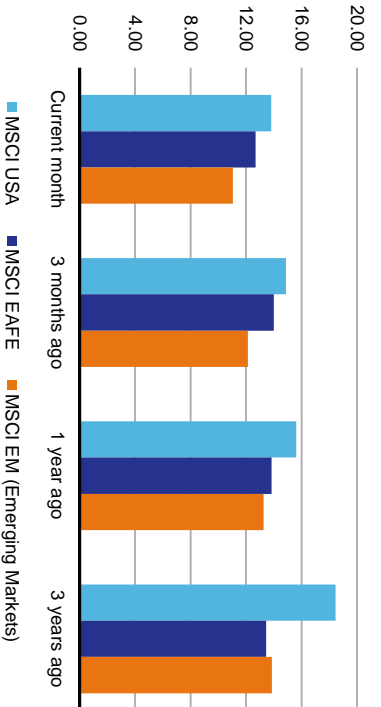
As of 31 May 2012; Sources: MSCI, Factset

### Yield

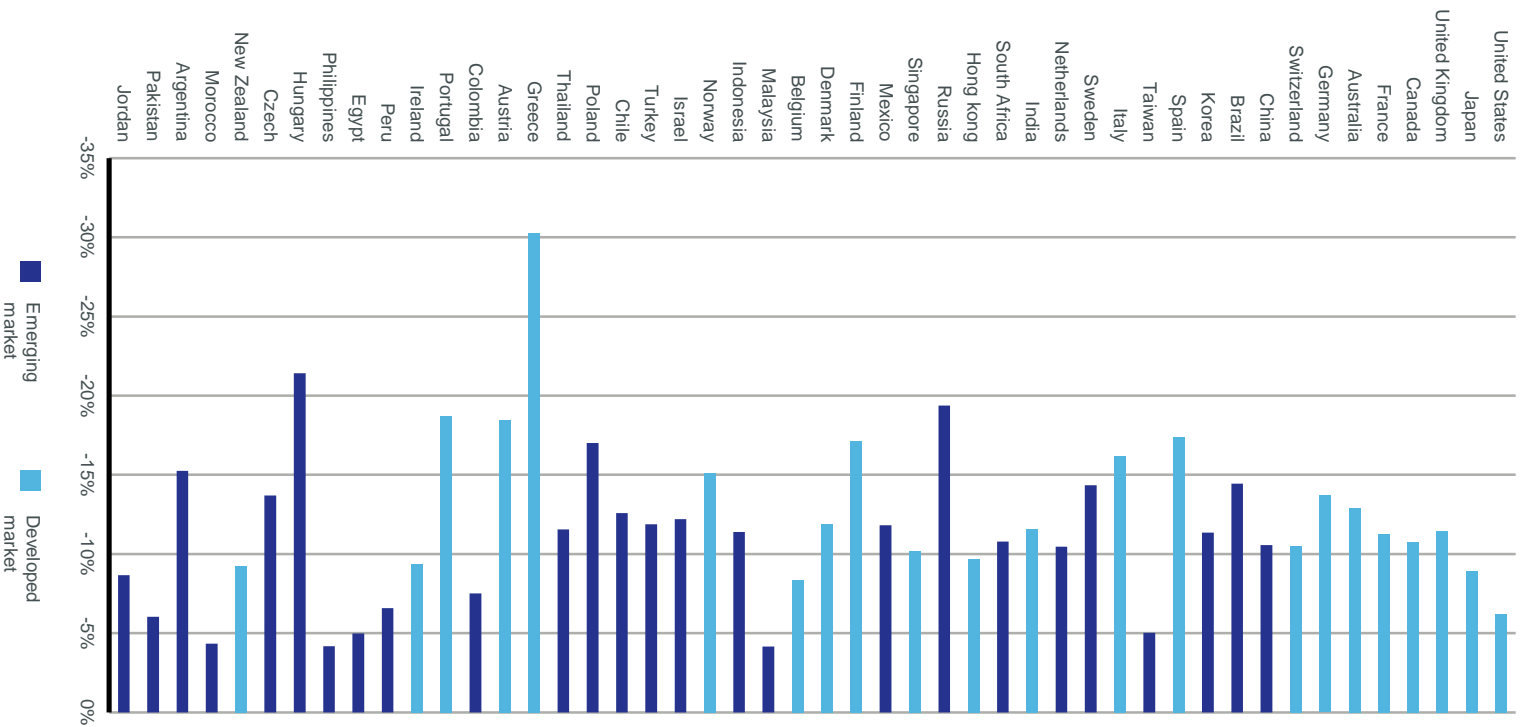


As of 31 May 2012; Sources: MSCI, Factset

### Price/earning



As of 31 May 2012; Sources: MSCI, Factset

**MSCI Country Indices returns (sorted by size, top to bottom)**

As of 31 May 2012; Sources: MSCI, Factset



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The MSCI ACWI (All Country World Index) Index<sup>SM</sup> is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets. As of April 2005 the MSCI ACWI consisted of the following 49 developed and emerging market country indices: Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, China, Colombia, Czech Republic, Denmark, Egypt, Finland, France, Germany, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Jordan, Korea, Malaysia, Mexico, Morocco, Netherlands, New Zealand, Norway, Pakistan, Peru, Philippines, Poland, Portugal, Russia, Singapore Free, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, the United Kingdom, the United States and Venezuela.

The MSCI ACWI ex US (All Country World Index) Index<sup>SM</sup> is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets, excluding the USA. As of April 2005 the MSCI ACWI ex USA consisted of the following 48 developed and emerging market country indices: Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, China, Colombia, Czech Republic, Denmark, Egypt, Finland, France, Germany, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Jordan, Korea, Malaysia, Mexico, Morocco, Netherlands, New Zealand, Norway, Pakistan, Peru, Philippines, Poland, Portugal, Russia, Singapore Free, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, the United Kingdom and Venezuela.

The MSCI EAFE<sup>®</sup> Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the USA & Canada. As of December 2003 the MSCI EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom.

The MSCI Europe ex UK Index<sup>SM</sup> is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe, excluding the United Kingdom. As of December 2003, the MSCI Europe ex UK Index consisted of the following 15 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden and Switzerland.

The MSCI Germany Index<sup>SM</sup> is a free float-adjusted market capitalization index that is designed to measure equity market performance in Germany.

The MSCI Israel Index<sup>SM</sup> is a free float-adjusted market capitalization index that is designed to measure equity market performance in Israel.

The MSCI Korea Index<sup>SM</sup> is a free float-adjusted market capitalization index that is designed to measure equity market performance in Korea.

The MSCI Portugal Index<sup>SM</sup> is a free float-adjusted market capitalization index that is designed to measure equity market performance in Portugal.

The MSCI Columbia Index<sup>SM</sup> is a free float-adjusted market capitalization index that is designed to measure equity market performance in Columbia.

The MSCI Switzerland Index<sup>SM</sup> is a free float-adjusted market capitalization index that is designed to measure equity market performance in Switzerland.

The MSCI France Index<sup>SM</sup> is a free float-adjusted market capitalization index that is designed to measure equity market performance in France.

The MSCI UK Index<sup>SM</sup> is a free float-adjusted market capitalization index that is designed to measure equity market performance in the United Kingdom.

The MSCI Japan Index<sup>SM</sup> is a free float-adjusted market capitalization index that is designed to measure equity market performance in Japan.

The MSCI Pacific Free ex Japan Index<sup>SM</sup> is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in the Pacific region, excluding Japan. As of December 2003, the MSCI Pacific Index consisted of the following 4 Developed Market countries: Australia, Hong Kong, New Zealand, and Singapore.

The MSCI Canada Index<sup>SM</sup> is a free float-adjusted market capitalization index that is designed to measure equity market performance in Canada.

The MSCI USA Index<sup>SM</sup> is a free float-adjusted market capitalization index that is designed to measure equity market performance in the USA.

The MSCI South Africa Index<sup>SM</sup> is a free float-adjusted market capitalization index that is designed to measure equity market performance in South Africa.

The MSCI Taiwan Index<sup>SM</sup> is a free float-adjusted market capitalization index that is designed to measure equity market performance in Taiwan.

The MSCI China Index<sup>SM</sup> is a free float-adjusted market capitalization index that is designed to measure equity market performance in China.

The MSCI Emerging Markets Index<sup>SM</sup> is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. As of December 2003 the MSCI Emerging Markets Index consisted of the following 26 emerging market country indices: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, Turkey and Venezuela.

MSCI EM (Emerging Markets) Asia Index<sup>SM</sup> is a free float-adjusted market capitalization index that is designed to measure emerging market equity performance in Asia. As of December 2003 the MSCI EM Asia Index consisted of the following 9 emerging market country indices: China, India, Indonesia, Korea, Malaysia, Pakistan, Philippines, Taiwan and Thailand.

The MSCI EM (Emerging Markets) Latin America Index<sup>SM</sup> is a free float-adjusted market capitalization index that is designed to measure equity market performance in Latin America. As of December 2003 the MSCI EM Latin America Index consisted of the following 7 emerging market country indices: Argentina, Brazil, Chile, Colombia, Mexico, Peru and Venezuela.

The MSCI EM (Emerging Markets) Europe, Middle East and Africa Index<sup>SM</sup> is a free float-adjusted market capitalization index that is designed to measure equity market performance in the emerging market countries of Europe, the Middle East & Africa. As of December 2003, the MSCI EM EMEA Index consisted of the following 10 emerging market country indices: Czech Republic, Hungary, Poland, Russia, Turkey, Israel, Jordan, Egypt, Morocco and South Africa.

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## Market review

Risk assets struggled again in May as Greek political turmoil mounted, and fears of a major Spanish banking crisis drove a risk-off move. TIPS again were the best performing fixed income sector on both a total return and duration-adjusted basis. The recovery still appears fragile, as both US and European economic data was disappointing. US Consumer Confidence came in lower than expected, and the unemployment rate decreased as the labor force participation rate dropped. European manufacturing data came in weaker than expected, and Europe's leading economic indicators are trending down. In June, the market is expected to continue to focus on the next Fed meeting on June 20th and the European political situation. While the market expects the Fed to remain dovish going forward, it will likely be the strength (or weakness) of economic data over the next several weeks that will drive the Fed's decision. In Europe the focus will be on Greece, as it has another round of elections on the 17th after no party won a majority in the May 6th vote.

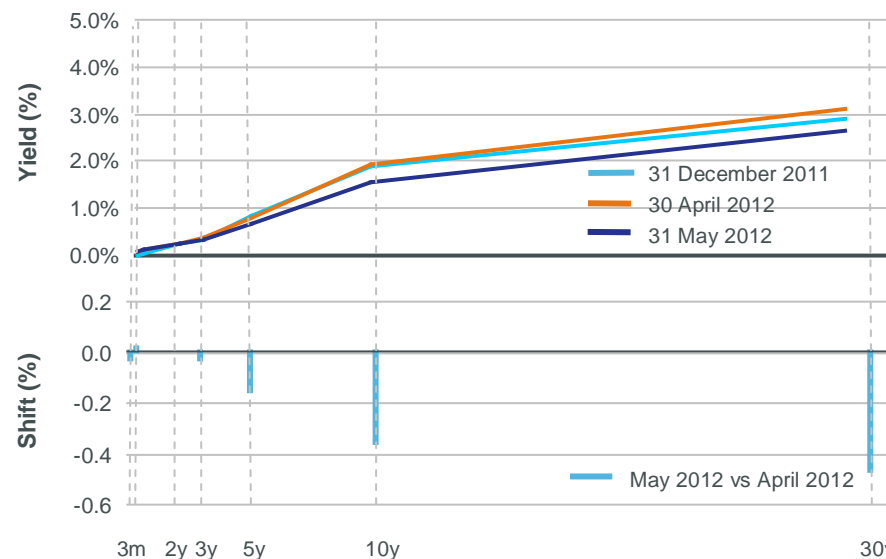
After a strong first quarter, May marked the second straight month of disappointing US economic data. Consumer Confidence reported below expectations in May, coming in at 64.9, versus consensus estimates of 69.6. March was revised down from 69.2 to 68.7. Payrolls in April rose less than expected, up 115,000 compared to estimates of 160,000. This disappointment was partially muted due to March being revised up 23,000. Private Payrolls were up 130,000 versus estimates of 165,000 and net revisions were up 45,000. The unemployment rate dropped 0.1% to 8.1%, but this was largely due to a decline in the Participation Rate, as Household Employment fell -169,000, and discouraged job seekers stopped looking for work. Over the month new jobless claims increased, with the final report coming in at 383,000 compared to estimates of 370,000. Claims are starting to grind higher, which is concerning, given the headwinds that the broad economy is facing.

There was no Federal Open Markets Committee meeting in May, leaving the market to debate what would be announced in June's meeting. The Fed continued with Operation Twist in May, purchasing approximately \$45 billion in long duration Treasuries and selling \$43 billion of shorter-dated Treasuries. As of now, Operation Twist is scheduled to come to an end in June, a program that was first introduced in September of 2011.

Equities continued to fade in May with the S&P 500 down 6.01% and the NASDAQ down 7.04%. The Barclays US Credit Index posted a total return of 0.68% for the month and underperformed similarly-dated US Treasuries by 1.61%. The Barclays US High Yield Index returned -1.31% and experienced excess returns of -2.26% versus duration-matched US Treasuries.

Source: Bloomberg, as of 31 May 2012

## Yield curve shifts



## Treasuries & Agencies

The month of May brought about new lows in the Treasury market with 10-year yields closing the month 40 basis points lower at 1.51%. The disappointing Greek election on May 6th set the tone for the month. The market traded primarily on peripheral concerns with yields on Spanish and Italian 10-years serving as the focus of the market. For May, the 5/30s curve flattened 35 basis points from 230 to 195 basis points. The front end of the market remained very stable despite the rally in the rest of the Treasury curve, with 2-year notes closing the month almost unchanged after spending a significant part of the month higher on yield.

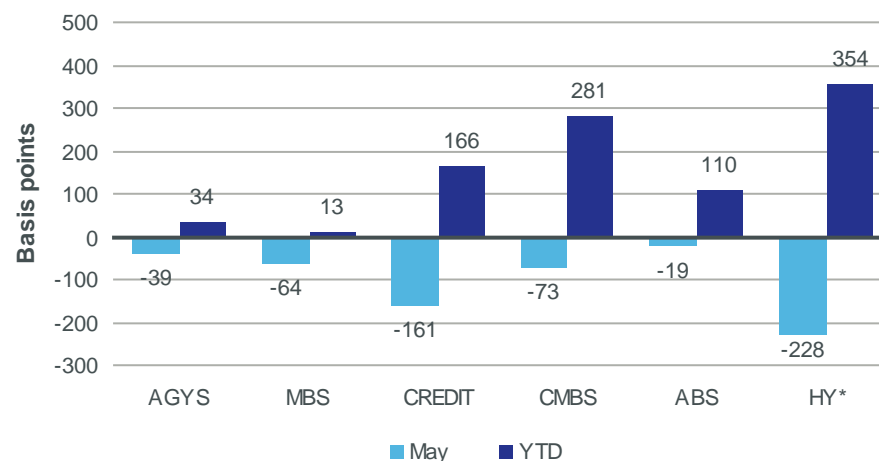
## Agency Mortgage-backed Securities (MBS)

Agency MBS underperformed duration-matched Treasuries by 64 basis points in May. Weaker US economic data coupled with the intensification of the European sovereign debt crises, focusing on Spain and the need to recapitalize its banking system, led to a flight-to-quality rally that had all spread sectors underperforming Treasuries. Thirty-year fixed rate mortgage rates fell to an all-time low of 3.75%, as reported on Freddie Mac's weekly survey on May 31. Prepayments increased more than expected in the April report, and the bill to make refinancing easier introduced by Sen. Menendez made headway in the Senate. Actual and projected increases in both organic and government-sponsored prepayments hampered Agency MBS performance. The 30-year 3.5% coupon actually outperformed Treasury hedges, but coupons of 4.5% and higher experienced significant underperformance, as did most of the 15-year coupon stack as well.

## Municipals

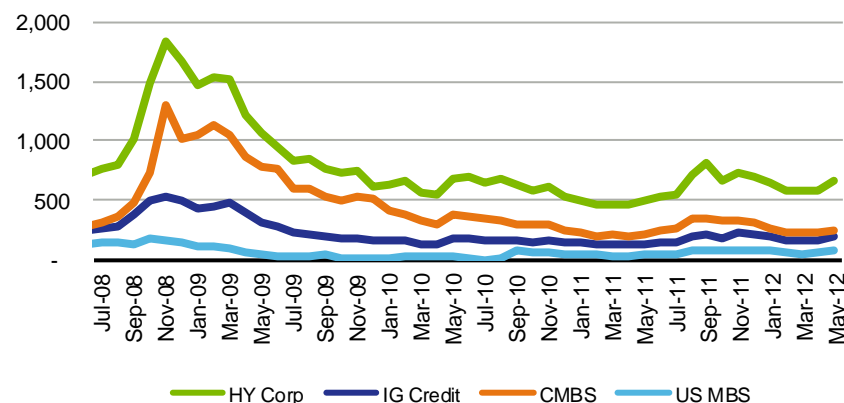
Municipals continue to benefit from a strong technical backdrop as well as the overwhelming move lower in global interest rates. For the month, the Barclays Municipal Bond Index returned 0.83% on a total return basis, with longer duration and lower credit bonds outperforming. Ratios increased across the board as municipals failed to keep pace with their taxable counterpart, while the 2s/30s curve flattened by 19 basis points. Weaker economic data coupled with Eurozone uncertainty assisted in pushing rates lower, while a continued imbalance in supply/demand and favorable seasonals ultimately drove this month's positive performance.

## Duration-adjusted excess returns vs. US Treasuries



\*Barclays High Yield 2% Issuer Capped Index  
Source: Barclays Capital, as of 31 May 2012

## OAS in basis points



Source: Barclays Capital as of 31 May 2012

## Investment Grade Credit

The Barclays Credit Index posted excess returns of -1.61% and saw its option-adjusted spread widen from 170 to 193. Investors continued to remain cautious of growth prospects in Europe as the disappointing Greek election and Spanish bank woes drove periphery debt to yields not seen since November of 2011. Before investors fully digested the result and implication of the Greek election on May 6, J.P. Morgan disclosed a \$2 billion mark-to-market loss in their CIO book's derivatives positions on May 10. While this event was seen largely as idiosyncratic in nature, the concern over the stability of the US financial system returned, and this will probably drive conversation of more severe banking regulations. In the midst of the panic, financial sectors again led the sell-off. With weaker growth prospects out of EM countries and the recession in Europe, energy companies and metals and mining companies experienced more severe selling pressure than during the peak of 2011. The top three performing sectors were Gaming with 5 basis points of excess return, Home Construction with -8 basis points of excess return, and Supranationals with -26 basis points of excess return. The worst performing sectors were Sovereigns with -368 basis points of excess return, Supermarkets with -324 basis points of excess return, and Environmental with -307 basis points of excess return.

## Commercial Mortgage-backed Securities (CMBS)

April was a challenging month for CMBS. The Barclays CMBS Investment Grade Index posted excess returns versus duration-adjusted treasuries of -73 basis points, bringing year-to-date excess returns to 281 basis points. Last cash flow bonds from 2005 and earlier vintages managed to remain relatively stable, widening by only 5 to 10 basis points over the month. However, for 2006 and 2007 vintage last cash flow bonds, spreads widened 10 to 40 basis points, with the higher beta bonds widening by 60 basis points over the month.

## Asset-backed Securities (ABS)

The ABS sector gave back some of its gains from the first four months of the year, posting excess returns of -0.19% in May. Credit card ABS was the biggest drag on performance with returns of -0.33%. Auto ABS posted -0.09% of excess returns. The May total return for the sector was 0.39%. Subprime auto subordinates tightened 5-10 basis points on the heels of a successful marketing of new-issue bonds by Santander. Cash equivalent spreads were unchanged on limited selling. Next-pay and last cash flow prime autos tightened 2-3 basis points as issuance declined. Government-guaranteed FFELP student loan ABS tightened 3-5 basis points on the front-end as investors, including banks, added exposure. Current-pay private student loans tightened 5 basis points after Sallie Mae brought their third deal to market. ABS fundamentals remained strong, despite recent headwinds in the global economy. Credit card delinquencies declined to an all-time low of 2.59% in April, according to Moody's.

## Non-Agency RMBS

Non-Agency RMBS suffered another pullback in May. Floating rate product again underperformed fixed rate bonds as rates rallied and the curve flattened, causing projected coupon income on floaters to decline month-over-month. Option ARMs and Subprime Seniors, both floating rate sectors, had the worst returns in May after a strong start to the year.

## High Yield

The High Yield Index returned -1.31% in May, taking year-to-date total returns to 5.05%. The total return benefited from a continued rally in rates, as excess returns came in at -2.26% in the month, and now stand at 3.57% for the year. High quality continued to outperform, aided somewhat by higher duration exposure. The BB Index returned -0.78% in May, while the B Index was down 1.39% and the CCC Index returned -2.35%. The Ford upgrade in May made Autos the top performing sector with a return of 58 basis points. Lodging and Airlines were the next best performers, as both experienced 33 basis points of total return. The worst performers were Metals & Mining with -2.80 basis points, followed by Technology with -2.45 basis points, and then Media Non-Cable with -2.18% basis points.



## Emerging Markets

Emerging Markets performance was down for the month with EM dedicated funds beginning to see outflows across asset classes. For the month, hard currency saw inflows of \$143.1 million, while local currency saw outflows of \$60 million, though outflows accelerated in the last week with outflows of \$346.8 million in local currency and \$142.9 million hard currency. EM currencies sold off, with the JPMorgan ELM+ Index down 5.89%. The Russia ruble, Hungarian forint, Polish zloty, Mexican peso, Czech koruna, and South African rand underperformed the benchmark, while Asian currencies such as the Philippine peso, Taiwanese dollar, and Indonesian rupiah outperformed the index. Local fixed income indices also underperformed, with the JPMorgan GBI-EM Diversified Index down 7.68%. External debt sold off as well, with the JPMorgan EMBI Global Index down 2.77%. EM spreads widened with high beta sovereigns such as Argentina, Venezuela, Hungary, and Ukraine underperforming the index. Meanwhile, high quality sovereigns such as Brazil, Colombia, Peru, Philippines, and Malaysia outperformed the index.

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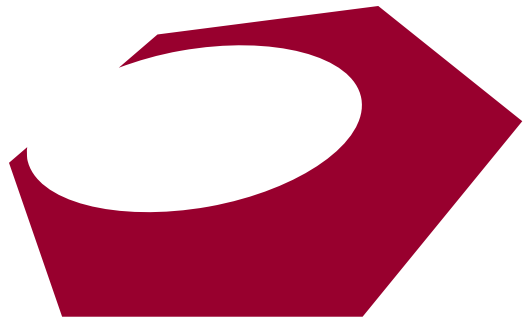
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**Hexavest**

**VENTURA COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION  
INVESTMENT REVIEW**

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July 16, 2012



# CONTENT

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- Corporate update
- Performance
- Summary market outlook
- Investment strategy
- Appendix
  - Detailed market outlook
  - Supplemental information



## CORPORATE UPDATE

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## HEXAVEST - OVERVIEW

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- Independent investment management firm founded in April 2004
- Based in Montreal, Canada
- 37 employees, no departures in investment team since inception in 1991
- \$10.6 billion of assets under management (145 clients) at the end of June 2012
- Top-down investment approach



## STRATEGIC PARTNERSHIP

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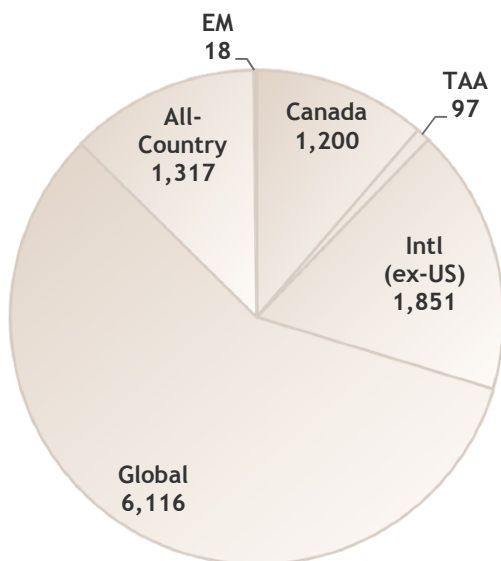
- On June 18, Hexavest announced a strategic partnership with Eaton Vance, who will acquire 49% of the stock of Hexavest
- The objective of this transaction is to allow us to pursue our growth globally while ensuring that our team stays focused on portfolio management
- Hexavest's 14 employee-shareholders will continue to control the firm and direct its operations
- Founded in 1924, Eaton Vance manages close to \$200 billion of assets for clients all over the world and have an established distribution network in the US, Europe, and Asia. Eaton Vance is the ideal distribution partner for our investment products outside of Canada
- We expect that the transaction will be completed on or around August 31, 2012



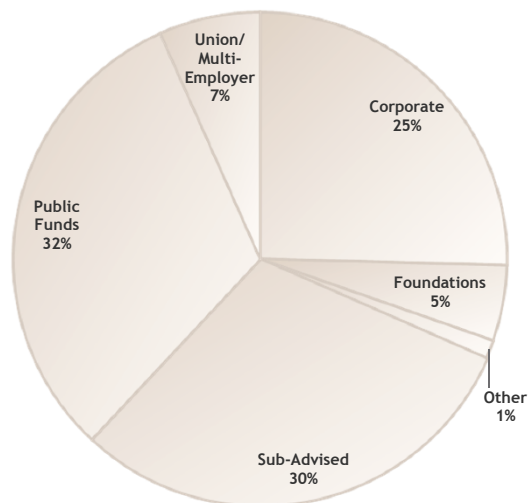
# ASSETS UNDER MANAGEMENT

- \$10.6 billion of assets as of June 30, 2012
- 145 clients, some with multiple mandates

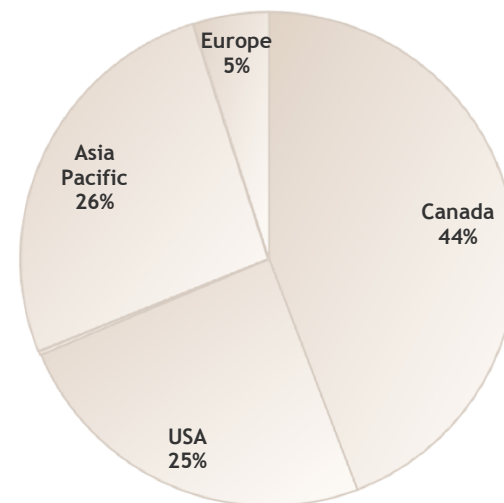
Assets by Mandate (\$M)



Client Type



Client Location







# PROCESS

- Top-down approach
- Core style
- Diversification of sources of alpha
- Decisions driven by fundamental research and supported by proprietary quantitative models

Types of decisions	Relative importance	How ideas are generated	Relative importance of models
Top-Down	80 %	1) Fundamental research based on 3 pillars: <ul style="list-style-type: none"><li>- Macroeconomic environment</li><li>- Valuation</li><li>- Sentiment</li></ul>	Mid-Low (validation)
-Regions and countries	30 %		
-Currencies	20 %		
-Sectors and industries	30 %	2) Validation by quantitative models	
Bottom-Up	20 %	1) Barra optimization	Mid-High (validation and idea generation)
-Stocks	20 %	2) Assessment of stocks in quantitative models	
		3) Fundamental research to confirm model ranking	



# INVESTMENT TEAM

## Strategy & North America

**Vital Proulx, CFA**  
President & Chief Investment Officer  
Industry experience: 23 years  
Team member since: 1989

**Jean-René Adam, M.Sc., CFA \*\***  
Assistant Chief Investment Officer &  
Vice President, North American Markets  
Industry experience: 10 years  
Team member since: 2006

**Carl Bayard, CFA \***  
Analyst, North American Markets  
Industry experience: 12 years  
Team member since: 2011

## Europe

**Marc C. Lavoie, M.Sc., CA, CFA**  
Vice President, European Markets  
Industry experience: 12 years  
Team member since: 2003

**Denis Rivest, CFA**  
Chief Operating Officer &  
Portfolio Manager, European Markets  
Industry experience: 25 years  
Team member since: 1996

\* Joined the firm in the last 2 years  
(no investment professional left the firm in the last 2 years)

\*\* Were promoted in the last 2 years

Prospective additions in 2012: 2 analysts (Asian Markets and European Markets)

## Asia Pacific

**Frédéric Imbeault, M.Sc., CFA**  
Vice President, Asian Markets  
Industry experience: 16 years  
Team member since: 1999

## Emerging Markets

**Jean-Pierre Couture, M.Sc. \***  
Economist & Strategist, Emerging Markets  
Industry experience: 17 years  
Team member since: 2010

**Jean-Benoit Leblanc, M.Sc., CFA \*\***  
Portfolio Manager, Emerging Markets  
Industry experience: 13 years  
Team member since: 2009

## Investment Committee

**Robert Brunelle, CFA, ASA**  
Chair of the Investment Committee  
Industry experience: 21 years  
Team member since: 1998

## Quantitative Research

**Marc Veilleux, MBA, Ph.D.**  
Vice President, Quantitative Research and Analysis  
Industry experience: 21 years  
Team member since: 1991

**Jean-François Bérubé, Ph.D. \*\***  
Vice President, Quantitative Analysis & IT  
Industry experience: 5 years  
Team member since: 2009

## Trading

**Éric St-Onge \***  
Head Trader  
Industry experience: 21 years  
Team member since: 2011

**Rashmikanth Patel**  
Trader  
Industry experience: 10 years  
Team member since: 2008

## Client Services

**Robert Brunelle, CFA, ASA**  
Senior Vice President  
Industry experience: 21 years  
Team member since: 1998

**Nadia Cesaratto, CFA \*\***  
Vice President, Client Services & Business Development  
Industry experience: 10 years  
Team member since: 2009

**Jo-Annie Pinto \***  
Director, Client Services & Business Development  
Industry experience: 12 years  
Team member since: 2012



**PERFORMANCE**

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# PERFORMANCE

## NET OF FEES

Performance objective: to outperform the MSCI EAFE Net index by 2% per annum over 4-year rolling periods (gross of fees)

Performance report summary (USD Currency)										
Periods ending June 30, 2012										
	Annualized									
Ventura County Employees' Retirement Association	1 month	3 months	YTD	1 year	2 years	3 years	4 years	5 years	10 years	Since Inception
<b>Hexavest EAFE Equity Fund *</b>	5.78	-4.79	3.73	-9.39	---	---	---	---	---	-3.73
<b>MSCI EAFE Net (in \$US)</b>	7.01	-7.13	2.96	-13.83	---	---	---	---	---	-5.54
<i>Value added</i>	-1.23	2.34	0.78	4.44	---	---	---	---	---	1.81

Calendar years										
	2012 to date	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Hexavest EAFE Equity Fund</b>	3.73	-9.63	0.59	---	---	---	---	---	---	---
<b>MSCI EAFE Net (in \$US)</b>	2.96	-12.14	1.25	---	---	---	---	---	---	---
<i>Value added</i>	0.78	2.51	-0.66	---	---	---	---	---	---	---

The inception date of the mandate is December 15, 2010.

\* Net of fees



# PERFORMANCE ATTRIBUTION

## HEXAVEST EAFE EQUITY FUND - Q3 2011

- **Regions and countries (-0.20%)**

- In the 3rd quarter, the MSCI EAFE index lost 15.74%. The MSCI Europe and MSCI Pacific indices returned -17.60% and -11.95%, respectively. Our region and country selection subtracted 0.20% from performance during the 3rd quarter. This underperformance can be mostly explained by our overweight position in the German stock market and by our underweighting in the UK stock market. On the other hand, our decision to underweight Italian equities had a positive impact on quarterly performance.

- **Currencies (0.53%)**

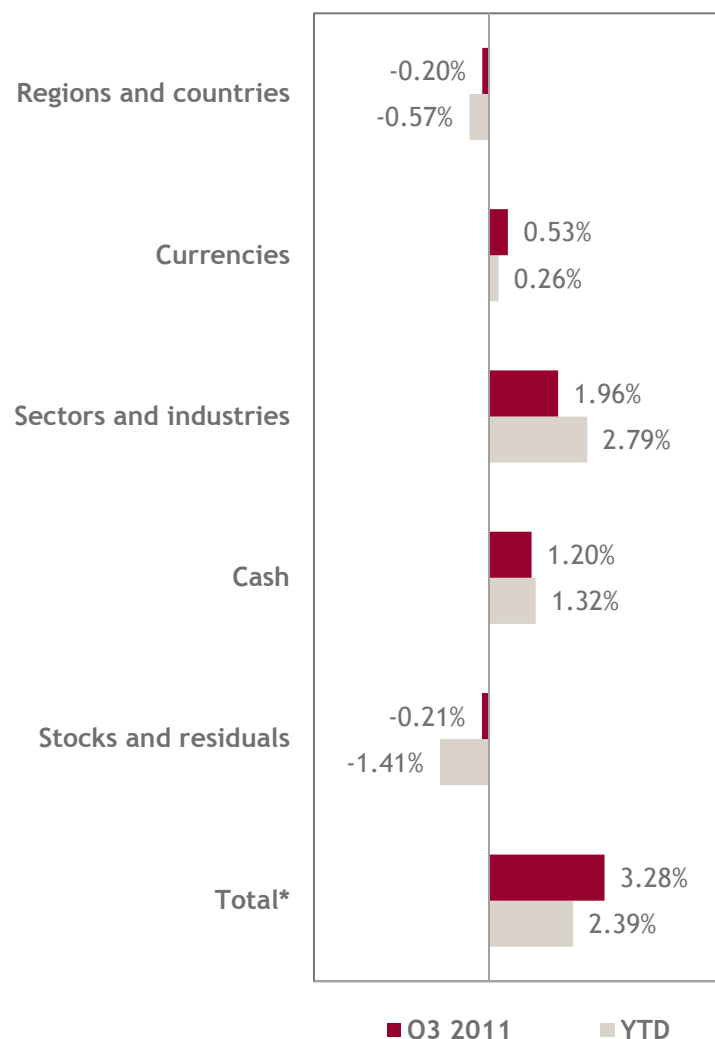
- Active currency management added 0.53% to performance during the quarter, mainly as a result of our underweighting in the euro against the US dollar.

- **Sectors and industries (1.96%)**

- Our sector and industry allocation added 1.96% to performance in the 3rd quarter, mostly due to our overweighting in defensive sectors (Healthcare, Staples, Utilities, and Telcos) and to our underweighting in cyclical sectors. Our decision to invest in gold producers also contributed significantly to value added during the quarter.

- **Stocks and residuals (-0.21%)**

- Stock selection and residuals subtracted 0.21% from performance during the 3rd quarter. Positive contributors include our overweight position in Nokia (Technology) and NTT Docomo (Telcos) and our underweight position in SoftBank (Telcos). Negative contributors include our overweighting in Nippon Telg. & Tel (Telcos), David Jones (Cons. Disc.), Parmalat (Staples), and Legardere Group (Cons. Disc.).



\* Gross-of-fee value added over MSCI EAFE net index



# PERFORMANCE ATTRIBUTION

## HEXAVEST EAFE EQUITY FUND - Q4 2011

- **Regions and countries (0.29%)**

- In the 4<sup>th</sup> quarter, the MSCI EAFE index gained 4.07% in local currencies. The MSCI Europe and MSCI Pacific indices returned 7.47% and -1.77%, respectively. Our region and country selection added 0.29% to performance during the quarter. This positive contribution can be mostly explained by our underweight position in Japan and Spain as well as by our overweighting in the German stock market. Our underweight position in the UK and our overweighting in Australia had a negative impact on quarterly performance.

- **Currencies (0.31%)**

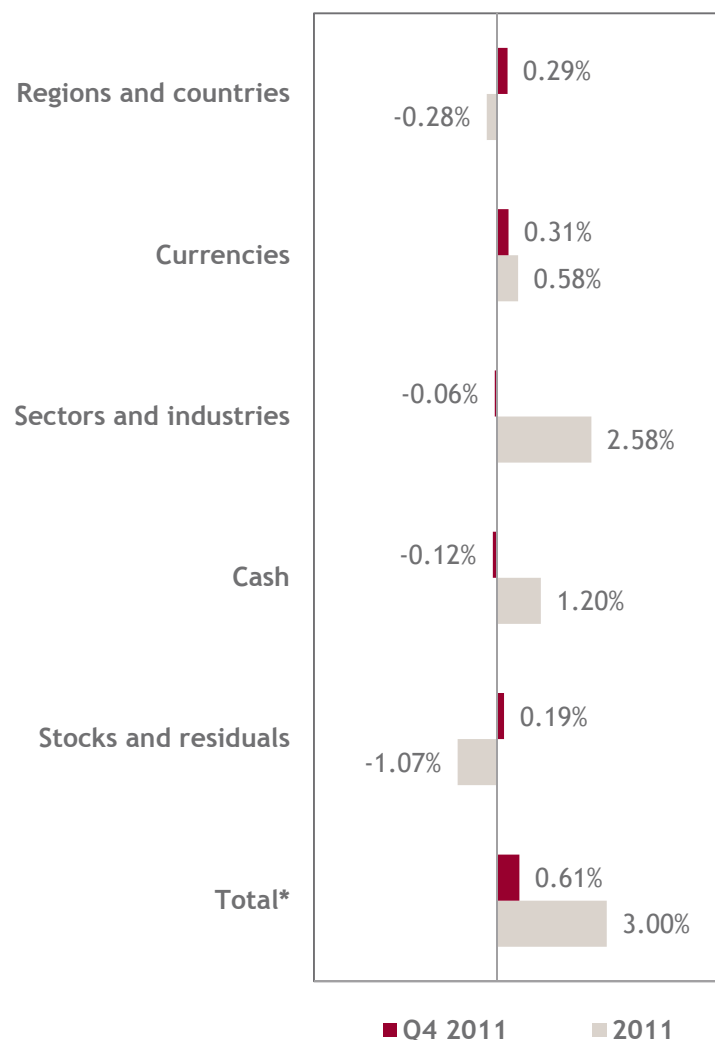
- Active currency management added 0.31% to performance during the quarter, mainly as a result of our underweighting in the Euro against the U.S. dollar.

- **Sectors and industries (-0.06%)**

- Our sector and industry allocation subtracted 0.06% from performance in the 4<sup>th</sup> quarter, mostly due to our underweighting in Industrials and to our overweight position in gold stocks and in the Telecoms sector. Positive factors for the quarter include our underweighting in Financials.

- **Stocks and residuals (0.19%)**

- Stock selection and residuals added 0.19% to performance during the quarter. Positive contributors include our overweight position in Prudential and Cheung Kong (Financials), Vivendi (Telcos), Merck KGAA and Sanofi (Healthcare), as well as Lawson (Staples). On the other hand, our decision to overweight David Jones and JB Hi-Fi (Cons. Disc.) and to underweight Rolls Royce (Industrials) had a negative impact on performance.



\* Gross-of-fee value added over MSCI EAFE net index



# PERFORMANCE ATTRIBUTION

## HEXAVEST EAFE EQUITY FUND - Q1 2012

- **Regions and countries (0.04%)**

- In the 1<sup>st</sup> quarter, the MSCI EAFE index gained 10.22% in local currencies. The MSCI Europe and MSCI Pacific indices returned 7.60% and 15.43% respectively. Our region and country selection added slightly to performance during the quarter. Positive factors include our underweight positions in Spain and the UK while our underweight position in Japan had a negative impact.

- **Currencies (0.17%)**

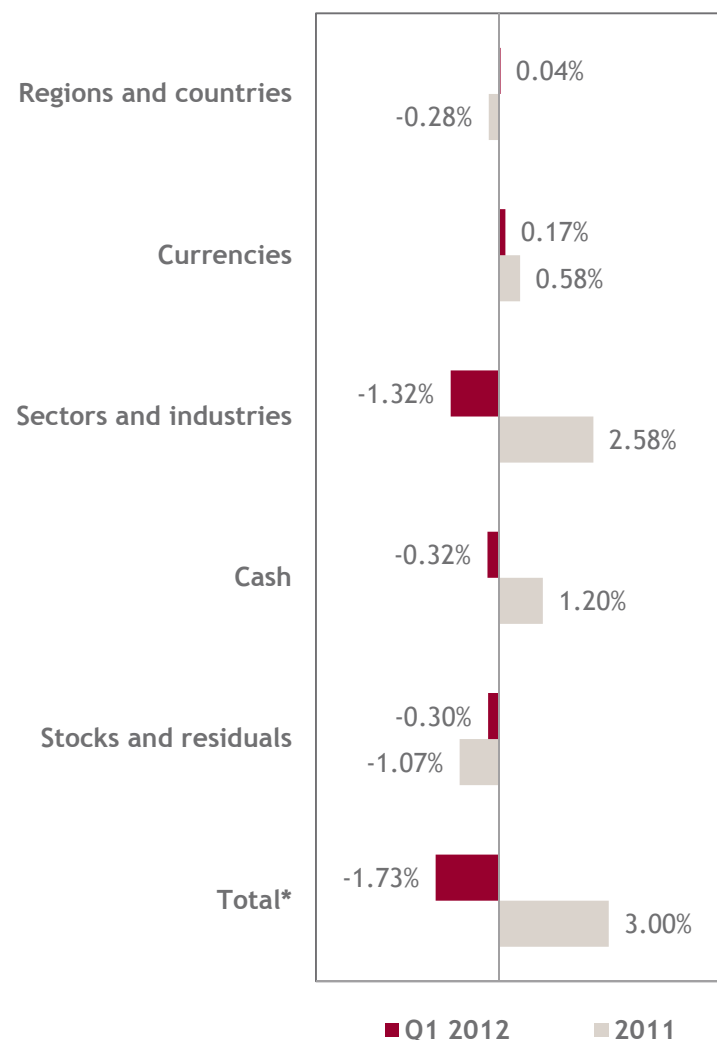
- Active currency management added 0.17% to performance during the quarter, mainly as a result of our underweighting in the yen. However, our strategy to overweight the US dollar against the euro had a negative impact.

- **Sectors and industries (-1.32%)**

- Our sector and industry allocation subtracted 1.32% from performance in the 1<sup>st</sup> quarter, mostly due to our overweighting in telecoms and gold stocks. Positive factors for the quarter include our underweighting in Utilities.

- **Stocks and residuals (-0.30%)**

- Stock selection and residuals subtracted 0.30% from performance during the quarter. Negative contributors include our underweight position in ENI (Energy) and Mizuho (Financials) as well as our overweighting in Vivendi (Telecoms) and Sun Hung Kai Properties (Financials). On the other hand, our decision to overweight OMV (Energy) and Toll Holdings (Industrials) and to underweight Banco Santander (Financials) had a positive impact on performance.



\* Gross-of-fee value added over MSCI EAFE net index



# PERFORMANCE ATTRIBUTION

## HEXAVEST EAFE EQUITY FUND - Q2 2012

- Regions and countries (0.23%)**

- In the 2<sup>nd</sup> quarter, the MSCI EAFE index lost 5.43% in local currencies. The MSCI Europe and MSCI Pacific indices returned -4.00% and -7.85% respectively. Our region and country selection added 0.23% to performance during the quarter. Positive factors include our underweight positions in Japan and Spain while our underweight position in the UK had a negative impact.

- Currencies (0.56%)**

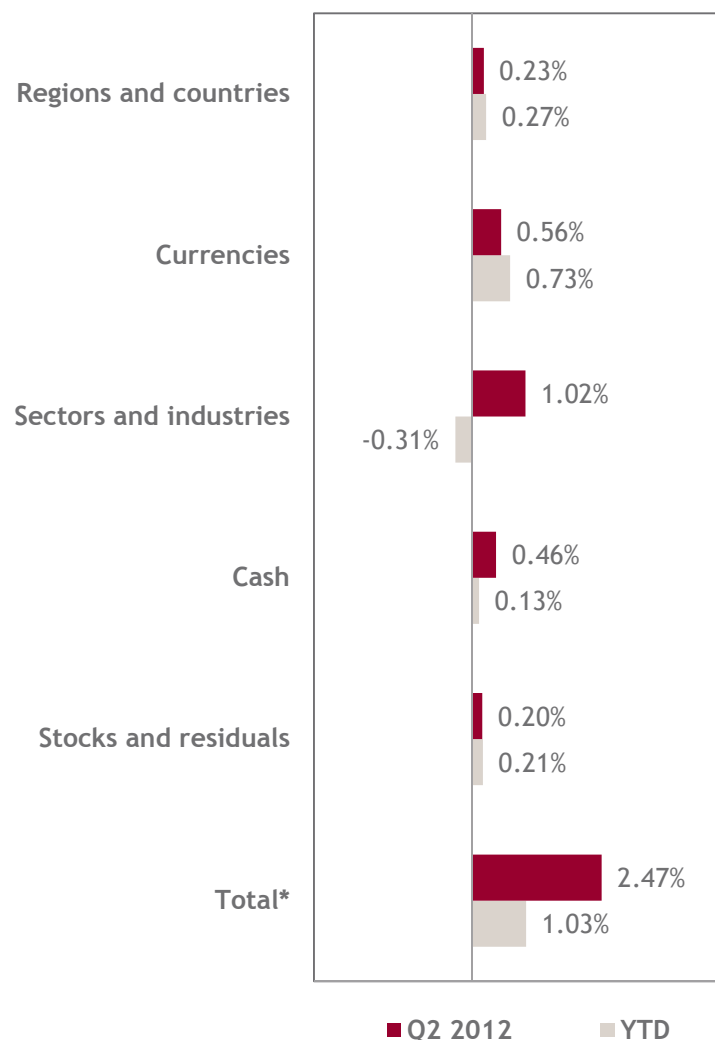
- Active currency management added 0.56% to performance during the quarter, mainly as a result of our underweighting in the euro in favour of the US dollar.

- Sectors and industries (1.02%)**

- Our sector and industry allocation added 1.02% to performance in the 2<sup>nd</sup> quarter. This positive contribution can be in large part explained by our overweighting in telecoms, healthcare, and consumer staples.

- Stocks and residuals (0.20%)**

- Stock selection and residuals added 0.20% to performance during the quarter. Positive contributors include our overweight position in Vivendi and Swisscom (Telecoms), as well as in Commonwealth Bank of Australia (Financials). On the other hand, our underweighting in Royal Dutch Shell (Energy) and overweighting in Toll Holdings (Industrials) had a negative impact on performance.



\* Gross-of-fee value added over MSCI EAFE net index





## **MARKET OUTLOOK SUMMARY**

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# MARKET OUTLOOK

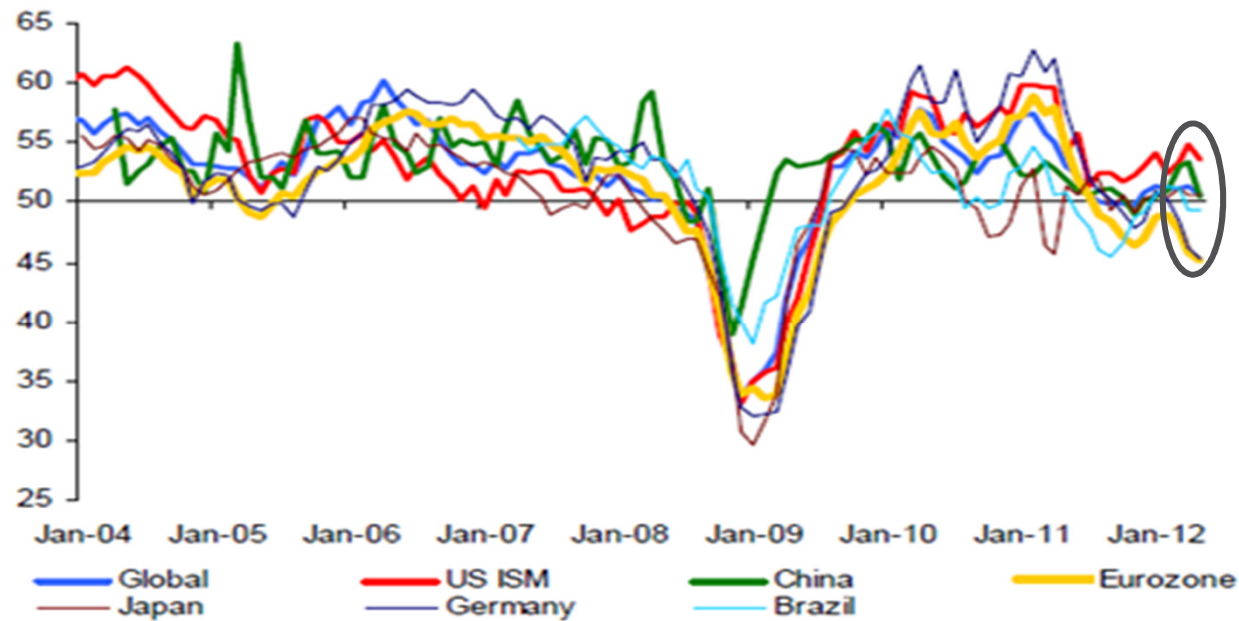
## SUMMARY

	Macroeconomic environment	Valuation	Sentiment
Dec. 31, 2008	+	++	+++
Dec. 31, 2009	+	Neutral	+
Dec. 31, 2010	-	-	---
March 31, 2011	--	-	---
June 30, 2011	--	-	--
Sept. 30, 2011	---	Neutral	+
Dec. 31, 2011	---	Neutral	++
March 31, 2012	--	-	--
June 30, 2012	---	Neutral	Neutral



# MACROECONOMIC ENVIRONMENT

BUSINESS CLIMATE  
MANUFACTURING PMIs



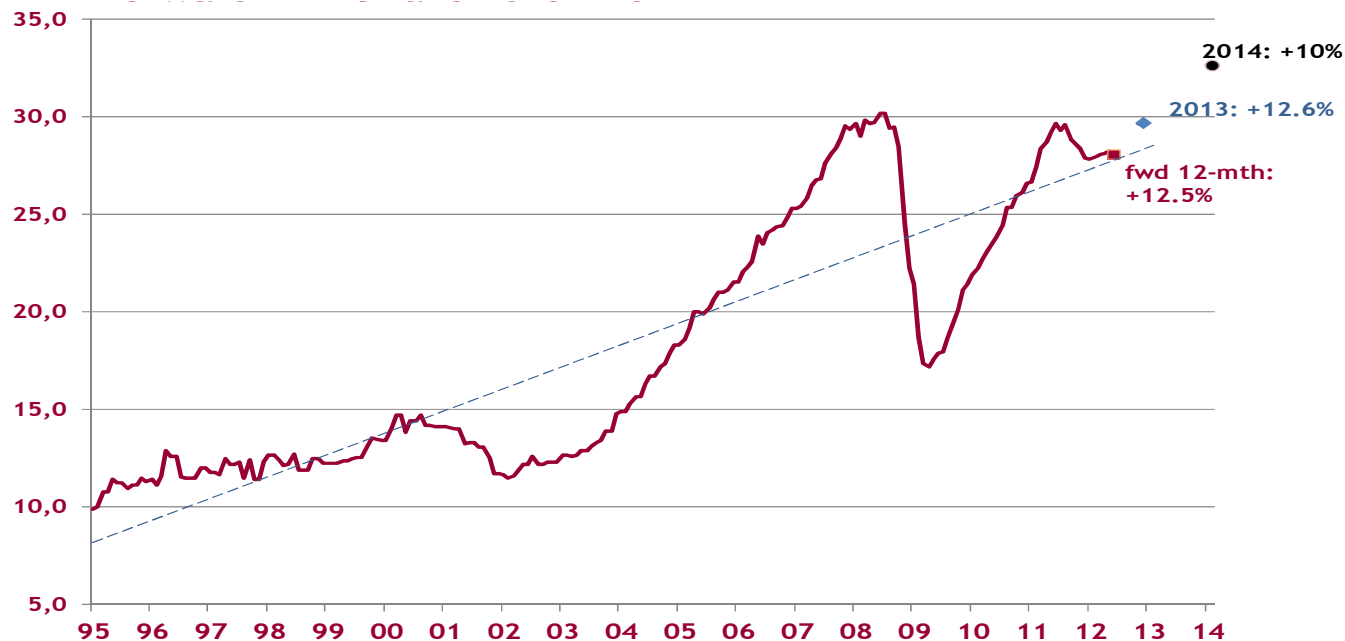
Source: Morgan Stanley

- Given the deteriorating economic conditions in China, Europe, and the United States since the last quarter, and taking into account the continuing political and budgetary deadlocks in Europe and the United States, we downgraded our "macroeconomic environment" vector from double negative to triple negative.



# VALUATION

EARNINGS EXPECTATIONS - ACWI  
FORWARD 12-MONTH AND 2013 - 2014



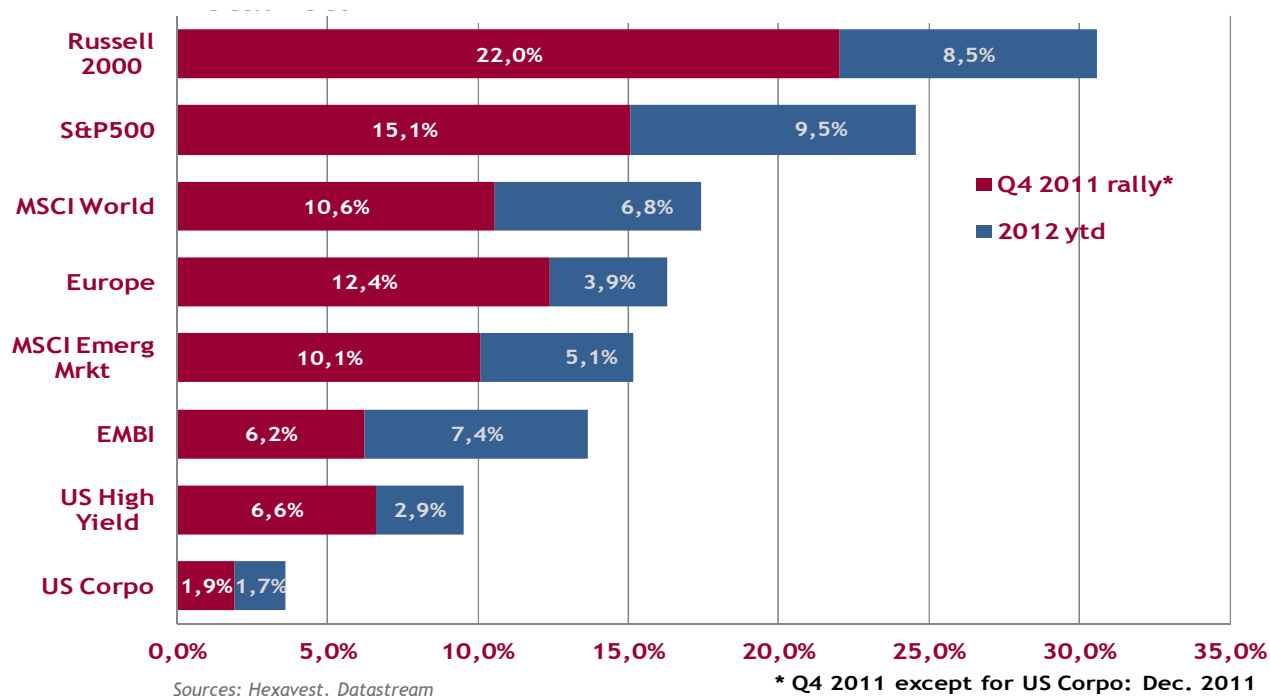
Sources: Hexavest, I/B/E/S, Datastream

- Market valuation may seem attractive today, but underlying earnings forecasts are unrealistic. The macro environment rather suggests a decline in profits for the next 12 months. Moreover, we reiterate that stock markets should trade at a discount during periods of economic volatility. However, because the stock market fell from last quarter, our "market valuation" vector went from negative to neutral.



# SENTIMENT

## RISKY ASSETS PERFORMANCE TOTAL RETURN, AS OF JUNE 29, 2012 (LOCAL CURRENCIES)



- Most of our sentiment indicators show a deterioration since the previous quarter. However, all risky assets remain on the rise since Q3 2011 despite the deteriorating global economy. For us, it is clear that investors rely on intervention from politicians and central bankers to support markets. Our contrarian assessment of the "investor sentiment" vector was upgraded from double negative to neutral.



# INVESTMENT STRATEGY

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# COUNTRY ALLOCATION

Country	Weight	Benchmark	Deviation 2012-06-30	Deviation 2012-03-31
Australia	13.0%	8.7%	4.3%	3.5%
Japan	18.6%	21.8%	-3.2%	-3.0%
Other - Asia	2.0%	5.0%	-2.9%	-1.8%
<b>Total - Asia</b>	<b>33.6%</b>	<b>35.5%</b>	<b>-1.9%</b>	<b>-1.3%</b>
France	8.7%	9.2%	-0.5%	0.3%
Germany	6.5%	8.0%	-1.5%	-1.5%
Sweden	2.4%	3.1%	-0.7%	-0.7%
Switzerland	9.7%	8.5%	1.2%	0.8%
United Kingdom	19.5%	23.2%	-3.7%	-4.6%
Other - Europe and Middle East	8.8%	12.5%	-3.7%	-3.2%
<b>Total - Europe and Middle East</b>	<b>55.7%</b>	<b>64.5%</b>	<b>-8.8%</b>	<b>-8.9%</b>
Other - North America	1.5%	0.0%	1.5%	2.2%
<b>Total - North America</b>	<b>1.5%</b>	<b>0.0%</b>	<b>1.5%</b>	<b>2.2%</b>
<b>Total - Developed Markets</b>	<b>90.8%</b>	<b>100.0%</b>	<b>-9.2%</b>	<b>-7.9%</b>
<b>Total - Emerging Markets</b>	<b>0.3%</b>	<b>0.0%</b>	<b>0.3%</b>	<b>0.4%</b>
<b>Cash</b>	<b>8.9%</b>	<b>0.0%</b>	<b>8.9%</b>	<b>7.5%</b>
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>



## SECTOR ALLOCATION

Sector	Weight	Benchmark	Deviation 2012-06-30	Deviation 2012-03-31
Energy	7.8%	8.4%	-0.6%	0.4%
Materials	5.7%	9.6%	-3.8%	-2.7%
Industrials	8.0%	12.5%	-4.4%	-3.6%
Consumer Discretionary	7.4%	10.6%	-3.2%	-3.1%
Consumer Staples	15.8%	11.9%	3.8%	1.7%
Health Care	12.2%	10.1%	2.1%	1.5%
Financials	18.5%	22.6%	-4.1%	-2.7%
Information Technology	2.6%	4.5%	-1.9%	-1.5%
Telecommunication Services	10.5%	5.6%	4.9%	4.4%
Utilities	2.6%	4.2%	-1.7%	-2.0%
Cash	8.9%	0.0%	8.9%	7.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>





# CURRENCY ALLOCATION

Currency	Weight	Benchmark	Deviation 2012-06-30	Deviation 2012-03-31
Australian Dollar	4.4%	8.7%	-4.4%	-2.8%
Hong Kong Dollar	7.6%	3.0%	4.6%	5.0%
Japanese Yen	21.5%	21.8%	-0.3%	0.2%
Other - Asia	1.9%	2.0%	-0.1%	0.0%
<b>Total - Asia</b>	<b>35.4%</b>	<b>35.5%</b>	<b>-0.1%</b>	<b>2.5%</b>
British Pound	23.6%	23.2%	0.4%	0.1%
Euro	15.5%	27.0%	-11.6%	-11.7%
Swedish Krone	2.8%	3.1%	-0.3%	-0.2%
Swiss Franc	8.9%	8.5%	0.4%	0.3%
Other - Europe and Middle East	2.5%	2.6%	-0.2%	-0.2%
<b>Total - Europe and Middle East</b>	<b>53.2%</b>	<b>64.5%</b>	<b>-11.3%</b>	<b>-11.6%</b>
US Dollar	10.9%	0.0%	10.9%	8.5%
Other - North America	0.2%	0.0%	0.2%	0.2%
<b>Total - North America</b>	<b>11.1%</b>	<b>0.0%</b>	<b>11.1%</b>	<b>8.7%</b>
<b>Total - Developed Markets</b>	<b>99.7%</b>	<b>100.0%</b>	<b>-0.3%</b>	<b>-0.4%</b>
<b>Total - Emerging Markets</b>	<b>0.3%</b>	<b>0.0%</b>	<b>0.3%</b>	<b>0.4%</b>
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>



## APPENDIX

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## DETAILED MARKET OUTLOOK

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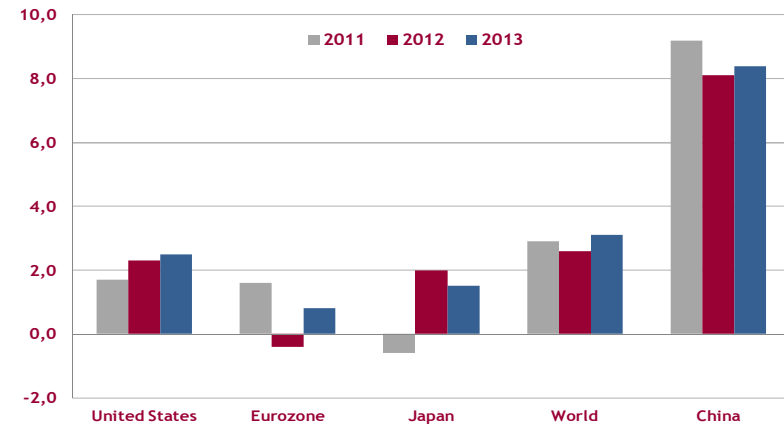


# MACROECONOMIC ENVIRONMENT

## THE CONSENSUS REMAINS CONFIDENT

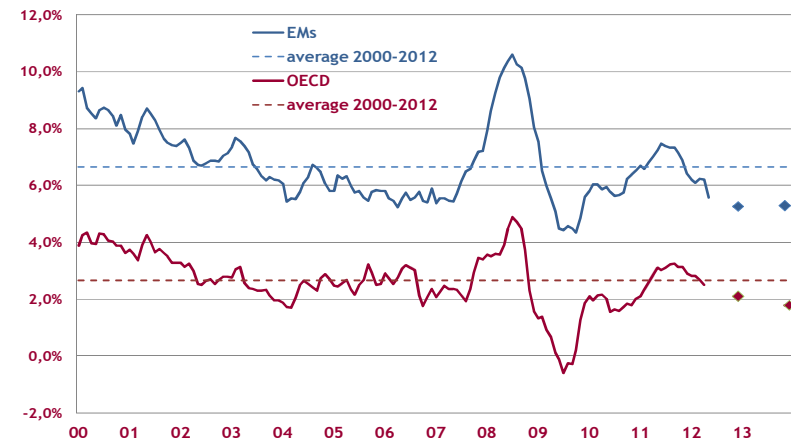
- The consensus is still either in denial or relying on wishful thinking:
  - The recession in the euro zone will be short and superficial. However, the recovery expected for next year would be modest.
  - For the U.S., the consensus is totally ignoring the restraining effect the “fiscal cliff” will have in 2013. In the short term, it is anticipating an acceleration in growth for the second half of 2012.
  - As for China, forecasters still base themselves on the past and are confident that the government will once again orchestrate a soft landing... to over 8% growth!
  - Expected inflation is benign. This should allow central banks to lower interest rates and/or re-launch quantitative easing programs (QE).

GDP GROWTH FORECASTS  
CONSENSUS



Sources: Hexavest, Consensus Forecasts

INFLATION  
EMERGING MARKETS VS. DEVELOPED



Sources: Hexavest, Datastream, Consensus Forecasts

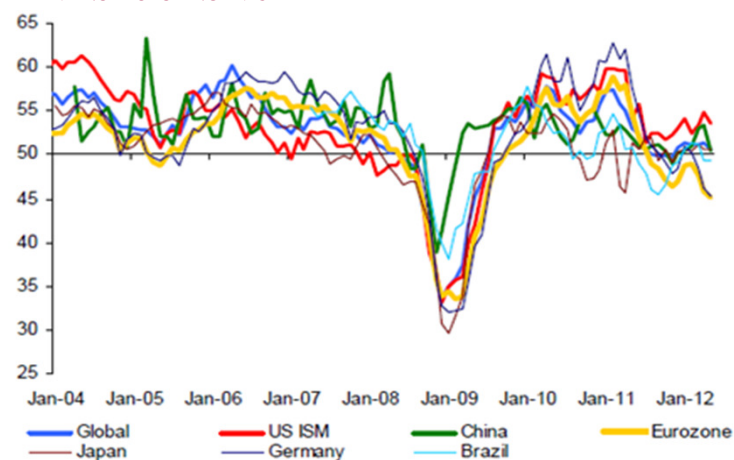


# MACROECONOMIC ENVIRONMENT

## ECONOMIC DATA DISAPPOINT

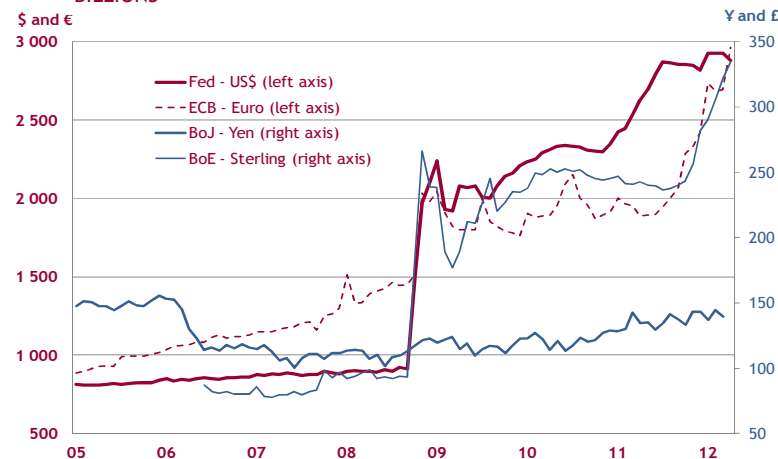
- The latest statistics clearly show that economic activity is well below consensus expectations. Three years after the financial crisis and deep inside the current sovereign debt crisis, the global economy is struggling to grow by itself.
- All regions are now affected. Even Germany and the United States, rather resilient recently, are running out of steam.
- When central banks will worry enough about the global conjuncture, they will once again bring out their heavy gun: the printing press.
- We expect another massive wave of quantitative easing this year.

**BUSINESS CLIMATE**  
MANUFACTURING PMIs



Source: Morgan Stanley

**CENTRAL BANKS' BALANCE SHEETS**  
BILLIONS



Sources: Hexavest, Datastream

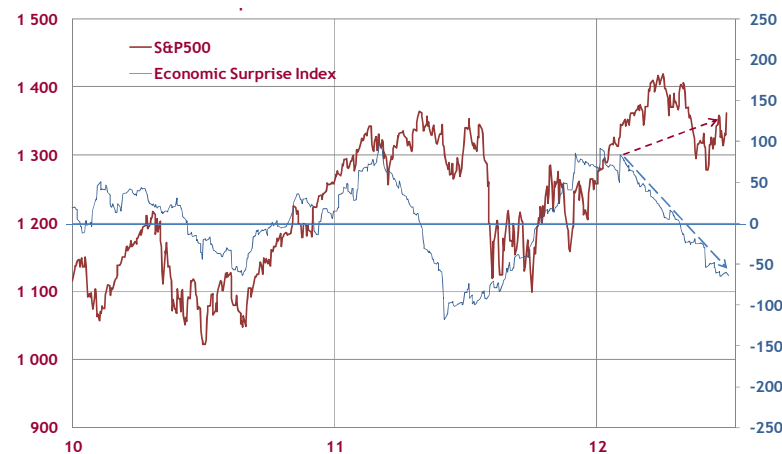


# MACROECONOMIC ENVIRONMENT

## EXPECT ANOTHER ROUND OF QUANTITATIVE EASING

- Hopes are riding on the next round of QE: the stock market is holding on even as economic news disappoint.

**ECONOMIC SURPRISE INDEX**  
US ECONOMIC SURPRISE INDEX VS. S&P 500



Sources: Hexavest, Datastream, Citigroup, Bloomberg

- However, the benefits of QE on markets are fading. The recent doses of QE are having a lesser and shorter impact. Ultimately, investors may become unresponsive.

**MSCI ACWI VS QUANTITATIVE EASINGS**  
AND POST QE RETURNS



Sources: Hexavest, Datastream

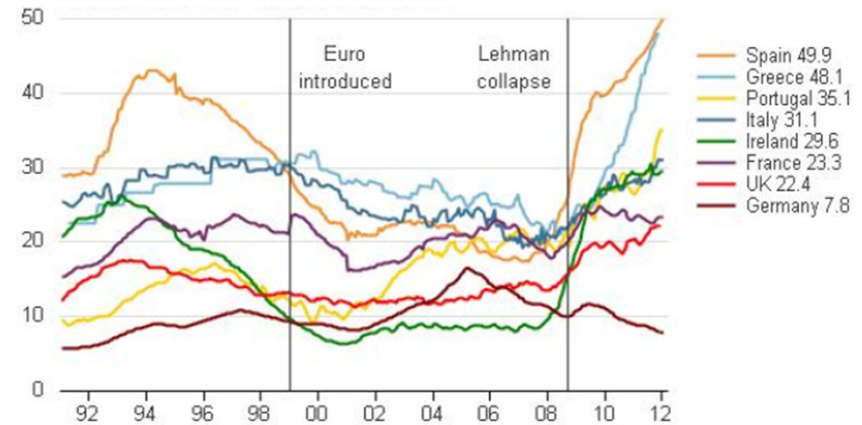


# MACROECONOMIC ENVIRONMENT

## EUROPE IS SINKING

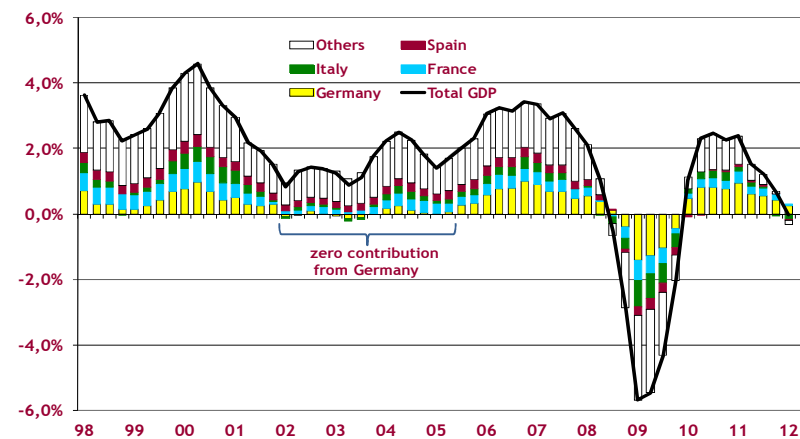
- In Europe, budgetary discipline and sacrifices imposed on populations are only sinking countries deeper into crisis and bitterness.
- On the one side, Germany criticizes peripheral countries for their lackadaisical attitude. On the other side, the latter blame Germany for benefiting from the super-competitive exchange rate of the euro at the expense of other exporters in the region.
- Last year, Europe was stuck in a sovereign debt crisis. It is now stuck in a debt crisis, a recession and, in some countries, a social crisis.
- Germany's willingness and ability to save its neighbors depend on the health of its own economy. If it slips into recession, Germany will focus on domestic problems. The latest economic indicators, notably the Purchasing Manager Index (PMI), are pointing towards this scenario.

**EUROPEAN YOUTH UNEMPLOYMENT**  
UNEMPLOYMENT RATE - UNDER 25 YEAR OLDS %



Sources: Thomson Reuters Datastream, Eurostat 15/03/2012

**GDP - EURO AREA**  
COUNTRIES' CONTRIBUTION TO ANNUAL GROWTH



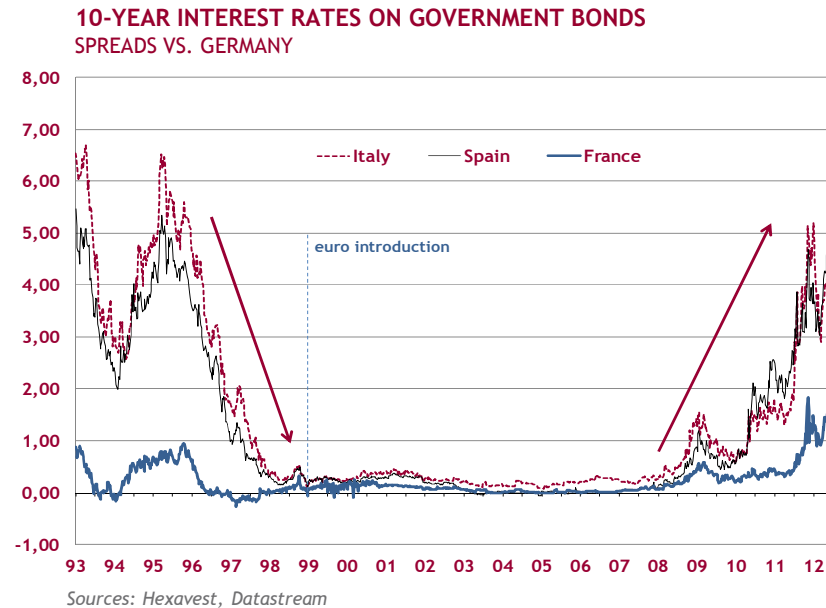
Sources: Hexavest, Datastream



# MACROECONOMIC ENVIRONMENT

## PERIPHERAL COUNTRIES: SOCIAL AND BANKING CRISES

- The crisis is extremely severe in Greece, Spain, Ireland, and Portugal.
- Populations are greatly affected. Faced with a deteriorating outlook, young workers, usually the most skilled among all, are leaving their country.
- The crisis is also affecting the banking system. Several countries (five out of 17) asked for support from the European Union to save their banks, notably Spain which received a \$100B pledge in June. Two weeks earlier, the Minister of the Economy had estimated that €15B would be sufficient.
- Although the Spanish government is denying it, fearful bank customers have made massive withdrawals to protect their savings.
- Peripheral countries are also experiencing a massive flight of capital: interest rates are rising sharply which makes things even worse.
- The ECB thinks it has done enough, and the EU, after 19 summits, is unable to contain the crisis.
- Eventually, some countries will have to leave the euro zone.





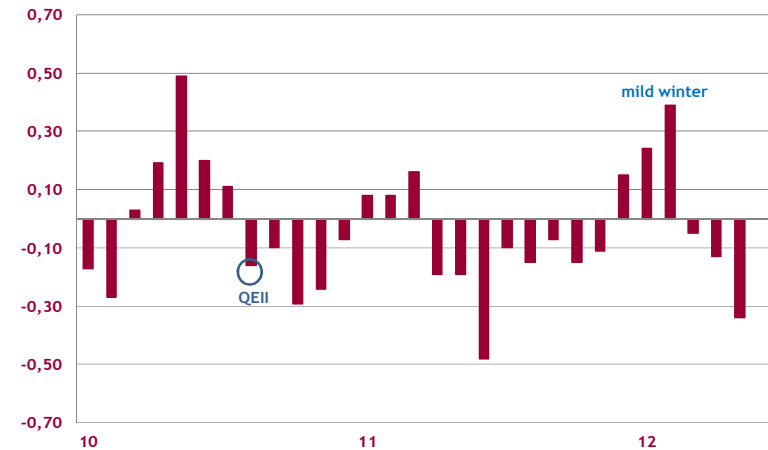


# MACROECONOMIC ENVIRONMENT

## U.S.: GROWTH IS ALREADY SPUTTERING

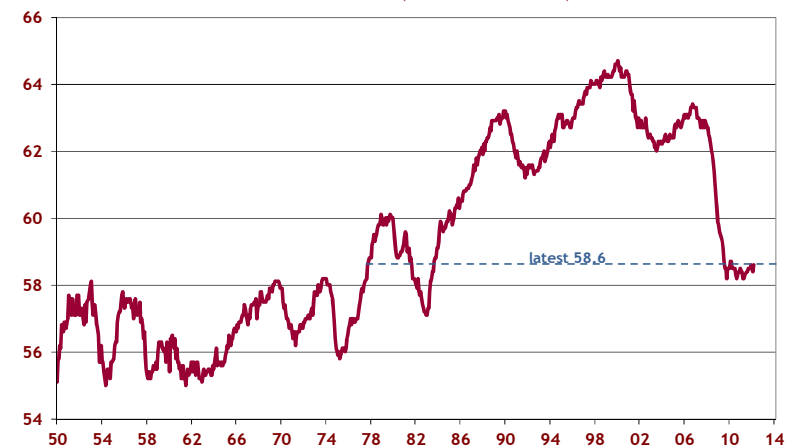
- In the U.S., the signs of recovery that fueled investors' optimism last winter faded. The effect of the mild winter, which restarted seasonal activities earlier and distorted economic data, reversed in spring.
- Since the summer of 2011, the unemployment rate has fallen from 9.1% to 8.2%, but the situation remains critical: the employment rate is near a 30-year low (58.6%).
- Americans are also grappling with major domestic problems that are overshadowing international issues. Their refusal last spring to further contribute to the IMF's European rescue package is a prime example.

**NATIONAL ACTIVITY INDEX - US**  
CHICAGO FED NATIONAL ACTIVITY INDEX (85 INDICATORS)



Sources: Hexavest, Datastream, Chicago Fed

**EMPLOYMENT RATE - US**  
EMPLOYMENT - POPULATION RATIO (16-YR AND OVER)



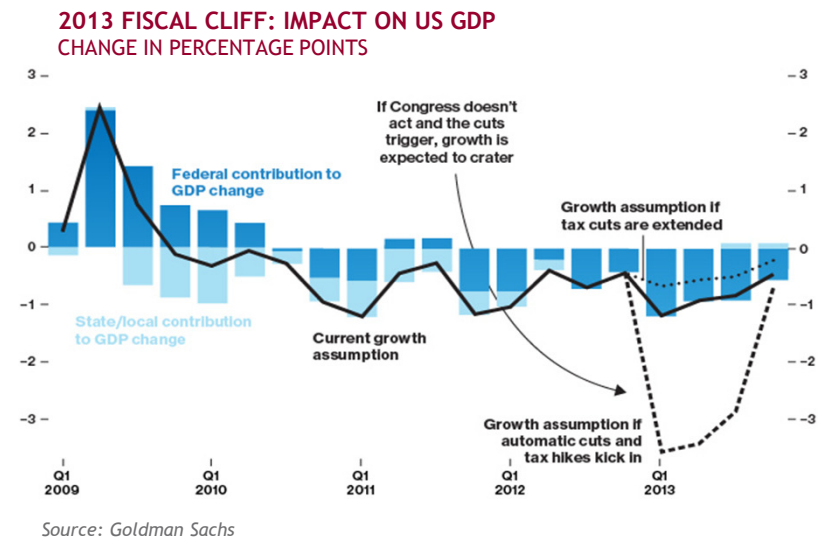
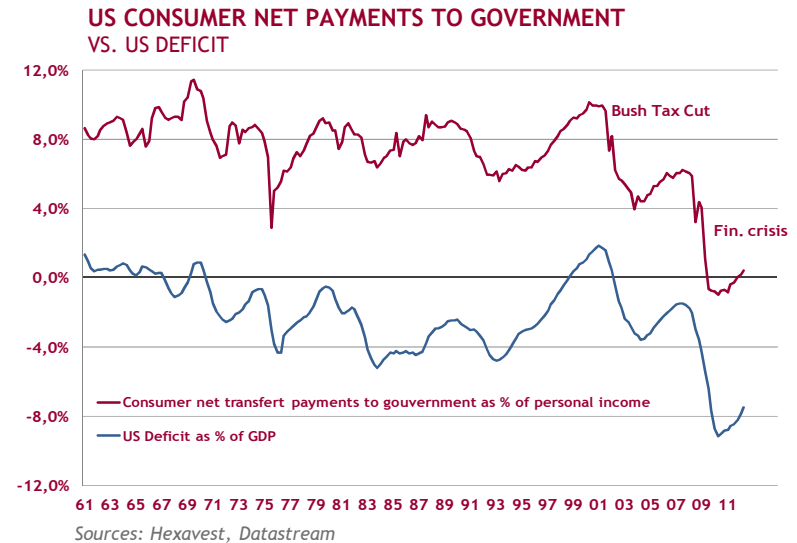
Sources: Hexavest, Datastream



# MACROECONOMIC ENVIRONMENT

## U.S.: THE ROAD TOWARDS RECESSION

- The U.S. are facing their own public finance problems. In 2013, the Bush tax cuts are set to expire and automatic government spending will take effect.
- This moment of truth is called the “fiscal cliff”. If implemented as such, it will create a shortfall of \$600B to the economy (tax increases and lower government expenses) and ensure a recession in the world’s largest economy.
- Today, American consumers receive as much in government transfers as they pay in taxes. They will certainly have to do their part to straighten out public finances.
- For its part, the government will need to curb spending. If Republicans and Democrats cannot agree on the cuts, they will be automatic: \$100B for 2013.
- The fall election will set the cause because both parties are too divided... unless we find ourselves in the same situation after the elections.



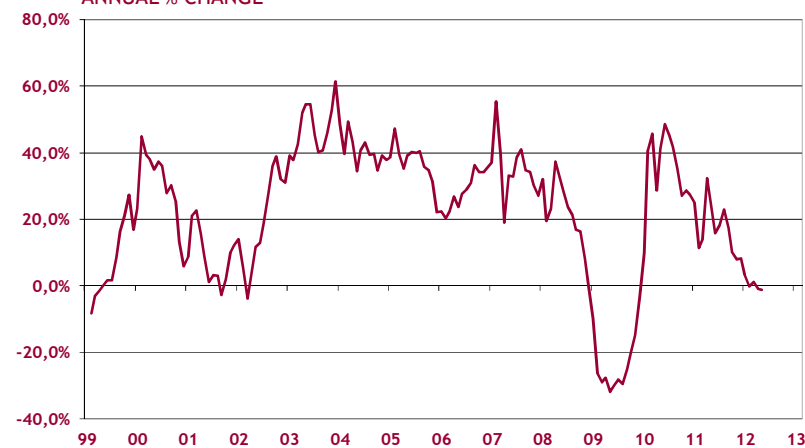


# MACROECONOMIC ENVIRONMENT

## EMERGING MARKETS: DECOUPLING UNLIKELY

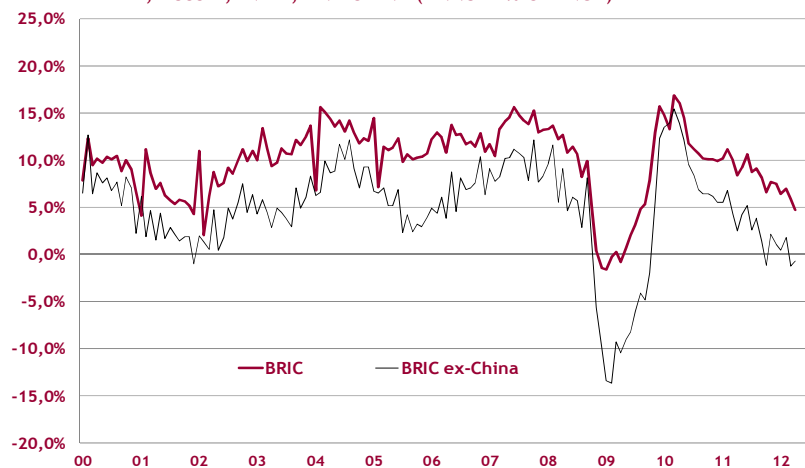
- The most recent economic indicators confirm that the global slowdown has spread to emerging countries, especially to the large BRIC countries.
- Chinese exports to Europe, the largest economic partner of China, are contracting. The drop in metal prices, prompted by the slowdown, is undermining the growth of producing and exporting EM countries.
- BRIC countries' industrial production has increased by just 5% year-over-year: half of its momentum during the 2000s. Excluding China, growth is nil!
- The situation is similar in smaller EM countries: neither of them is immune. They are feeling the brunt of the recession in the euro zone and the slowdown in China and the U.S.

**CHINA EXPORTS TO EUROPE**  
ANNUAL % CHANGE



Sources: Hexavest, Datastream

**INDUSTRIAL PRODUCTION - BRIC COUNTRIES**  
BRAZIL, RUSSIA, INDIA, AND CHINA (ANNUAL % CHANGE)



Sources: Hexavest, Datastream

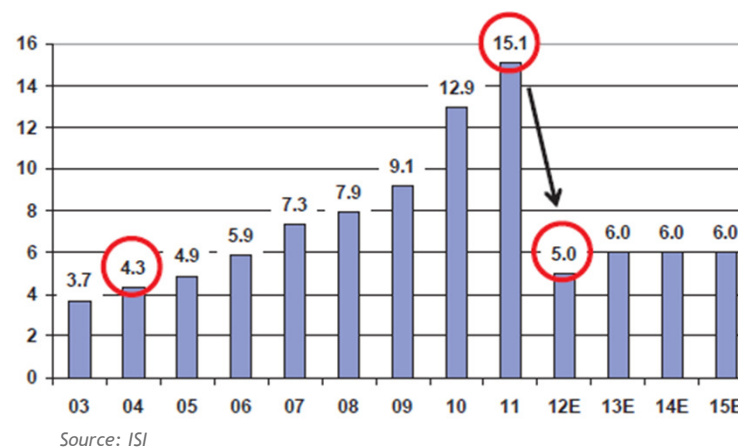


# MACROECONOMIC ENVIRONMENT

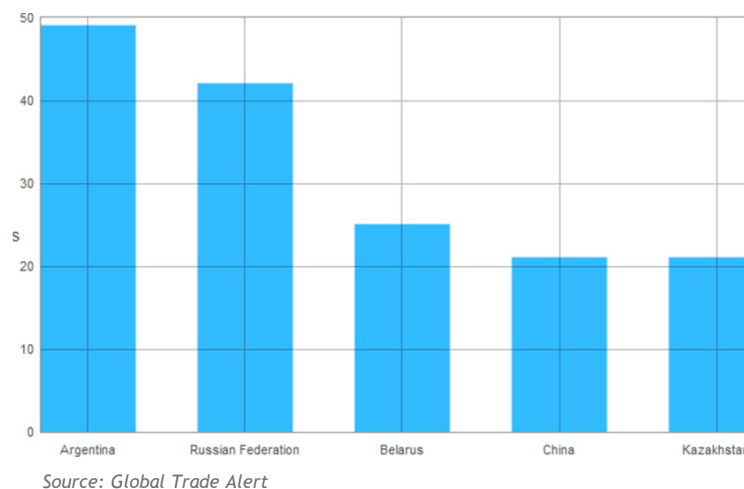
## EMERGING MARKETS: DOMESTIC PROBLEMS AND PROTECTIONISM

- Domestic problems are perhaps the biggest threat to emerging countries: stagflation in India, toxic loans and the real estate cycle in China, credit overdose in Latin America, high volatility of exchange rates, etc.
- The Chinese real estate bubble poses the greatest risk: according to official statistics, it is deflating gradually, but according to other indicators, it is bursting. For example, sales of heavy machinery are free-falling.
- Surprisingly, Chinese authorities are slow to act forcefully. Banks are probably still digesting the losses they incurred with bad loans they granted in order to emerge from the 2008-2009 crisis.
- Faced with the global slowdown, many countries are flirting with protectionism. Over the past 12 months, no less than 235 restrictive measures have been adopted. Russia, Argentina, China, and India are the greatest “culprits.” The stated goal: to support domestic demand and limit external competition. In short, their national interests are also at stake.

CHINA “COMMODITY” HOUSING STARTS  
MILLIONS UNITS



COUNTRIES IMPLEMENTING THE MOST PROTECTIONIST MEASURES  
NUMBER OF MEASURES - LAST 12 MONTHS



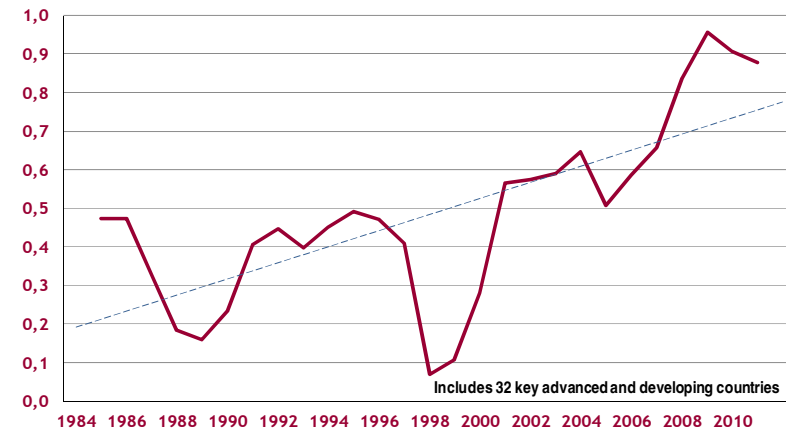


# MACROECONOMIC ENVIRONMENT

## CONCLUSION: GLOBALIZATION VS. NATIONAL INTERESTS

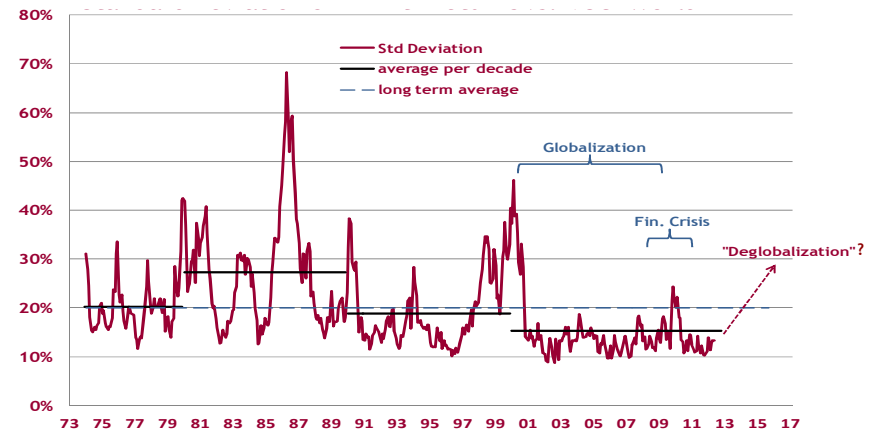
- The global economy is highly integrated: cycles are synchronized and no country is immune to external shocks.
- However, we believe that some kind of “deglobalization” is occurring; mainly because of political reasons, but also economical.
- The European crisis, the Chinese cycle, and the American budget imperatives will require aggressive action and will be subject to diverging policy mix.
- The world will change: after the fast-paced globalization of the 2000s, national interest will predominate. Several countries will shun the outside world.

**CORRELATION OF COUNTRIES' GDP**  
AVERAGE 5-YEAR ROLLING CORRELATION - 32 COUNTRIES



Sources: Hexavest, IMF Data via RBC Capital Markets

**RETURNS DISPERSION BETWEEN COUNTRIES - MSCI WORLD**  
STANDARD DEVIATION OF 12-MONTH RETURNS VS. MSCI WORLD



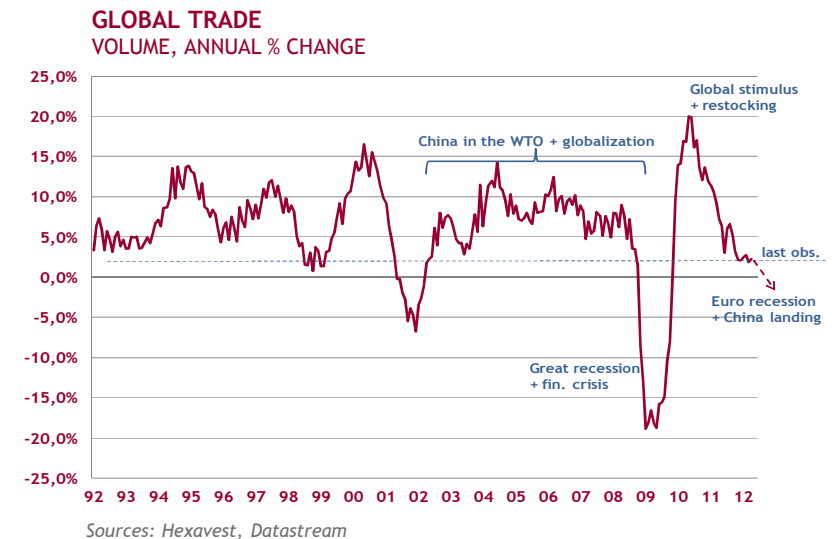
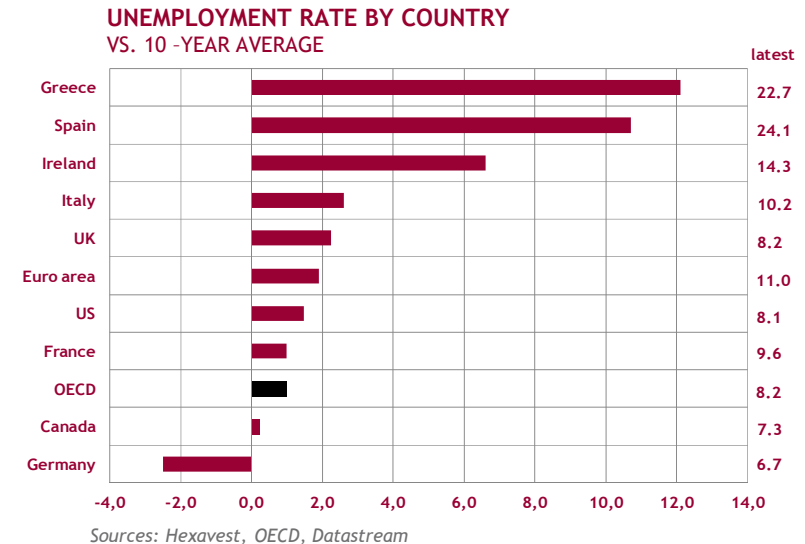
Sources: Hexavest, Datastream



# MACROECONOMIC ENVIRONMENT

## CONCLUSION: GLOBALIZATION VS. NATIONAL INTERESTS

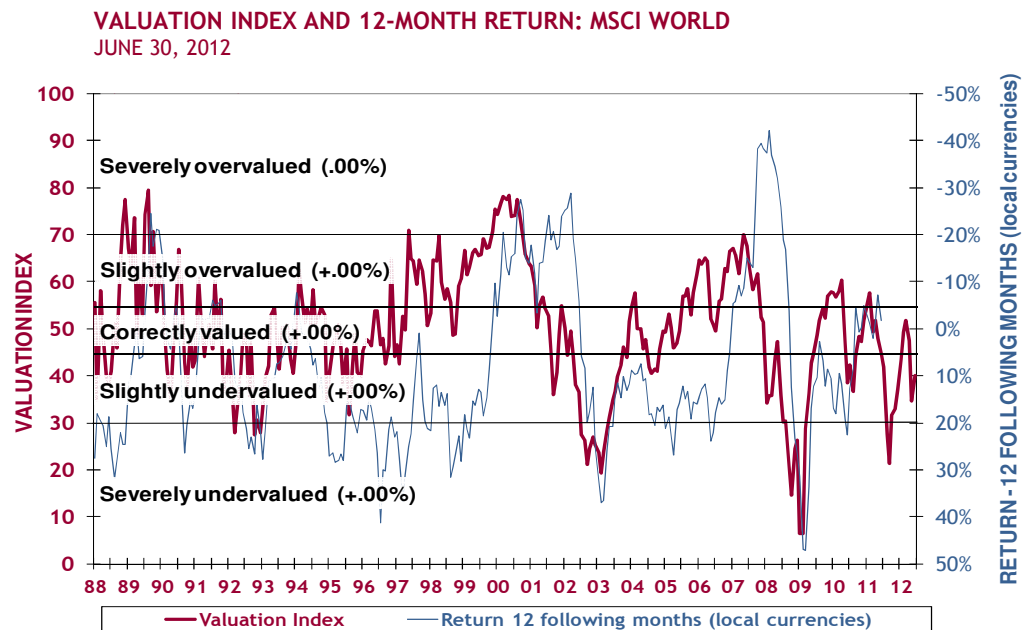
- On the political front, it is harder for elected officials to defend national interests when the economy and the social climate are deteriorating at home.
- For the unemployed, the priority is not to come in aid to foreign institutions. Globalization has not helped them out, especially in the manufacturing sector, and it is not helping them in the short term.
- Several politicians are openly talking about protectionism in Europe and the U.S. In emerging countries, scores of new protectionist measures are counted.
- On the economic front, the volatility in the price of oil and exchange rates, in addition to wage inflation in several emerging countries, are considerably reducing the attractiveness of decentralizing production. The incentives to produce locally could also increase with the measures to favour local employment.
- In this context, country selection will come to the forefront of investment strategies in the coming years.





# VALUATION

- According to our valuation model, the global market was correctly valued at the end of March. The market's decline in the second quarter (-5%) brought our in-house index back in the “slightly undervalued” zone.



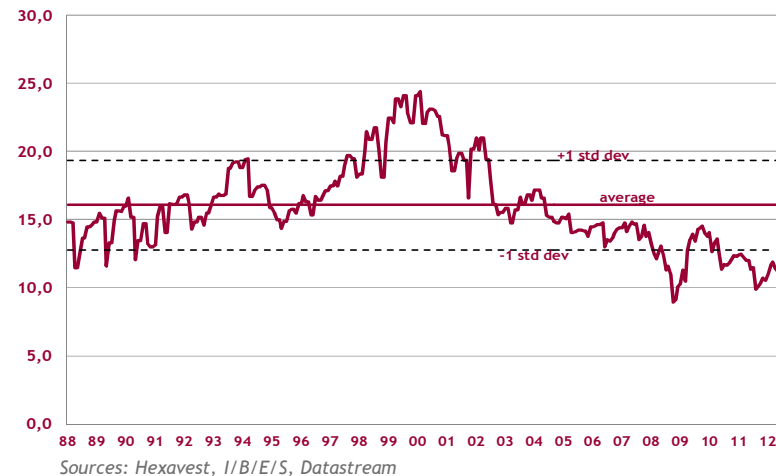
Source: Hexavest



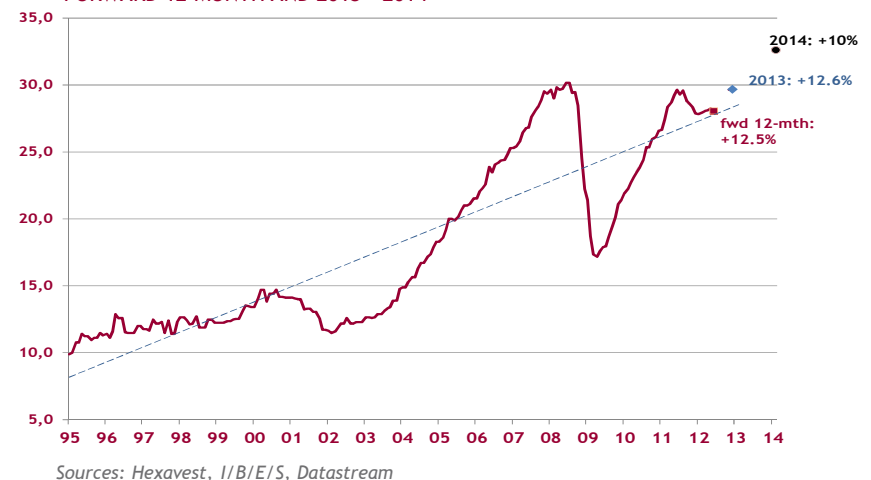
# VALUATION

- According to traditional valuation measures like the forward P/E ratio, the stock market is a bargain.
- But, by digging a little deeper, we notice that:
  1. the underlying hypotheses of earnings growth are exuberant;
  2. profit margins are at record levels;
  3. the period covered by this data does not include any period of high economic volatility and deleveraging.
- Earnings growth expectations for this year and next year exceed 12% for the MSCI All Country World Index.
- Not only is such growth considerably higher than the observed historical average, but it is completely incoherent with the current deleveraging (households and governments), the recession in the euro zone, the slowdown in China, and the uncertainty that will prevail in the coming years.

**MARKET VALUATION - WORLD**  
FORWARD P/E RATIO, MSCI ACWI



**EARNINGS EXPECTATIONS - ACWI**  
FORWARD 12-MONTH AND 2013 - 2014



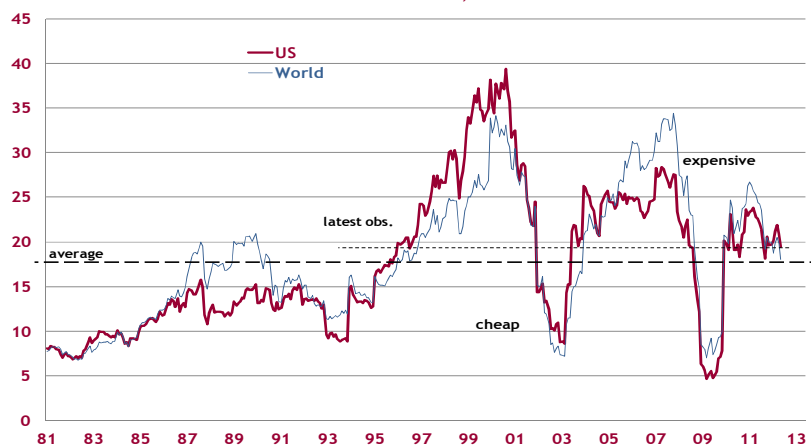




# VALUATION

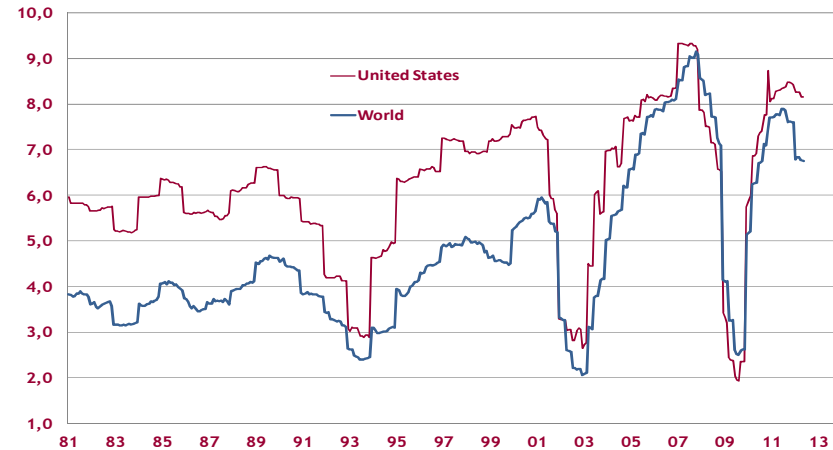
- Both margin expansion and strong global economic growth (income) would be necessary to achieve the 12% profit growth expected by analysts.
- But the economy is anemic: the annual growth of aggregate income (3.3% in May) is at its lowest since the Great Recession.
- Even the optimistic forecast of the consensus, with a nominal global growth of around 6%, would be insufficient to meet analysts' expectations.

**TRAILING P/E RATIOS WITH NORMAL MARGINS**  
ADJUSTED WITH AVERAGE PROFIT MARGINS, US VS. WORLD



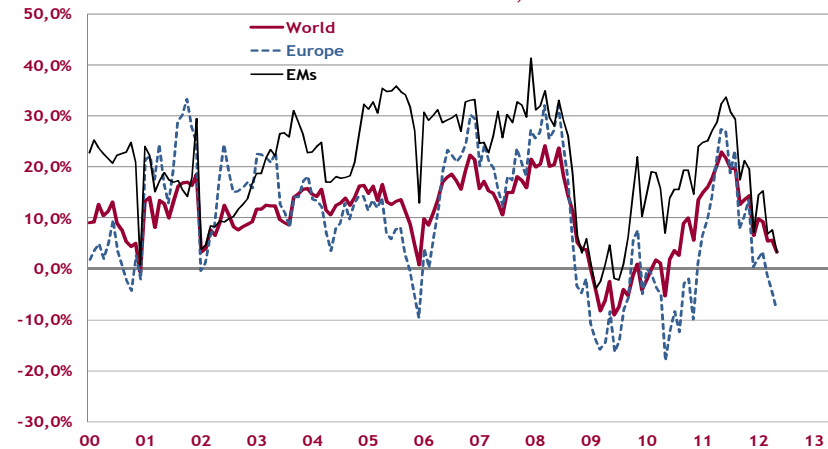
Sources: Hexavest, Datastream

**PROFIT MARGINS**  
WORLD AND US



Sources: Hexavest, Datastream

**SALES GROWTH**  
WORLD VS. EUROPE AND EMERGING MARKETS, ANNUAL % CHANGE



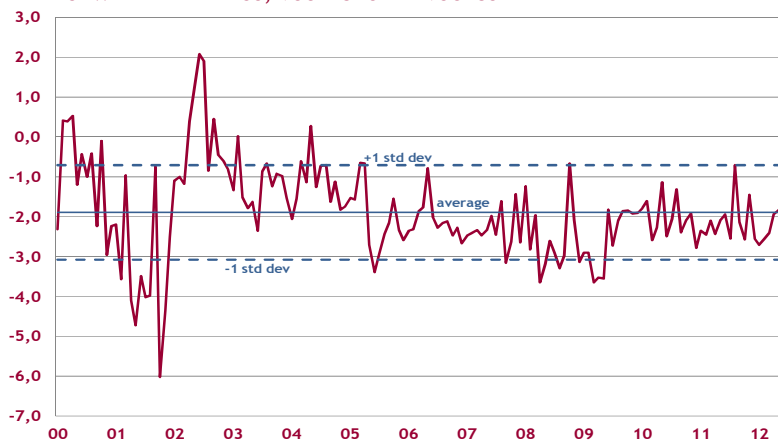
Sources: Hexavest, Datastream



# VALUATION

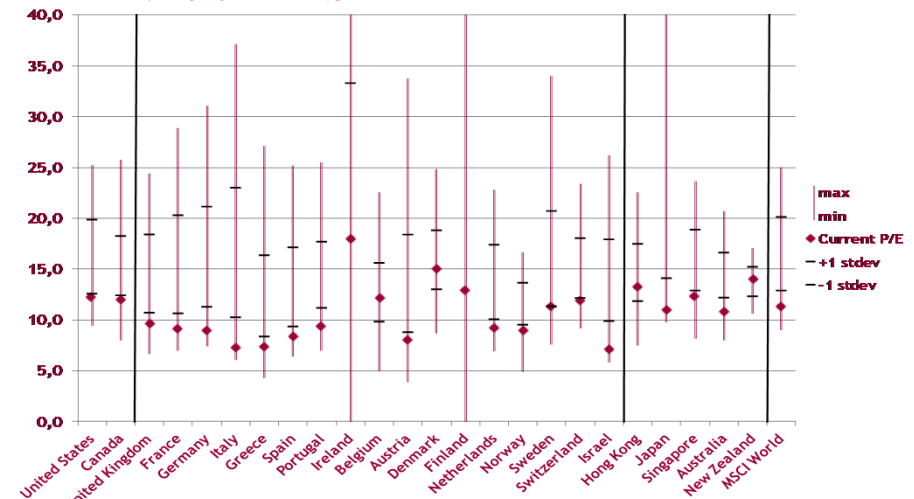
- When comparing the valuation among countries and regions, Europe seems cheap compared to the rest of the world (vs. the U.S. below) as well as to its own historical valuation. This relative undervaluation partly reflects the very hostile macroeconomic environment in Europe.

**RELATIVE VALUATION - EUROPE VS. US**  
FORWARD P/E RATIOS, MSCI EUROPE - MSCI US



Sources: Hexavest, I/B/E/S, Datastream

**12-MONTH FORWARD P/E**  
RELATIVE TO 20-YEAR RANGE

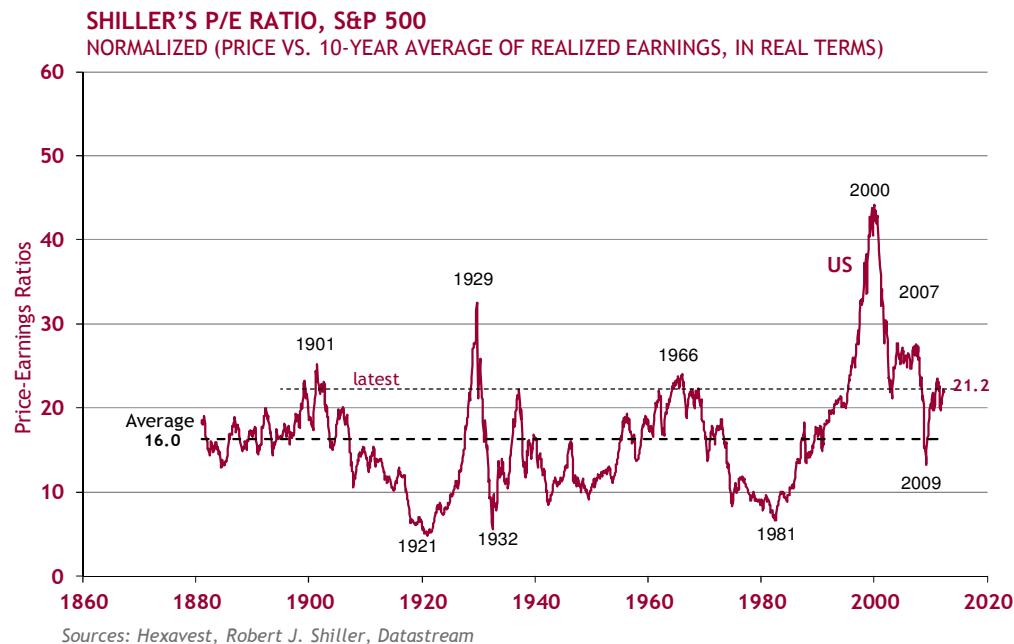


Sources: Hexavest, Datastream



# VALUATION

- The price/earnings ratio adjusted for economic cycles provides no information on short-term returns. It gives an indication on how far-off the stock market stands relative to its equilibrium (and on the subsequent return in the long run). Thus, on a long-term basis, the ratio should tend towards the mean.
- The ratio remained virtually unchanged for two years, hovering around 20x the 10-year average. According to this measure, the U.S. stock market would be 20% above its long-term equilibrium level.



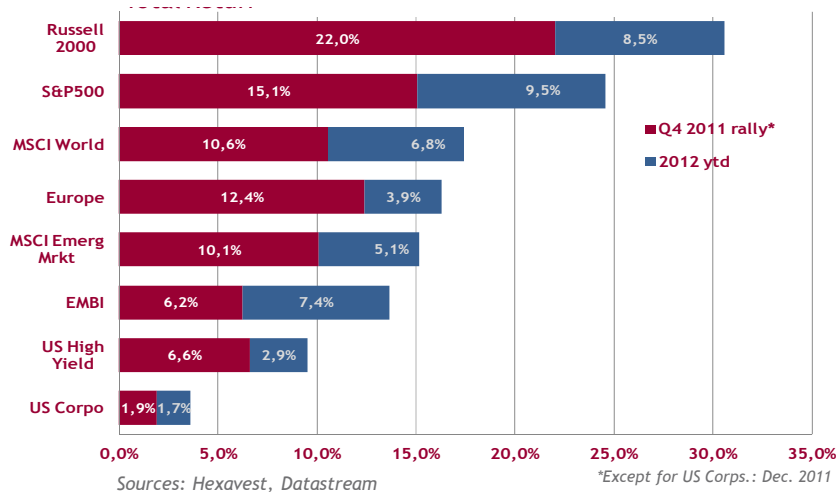


# SENTIMENT

- All risky assets show positive returns year to date, even after a strong market rally in the fourth quarter of 2011.
- Who could have predicted such returns given the state of the global economy?

## RISKY ASSETS RETURN

TOTAL RETURN, AS OF JUNE 29, 2012 (LOCAL CURRENCIES)



- Therefore, we can hardly say that investor sentiment is depressed.
- If investors are in fact depressed, they surely do not want to stand in front of central bankers and their money printing press. Short positions remain well below the levels observed between 2007 and 2010.

## SHORT POSITIONS

PERCENTAGE OF FLOAT, S&P 1500

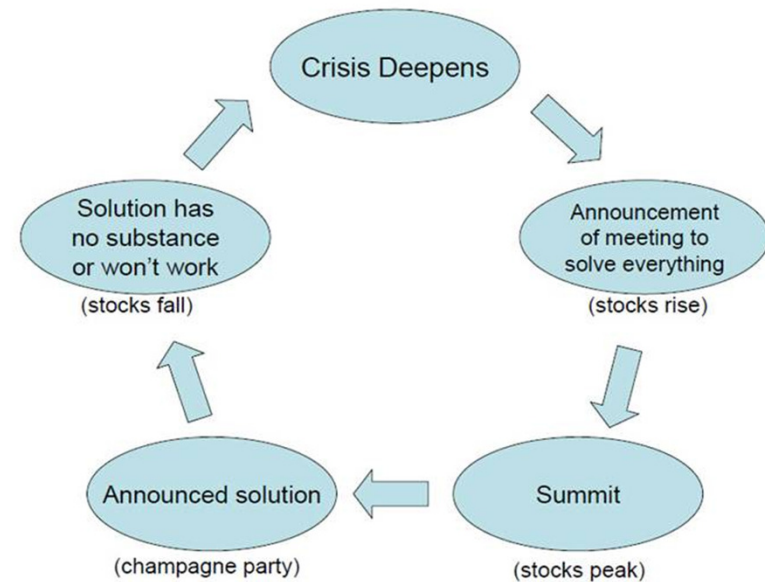


Source: Bespoke Investment Group



# SENTIMENT

- Investors are constantly waiting for the next bailout, the next elections, the upcoming speech of a politician, the next measures of central banks, the next economic summit, the next Chinese stimuli, etc.
- The study of the macroeconomic environment is now as much political analysis as economic and financial analysis.
- In the short term, the fate of the markets is in the hands of politicians, who are increasingly lacking tools... and lacking support from their voters.



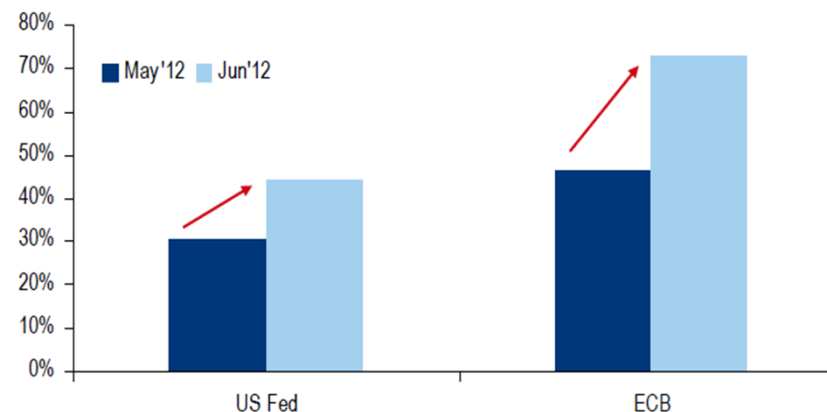
Source: Seeking Alpha



# SENTIMENT

- Portfolio managers hope for a strong intervention from central banks in the coming months. Nearly half anticipate quantitative easing in the U.S. In Europe, nearly 75% of respondents expect another wave of money printing from the ECB.

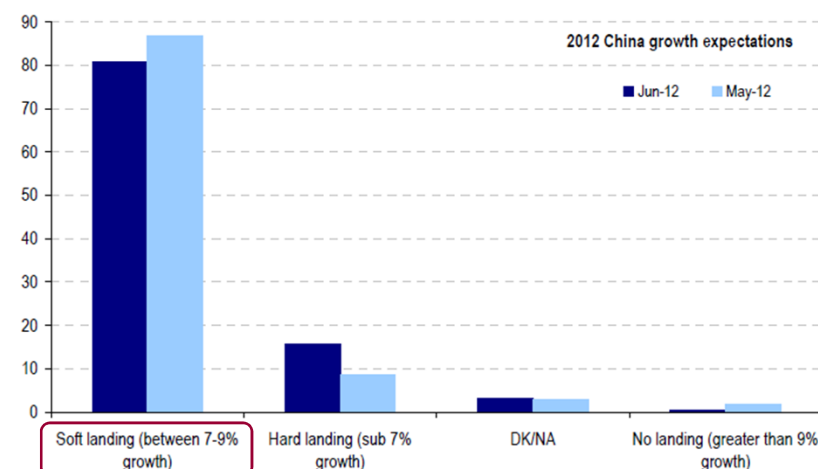
## DO YOU EXPECT THE ECB AND US FED TO ENGAGE IN ADDITIONAL QE? % SAYING "YES IN NEXT 4 MONTHS"



Source: BofA Merrill Lynch Fund Manager Survey

- Investors remain convinced that the Chinese locomotive will save the day. Over 80% believe that China will be soft-landing this year, and only 15% believe that growth will be less than 7%.

## IN 2012, WILL CHINA HAVE A...



Source: BofA Merrill Lynch Fund Manager Survey



# SENTIMENT

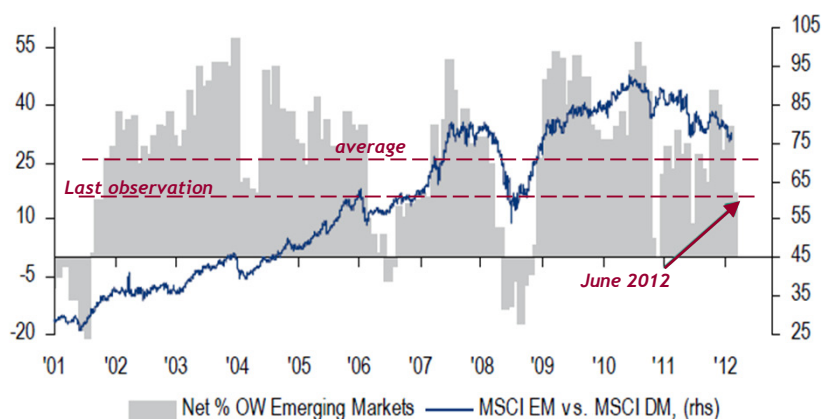
- The risk appetite of institutional investors has faded. In June, 36% of investors were overweight cash, the highest level since March 2009.
- The allocation to equities has fallen: it is now comparable to what it was last fall.
- Finally, the allocation to emerging markets is at 17%, which is below the long-term average of 26%, but remains much higher than the levels seen during crises.

## ALLOCATION TO CASH FUND MANAGER SURVEY



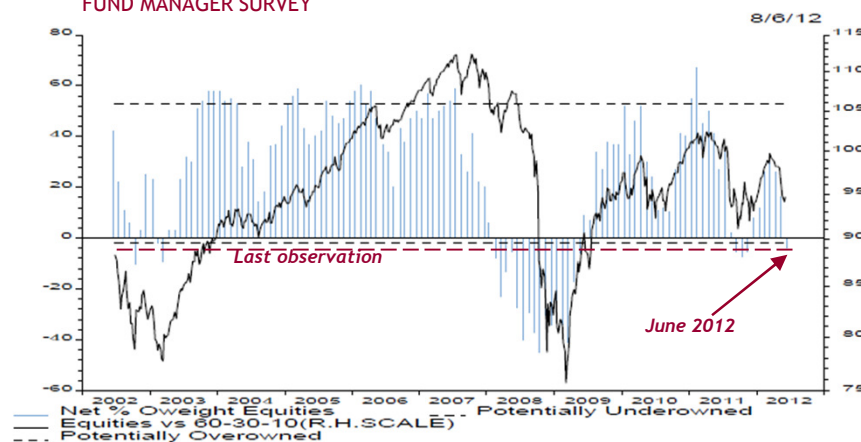
Source: BofA Merrill Lynch Fund Manager Survey

## ALLOCATION TO EMERGING MARKET EQUITIES FUND MANAGER SURVEY



Source: BofA Merrill Lynch Fund Manager Survey

## ALLOCATION TO EQUITIES FUND MANAGER SURVEY



Source: BofA Merrill Lynch Fund Manager Survey



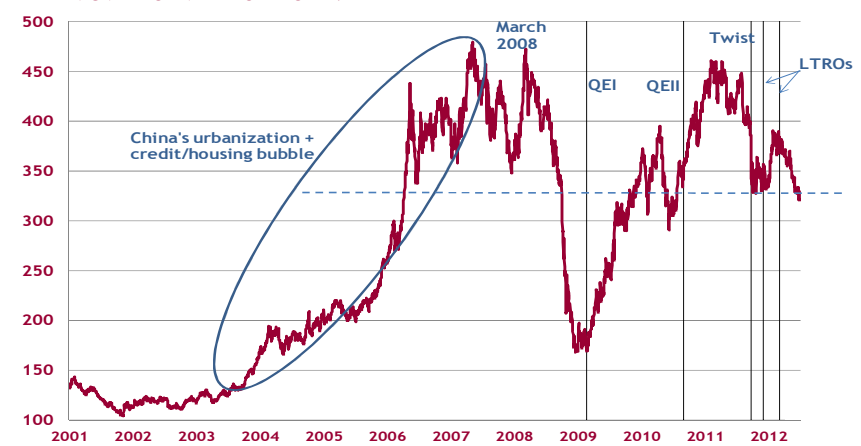
# SENTIMENT

- Everything seems normal in the corporate bond market. Despite the deteriorating global economic conditions, the interest rate spreads over the U.S. Treasuries are in line with historical averages, even for high yield bonds, which are the riskiest.
- The story is different for commodities, including industrial metals. Investors seem less keen on base metals: prices are down 30% since their peak of 2011.
- Without a massive intervention by central banks (Fed and ECB) and a significant stimulus package in China, we believe that these prices may continue to decline.

**HIGH YIELD CORP. BONDS VS 10-YEAR US TREASURIES**  
U.S., INTEREST RATE SPREAD IN BASIS POINTS



**INDUSTRIAL METAL PRICES**  
MGMI BASE METALS PRICE INDEX







# SENTIMENT

- Obviously, investor sentiment is not homogeneous across regions. For example, the problems of Europe and the U.S. upturn are reflected in the relative performance of the two regions. The underperformance of Europe relative to the U.S. reached extremes rarely observed.

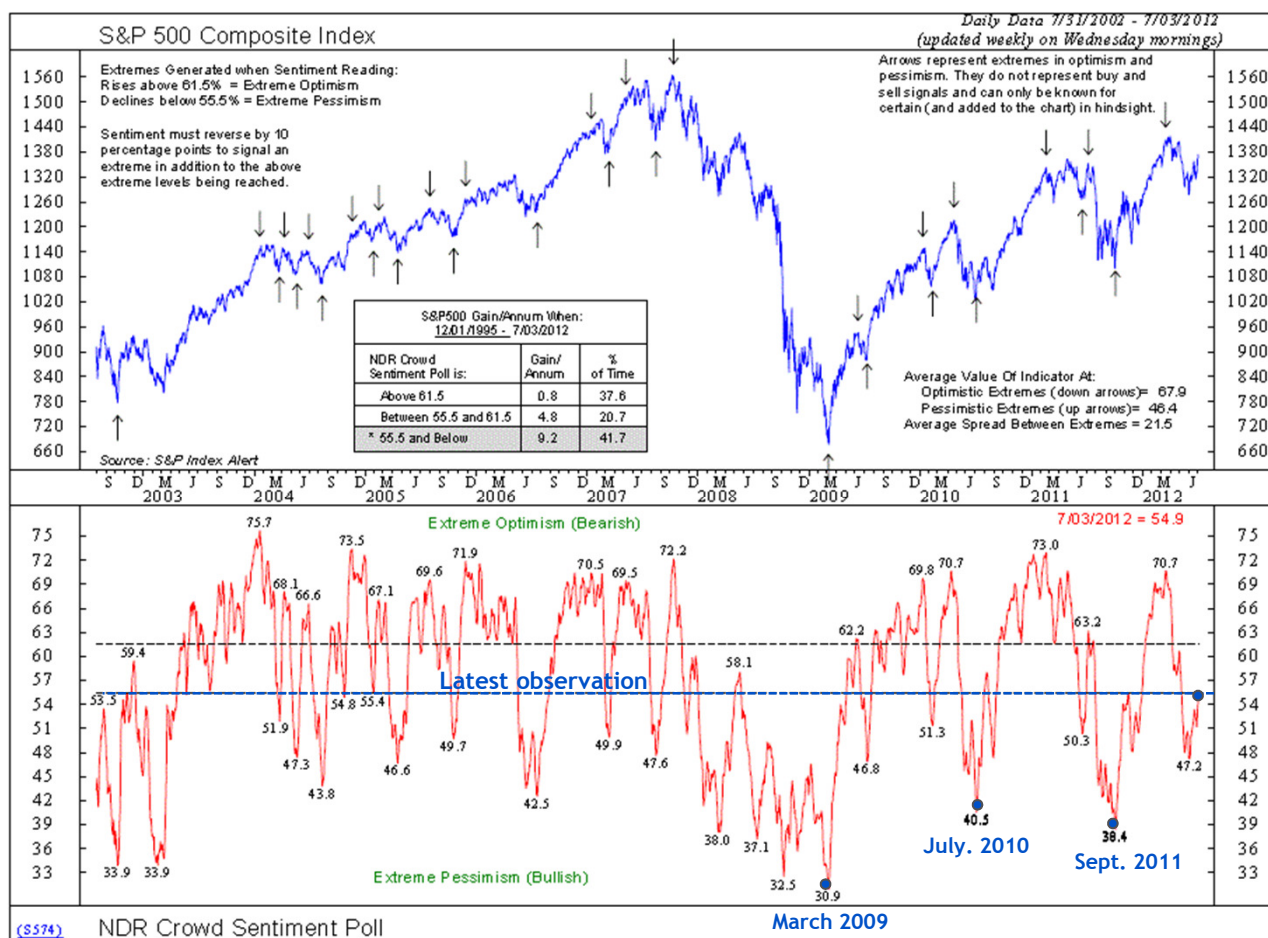


Sources: BofA Merrill Lynch Global Equity Strategy, Bloomberg



# SENTIMENT

- The Ned Davis Sentiment Index, a composite that synthesizes results from different surveys and sentiment indicators, is in the neutral zone. Despite the deteriorating economic data, it remains far from the extreme levels we saw last fall, during the summer of 2011 and in March 2009.



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## CONCLUSION

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- Given the deteriorating economic conditions in China, Europe, and the United States since the last quarter, and taking into account the continuing political and budgetary deadlocks in Europe and the United States, we downgraded our “**macroeconomic environment**” vector from double negative to triple negative.
- Markets’ valuation may seem attractive today, but underlying earnings forecasts are unrealistic. The macro environment rather suggests a decline in profits for the next 12 months. Moreover, we reiterate that stock markets should trade at a discount during periods of economic volatility. However, because the stock market fell from last quarter, our “**market valuation**” vector went from negative to neutral.
- Most of our sentiment indicators show deterioration since the previous quarter. However, all risky assets remain on the rise since Q3 2011 despite the deteriorating global economy. For us, it is clear that investors rely on intervention from politicians and central bankers to support the markets. Our contrarian assessment of the “**investor sentiment**” vector was upgraded from double negative to neutral.



## SUPPLEMENTAL INFORMATION

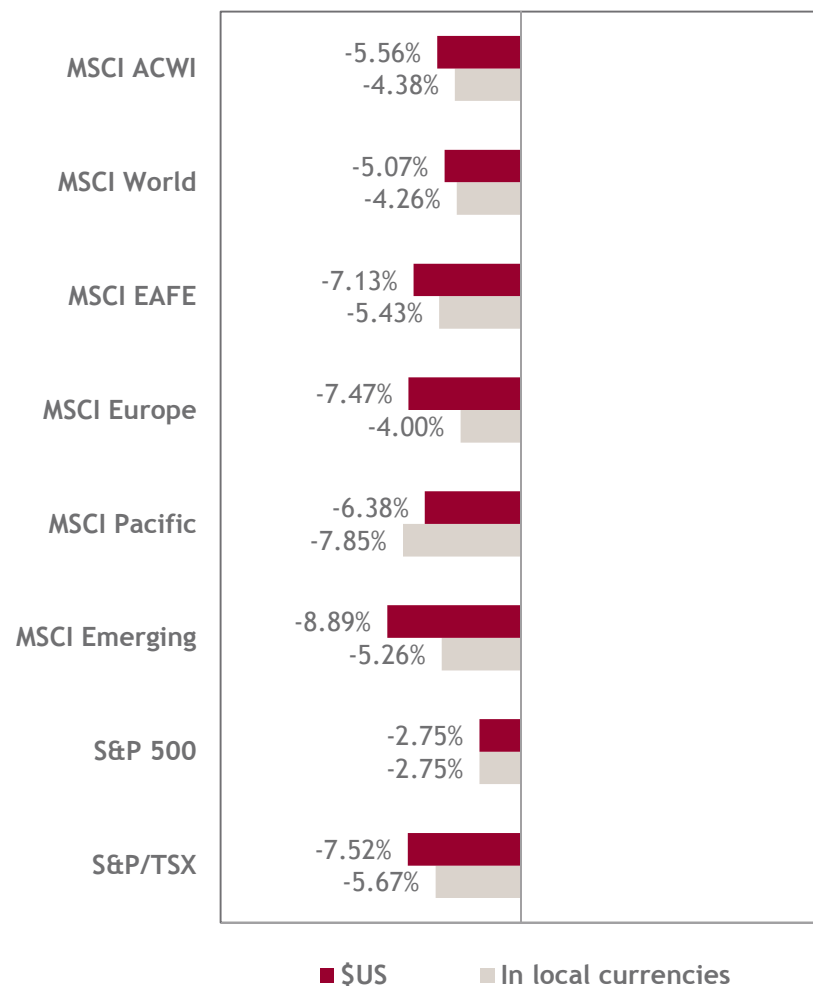
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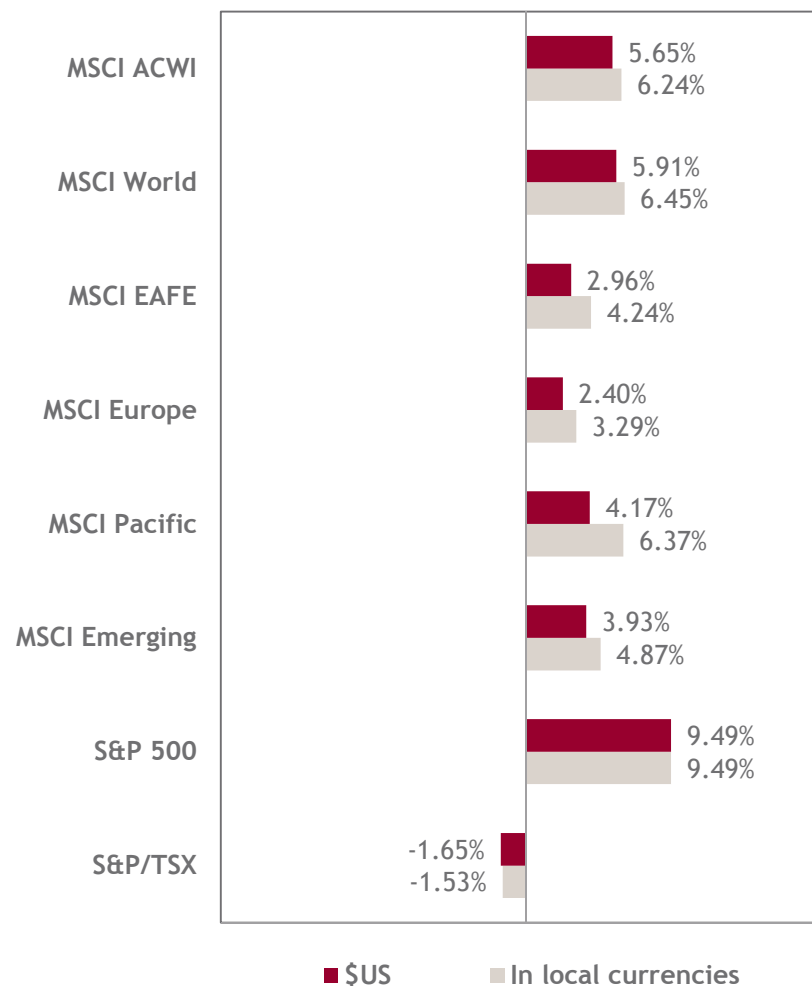
# MARKET OVERVIEW

## PERFORMANCE OF MAIN INDICES

Q2 2012



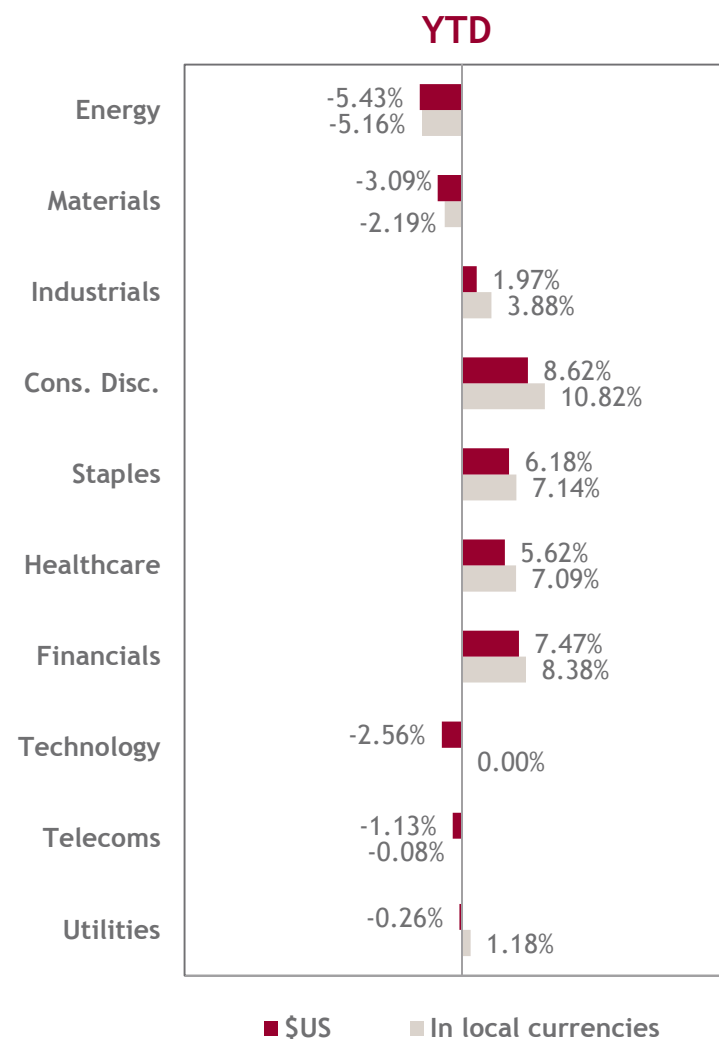
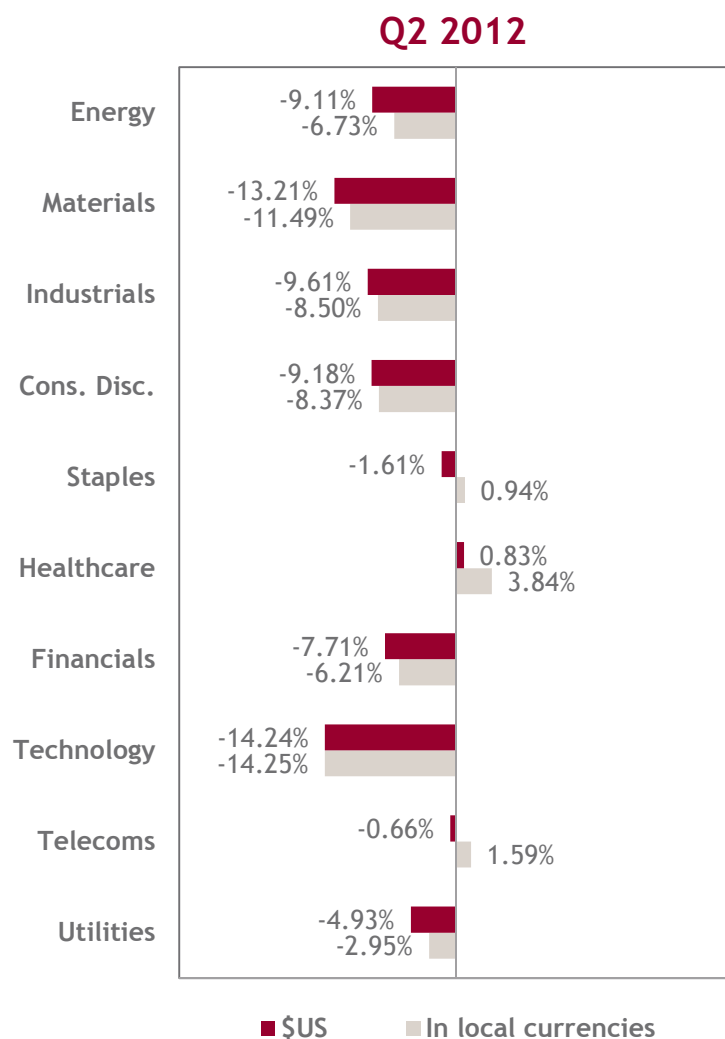
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# MARKET OVERVIEW

## SECTOR PERFORMANCE (MSCI EAFE)





## CLIENT GAINS AND LOSSES

### DEFINED BENEFIT PLANS - LAST 2 YEARS

---

- **International Equity (EAFE, World ex-US)**
  - 9 clients gained (\$386 M)
  - 1 client lost (\$4 M)
    - Client lost following a change in consultant/restructuring of portfolio
- **Global Equity (World, ACWI)**
  - 30 clients gained (\$1,586 M)
  - 4 clients lost (\$132 M)
    - 2 clients lost after their pension plan was terminated (company bankruptcy/restructuring)
    - 2 clients decided to use a multi-manager platform instead of single managers
- **Emerging Markets Equity**
  - 3 clients gained (\$19 M)
  - No clients lost
- **Canadian Equity**
  - 9 clients gained (\$175 M)
  - 1 client lost (\$1 M)
    - Client lost decided to use a multi-manager platform instead of single managers
- **Tactical Asset Allocation/Global Macro**
  - 1 client gained (\$1 M)
  - No clients lost



## RISK CONTROLS

---

- **Active risk is monitored and analyzed monthly by our risk committee**
  - The Barra GEM2L model is used to calculate active risk
  - Historically, ex-ante active risk has been in the 3% to 5% range
- **Pre-trade compliance system**
  - All investment policy constraints are programmed in our compliance system
  - Each transaction must be approved by the system before being sent to the broker
- **Monitoring**
  - The CCO receives a daily report and ensures that all investment policies are duly respected
  - Impromptu verifications of investment policy programming performed by the Compliance Department





# TEAM

## Executive Management

Vital Proulx - President

Robert Brunelle - Senior Vice President

Denis Rivest - Chief Operating Officer

Michel Lajoie - Chief Compliance Officer and Vice President

## Investment Team

Vital Proulx - Chief Investment Officer

Jean-René Adam - Assistant Chief Investment Officer and Vice President, North American Markets

Carl Bayard - Analyst, North American Markets

Frédéric Imbeault - Vice President, Asian Markets

Marc C. Lavoie - Vice President, European Markets

Denis Rivest - Portfolio Manager, European Markets

Jean-Pierre Couture - Economist & Strategist, Emerging Markets

Jean-Benoit Leblanc - Portfolio Manager, Emerging Markets

Robert Brunelle - Chair of the Investment Committee

## Quantitative Analysis & Information Technology

Marc Veilleux - Vice President

Jean-François Bérubé - Vice President

Christian Huppé - Data Analyst

Dominique St-Amand - Programmer Analyst

Nelson Cabral - Programmer Analyst

Alexandre Bériault - Programmer Analyst

## Client Services & Business Development

Robert Brunelle - Senior Vice President

Nadia Cesaratto - Vice President

Jo-Annie Pinto - Director

Stella Parlati - Analyst

Jeffrey A. Davies - Coordinator

Evelyne Collette - Administrative Assistant

## Compliance & Legal

Michel Lajoie - Chief Compliance Officer and Vice President

Christina Milonopoulos - Advisor

Lucie Kouyoumijian - Advisor

Sabrina Lacroix - Analyst

## Operations & Administration

Denis Rivest - Chief Operating Officer

Charles Gagné - Vice President

### Trading

Éric St-Onge - Head Trader

Rashmikanth Patel - Trader

### Middle Office

Véronique Marchetti - Analyst

James Cahill - Analyst

Sylvain Desrosiers - Analyst

### Back Office

Viviane Bourdages - Analyst

Joseph Étienne Jr - Analyst

Laurence Noël - Analyst

Danny Lalonde - Analyst

### Accounting & Administration

Lucille Léonard - Director, Accounting

Micheline Cantin - Receptionist

### IT Network

Jean-Luc Guay - Network Administrator



# GIPS® COMPLIANCE REPORT

## EAFE Composite (US dollars)

Year	Composite gross return (%)	Benchmark return (%)	Composite 3-yr standard deviation	Benchmark 3-yr standard deviation	Number of portfolios at end of period	Composite dispersion (%)	Total assets at end of period	Percentage of firm assets
1992	-7.52	-12.17	-	-	5	0.20	5,648,517	53.0
1993	31.97	32.56	-	-	5	0.33	7,615,661	56.2
1994	5.34	7.78	13.10	15.66	9	0.07	9,511,417	47.4
1995	12.26	11.21	10.79	14.58	8	0.01	14,945,245	67.3
1996	12.14	6.05	7.94	11.03	6	0.26	9,526,557	65.4
1997	0.58	1.78	10.58	12.27	7	-	15,178,462	82.5
1998	18.70	20.00	14.17	14.97	6	-	180,040,902	97.9
1999	28.79	26.96	15.67	16.14	< 5	-	208,189,498	97.5
2000	-11.19	-14.17	15.44	15.98	< 5	-	263,896,610	98.1
2001	-17.52	-21.44	14.56	15.39	< 5	-	348,693,889	98.6
2002	-6.11	-15.94	14.76	16.25	< 5	-	416,252,088	98.7
2003	48.11	38.59	16.01	18.06	< 5	-	597,293,712	91.7
2004	21.08	20.25	13.89	15.65	< 5	-	198,599,508	79.5
2005	14.21	13.54	10.94	11.56	< 5	-	290,260,102	60.0
2006	20.35	26.34	9.45	9.47	< 5	-	416,219,563	47.3
2007	8.94	11.17	8.67	9.56	< 5	-	491,241,302	48.0
2008	-31.91	-43.38	15.27	19.51	< 5	-	294,438,053	36.8
2009	31.17	31.78	21.99	23.91	< 5	-	490,905,466	26.5
2010	6.40	7.75	24.30	26.61	6	-	850,455,546	14.8
2011	-8.74	-12.14	22.15	22.75	7	0.41	1,138,383,599	12.2

Hexavest Inc. (“Hexavest”) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Hexavest has been independently verified for the periods January 1, 1992 through December 31, 2011.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The EAFE Composite has been examined for the period January 1, 1992, through December 31, 2011.



# GIPS® COMPLIANCE REPORT

## EAFE Composite (cont'd) (US dollars)

### Notes:

- Hexavest is an independent investment management firm established in April 2004. Hexavest manages a variety of equity and tactical asset allocation mandates for primarily institutional clients located in Canada, the US, Europe, and Asia.
- The performance shown is that of a composite of EAFE equity mandates managed by Mr. Vital Proulx and his team at Hexavest (from June 2004 onwards), NATCAN Investment Management (from 1998 to May 2004), Kogeva Investments (from 1997 to 1998) and St. Lawrence Financial Consultants (from 1991 to 1996). Despite changes in the corporate environment, the investment decision-making process has not undergone significant changes since 1991.
- The EAFE Composite (formerly known as the Europac Composite) includes portfolios that invest primarily in equities of companies located in the developed markets of Europe and Asia. Hexavest uses an investment approach that is predominantly 'top-down' to construct diversified portfolios that typically contain more than 200 stocks. Asset allocation between regions, countries, currencies, and sectors can deviate substantially from that of the benchmark. Some portfolios may invest a small portion of their assets in countries and currencies not included in the benchmark.
- The composite uses derivatives but does not use leverage. Currency forward contracts are frequently used in the composite to allow the investment team to manage currency exposure actively. Equity futures may be used in some portfolios to enable changes in the team's macroeconomic strategy to be efficiently and cost-effectively implemented, as well as to manage cash flows. Although Hexavest will rarely use options and other derivatives, such instruments may at times be included in certain portfolios when the investment team believes that such a strategy will add significant value or will reduce risk.
- The benchmark is the MSCI EAFE Net Index. On January 1, 2006, the benchmark was changed from the MSCI EAFE to the MSCI EAFE Net Index. The MSCI EAFE Net Index takes into consideration withholding taxes paid on foreign investments and represents a better comparison for Hexavest's composite, for which the return is net of withholding taxes. The new benchmark returns have been applied retroactively. The annualized compound composite return from May 1991 (inception of composite) to December 2011 equals 7.19%; the annualized compound benchmark return for the same period equals 4.58%.
- Performance results are presented gross of management fees but net of trading expenses. Custody fees and other operating expenses are deducted from the returns of the pooled funds included in the composite, but not from the returns of separately managed accounts.

From May 1991 to December 2008, pooled funds represented 100% of composite assets and operating expenses averaged 0.27% annually. Starting in 2009, pooled funds represent less than 100% of composite assets as detailed below:

Year-end	Europac Fund % (of composite assets)	Europac Fund operating expenses	EAFE Equity Fund % (of composite assets)	EAFE Equity Fund operating expenses
2009	59%	0.11%	3%	0.20%
2010	40%	0.10%	9%	0.11%
2011	28%	0.08%	21%	0.16%

The firm's published management fee schedule for pooled funds is as follows:

0–\$10,000,000	0.60%
\$10,000,000–\$40,000,000	0.50%
\$40,000,000 and above	0.40%

The firm's published management fee schedule for separately managed accounts is as follows:

0–\$20,000,000	0.70%
\$20,000,000–\$50,000,000	0.60%
\$50,000,000–\$100,000,000	0.50%
\$100,000,000–\$200,000,000	0.40%
\$200,000,000 and above	0.30%

Fee levels may vary from client to client depending on the portfolio size and the ability of the client to negotiate fees.

- Valuations and returns are computed and stated in US dollars. From January 1, 1992 to December 31, 2011, monthly composite returns have been used. Accordingly, annual composite returns were calculated by linking geometrically the monthly returns. All returns are presented on an all-inclusive basis, and, as such, all capital gains, interest income, and dividends, net of withholding taxes, have been taken into account in market valuations and returns.
- When there are five or more portfolios in the composite for a full calendar year, the dispersion of annual returns is measured by the standard deviation across asset-weighted portfolio returns represented within the composite for the full year. Given the change in firm structure in 1997 (please refer to note 2), only one account was present for the whole year. Furthermore, all accounts were aggregated in a single commingled fund in October 1998. Therefore, dispersion was not calculated for 1997 and 1998.
- The three-year annualized standard deviation measures the variability of the composite and the benchmark monthly returns over the preceding 36-month period. The standard deviation is not presented for 1992 and 1993 because the composite had less than 36 months of performance history.
- This composite was created on December 31, 2003. As the portfolios were in existence prior to the composite creation date, it is possible to calculate the composite history in accordance with GIPS.
- The minimum portfolio size for the composite is CA\$1,100,000.
- A complete list of firm composites, performance results and additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations is available upon request at: Hexavest Inc., 1250, René-Lévesque Blvd. West, Suite 4200, Montréal (Québec), H3B 4W8, (514) 390-8484.



## CONTACT INFORMATION

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EQUITY  
INVESTING



Walter  
Scott

Global Investment  
Management

PRIVATE & CONFIDENTIAL

International Equity  
Presentation  
for  
Ventura County Employees'  
Retirement Association  
16 July 2012

► A BNY MELLON COMPANY<sup>SM</sup>

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# Overview

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As of 31 March 2012

Global equity manager

Founded in 1983

Based in Edinburgh, Scotland

\$54.2 billion under management

~ 100 staff

# Investment team

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Staff	37 investment professionals in one location
Training	Home grown bias, two year apprenticeship
Structure	All members of global team, structured in three regional groups
Tenure	Senior staff average 19 years with firm, 21 years in industry
Outcome	Breadth and depth of knowledge and expertise

Bound together by the firm's consistent philosophy, process and culture

# Experience

As of 31 March 2012

Senior investment experience	Years in industry	Years with firm
Ian Clark	48	29
Dr. Kenneth Lyall	28	28
Jimmy Smith	28	28
Charles Macquaker	20	20
Rodger Nisbet	18	18
Ian Howie	18	18
Hilda West	16	16
Jane Henderson	16	16
Roy Leckie	16	16
Keith Bilton	15	15
Christel Brodie	15	11
Russell Robles-Thomé	11	11
Average	21	19



# Investment philosophy

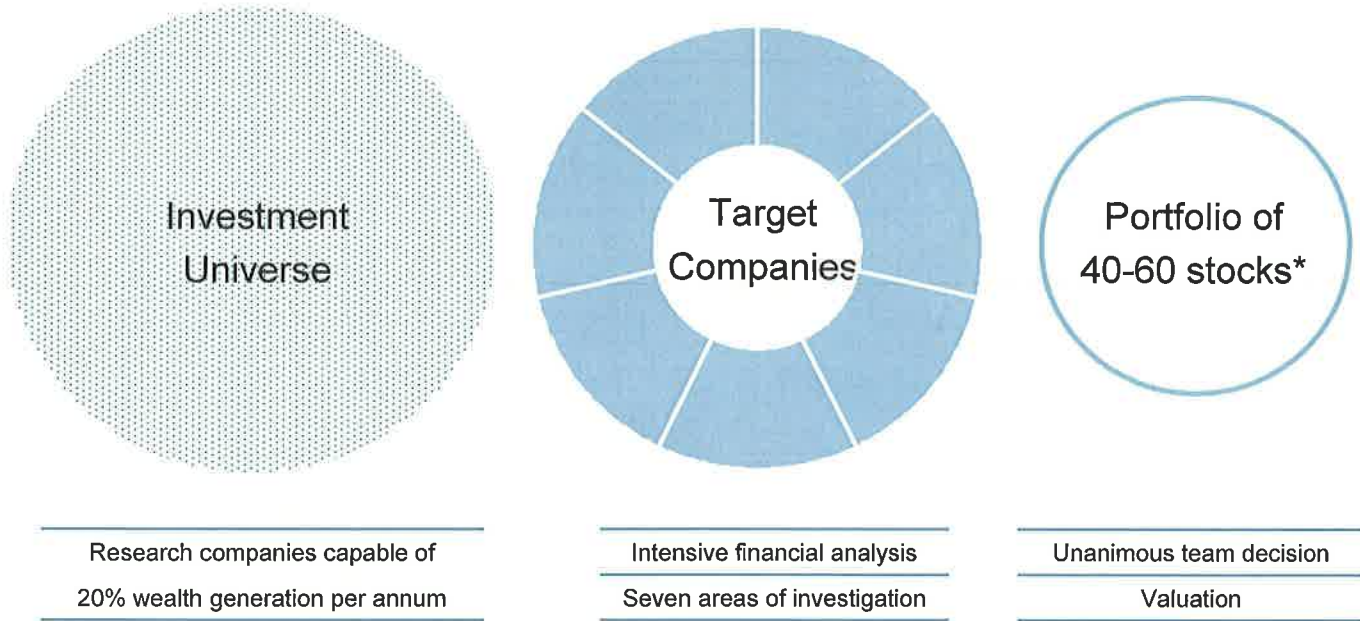
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Statement	Company wealth generation drives investor return
Approach	Bottom-up, fundamental, research driven
Objective	Real returns over the long term
Target	Companies capable of sustainable wealth generation

‘Buy and hold’ strategy requires patience

# Research process

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\*Global and EAFE portfolios typically hold between 40-60 stocks while Emerging Market portfolios can hold up to 100 stocks.

# Seven areas of investigation



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Market position, sustainable margins

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Competitive structure, industry dynamics

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Control of destiny

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Cash flow, cash return on investment

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Accounting, balance sheet, working capital

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Experience, track record

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Free float, trading volume

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# Investment decision

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Buy     Unanimous team decision

Sell     Single dissenter

# Sell discipline

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Fundamental	Breakdown of purchase rationale
-------------	---------------------------------

Risk control	5% single stock exposure
--------------	--------------------------

	Performance
--	-------------

	Valuation
--	-----------

Replacement	New idea
-------------	----------

# Performance

As of 31 May 2012

	Portfolio %	MSCI EAFE %
Simple return:		
May 2012	-8.3	-11.5
Quarter to date	-8.4	-13.2
Q1 2012	12.4	10.9
Year to date	3.0	-3.8
One year	-11.4	-20.5
2011	-8.4	-12.1
Since inception (15 December 2010)	-4.1	-14.4

# Stock performance

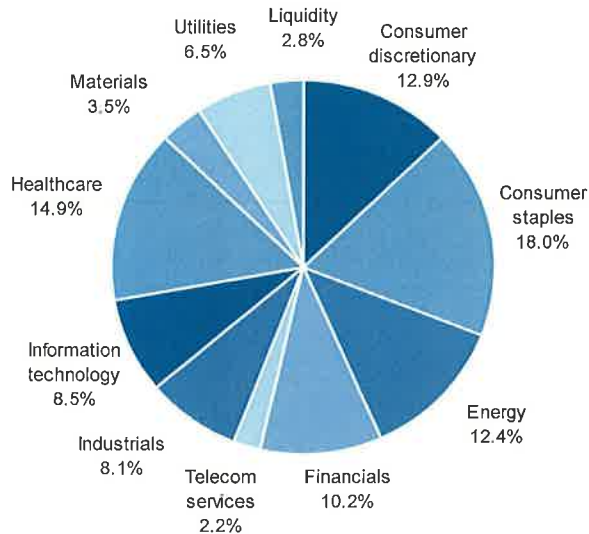
Five months to 31 May 2012

Company	Sector	Country	Capital return %
<b>Top five:</b>			
Essilor	Healthcare	France	20.6
DBS Group Holdings	Financials	Singapore	15.5
Novo Nordisk	Healthcare	Denmark	15.4
Adidas	Consumer discretionary	Germany	13.5
Fanuc	Industrials	Japan	12.6
<b>Bottom five:</b>			
Morrisons	Consumer staples	United Kingdom	-16.1
China Shenhua	Energy	China	-18.8
Petrobras	Energy	Brazil	-19.5
Tesco	Consumer staples	United Kingdom	-25.7
Vallourec	Industrials	France	-42.7

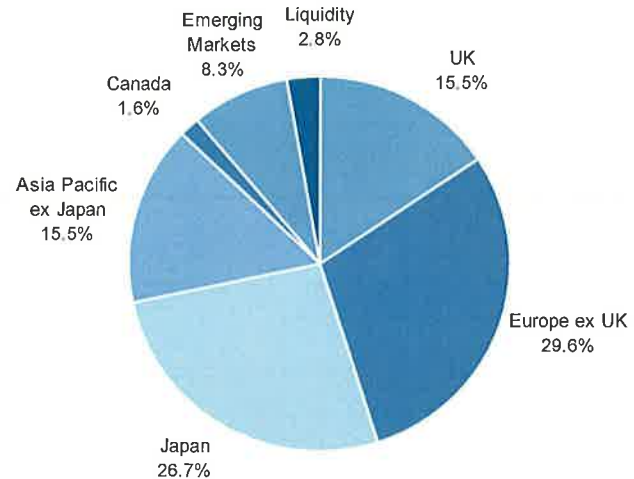
# Distribution

As of 31 May 2012

## Sectors



## Geography





# Sector distribution

As of 31 May 2012

Sector	Portfolio %	MSCI EAFE %	Difference %
Consumer staples	18.0	12.0	6.0
Healthcare	14.9	10.1	4.8
Energy	12.4	8.4	4.0
Information technology	8.5	4.6	3.9
Utilities	6.5	4.3	2.2
Consumer discretionary	12.9	10.9	2.0
Telecommunication services	2.2	5.6	-3.4
Industrials	8.1	12.7	-4.6
Materials	3.5	9.8	-6.3
Financials	10.2	21.6	-11.4
Liquidity	2.8		2.8

Source: Walter Scott, MSCI. Sector and regional distribution are subject to change and may not be representative of future portfolio composition.  
Please refer to the appendix for important information.

# Regional distribution

As of 31 May 2012

Region	Portfolio %	MSCI EAFE %	Difference %
Emerging Markets	8.3	0.0	8.3
Japan	26.7	22.2	4.5
Asia Pacific ex Japan	15.5	13.7	1.8
Canada	1.6	0.0	1.6
Rest of World	0.0	0.7	-0.7
UK	15.5	23.2	-7.7
Europe ex UK	29.6	40.2	-10.6
Liquidity	2.8		2.8

Source: Walter Scott, MSCI. Sector and regional distribution are subject to change and may not be representative of future portfolio composition.  
Please refer to the appendix for important information.

# Top ten holdings

As of 31 May 2012

Company	Sector	Country
Fanuc	Industrials	Japan
Novo Nordisk	Healthcare	Denmark
Essilor	Healthcare	France
Adidas	Consumer discretionary	Germany
CNOOC	Energy	China
L'Oreal	Consumer staples	France
Shimamura	Consumer discretionary	Japan
SGS	Industrials	Switzerland
Danone	Consumer staples	France
Reckitt Benckiser	Consumer staples	United Kingdom

# Activity

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Five months to 31 May 2012

Purchases	Sales
Syngenta	Cairn Energy
Woolworths	Synthes

# Characteristics

As of 31 May 2012

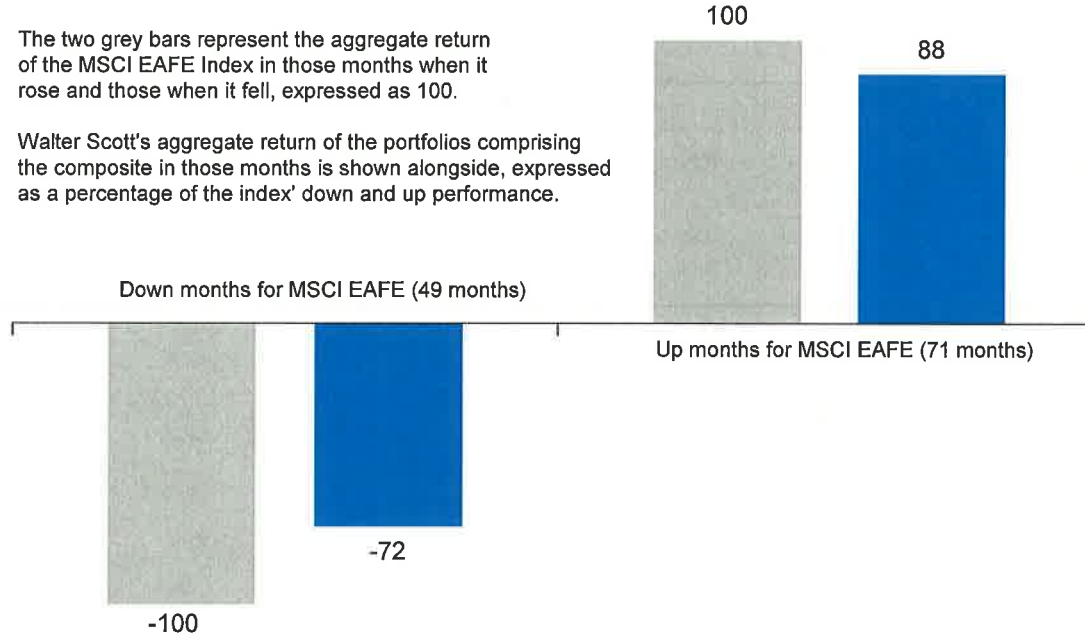
	Portfolio	MSCI EAFE
Turnover (12 months to 31 March 2012)	3.8%*	n/a
Number of securities	51	923
Return on equity	16.9%	9.4%
Five year annualised EPS growth	4.6%	-3.6%
Price to earnings ratio	20.7x	12.7x

# International equities capture ratios

Ten years to 31 March 2012

The two grey bars represent the aggregate return of the MSCI EAFE Index in those months when it rose and those when it fell, expressed as 100.

Walter Scott's aggregate return of the portfolios comprising the composite in those months is shown alongside, expressed as a percentage of the index' down and up performance.



# Appendix

## 1. DEFINITION OF FIRM

Walter Scott & Partners Limited ("Walter Scott") is an investment management firm authorized and regulated in the United Kingdom by the Financial Services Authority in the conduct of investment business. Walter Scott is a wholly-owned subsidiary of The Bank of New York Mellon Corporation. Walter Scott is responsible for portfolios managed on behalf of pension plans, endowments and similar institutional investors. Total assets under management were US\$54.2 billion as at 31 March 2012.

## 2. EXPLANATORY NOTES

### 2.1 Explanatory Notes

Composite figures in this presentation are extracted from one or more of the composites reports prepared by Walter Scott in compliance with the Global Investment Performance Standards (GIPS). The effective date of compliance of the Firm with the GIPS standards is 1 January 1994. The firm's Global, EAFE, Europe and Pacific Rim composites were first created in 1989. A complete list and description of composites is available on request.

### 2.2 Calculation Methodology

Details specific to performance and composite calculations are set out below. Composites, which are expressed in US\$ terms or other currencies as indicated, comprise all fee-paying, fully discretionary portfolios managed by Walter Scott within each investment strategy. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available on request.

(a) Unless otherwise stated, performance results are calculated gross of investment management fees. The fee schedule is detailed below. Performance results net of fees are available on request.  
(b) Performance results are calculated on a total return basis and include all portfolio income, unrealized and realized capital gains, contributions and withdrawals and are geometrically linked. Cash and cash equivalents are included in total portfolio assets and in the return calculations. Trade date accounting is used for valuations. For periods less than one year, rates of return are not annualized.

(c) The composite shown is an aggregation of funds representing a similar investment strategy. Composites are size-weighted using beginning of period values to weight portfolio returns. There is no minimum asset size below which portfolios are excluded from a composite. Accounts are included in a composite beginning with the first full month of performance and until the month immediately prior to termination of an account.

(d) The Walter Scott US composite/representative return series consisted of a single US equity portfolio from April 2000 until November 2003 and from January 2007 has consisted of one or more US equity portfolios. GIPS compliance is claimed for these periods. Prior to April 2000 and between November 2003 and January 2007 the return data is the US equity performance (excluding cash) from a global portfolio. These returns are presented as supplementary and are verified as fairly stated by independent accountants, KPMG.

(e) Annualized return represents the level annual rate which, if earned each year in a multiple-year period, would produce the actual cumulative rate of return over the whole period and is presented gross of fees.

(f) Composites are net of trading expenses, administrative fees and withholding taxes on dividends and interest. Withholding taxes vary depending upon the country of investment but range between 0% and 30%. Benchmark returns are net of withholding taxes on dividends.

(g) The dispersion of annual returns is measured by the range between the highest and lowest performing portfolios in the composite. Past rates of return are not indicative of future rates of return and other calculation methods may produce different results.

### 2.3 Fee Schedule

Unless otherwise stated, returns are calculated gross of advisory fees, and include the reinvestment of dividends. The effect of advisory fees could be material. If the advisory fees were reflected, the performance shown would be lower. As an example of the effect of investment advisory fees on the total value of an account, a three year compound return before the deduction of investment advisory fees of 14.75% would be 13.61% after investment advisory fees of 1.00% per annum payable quarterly.

Investment advisory fees, which may be negotiated, are described in more detail in Part II of Form ADV for Walter Scott. An example of the highest fees charged to an account included in the composite are set forth below.

#### Segregated Accounts:

0.75% on the first US\$100 million

0.50% thereafter

Funding in excess of US\$250m

First \$250m @ 0.55%

Next \$250m @ 0.50%

Next \$250m @ 0.45%

Next \$250m @ 0.40%

Thereafter @ 0.35%

#### Commingled Accounts:

Delaware LLCs – 1.00% (exclusive of custody and other expenses which are paid by the fund)

Group Trust (inclusive of custody)

On the first \$50m @ 1.00%

Next \$25m @ 0.85%

Thereafter @ 0.60%

### 2.4 Compliance Statement

Communication of performance figures reflected in this document must be on a one-on-one basis, private and of a confidential nature. They may not be disseminated to the public in any print, electronic or other medium, including a web-site or any database of general circulation. The following disclosures must be provided in writing when onwardly communicating these performance figures.

1) Performance figures do not reflect the deduction of investment advisory fees.

2) Returns will be reduced by investment advisory fees and any other expenses that may be incurred in the management of an account.

# Appendix

## 3. IMPORTANT INFORMATION

### 3.1 Walter Scott's Investment Approach

This presentation contains certain statements based on Walter Scott's experience and expectations about the markets in which it invests its portfolios and about the methods by which it causes its portfolios to be invested in those markets. Those statements are not guaranties of future performance and are subject to many risks, uncertainties and assumptions that are difficult to predict. The information in this presentation is subject to change and Walter Scott has no obligation to revise or update any statement herein for any reason. The opinions expressed in this presentation are those of Walter Scott and should not be construed as investment advice. In addition the information should not be construed as a recommendation to buy or sell a security.

### 3.2 Portfolio Holdings and Allocations

To derive ten largest holdings, characteristics, economic sector weightings, country weightings and portfolio holdings for presentation purposes, Walter Scott has identified a representative institutional account to be used as a proxy for this strategy.

This portfolio data should not be relied upon as a complete listing of the portfolio's holdings (or top holdings) as information on particular holdings may be withheld. Portfolio holdings are subject to change without notice and may not represent current or future portfolio composition. The portfolio date is 'as of' the date indicated.

The information provided in this document should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time this report is received or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings.

It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions Walter Scott make in the future will be profitable or will equal the investment performance of the securities discussed herein.

The allocation distribution and actual percentages may vary from time to time. The types of investments presented in the allocation chart will not always have the same comparable risks and returns. The actual performance of the portfolio will depend on Walter Scott's ability to identify and access appropriate investments, and balance assets to maximize return while minimizing its risk. The actual investments in the portfolio may or may not be the same or in the same proportion as those shown above.

### 3.3 Definitions

Beta = Portfolio Beta and is the measure of the sensitivity of rates of return to changes in the market return.  $R^2$  = The R-Squared of a portfolio relative to the market and indicates the proportion of a security's total variance explained by variations in the market.

### 3.4 Third Party Sources

Some information contained herein has been obtained from third-party sources that are believed to be reliable, but the information has not been independently verified by Walter Scott. Walter Scott makes no representations as to the accuracy or the completeness of such information and has no obligation to revise or update any statement herein for any reason.

### 3.5 Performance Statement

Past performance is not a guide to future returns and the objective mentioned may not be reached. The value of investments and the income from them can fall as well as rise and investors may not get back the original amount invested. The value of overseas securities will be influenced by fluctuations in exchange rates. This presentation may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorized.

### 3.6 Performance Indices

Comparisons to the indices have limitations because the volatility and material characteristics of the indices represented in this presentation may be materially different from that of the portfolio managed by Walter Scott. Because of these differences, investors should carefully consider these limitations when evaluating the performance in comparison to benchmark data as provided herein. Where referencing MSCI or any other index performance figures: no party involved in or related to compiling, computing or creating the index data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall an index provider, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the index data is permitted without the provider's express written consent. The indices do not incur expenses, are not available for investment and include reinvestment of dividends.



# Appendix

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## **3.7 Benchmark Definitions**

### **MSCI EAFE (Europe, Australasia, Far East)**

The MSCI EAFE index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US and Canada. As of May 2010 the MSCI EAFE index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom.

## **3.8 Private Fund Risks**

Investments in private funds are speculative and involve special risks. Investments in Walter Scott private funds may be suitable only for certain investors. The following is not an inclusive list of all risk factors applicable to hedge funds and private funds: Funds often engage in investment practices that may increase the risk of investment loss. An investor could lose all or a substantial portion of his or her investment. Private funds are generally not subject to the same regulatory oversight and/or regulatory requirements as mutual funds. Due to the fund's tax structure, it may take longer to distribute important tax information. Funds may not be required to provide daily valuation information to investors. Performance may be volatile. There can be no assurance that a fund's objectives will be met. Fees and expenses may offset an investor's profits. The investment adviser has total discretion over strategy selection and allocation decisions. A lack of manager and/or strategy diversification may result in higher risk. There is generally no secondary market for an investor's interest in a Walter Scott privately-offered fund. Any potential risk factors discussed in connection with this presentation are not intended to be a complete list of risks associated with an investment in any fund. A more comprehensive description of the Walter Scott private fund's investment philosophy and the potential risk factors are outlined in the offering memorandum of each private fund.

## **3.9 Placement Agent**

Securities offered through MBSC Securities Corporation, a registered broker dealer, and a member of FINRA. MBSC Securities Corporation and Walter Scott are both wholly-owned subsidiaries of The Bank of New York Mellon Corporation. BNY Mellon Asset Management is the umbrella organization for The Bank of New York Mellon Corporation's affiliated investment management firms and global distribution companies.



**BNY MELLON**  
**ASSET MANAGEMENT**



# Monthly Investment Manager Report

*Ventura County Employees' Retirement Association*

*June 2012*

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Monthly Investment Update

Monthly Manager Updates

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# MONTHLY INVESTMENT UPDATE

## VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

### June 2012

#### Market Highlights

- For equities, June was a strong month to end a weak quarter. Seventy-three of the S&P 500 companies (up from 67 in the first quarter of 2012) issued negative earnings guidance for the second quarter, while only 29 (down from 44) lifted guidance. The net result is that analysts now expect a 0.6 percent decline in earnings, down from a 6.2 percent gain in the first quarter. This is the worst growth rate since the third quarter of 2009 and shows a slowing of the corporate sector. For the month, the S&P 500 Index showed a gain of 4.1 percent, while the Dow Jones U.S. Total Stock Market Index showed a smaller gain of 3.9 percent.
- Within the U.S. equity market, large cap stocks underperformed their small cap counterparts, while value stocks outperformed growth stocks across the large, mid, and small cap asset classes.
- Foreign markets performed somewhat better than the U.S. markets, with the MSCI EAFE Index gaining 7.0 percent and the MSCI Emerging Markets Index increasing 3.9 percent.
- Fixed income, in contrast to equities, had a relatively weaker month. U.S. Treasury rates rose across the board in June, albeit by a relatively small amount, but remain well below rates at the start of the quarter. The Barclays Capital Aggregate Bond Index returned 0.04 percent during the month.

#### Preliminary Manager Highlights

- The Total Fund's preliminary June return of 3.0%, essentially matched the Policy Portfolio return of 3.0%. The Fund's international equity and global equity asset classes hurt results versus their respective benchmarks while fixed income outperformed their indices returns.
- During the month, the Fund's U.S. equity portfolio returned 4.0% matching its benchmark's return of 4.0%. BlackRock performed well in the month matching their respective indices, while Western outperformed its benchmark.
- The international equity component returned 5.6% underperforming the 5.9% return of its benchmark. All managers lagged their indices. Sprucegrove was hurt by its overweight allocation to Financials and stock selection in Consumer Discretionary and Energy sectors. Hexavest's overweight cash position hurt results, also their overweight exposure to the US dollar and underweight the Euro hurt results. BlackRock's international equity index fund tracked its benchmark.
- The collective return of the Fund's global equity component returned 4.6%, underperforming the benchmark return of 4.9%. GMO's return of 5.6% beat the benchmark return of 4.9% during the month, as many sub-strategies across all asset classes outperformed for the month. Particular standouts include the Emerging Markets and Flexible Equities portfolios as they all beat their respective indices by at least 150 basis points. Acadian was liquidated on June 18 and the underperformance in the collective Global Equity component was mainly attributed to this liquidation.
- In June, the Fund's fixed income component returned 0.8%, outperforming the Barclays Aggregate Bond Index return of 0.0%. Reams outperformed, returning 0.9% versus 0.04% for the benchmark. Reams was aided by its allocation and security selection in investment grade credit and high yield sectors. An overweight to investment-grade credit, particularly to financials, helped returns for Western as spreads narrowed. BlackRock's fixed income index fund tracked its benchmark.

**Key:**

● Positive

● Mixed/Cautionary

● Alert

● Informational

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**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION****Period Ending 6/30/2012**

(\$ in Thousands)

	<b>U.S. Equity</b>	<b>Non-U.S. Equity</b>	<b>Fixed Income</b>	<b>Real Estate</b>	<b>Private Equity</b>	<b>Cash</b>	<b>Total</b>	<b>Percent of Total</b>	<b>Policy</b>
BlackRock Extended Equity Index	\$28,845						\$28,845	0.9%	
Western Index Plus	\$111,325						\$111,325	3.5%	
BlackRock Equity Market Fund	\$1,055,826						\$1,055,826	33.1%	
<b>Total U.S. Equity</b>	<b>\$1,195,996</b>						<b>\$1,195,996</b>	<b>37.4%</b>	<b>36.0%</b>
BlackRock ACWI ex-U.S. Index		\$265,166					\$265,166	8.3%	
Sprucegrove		\$140,628					\$140,628	4.4%	
Hexavest		\$51,098					\$51,098	1.6%	
Walter Scott		\$74,293					\$74,293	2.3%	
<b>Total Non-U.S. Equity</b>		<b>\$531,185</b>					<b>\$531,185</b>	<b>16.6%</b>	<b>19.0%</b>
GMO Global Equity	\$68,632	\$80,893	\$0				\$149,524	4.7%	
Acadian	\$6	\$5	\$0				\$10	0.0%	
BlackRock MSCI ACWI Equity Index	\$58,768	\$58,768	\$0				\$117,535	3.7%	
<b>Total Global Equity</b>	<b>\$68,632</b>	<b>\$80,893</b>	<b>\$0</b>				<b>\$267,070</b>	<b>8.4%</b>	<b>10.0%</b>
Western			\$247,737				\$247,737	7.8%	
BlackRock U.S. Debt Fund			\$131,199				\$131,199	4.1%	
Reams			\$327,202				\$327,202	10.2%	
Loomis Sayles Global			\$65,400				\$65,400	2.0%	
Loomis Sayles			\$118,151				\$118,151	3.7%	
<b>Total Fixed Income</b>			<b>\$889,689</b>				<b>\$889,689</b>	<b>27.9%</b>	<b>27.0%</b>
Prudential Real Estate				\$78,202			\$78,202	2.4%	
UBS Real Estate				\$168,369			\$168,369	5.3%	
Guggenheim				\$21,102			\$21,102	0.7%	
RREEF				\$8,833			\$8,833	0.3%	
<b>Total Real Estate</b>				<b>\$276,505</b>			<b>\$276,505</b>	<b>8.7%</b>	<b>8.0%</b>
Adams Street Partners					\$23,787		\$23,787	0.7%	
Pantheon Ventures					\$4,908		\$4,908	0.2%	
<b>Total Private Equity</b>					<b>\$28,695</b>		<b>\$28,695</b>	<b>0.9%</b>	<b>0.0%</b>
Clifton Group						\$4,564	\$4,564	0.1%	
<b>Total Cash</b>						<b>\$4,564</b>	<b>\$4,564</b>	<b>0.1%</b>	<b>0.0%</b>
<b>Total Assets</b>	<b>\$1,264,628</b>	<b>\$612,078</b>	<b>\$889,689</b>	<b>\$276,505</b>	<b>\$28,695</b>	<b>\$4,564</b>	<b>\$3,193,704</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Percent of Total</b>	<b>39.6%</b>	<b>19.2%</b>	<b>27.9%</b>	<b>8.7%</b>	<b>0.9%</b>	<b>0.1%</b>	<b>100.0%</b>		

\* Asset allocation reflects net exposure

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**Period Ending 6/30/2012**

	June	Year-to-Date	2Q2012	1 Year Ending 6/30/2012	3 Years Ending 6/30/2012	5 Years Ending 6/30/2012	10 Years Ending 6/30/2012	Since Inception	Inception Date
<b>BlackRock Extended Equity</b>	<b>3.2</b>	<b>9.2</b>	<b>-4.6</b>	<b>-1.6</b>	<b>19.3</b>	<b>1.7</b>	<b>--</b>	<b>10.5</b>	<b>10/31/02</b>
Dow Jones U.S. Completion Total Stock Market Index	3.2	9.0	-4.8	-2.1	19.2	1.7	--	10.5	
<b>Western U.S. Index Plus</b>	<b>4.4</b>	<b>11.7</b>	<b>-2.6</b>	<b>5.4</b>	<b>23.8</b>	<b>-4.3</b>	<b>--</b>	<b>-4.6</b>	<b>5/31/07</b>
S&P 500 Index	4.1	9.5	-2.8	5.4	16.4	0.2	--	-0.1	
<b>BlackRock Equity Market Fund</b>	<b>4.0</b>	<b>9.4</b>	<b>-3.1</b>	<b>4.2</b>	<b>17.0</b>	<b>--</b>	<b>--</b>	<b>2.0</b>	<b>5/31/08</b>
Dow Jones U.S. Total Stock Market Index	4.0	9.4	-3.1	4.0	16.9	--	--	1.9	
<b>Total U.S. Equity</b>	<b>4.0</b>	<b>9.6</b>	<b>-3.1</b>	<b>4.1</b>	<b>17.6</b>	<b>-0.2</b>	<b>5.4</b>	<b>7.6</b>	<b>12/31/93</b>
Performance Benchmark**	4.0	9.4	-3.1	4.0	16.9	0.6	5.9	8.1	
<b>BlackRock All Country World ex-U.S.</b>	<b>5.6</b>	<b>3.1</b>	<b>-7.6</b>	<b>-14.6</b>	<b>7.4</b>	<b>-4.2</b>	<b>--</b>	<b>-2.5</b>	<b>3/31/07</b>
MSCI All Country World ex-U.S. IM Index	5.6	2.9	-7.8	-14.8	7.4	-4.3	--	-2.6	
<b>Sprucegrove</b>	<b>5.7</b>	<b>4.5</b>	<b>-5.4</b>	<b>-9.6</b>	<b>11.0</b>	<b>-3.3</b>	<b>7.4</b>	<b>7.4</b>	<b>3/31/02</b>
MSCI EAFE Index	7.0	3.0	-7.1	-13.8	6.0	-6.1	5.1	4.8	
MSCI All Country World ex-U.S. Index	5.9	2.8	-7.6	-14.6	7.0	-4.6	6.7	6.3	
<b>Hexavest</b>	<b>5.8</b>	<b>4.0</b>	<b>-4.7</b>	<b>-8.9</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-3.7</b>	<b>12/31/10</b>
MSCI EAFE Index	7.0	3.0	-7.1	-13.8	--	--	--	-6.5	
<b>Walter Scott</b>	<b>5.6</b>	<b>8.3</b>	<b>-3.4</b>	<b>-5.9</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-1.2</b>	<b>12/31/10</b>
MSCI All Country World ex-U.S. Index	5.9	2.8	-7.6	-14.6	--	--	--	-7.7	
<b>Total International</b>	<b>5.6</b>	<b>4.7</b>	<b>-6.2</b>	<b>-12.5</b>	<b>8.3</b>	<b>-4.4</b>	<b>6.5</b>	<b>6.1</b>	<b>3/31/94</b>
MSCI All Country World ex-U.S. Index	5.9	2.8	-7.6	-14.6	7.0	-4.6	6.7	4.7	
<b>GMO Global Fund</b>	<b>5.6</b>	<b>5.6</b>	<b>-3.7</b>	<b>-2.6</b>	<b>10.9</b>	<b>-0.8</b>	<b>--</b>	<b>5.1</b>	<b>4/30/05</b>
MSCI All Country World Index	4.9	5.7	-5.6	-6.5	10.8	-2.7	--	4.0	
<b>Total Global Equity</b>	<b>4.6</b>	<b>4.7</b>	<b>-5.1</b>	<b>-6.0</b>	<b>10.3</b>	<b>-3.1</b>	<b>--</b>	<b>3.1</b>	<b>4/30/05</b>
MSCI All Country World Index	4.9	5.7	-5.6	-6.5	10.8	-2.7	--	4.0	

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (Continued)**  
**Period Ending 6/30/2012**

	June	Year-to-Date	2Q2012	1 Year Ending 6/30/2012	3 Years Ending 6/30/2012	5 Years Ending 6/30/2012	10 Years Ending 6/30/2012	Since Inception	Inception Date
<b>Western</b>	<b>0.8</b>	<b>5.0</b>	<b>2.3</b>	<b>8.6</b>	<b>11.1</b>	<b>7.2</b>	<b>6.6</b>	<b>6.9</b>	<b>12/31/96</b>
Barclays Capital Aggregate Bond Index	0.0	2.4	2.1	7.5	6.9	6.8	5.6	6.3	
<b>BlackRock U.S. Debt Fund</b>	<b>0.0</b>	<b>2.4</b>	<b>2.1</b>	<b>7.5</b>	<b>7.0</b>	<b>6.9</b>	<b>5.7</b>	<b>6.2</b>	<b>11/30/95</b>
Barclays Capital Aggregate Bond Index	0.0	2.4	2.1	7.5	6.9	6.8	5.6	6.2	
<b>Reams</b>	<b>0.9</b>	<b>5.5</b>	<b>2.2</b>	<b>10.7</b>	<b>11.9</b>	<b>9.8</b>	<b>7.6</b>	<b>7.0</b>	<b>9/30/01</b>
Barclays Capital Aggregate Bond Index	0.0	2.4	2.1	7.5	6.9	6.8	5.6	5.6	
<b>Loomis Sayles</b>	<b>1.2</b>	<b>6.8</b>	<b>0.9</b>	<b>5.4</b>	<b>13.8</b>	<b>7.9</b>	<b>--</b>	<b>7.4</b>	<b>7/31/05</b>
Performance Benchmark***	0.6	3.8	2.0	7.6	9.5	7.2	--	6.5	
<b>Total Fixed Income</b>	<b>0.8</b>	<b>5.0</b>	<b>2.0</b>	<b>8.7</b>	<b>11.3</b>	<b>8.6</b>	<b>7.0</b>	<b>6.8</b>	<b>2/28/94</b>
Barclays Capital Aggregate Bond Index	0.0	2.4	2.1	7.5	6.9	6.8	5.6	6.3	
<b>Total Real Estate****</b>	<b>-0.2</b>	<b>2.5</b>	<b>-0.2</b>	<b>7.9</b>	<b>7.1</b>	<b>-4.0</b>	<b>5.0</b>	<b>7.4</b>	<b>3/31/94</b>
NCREIF Open-End Fund Property Index*****	0.0	2.6	0.0	9.3	8.7	1.6	7.7	8.9	
<b>Total Fund</b>	<b>3.0</b>	<b>6.4</b>	<b>-2.2</b>	<b>1.3</b>	<b>13.1</b>	<b>1.2</b>	<b>6.1</b>	<b>7.7</b>	<b>3/31/94*****</b>
Policy Portfolio	3.0	5.5	-2.5	1.1	11.6	1.5	6.2	7.7	
<b>Total Fund (ex-Private Equity)</b>	<b>2.9</b>	<b>6.2</b>	<b>-2.3</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	
<b>Total Fund (ex-Clifton)</b>	<b>3.0</b>	<b>6.3</b>	<b>-2.2</b>	<b>1.6</b>	<b>12.8</b>	<b>1.2</b>	<b>6.1</b>	<b>7.7</b>	

\*All returns contained in this flash report are net of investment management fees.

\*\*The Dow Jones U.S. Total Stock Market Index. Prior to May 2007, the Russell 3000 Index.

\*\*\*A mix of 65% of the Barclays Capital Aggregate Bond Index, 30% of the Salomon Brothers High Yield Index and 5% of the J.P. Morgan Non-U.S. Hedged Bond In

\*\*\*\*Real Estate returns are based on market values and cash flows provided by managers.

\*\*\*\*\*Prior to January 2006, the NCREIF Property Index.

\*\*\*\*\*Total Fund inception date is the longest time period that Hewitt EnnisKnupp has reliable historical monthly data.

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## Manager Watchlists

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## Manager "Watch" List

### Manager "Watch" Status Policy

A manager may be placed on "Watch" status for:

- Failure to meet one or more of the standards, objectives, goals, or risk controls as set forth in this policy statement
- Violation of ethical, legal, or regulatory standards
- Material adverse change in the ownership of the firm or personnel changes
- Failure to meet reporting or disclosure requirements
- Failure to meet performance objectives or goals
- Any actual or potentially adverse information, trends, or developments that the Board feels might impair the investment manager's ability to deliver successful outcomes for the participants of the plan

The Board may take action to place a manager on Watch status. Managers placed on Watch status shall be notified in writing, and be made aware of the reason for the action and the required remediation. Watch status is an optional interim step that may be used to formally communicate dissatisfaction to the investment manager and the potential for termination. Watch status is not a required step in terminating a manager. Watch status will normally be for a period of six months, but the time frame may be determined by action of the Board. The Board retains the right to terminate the manager at any time, extend the period of the Watch status, or remove the manager from Watch status at any time.

Watch status indicates that the manager shall be subject to increased focus on the remediation of the factors that caused the manager to be placed on Watch status. Discussion of the manager on Watch status shall become a regular monthly reporting agenda item for the Board. Staff or retained Consultant shall prepare a written monthly report addressing the progress of the manager in the remediation of the dissatisfaction.

"Watch" status:

- RREEF is currently on watch for performance reasons.

Manager	Date Added	Reason	Follow-up Date
RREEF	February 2009	Performance	July 2012

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Sprucegrove

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# Sprucegrove Investment Management Ltd.

181 University Avenue, Suite 1300 • Toronto, Ontario • M5H 3M7 • (416) 363-5854 • Fax: (416) 363-6803

July 9, 2012

Hewitt EnnisKnupp  
Attention: Omar Khan  
[omar.khan@aonhewitt.com](mailto:omar.khan@aonhewitt.com)

## RE: VENTURA COUNTY

For the month ending June 30, 2012, please find attached the responses to your monthly questionnaire regarding Ventura County which invests in the Sprucegrove U.S. International Pooled Fund.

### 1. Change in talent, process, organization and/or regulatory development.

No Change.

### 2. What hurt or helped relative performance in the last month and 12 months?

As a bottom-up manager, we attribute our returns to stock selection as country, sector and currency exposure are a residual of stock selection. We do prepare an internal attribution analysis for client reporting purposes from which we base our observations on relative performance.

	1 Month	3 Months	YTD	1 Year	3 Years	4 Years	5 Years	10 Years	15 Years	26 Years
Fund	5.7	(5.3)	4.8	(9.1)	11.6	0.0	(2.8)	7.9	7.7	11.2
MSCI EAFE <sup>2</sup>	7.0	(7.1)	3.0	(13.8)	6.0	(4.9)	(6.1)	5.1	2.9	6.0

From a sector perspective, the Fund underperformance was attributable to an underweight position in Financials and stock selection in Consumer Discretionary and Energy. The underperformance was slightly offset by stock selection in the Materials sector. From a country perspective, the Fund underperformed due to stock selection in Hong Kong and Germany and an underweight position in France. This was partially offset by stock selection in Japan.

### 3. 12 month outlook for the investment markets.

As a bottom-up manager we do not forecast markets.

### 4. Confirmation of compliance with investment guidelines.

For the month ending June 30, 2012, the Sprucegrove U.S. International Pooled Fund complied with its investment guidelines.

Sincerely,

  
Mark Wolff  
Chief Financial Officer

#### Footnotes

<sup>1</sup> In U.S. dollars gross of fees (management and impact fee where available), annualized for periods over 1 year. Fund performance reflects a linking in December 1994 between the Sprucegrove U.S. International Pooled Fund and the Confederation Life American International Pooled Fund (for which the Sprucegrove Investment Management team managed the portfolio since its inception in 1985).

<sup>2</sup> MSCI Europe, Australia and Far East Index (EAFE) Net Index.

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**SPRUCEGROVE U.S. INTERNATIONAL POOLED FUND**  
**(GROUP TRUST)**  
**INTERNATIONAL MARKET SUMMARY**  
**June 2012**

**Performance**<sup>1</sup>

	1 Month	3 Months	YTD	1 Year	3 Years	4 Years	5 Years	10 Years	15 Years	26 Years
Fund	5.7	(5.3)	4.8	(9.1)	11.6	0.0	(2.8)	7.9	7.7	11.2
MSCI EAFE <sup>2</sup>	7.0	(7.1)	3.0	(13.8)	6.0	(4.9)	(6.1)	5.1	2.9	6.0

The Fund return in **June** was **+5.7%** versus the MSCI EAFE Index return of **+7.0%**.

**Top Five Contributors for the Month\***

Fund Holding	Average Weighting 1 Month (%)	Contribution to Fund Return (bps)
Banco Santander	1.6	35
HSBC	2.7	31
Novartis	4.0	30
CRH	2.0	28
Royal Dutch Shell	2.6	23
		<u>147</u>

**Bottom Five Contributors for the Month\***

Fund Holding	Average Weighting 1 Month (%)	Contribution to Fund Return (bps)
BMW	1.8	(9)
Esprit	0.3	(6)
adidas	2.0	(6)
Petrobras	1.0	(4)
IMI	0.8	(3)
		<u>(28)</u>

**Banco Santander** (Spain/Financials) and **HSBC** (U.K./Financials), both global banks, rallied along with European financials on positive perceptions of actions taken by European authorities to support the banking system. **CRH** (Ireland/Materials), a supplier of aggregates and building materials, rose following approval in Congress of the latest U.S. Highway Bill. There was no company-specific news for stronger performers **Novartis** (Switzerland/Health Care) and **Royal Dutch Shell** (U.K./Energy).

**Esprit** (Hong Kong/Consumer Discretionary), an apparel retailer, moved sharply lower after the resignation of both its CEO and Chairman. **adidas** (Germany/Consumer Discretionary), a sportswear and equipment manufacturer, declined after peer Nike announced weak fourth quarter earnings. **Petrobras** (Brazil/Energy), Brazil's state-controlled oil and gas company, suffered from equipment delays and resulting lower production targets. There was no company-specific news for weaker performers **BMW** (Germany/Consumer Discretionary) and **IMI** (U.K./Industrials).

**Transactions**

During **June**, the Fund added to the following holdings: **Hongkong Land** (Hong Kong/Financials), **Komeri** (Japan/Consumer Discretionary), **Hoya** (Japan/Information Technology), **SembCorp Industries** (Singapore/Industrials), **TGS** (Norway/Energy), **BHP Billiton** (U.K./Materials), **IMI** (U.K./Industrials) and **Anglo American** (U.K./Materials). The Fund eliminated **Johnson Matthey** (U.K./Materials) for valuation reasons and **Synthes** (Switzerland/Health Care) following a takeover by Johnson & Johnson.

\* Average Weighting is calculated as the average daily weight of the equity in the portfolio. Contribution to Fund Return is calculated using the geometric daily linking of the return multiplied by the beginning of day weight. A list of all holdings' contributions is available upon request.

## Attribution

Individual equity weightings are determined by our bottom-up stock selection process and therefore the following attribution analysis is for information purposes only. From a sector perspective, the Fund underperformance was attributable to an underweight position in Financials and stock selection in Consumer Discretionary and Energy. The underperformance was slightly offset by stock selection in the Materials sector. From a country perspective, the Fund underperformed due to stock selection in Hong Kong and Germany and an underweight position in France. This was partially offset by stock selection in Japan.

## Index Performance and Weightings

Index <sup>3</sup> Change (%)							Weightings (%)	
Region	Local Currency			U.S. \$			Fund	Index <sup>2</sup>
	1 Month	3 Months	1 Year	1 Month	3 Months	1 Year		
Europe	5.3	(4.0)	(8.5)	7.9	(7.5)	(16.5)	48.0	64.5
Pacific	5.1	(7.8)	(8.0)	5.6	(6.4)	(8.3)	<u>35.9</u>	<u>35.5</u>
<b>EAFE<sup>2</sup></b>	5.2	(5.4)	(8.6)	7.0	(7.1)	(13.8)	83.9	<u>100.0</u>
EM <sup>4</sup>	2.1	(5.3)	(6.6)	3.9	(8.9)	(16.0)	10.7 <sup>5</sup>	
Canada	1.2	(5.9)	(11.8)	2.9	(7.8)	(16.5)	2.7	
World <sup>6</sup>	4.3	(4.3)	(2.2)	5.1	(5.1)	(5.0)		
						Cash	2.6	
							<u>100.0</u>	
<b>Country</b>								
Japan	7.0	(10.1)	(8.3)	5.1	(7.3)	(7.2)	21.1	21.8
U.K.	5.1	(2.2)	(2.4)	7.1	(4.0)	(4.6)	18.2	23.2
U.S. <sup>6</sup>	3.9	(3.2)	4.4	3.9	(3.2)	4.4	N/A	N/A
<b>Sector<sup>2</sup></b>								
Energy	4.8	(6.7)	(5.8)	7.2	(9.1)	(11.2)	10.2	8.4
Materials	1.4	(11.5)	(22.7)	3.9	(13.2)	(27.1)	11.3	9.6
Industrials	3.0	(8.5)	(12.7)	4.2	(9.6)	(17.2)	18.1	12.5
Cons. Disc.	3.5	(8.4)	(7.9)	4.3	(9.2)	(12.2)	15.5	10.6
Con. Staples	3.7	0.9	10.2	5.9	(1.6)	2.7	4.8	11.9
Health Care	5.8	3.8	9.3	7.8	0.8	0.8	9.0	10.1
Financials	8.7	(6.2)	(14.3)	11.0	(7.7)	(18.7)	10.9	22.6
Technology	3.4	(14.2)	(15.1)	3.7	(14.2)	(18.2)	11.0	4.5
Telecom	8.3	1.6	(4.7)	10.3	(0.7)	(10.7)	3.3	5.6
Utilities	7.5	(3.0)	(12.7)	9.1	(4.9)	(18.3)	3.3	<u>4.2</u>
						Cash	<u>2.6</u>	
							<u>100.0</u>	<u>100.0</u>

### Footnotes

<sup>1</sup> In U.S. dollars gross of fees (management and impact fee where available), annualized for periods over 1 year. Fund performance reflects a linking in December 1994 between the Sprucegrove U.S. International Pooled Fund and the Confederation Life American International Pooled Fund (for which the Sprucegrove Investment Management team managed the portfolio since its inception in 1985).

<sup>2</sup> MSCI Europe, Australia and Far East Index (EAFE) Net Index.

<sup>3</sup> MSCI Net Index Series. MSCI data is provided as comparative reference only and may not be used in any way without the express permission of MSCI.

<sup>4</sup> MSCI Emerging Markets Net Index (EM).

<sup>5</sup> Brazil, China, Hungary, India, Korea, Malaysia and South Africa included.

<sup>6</sup> Presented for comparative purposes only.

Note: Weightings may not total 100% due to rounding.



Hexavest

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July 6, 2012

Dear Client,

Pursuant to VCERA's monthly request, please find below a monthly summary/update of your portfolio performance.

1. Change in talent, process, organization and/or regulatory development

*There were no changes in process and/or regulatory developments during the month of June.*

*On June 18, 2012, Hexavest announced a strategic partnership with Eaton Vance Corp. (NYSE: EV), who will acquire 49% of the stock of Hexavest. We expect that the transaction will be completed on or around August 31, 2012. The objective of this partnership is to allow us to pursue our growth globally while ensuring that our team stays focused on portfolio management. Hexavest's 14 employee-shareholders will continue to control the firm and direct its operations. Founded in 1924, Eaton Vance manages close to \$200 billion of assets for clients all over the world and have an established distribution network in the US, Europe, and Asia. We strongly believe that Eaton Vance is the ideal distribution partner for our investment products outside of Canada.*

2. What hurt or helped relative performance in the last month and 12 months?

*Please find below the performance attribution for June 2012.*

**Monthly Returns (Gross of Fees, in USD)**

Methodology	Portfolio Return	MSCI EAFE Net	Value Added
Time weighted	5.82%	7.01%	-1.19%

**Monthly Performance Attribution**

Regions & Countries	Cash	Currencies	Sectors & Industries	Stocks and Residual
-0.36%	-0.47%	-0.59%	0.02%	0.21%



### Main contributors to monthly performance

Positive Factors	Negative Factors
<b>Sectors &amp; Industries</b>	<b>Cash allocation</b>
Overweight Telecoms	<b>Regions &amp; Countries</b>
Underweight Industrials	Overweight Australia
<b>Stock selection</b>	Underweight Spain
Overweight Philips (Industrials/Europe)	Underweight Italy
Overweight Vivendi (Telcos/Europe)	<b>Currencies</b>
Overweight Swisscom (Telcos/Europe)	Overweight USD
Overweight Nippon Telg. & Tel. (Telcos/Asia Pacific)	Underweight EUR
	Underweight AUD
	<b>Sectors &amp; Industries</b>
	Overweight Consumer Staples
	Underweight Financials
	<b>Stock selection</b>
	Underweight Royal Dutch Shell (Energy/Europe)
	Overweight Myer Holdings (Cons. Disc./Asia Pacific)
	Underweight Mizuho Financial (Financials/Asia Pacific)

### 3. What is your 12 month outlook for the investment markets?

#### Macroeconomic environment

*Given the deteriorating economic conditions in China, Europe, and the United States since the last quarter, and taking into account the continuing political and budgetary deadlocks in Europe and the United States, we downgraded our “macroeconomic environment” vector from double negative to triple negative.*

#### Valuation of financial markets

*Markets’ valuation may seem attractive today, but underlying earnings forecasts are unrealistic. The macro environment rather suggests a decline in profits for the next 12 months. Moreover, we reiterate that stock markets should trade at a discount during periods of economic volatility. However, because the stock market fell from last quarter, our “market valuation” vector went from negative to neutral.*

#### Sentiment of investors

*Most of our sentiment indicators show deterioration since the previous quarter. However, all risky assets remain on the rise since Q3 2011 despite the deteriorating global economy. For us, it is clear that investors rely on intervention from politicians and central bankers to*



*support the markets. Our contrarian assessment of the “investor sentiment” vector was upgraded from double negative to neutral.*

*We remain defensively positioned in the portfolio with a high level of cash (8.9%) and an overweighting in defensive sectors at the expense of cyclicals.*

4. Confirmation of compliance with investment guidelines

*We confirm compliance with the investment guidelines of the Hexavest EAFE Equity Fund.*

Additionally, we will provide VCERA with monthly deliverables which will include the portfolio valuation, the transaction report, and the performance summary table.

The information provided by us will be final and will be sent to VCERA by the second Monday after each month end.

Yours sincerely,

Nadia Cesaratto, CFA  
Vice President, Client Services & Business Development

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Walter Scott

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Tuesday, July 10, 2012

**Walter Scott & Partners Limited**

Dear Manager,

Per the monthly request by Ventura County; please provide a monthly summary/update of portfolio performance. Ventura County would like the following four questions answered:

1. Change in talent, process, organization and/or regulatory development  
**None**
2. What hurt or helped relative performance in the last month and 12 months?  
**Please refer to the most recent monthly report**
3. What is your 12 month outlook for the investment markets?  
**This is also referred to in the monthly report**
4. Confirmation of compliance with investment guidelines  
**Compliance with investment guidelines are disclosed on a quarterly basis and will be reported in each quarterly report going forward. If the fund is out of compliance, we would contact the client directly.**

Additionally, please provide monthly deliverables typically provided/requested. This would include market value and monthly return requests (preliminary data is OK).

Please provide us with an update by the morning of the second Monday of each month. Please let me know if you have questions or concerns.

Sincerely,

Leon Kung

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Contents

Holdings Statement  
Transaction Detail  
Market and Book Value Reconciliation

**Participant Name**  
Ventura County Employees Retirement Assn

**Sponsor**  
Walter Scott

**Questions?**  
If you have any questions about this report, please direct them to  
pooledfunds@walterscott.com.

NOTE: All amounts are denominated in USD

Valuation Statement

30 JUN 12

Account number: VCera

Walter Scott

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Holdings Statement

Participant: Ventura County Employees Retirement Assn

Description	Units	Market Price	Market Value	Book Value	Unrealized Gain/Loss	% of Total
WS Group Trust International	3,611,702.588	20.570098935	74,293,079.56	73,678,577.78	614,501.78	100.00%
Total			74,293,079.56	73,678,577.78	614,501.78	100.00%

Valuation Statement

01 JUN 12 - 30 JUN 12

Account number: VCera

Walter Scott

Page 1 of 1

Transaction Detail

WS Group Trust International

Participant: Ventura County Employees Retirement Assn

Date	Description	Transaction Amount	Charges	Net Amount	Unit Price	Price Date	Units	Book Value	Realized G/L
	Opening Balance						3,611,702.588	73,678,577.78	
	Closing Balance						3,611,702.588	73,678,577.78	

# Valuation Statement

01 JUN 12 - 30 JUN 12

Account number: VCera

Walter Scott

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## Market and Book Value Reconciliation

WS Group Trust International

Ventura County Employees Retirement Assn

	Current Period		Year to Date	
	Book Value	Market Value	Book Value	Market Value
Opening Balance	73,678,577.78	70,305,227.47	49,953,577.78	46,514,544.27
Contributions and Withdrawals				
Total Contributions and Withdrawals	0.00	0.00	23,725,000.00	23,725,000.00
Net Income	0.00	0.00	0.00	0.00
Realized Gain/Loss Distribution	0.00	0.00	0.00	0.00
Realized Gain/Loss on Sales		0.00		0.00
Net Change in Unrealized Gain/Loss		3,987,852.09		4,053,535.29
Total Gains/Losses	0.00	3,987,852.09	0.00	4,053,535.29
Total Investment Change	0.00	3,987,852.09	0.00	4,053,535.29
Closing Balance	73,678,577.78	74,293,079.56	73,678,577.78	74,293,079.56

GMO

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**GMO LLC  
Ventura County Employees' Retirement Association  
Hewitt EnnisKnupp, Inc., an Aon Company  
June, 2012**

**Monthly summary/Portfolio performance**

Please refer to the attached "Ventura County ERA June 2012 Performance" and "Ventura County ERA June 2012 Transactions" reports.

**1. Change in talent, process, organization and/or regulatory development.**

GMO Asset Allocation Team

There were no changes to the GMO Asset Allocation Team during June, 2012.

Investment Process

There were no changes to the investment process during June, 2012.

Organization

There were no changes at the organization level during June, 2012.

Regulatory developments during June, 2012:

There were no regulatory developments during June, 2012.

**2. What hurt or helped relative performance in the last month and 12 months.**

This information will be provided in your quarterly client reporting package.

**3. What is your 12 month outlook for the investment markets.**

GMO does not generate a 12 month investment outlook. This information is available quarterly and in our 7 year Asset Class Return Forecast. A copy of the "GMO 7 Year Asset Class Return Forecast June 2012" will be forwarded as soon as it becomes available.

**4. Confirmation of compliance with investment guidelines.**

Please refer to the monthly letter provided by GMO's compliance department.

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# Ventura County Employees' Retirement Association

## Performance Net of Fees and Expenses in USD - Detail

Periods Ending June 30, 2012

Investment	Month	Quarter	YTD	Annualized			*Since Inception	Market Value (M)	% of Account
				1 Year	3 Year	5 Year			
<b>U.S. Core Equity (05/02/2005)</b>	3.74 %	-0.99 %	9.11 %	9.77 %	15.52 %	0.93 %	3.69 %	12.4	8.3 %
S&P 500	4.12	-2.75	9.49	5.45	16.40	0.22	4.40		
Value Added	-0.38	1.76	-0.38	4.32	-0.88	0.71	-0.71		
<b>Quality <sup>1</sup> (05/02/2005)</b>	4.53	-1.01	8.47	13.21	15.07	3.37	5.17	56.2	37.6
S&P 500	4.12	-2.75	9.49	5.45	16.40	0.22	4.40		
Value Added	0.41	1.74	-1.02	7.76	-1.33	3.15	0.77		
<b>Domestic Equity (05/02/2005)</b>	<b>4.39</b>	<b>-0.99</b>	<b>8.61</b>	<b>12.44</b>	<b>15.24</b>	<b>1.90</b>	<b>4.41</b>	<b>68.6</b>	<b>45.9</b>
<b>International Intrinsic Value <sup>1</sup> (05/02/2005)</b>	8.24	-6.44	0.58	-16.04	4.17	-7.07	1.62	31.6	21.2
MSCI EAFE Value	8.60	-7.05	1.98	-15.16	4.24	-7.66	1.57		
Value Added	-0.36	0.61	-1.40	-0.88	-0.07	0.59	0.05		
MSCI EAFE	7.01	-7.13	2.96	-13.83	5.96	-6.10	2.47		
Value Added	1.23	0.69	-2.38	-2.21	-1.79	-0.97	-0.85		
<b>International Growth Equity <sup>1</sup> (05/02/2005)</b>	5.96	-3.23	6.72	-8.28	10.35	-2.31	4.72	10.1	6.7
MSCI EAFE Growth	5.44	-7.27	3.86	-12.56	7.62	-4.60	3.30		
Value Added	0.52	4.04	2.86	4.28	2.73	2.29	1.42		
MSCI EAFE	7.01	-7.13	2.96	-13.83	5.96	-6.10	2.47		
Value Added	-1.05	3.90	3.76	5.55	4.39	3.79	2.25		

# Ventura County Employees' Retirement Association

## Performance Net of Fees and Expenses in USD - Detail

Periods Ending June 30, 2012

Investment	Month	Quarter	YTD	Annualized			*Since Inception	Market Value (M)	% of Account
				1 Year	3 Year	5 Year			
<b>Currency Hedged Int'l. Equity <sup>1</sup> (12/12/2011)</b>	5.98 %	-2.79 %	4.44 %	N/A	N/A	N/A	6.06 %	13.2	8.8 %
MSCI EAFE (Hedged)	5.25	-5.12	4.54	N/A	N/A	N/A	5.44		
Value Added	0.73	2.33	-0.10	N/A	N/A	N/A	0.62		
<b>Emerging Markets <sup>1</sup> (06/04/2008)</b>	5.35	-9.91	2.09	-18.33	10.14	N/A	-4.84	21.4	14.3
S&P/IFCI Composite	3.76	-8.77	4.48	-15.99	10.27	N/A	-2.49		
Value Added	1.59	-1.14	-2.39	-2.34	-0.13	N/A	-2.35		
MSCI Emerging Markets	3.86	-8.90	3.93	-15.95	9.77	N/A	-3.01		
Value Added	1.49	-1.01	-1.84	-2.38	0.37	N/A	-1.83		
<b>Flexible Equities <sup>1</sup> (12/12/2008)</b>	7.22	-7.86	5.19	-5.36	-1.33	N/A	-2.15	4.7	3.1
MSCI World	5.10	-5.07	5.91	-4.98	10.97	N/A	12.35		
Value Added	2.12	-2.79	-0.72	-0.38	-12.30	N/A	-14.50		
MSCI Japan IMI	5.01	-7.07	2.93	-6.62	2.28	N/A	4.67		
Value Added	2.21	-0.79	2.26	1.26	-3.61	N/A	-6.82		
<b>International Equity (05/02/2005)</b>	<b>6.71</b>	<b>-6.20</b>	<b>3.10</b>	<b>-13.87</b>	<b>7.55</b>	<b>-4.44</b>	<b>3.74</b>	<b>81.0</b>	<b>54.1</b>
<b>Total Equity (05/02/2005)</b>	<b>5.62</b>	<b>-3.79</b>	<b>5.65</b>	<b>-3.21</b>	<b>10.94</b>	<b>-1.43</b>	<b>4.63</b>	<b>149.5</b>	<b>100.0</b>

# Ventura County Employees' Retirement Association

## Performance Net of Fees and Expenses in USD - Detail

Periods Ending June 30, 2012

Investment	Month	Quarter	YTD	Annualized			*Since Inception	Market Value (M)	% of Account
				1 Year	3 Year	5 Year			
<b>Alpha Only</b> <sup>1,2</sup> <b>(03/09/2007 - 06/12/2012)</b>	-0.24 %	1.24 %	-0.73 %	2.93 %	-0.98 %	1.53 %	1.80 %	0.0	0.0 %
Citigroup 3-Mo. T-Bill	0.00	0.02	0.02	0.04	0.10	0.88	1.12		
Value Added	-0.24	1.22	-0.75	2.89	-1.08	0.65	0.68		
<b>Fixed Income</b> <b>(05/02/2005 - 06/12/2012)</b>	<b>-0.24</b>	<b>1.24</b>	<b>-0.73</b>	<b>2.93</b>	<b>-0.98</b>	<b>1.53</b>	<b>1.34</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Asset Allocation</b> <b>(05/02/2005)</b>	<b>5.60</b>	<b>-3.68</b>	<b>5.62</b>	<b>-3.07</b>	<b>10.75</b>	<b>-0.90</b>	<b>4.99</b>	<b>149.5</b>	<b>100.0</b>
Policy Benchmark **	4.94	-5.56	5.65	-6.49	10.80	-3.06	3.36		
Value Added	0.66	1.88	-0.03	3.42	-0.05	2.16	1.63		

\* Periods of less than a year are not annualized

\*\* 100% MSCI ACWI

Note:

<sup>1</sup> The Fund is generally priced as of the NYSE close. Among other potential adjustments, the Fund fair values non-U.S. securities to take into account general market movements and other events that occur after the non-U.S. markets close but before the close of the NYSE. The Fund's benchmark does not similarly adjust foreign market closing prices. Consequently, on any given day, the Fund's performance may be affected by the differing pricing methodologies. Please see the Fund's prospectus for further details.

<sup>2</sup> The Fund primarily achieves its investment exposures through long and short positions in equities.

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# Ventura County Employees' Retirement Association

## Change in Market Value, Account Detail in USD

YTD Ending June 30, 2012

Fund	% Of Fund	Market Value 12/31/2011	Cash Flows	Gains/ Losses	Current Shares	Price	Market Value 06/30/2012
U.S. Core Equity Fund-III	0.88	12,568,354	-1,294,594	1,109,825	929,698.584	13.32	12,383,585
Quality Fund-III	0.29	50,642,820	1,265,844	4,281,281	2,363,901.792	23.77	56,189,946
International Intrinsic Value Fund-III	0.39	26,611,617	4,687,685	346,781	1,662,084.207	19.04	31,646,083
International Growth Equity Fund-III	0.47	15,855,688	-6,684,384	900,302	459,680.749	21.91	10,071,605
Currency Hedged Int'l. Equity Fund-III	0.44	10,530,719	2,182,882	472,314	609,894.262	21.62	13,185,914
Emerging Markets Fund-II	0.21	17,513,555	3,382,939	480,996	2,018,648.717	10.59	21,377,490
Flexible Equities Fund-III	0.44	5,919,366	-1,634,756	385,262	262,057.894	17.82	4,669,872
Alpha Only Fund-III	0.00	1,919,639	-1,905,616	-14,023	0.000	24.54	0
Total		141,561,758	0	7,962,737			149,524,495

If you are an investor in a GMO fund who receives statements directly from the relevant fund's transfer agent or administrator, we urge you to compare those statements with your GMO statements.

### Transaction Details

Date	Transaction	Gross Amount	Net Amount	Fees Paid	Price	Shares This Transaction	Total Shares
U.S. Core Equity Fund-III in USD							
04/05/2012	Dividend-Reinvested	58,536.13	58,536.13	0.00	13.42	4,361.858	1,029,513.060
06/12/2012	Exchange Redemption	-1,294,593.76	-1,294,593.76	0.00	12.97	-99,814.476	929,698.584
Quality Fund-III in USD							
04/05/2012	Exchange Purchase	772,165.11	772,165.11	0.00	23.88	32,335.222	2,330,103.845
04/05/2012	Exchange Purchase	493,679.33	493,679.33	0.00	23.88	20,673.339	2,350,777.184

# Ventura County Employees' Retirement Association

## Change in Market Value, Account Detail in USD

YTD Ending June 30, 2012

### Transaction Details

Date	Transaction	Gross Amount	Net Amount	Fees Paid	Price	Shares This Transaction	Total Shares
04/05/2012	Dividend-Reinvested	313,415.64	313,415.64	0.00	23.88	13,124.608	2,363,901.792
International Intrinsic Value Fund-III in USD							
04/05/2012	Exchange Purchase	225,035.95	225,035.95	0.00	19.67	11,440.567	1,417,231.234
04/05/2012	Exchange Purchase	674,975.36	674,975.36	0.00	19.67	34,314.965	1,451,546.199
04/05/2012	Exchange Purchase	143,875.45	143,875.45	0.00	19.67	7,314.461	1,458,860.660
06/12/2012	Exchange Purchase	1,294,593.76	1,294,593.76	0.00	17.93	72,202.664	1,531,063.324
06/12/2012	Exchange Purchase	443,588.73	443,588.73	0.00	17.93	24,740.030	1,555,803.354
06/12/2012	Exchange Purchase	1,905,615.69	1,905,615.69	0.00	17.93	106,280.853	1,662,084.207
International Growth Equity Fund-III in USD							
04/05/2012	Exchange Redemption	-1,732,689.42	-1,732,689.42	0.00	22.58	-76,735.581	681,546.965
04/05/2012	Exchange Redemption	-674,975.36	-674,975.36	0.00	22.58	-29,892.620	651,654.345
06/11/2012	Dividend-Reinvested	249,453.28	249,453.28	0.00	20.67	12,068.373	663,722.718
06/12/2012	Exchange Redemption	-3,382,938.83	-3,382,938.83	0.00	20.96	-161,399.753	502,322.965
06/12/2012	Exchange Redemption	-450,192.13	-450,192.13	0.00	20.96	-21,478.632	480,844.333
06/12/2012	Exchange Redemption	-443,588.73	-443,588.73	0.00	20.96	-21,163.584	459,680.749
Currency Hedged Int'l. Equity Fund-III in USD							
04/05/2012	Exchange Purchase	1,732,689.42	1,732,689.42	0.00	21.85	79,299.287	588,029.661
06/12/2012	Exchange Purchase	450,192.13	450,192.13	0.00	20.59	21,864.601	609,894.262
Emerging Markets Fund-II in USD							
06/12/2012	Exchange Purchase	3,382,938.83	3,356,986.47	25,952.36	10.23	328,151.170	2,018,648.717
Flexible Equities Fund-III in USD							



# Ventura County Employees' Retirement Association

## Change in Market Value, Account Detail in USD

YTD Ending June 30, 2012

### Transaction Details

Date	Transaction	Gross Amount	Net Amount	Fees Paid	Price	Shares This Transaction	Total Shares
04/05/2012	Exchange Redemption	-225,035.95	-225,035.95	0.00	18.71	-12,027.576	337,403.692
04/05/2012	Exchange Redemption	-772,165.11	-772,165.11	0.00	18.71	-41,270.182	296,133.510
04/05/2012	Exchange Redemption	-143,875.45	-143,875.45	0.00	18.71	-7,689.762	288,443.748
04/05/2012	Exchange Redemption	-493,679.33	-493,679.33	0.00	18.71	-26,385.854	262,057.894
Alpha Only Fund-III in USD							
06/12/2012	Exchange Redemption	-1,905,615.69	-1,905,615.69	0.00	24.46	-77,907.428	0.000

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Grantham, Mayo, Van Otterloo & Co. LLC  
40 Rowes Wharf | Boston, MA 02110  
T: (617) 330-7500 | F: (617) 261-0134 | [www.gmo.com](http://www.gmo.com)

July 5, 2012

Mr. Donald Kendig  
Retirement Administrator  
Ventura County Employees' Retirement Association  
1190 S Victoria Avenue, Suite 200  
Ventura, CA 93003

Dear Mr. Kendig,

Pursuant to the Investment Management Agreement for the Ventura County Employees' Retirement Association and Grantham, Mayo, Van Otterloo & Co. LLC dated as of April 18, 2005 (the 'Agreement'), the Ventura County Employees' Retirement Association account was in compliance with the Client Mandate Form (the Investment Guidelines set forth in Schedule A to the Agreement) for the month of June 2012.

Sincerely,

A handwritten signature in black ink, appearing to be "Mark Landis", with a long, sweeping horizontal stroke extending to the right.

Mark Landis  
Compliance Specialist

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Western

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## Market Review

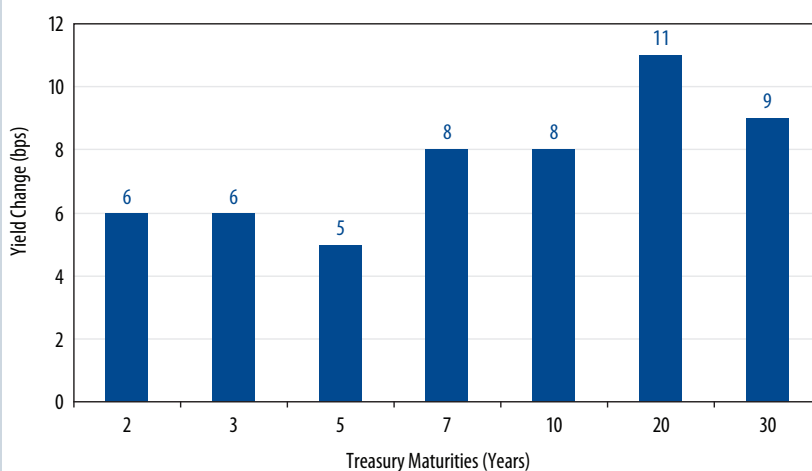
The Barclays Capital U.S. Aggregate Bond Index posted a total return of 0.04% in June as rates rose across the yield curve (Exhibit 1). Domestic economic data continued its mediocre trend, with modest improvements in housing overshadowed by continued sluggish growth and disappointing employment data. Investors remained focused on Europe alongside increasing potential for a trigger event that could unleash widespread contagion. Fortunately, Europe passed its critical test for the month, albeit barely, with Greece narrowly electing leadership that is viewed as being “pro-eurozone” and willing to implement painful policies necessary to adhere to the stipulations of prior bailouts. As the month wound down, markets rallied again as results from the European Summit were seen as being more substantial than expected. Remarkably, it seemed that policymakers had actually started to work together more constructively. Despite these positives, Europe is not out of the woods. As an indication, the Spanish 10-year yield ended the month at an unsustainably high level of 6.29%, after having risen by 100 basis points intra-month and then subsequently retreating. Italian sovereign yields are at similar levels. By comparison, the German 10-year bund ended June yielding 1.58%.

Spreads narrowed across major spread sectors as investors shifted away from safety (Exhibit 2). Investment-grade credit, high-yield bonds and agency mortgages generated positive total returns as well as positive excess returns relative to duration-neutral US Treasuries (UST). Equities surged ahead over the month with the S&P 500 Index gaining 3.96% and the Dow Jones Industrial Average up by 3.93%.

## Washington Review

At its June meeting, the Federal Reserve (Fed) left its target rate unchanged within a range of 0% to 0.25%. With the Maturity Extension Program (aka “Operation Twist”) set to expire at the end of the month and the economy showing signs of softening, the Fed opted

Exhibit 1  
Yield Curve Changes in June



Source: US Treasury Department

Exhibit 2  
Sector Returns (%)

Sector	MTD Total Return	YTD Total Return	MTD Excess Return	YTD Excess Return
US Aggregate	0.04	2.37	0.35	0.88
US Treasury	-0.35	1.51	0.00	0.00
US TIPS	-0.56	4.04	n/a	n/a
US Agency	0.24	1.66	0.42	0.76
US Agency MBS	0.12	1.66	0.30	0.43
CMBS	0.70	4.35	0.81	3.65
Baa Corporate	0.14	4.76	0.61	2.56
US Corporate IG	0.35	4.65	0.81	2.63
US Corporate High-Yield	2.11	7.27	2.31	5.99
Emerging Markets (USD)	2.75	6.95	3.19	4.65

Source: Barclays Capital

to extend the program to the end of the year. This second round of twisting operation (OT2) will involve the sale of \$267 billion of short-dated Treasury securities and the purchase of an equivalent amount of longer-dated Treasuries in the hopes of providing a bit of boost to the economy. While some market participants had hoped for more forceful stimulus, specifically a third round of quantitative easing, actions that would further expand the Fed’s already ballooned balance sheet would be apt to set off a political firestorm which the

Fed especially seeks to avoid in an election year. The Fed sharply reduced its 2012 GDP growth projections from 2.4% – 2.9%, its estimate just two months ago, to 1.9% – 2.4%.

### Economic Review

Economic data again indicated an economy struggling to gain firmer footing. The final estimate of 1Q12 real GDP remained unchanged at an anemic annualized growth rate of 1.9%. Employment figures were uninspiring yet again. According to the U.S. Department of Labor, nonfarm payrolls in May grew by only 69,000, less than half of what the market anticipated. Furthermore, April's disappointing numbers were revised down from 115,000 to 77,000, and unemployment inched up by 0.1% to a rate of 8.2%. Weekly initial jobless claims initially fell to 377,000, but inched up throughout the month to end the period at 386,000, with all revisions being to the upside.

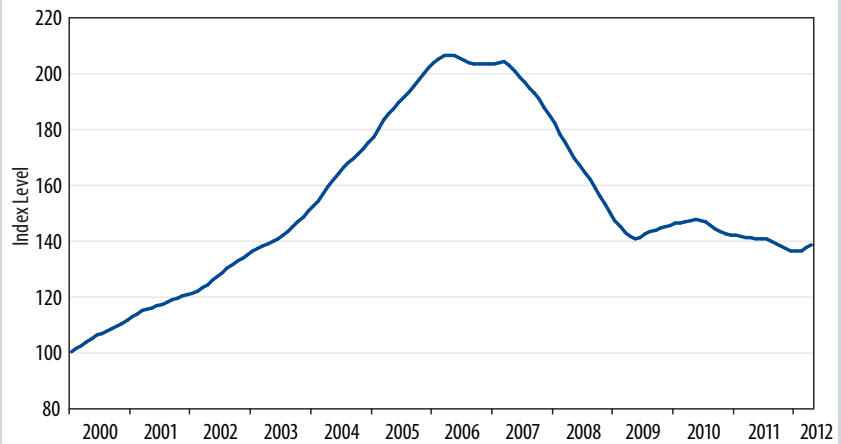
Core CPI, which excludes the volatile food and energy components, increased by 0.2% in May, the same pace as in April. Over the previous 12 months, core CPI grew at a 2.3% rate. Outside of the core figures, headline inflation decreased in May by 0.3%, more than expected. Headline inflation increased at a 2.3% pace year-over year.

Housing continued to offer positive glimmers. While existing home sales fared slightly worse than expected in May, new home sales trounced expectations, gaining 7.6%. This helped to bring the supply of new homes down to 4.7 months, its lowest level since 2005. Mortgage rates again hit new record lows, enhancing home affordability for those with high credit scores. In April, the most recent data period available, the S&P/Case-Shiller 20-City Composite Home Price Index (seasonally adjusted; data released on a two-month lag) increased by 0.7% for its third consecutive gain following 20 months of declines (Exhibit 3).

As previously mentioned, US equities gained over the month as market measures of volatility decreased. The VIX Index, which measures volatility in equity markets, decreased from 24.1%, to 17.1%, which is below its long-term average. The MOVE Index, which measures interest-rate volatility, notched down from 74.4 to 73.2 over June (Exhibit 4). The price of crude oil fell by \$1.57 as West Texas Intermediate crude ended the month at \$84.96 per barrel. Gold increased by 2.4%

Exhibit 3

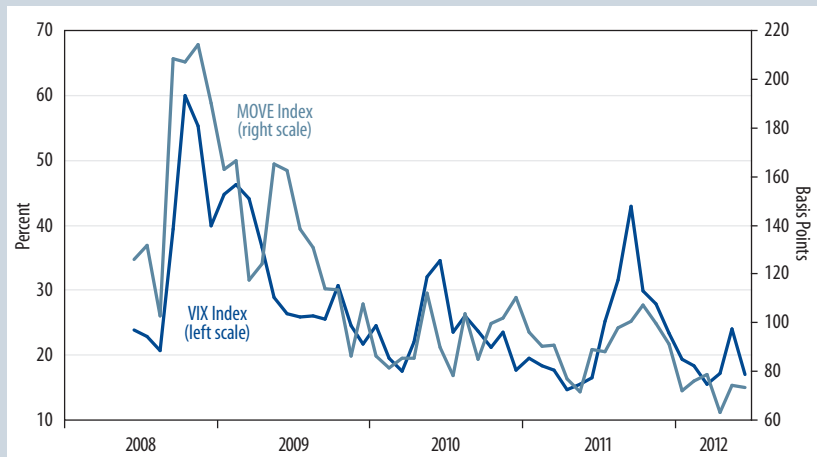
#### S&P/Case-Shiller Home Price Index (20-City Composite, Seasonally Adjusted)



Source: Standard & Poor's

Exhibit 4

#### Market Volatility



Source: Bloomberg

to end the month at \$1,597.4 per ounce. The US dollar fell by 2.32% versus the euro over the month as markets responded positively to the latest effort to stem the sovereign debt crisis in Europe.

### Performance Review

US strategies generally experienced strong outperformance versus their benchmarks in June. An overweight to investment-grade credit, particularly to financials, added to returns as spreads narrowed. High-yield allocations, where held, generated positive results. Diversification into US TIPS had a minimal effect on performance as inflation expectations remained largely unchanged. The agency mortgage sector outperformed similar-duration UST; our generally neutral exposure to the sector resulted in a minimal impact. Exposure to the non-agency mortgage-backed sector



added to performance as investors felt more comfortable taking risk. Our tactically short duration positioning added, while curve positioning, overweight the long-end of the yield curve, slightly detracted from performance.

## Outlook

Economic data continued to support our long-held opinion that the economic recovery will trudge forward at a languid pace. While the European crisis has eased somewhat, the situation remains unstable and could easily flare again, leading to further spillover effects throughout the globe. Barring worst-case scenarios, we expect a continuation of positive domestic economic growth and for spread sectors to perform modestly well through the second half of 2012. The Fed remains highly accommodative, corporate balance sheets are strong and earnings reports are generally positive. While valuations are still generally relatively attractive despite recent spread tightening, we are unlikely to add to positions given the current elevated uncertainty in markets.

In terms of strategy, we continue to favor financials, which remain discounted by the market. Where permitted, we are maintaining a modest exposure to the high-yield sector. We will tactically shift around a neutral position within agency mortgages. Although we slightly trimmed our non-agency mortgage positions earlier in the year, we believe that potential returns for this sector remain more heavily skewed to the upside, especially as delinquency rates have improved. We will maintain a slightly short duration position, which we may tactically adjust. We will continue to favor the back end of the yield curve as a hedge against periodic flights to safety.

*For more information on Western Asset, visit our website at [westernasset.com](http://westernasset.com).*

*Past results are not indicative of future investment results. This publication is for informational purposes only and reflects the current opinions of Western Asset Management. Information contained herein is believed to be accurate, but cannot be guaranteed. Opinions represented are not intended as an offer or solicitation with respect to the purchase or sale of any security and are subject to change without notice. Statements in this material should not be considered investment advice. Employees and/or clients of Western Asset Management may have a position in the securities mentioned. This publication has been prepared without taking into account your objectives, financial situation or needs. Before acting on this information, you should consider its appropriateness having regard to your objectives, financial situation or needs. It is your responsibility to be aware of and observe the applicable laws and regulations of your country of residence.*

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# Ventura County Employees' Retirement Association Core Fixed Income Portfolio

## Performance Summary Report

### June 30, 2012

	Current Month	Latest 3 Months	Latest 6 Months	Year to Date	Latest 12 Months	Latest 2 Years	Latest 3 Years	Latest 5 Years	Latest 7 Years	Latest 10 Years	Latest 15 Years	Inception <sup>1</sup> to Date
						Annualized						
Gross												
Portfolio	0.79	2.37%	5.17%	5.17%	8.90%	8.32%	11.59%	7.52%	6.17%	6.91%	7.21%	7.20%
Benchmark <sup>3</sup>	0.04	2.06%	2.37%	2.37%	7.47%	5.67%	6.93%	6.79%	5.58%	5.63%	6.27%	6.29%
Excess Return	0.75	0.30%	2.80%	2.80%	1.43%	2.64%	4.65%	0.73%	0.59%	1.28%	0.93%	0.91%
Net												
Portfolio <sup>2</sup>	0.77	2.32%	5.08%	5.08%	8.70%	8.11%	11.37%	7.31%	5.96%	6.70%	7.04%	7.03%
Benchmark <sup>3</sup>	0.04	2.06%	2.37%	2.37%	7.47%	5.67%	6.93%	6.79%	5.58%	5.63%	6.27%	6.29%
Excess Return	0.74	0.26%	2.71%	2.71%	1.23%	2.44%	4.44%	0.52%	0.38%	1.06%	0.76%	0.74%

**Base Currency: US DOLLAR**

**Total Account Value (Market Value & Accrued Interest): \$ 247,955,848.14**

<sup>1</sup> Subject to the performance clock date, close of business day 01/31/1997, as agreed upon by Client and Investment Manager.

<sup>2</sup> Net-of-Fees performance returns are an estimate of time-weighted rate of return. The effective fee, based on a fee schedule, is deducted from the monthly gross return.

<sup>3</sup> Barclays U.S. Aggregate

Past investment results are not necessarily indicative of future investment results.

Benchmark and excess returns may not sum to portfolio performance, due to rounding.

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# Ventura County Employees' Retirement Association

## Performance Summary Report

### June 30, 2012

		Current Month	Latest 3 Months	Latest 6 Months	Year to Date	Latest 12 Months	Latest 2 Years	Latest 3 Years	Latest 5 Years	Inception <sup>1</sup> to Date
							Annualized			
Gross										
	Portfolio	4.45%	-2.58%	11.84%	11.84%	5.73%	20.19%	24.18%	-4.02%	-4.32%
	Benchmark <sup>3</sup>	4.12%	-2.75%	9.49%	9.49%	5.45%	17.39%	16.40%	0.22%	-0.12%
	Excess Return	0.33%	0.18%	2.36%	2.36%	0.28%	2.80%	7.78%	-4.24%	-4.20%
Net										
	Portfolio <sup>2</sup>	4.44%	-2.62%	11.74%	11.74%	5.54%	20.02%	24.03%	-4.12%	-4.42%
	Benchmark <sup>3</sup>	4.12%	-2.75%	9.49%	9.49%	5.45%	17.39%	16.40%	0.22%	-0.12%
	Excess Return	0.32%	0.13%	2.25%	2.25%	0.09%	2.62%	7.63%	-4.34%	-4.30%

**Base Currency: US DOLLAR**

**Total Account Value (Market Value & Accrued Interest): \$ 111,402,502.03**

<sup>1</sup> Subject to the performance clock date, close of business day 05/31/2007, as agreed upon by Client and Investment Manager.

<sup>2</sup> Net-of-Fees performance returns are an estimate of time-weighted rate of return. The effective fee, based on a fee schedule, is deducted from the monthly gross return.

<sup>3</sup> S&P 500

Past investment results are not necessarily indicative of future investment results.

Benchmark and excess returns may not sum to portfolio performance, due to rounding.

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July 5, 2012

Mr. Henry Solis  
Fiscal Manager  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003-6572

Re: Ventura County Core Full Account, WA # 851

Dear Mr. Solis:

This letter is to confirm that all investment activity during the month ending June 30, 2012 was consistent with the investment policies and restrictions set forth in the Ventura County Statement of Objectives, Guidelines and Procedures with the noted exceptions.

Due to a \$65.4M withdrawal on June 29, 2012 following concentrations exceeded their maximum allowable limit:

- Max 10% rated below BBB- or A-2 by S&P, Moody's or Fitch – @ **10.59%**
- Max 1% duration contribution in bonds issued by any single entity not domiciled in the J.P. Morgan Govt Bond Index – **VALE SA @1.05%** and **United Mexican State @ 1.26%**

Western Asset is working towards reducing these concentrations to within allowable limits in a prudent manner. Should you have any questions, please contact your client service team.

Sincerely,

Vanui Ayvazyan  
Portfolio Compliance

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July 5, 2012

Mr. Henry Solis  
Fiscal Manager  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003-6572

Re: Ventura County Index Plus Account, WA # 2887

Dear Mr. Solis:

This letter is to confirm that all investment activity during the month ending June 30, 2012 was consistent with the investment policies and restrictions set forth in the Ventura County Statement of Objectives, Guidelines and Procedures.

Should you have any questions, please contact your client service team.

Sincerely,

Vanui Ayvazyan  
Portfolio Compliance

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July 9, 2012

Mr. Leon Kung  
Performance Analyst  
Ennis Knupp & Associates  
10 S. Riverside Plaza  
Suite 1600  
Chicago, IL 60606

Dear Leon:

Listed below are answers to your monthly request for information regarding the Ventura County fixed income portfolio:

1. Change in talent, process, organization and/or regulatory development.

No changes.

2. What hurt or helped relative performance in the last month and 12 months.

	June 2012 Perf (%)		June 2012 Attribution		Last 12 Months Through 6/30/12 Perf (%)		Last 12 Months Through 6/30/12 Attribution
Portfolio	0.94	Duration	0.11	Portfolio	10.92	Duration	(0.31)
Benchmark	0.04	Yield Curve	0.03	Benchmark	7.47	Yield Curve	0.26
		Sector Selection	0.34			Sector Selection	(0.09)
		Security Selection	0.42			Security Selection	3.59
<b>Difference</b>	<b>0.90</b>	<b>Total</b>	<b>0.90</b>	<b>Difference</b>	<b>3.45</b>	<b>Total</b>	<b>3.45</b>

Sector and Security Selection Detail, June 2012

	Sector	Security	Total
Gov't Related	(0.06)	(0.01)	(0.07)
MBS	(0.02)	0.01	(0.01)
ABS	0.04	0.10	0.14
Inv. Credit	0.19	0.13	0.32
High Yield	0.19	0.19	0.38
Non \$	0.00	0.00	0.00
TIPS	0.00	0.00	0.00
<b>Total</b>	<b>0.34</b>	<b>0.42</b>	<b>0.76</b>



The month of June began on a sour note as nonfarm payrolls disappointed and the unemployment rate ticked up to 8.2%. Disappointment faded throughout the month as a variety of domestic and international events combined to produce a fairly strong month for capital markets. Moody's long-anticipated downgrade of 15 major banks was announced, with one significant surprise when Morgan Stanley was downgraded two notches to Baa1, less than the anticipated three notch move. Spreads in financials rallied after the overhang from the expected downgrade was removed. The Fed stopped short of a new quantitative easing program, but did extend "Operation Twist", promising to purchase up to \$267 billion of 6-year to 30-year Treasury securities, while selling similar quantities of bonds maturing within 3 years.

Globally, the capital markets were driven by responses to the European debt crisis. Finance ministers agreed to a €100 billion bailout for Spanish banks making it the fourth European country to be bailed out. As with previous bailout plans, initially it was received positively, but optimism soon faded as questions arose whether it was of sufficient size to alleviate concerns. The Greek elections proved to be somewhat of a "non-event" as Antonis Samaras of the conservative New Democracy party defeated leftist Alexis Tsipras of the SYRIZA party. Samaras' victory calmed fears that Greece could move to quickly exit the Euro. The month ended on an upbeat note as markets welcomed news that European leaders would allow the European Stability Mechanism (ESM), once ratified, to provide aid directly to troubled banks. This was important as it will allow aid to flow to troubled states without burdening them with additional sovereign debt, and was viewed as a concession by austerity-favoring Germany.

In a reversal from the trend in the previous two months, all spread sectors tightened during June. High yield tightened 55 basis points as it benefited the most, on a relative basis, to the positive sentiment this month. CMBS tightened 17 basis points, ABS tightened 12 basis points, investment grade credit tightened 10 basis points, and MBS tightened 9 basis points during the month. The Treasury yield curve moved slightly higher and steepened as the 2, 5, 10, and 30-year yields rose 4, 6, 9, and 11 basis points, respectively.

The Ventura portfolio outperformed its benchmark in June, returning 0.94% compared to 0.04% for the benchmark. Macro performance factors were positive as duration added 11 basis points due to our short bias as interest rates rose. Our bulleted yield curve strategy added 3 basis points to performance. Sector and security selection were positive, with sector adding 34 basis points and security selection adding 42 basis points to performance. Within these categories, high yield added 38 basis points and investment grade credit added 32 basis points due to an overweight in these outperforming sectors as well as superior security selection. ABS added 14 basis points and CMBS added 4 basis points due to superior security selection. Government related subtracted 7 basis points and MBS (excluding CMBS) subtracted 5 basis points due to our underweight in these outperforming sectors.

For the last twelve months, the Ventura County portfolio return was 345 basis points above the benchmark at 10.92%, compared to 7.47% for the benchmark. Macro performance factors were



mixed, with duration subtracting 31 basis points due our short duration bias as rates declined. Yield curve added 26 basis points to performance. Sector and security selection were mixed, with sector subtracting 9 basis points and security selection adding 359 basis points to performance. Within these categories, investment grade credit added 116 basis points, high yield added 95 basis points, and MBS (excluding CMBS) added 57 basis points due to superior security selection in these sectors. CMBS added 44 basis points and ABS added 58 basis points due to an overweight in these outperforming sectors as well as superior security selection. Government related subtracted 4 basis points as our holdings in this sector underperformed. Non-dollar subtracted 16 basis points from performance.

### 3. What is your 12 month outlook for the investment markets?

We remain overweight in the corporate sector as spreads remain attractive relative to the fixed income universe. Our positions continue to be focused in financial issuers which we view as superior to industrial and utility issuers. The portfolio is underweight in the mortgage-backed sector as we believe MBS spreads currently do not compensate an investor for the risks of the uncertain timing of cash flows. We continue to be overweight in the ABS sector, focusing on short-duration, high-quality issues. We remain biased to a shorter duration position as real interest rates are unattractive across the yield curve, but in reacting to changing market conditions, our position will fluctuate between neutral and short duration.

If you have any questions regarding portfolio activity, please do not hesitate to contact our office.

Sincerely,

Mark M. Egan, CFA, CPA  
Managing Director



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# Ventura County Employees' Retirement Association

June 30, 2012

## Fixed Income Performance (Preliminary)

	Portfolio (%)	Barclays Aggregate BC AGG Index
Month Ending 6/30/2012	0.94	0.04
Quarter to Date	2.26	2.06
Year to Date	5.58	2.37

## Summary Portfolio Characteristics

	Portfolio	BC AGG Index
Total Market Value (\$)	327,201,040	16,524 billion
Avg. Portfolio Duration (Years)	4.7	5.1
Avg. Portfolio Convexity	0.37	-0.22
Avg. Yield to Maturity/Worst (%)	2.7	2.0
Avg. Maturity (Years)	6.8	7.1
Avg. Quality	AA3	AA1

## Portfolio Structure

Quality Structure (% of Portfolio)	Portfolio	BC AGG Index
AAA	49.2	74.3
AA	2.3	4.5
A	16.1	11.4
BBB	23.7	9.8
Other	8.6	0.0
Total	100.0	100.0

Sector Structure (% of Portfolio)	Portfolio	BC AGG Index
Treasury	20.0	36.0
Govt Related	1.1	10.7
Mortgage-Backed	21.9	32.5
Asset-Backed	8.8	0.3
Corporate	47.6	20.6
Non-US Dollar	0.0	0.0
Money Market	0.6	0.0
Total	100.0	100.0

Duration Distribution (Years)	Portfolio	BC AGG Index
0 - 1 yr.	0.1	0.0
1 - 3	0.4	0.8
3 - 4	0.3	0.6
4 - 6	0.7	1.0
6 - 8	0.8	0.6
8 +	2.4	2.1
Total	4.7	5.1

Maturity Distribution (%)	Portfolio	BC AGG Index
0 - 1 yr.	15.5	0.0
1 - 3	18.9	25.6
3 - 5	19.1	29.8
5 - 7	8.4	19.4
7 - 10	29.1	12.5
10 - 20	1.7	3.4
20+	7.5	9.3
Total	100.0	100.0



**REAMS ASSET MANAGEMENT**  
A Division of Scout Investments

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Loomis Sayles

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**1. Change in talent, process, organization and/or regulatory development**

**New Hires**

- We are pleased to announce that Candice Johnson has joined Loomis Sayles Investments Limited as Office Manager, based in London and reporting to Christine Kenny and Jeff Seaver.

**Departures**

- 

**2. What hurt or helped relative performance in the last month and 12 months**

Please refer to the VCERA Sector Month and Trailing Year Attribution Slides.

**3. What is your 12-month outlook for the investment markets?**

Please refer to the June Mailer. The mailer should be available on 7/12. Jeff Murphy will send it once it's available.

**4. Confirmation of compliance with investment guidelines**

The account was in compliance with its investment guidelines for the period 6/01/2012 through 6/30/2012.



LOOMIS  SAYLES & COMPANY, L.P.

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# attribution analysis

05/31/2012 THROUGH 06/30/2012 (%)

## Maturity Distribution

	Final Weight	Portfolio Return	Total Effect
Under 1 year	13.91	3.09	0.03
1 - 3 years	7.88	1.41	0.14
3 - 5 years	17.40	1.23	0.15
5 - 7 years	15.23	2.34	0.10
7 - 10 years	14.23	0.77	(0.13)
10+ years	31.34	1.53	0.30

## Sector Distribution

	Final Weight	Portfolio Return	Total Effect
US Treasuries	4.64	(0.03)	0.20
US Agencies	0.00	0.00	0.02
Gov Related	3.19	1.00	0.01
Securitized Credit	6.70	1.70	0.07
Securitized Agency	2.02	0.64	0.11
US Invest Grade	35.69	0.66	0.05
IG - Financial	12.54	1.85	0.15
IG - Industrial	19.12	0.15	(0.06)
IG - Utility	4.03	(0.58)	(0.04)
US High Yield	24.82	1.11	(0.37)
HY - Financial	5.45	2.57	0.03
HY - Industrial	16.54	0.38	(0.35)
HY - Utility	2.83	2.54	(0.05)
Non-US Dollar	14.29	6.35	0.59
Convertibles	1.87	(0.75)	(0.03)
Preferreds	0.43	5.16	0.02
Other	0.44	(7.95)	(0.04)
Cash & Equivalents	5.49	0.03	(0.03)
No Category	0.44	(0.02)	0.00

## Quality Distribution

	Final Weight	Portfolio Return	Total Effect
Aaa	22.95	0.51	0.35
Aa	4.19	3.09	0.16
A	10.82	3.63	0.20
Baa	42.02	1.16	0.22
Ba	10.81	0.81	(0.13)
B	7.07	1.42	(0.15)
Caa & Lower	1.70	2.28	(0.02)
Not Rated	0.44	2.06	(0.01)

## Currency Distribution

	Final Weight	Portfolio Return	Total Effect
Euro	1.32	7.43	0.05
British Pound Sterling	0.23	0.95	(0.01)
Japanese Yen	0.00	0.00	0.06
Indonesian Rupiah	0.00	2.04	0.02
South Korean Won	0.00	2.50	0.02
Philippine Peso	0.21	3.78	0.01
Australian Dollar	1.69	5.89	0.08
New Zealand Dollar	1.66	6.39	0.09
U S Dollars	85.71	0.72	0.01
Brazilian Real	2.34	0.45	0.00
Canadian Dollar	5.03	1.72	0.05
Mexican Peso	1.79	13.81	0.22

For split rated securities in the quality distribution, the highest of Moody, S&P, and Fitch is used. Unrated securities are rated by Loomis Sayles Research. The Attribution benchmark is 65% Barclays Aggregate, 30% Citigroup High Yield Mkt, 5% JP Morgan Ex US Hedged \$US. Cash, Government & Agencies, and Aaa rated positions are reflected in the Aaa category. Total Effects are impacted by sector returns, allocation shifts and market timing. Data Source: Barclays Capital, Citigroup, JP Morgan

# attribution analysis

06/30/2011 THROUGH 06/30/2012 (%)

## Maturity Distribution

	Final Weight	Portfolio Return	Total Effect
Under 1 year	13.91	(13.60)	(0.86)
1 - 3 years	7.88	0.13	0.05
3 - 5 years	17.40	7.11	0.73
5 - 7 years	15.23	6.69	0.06
7 - 10 years	14.23	8.30	(0.53)
10+ years	31.34	9.82	(0.77)

## Sector Distribution

	Final Weight	Portfolio Return	Total Effect
US Treasuries	4.64	0.77	(0.77)
US Agencies	0.00	0.00	0.11
Gov Related	3.19	9.11	(0.07)
Securitized Credit	6.70	8.20	0.07
Securitized Agency	2.02	2.25	0.49
US Invest Grade	35.69	9.21	0.40
IG - Financial	12.54	9.75	0.40
IG - Industrial	19.12	9.63	0.15
IG - Utility	4.03	5.58	(0.15)
US High Yield	24.82	9.15	0.27
HY - Financial	5.45	8.05	0.08
HY - Industrial	16.54	10.39	0.23
HY - Utility	2.83	3.98	(0.04)
Emerging Markets	0.00	7.63	0.01
Non-US Dollar	14.29	(12.71)	(1.04)
Convertibles	1.87	(2.68)	(0.14)
Preferreds	0.43	5.27	(0.01)
Other	0.44	(12.01)	(0.12)
Cash & Equivalents	5.49	0.07	(0.51)
No Category	0.44	1.31	0.00

## Quality Distribution

	Final Weight	Portfolio Return	Total Effect
Aaa	22.95	(1.24)	(1.67)
Aa	4.19	4.84	(0.12)
A	10.82	6.35	(0.41)
Baa	42.02	9.34	0.65
Ba	10.81	10.19	0.22
B	7.07	4.59	(0.39)
Caa & Lower	1.70	8.50	0.12
Not Rated	0.44	(12.80)	0.28

## Currency Distribution

	Final Weight	Portfolio Return	Total Effect
Euro	1.32	(11.55)	0.35
British Pound Sterling	0.23	(8.86)	(0.07)
Japanese Yen	0.00	0.00	0.07
Indonesian Rupiah	0.00	3.59	(0.03)
Malaysian Ringgit	0.00	3.02	(0.01)
South Korean Won	0.00	(5.95)	(0.19)
Indian Rupee	0.00	(13.49)	(0.15)
Philippine Peso	0.21	12.67	0.01
Australian Dollar	1.69	4.99	(0.03)
New Zealand Dollar	1.66	8.14	0.02
U S Dollars	85.71	7.27	(0.29)
Brazilian Real	2.34	(13.37)	(0.57)
Canadian Dollar	5.03	(0.23)	(0.41)
Mexican Peso	1.79	7.12	(0.01)

For split rated securities in the quality distribution, the highest of Moody, S&P, and Fitch is used. Unrated securities are rated by Loomis Sayles Research. The Attribution benchmark is 65% Barclays Aggregate, 30% Citigroup High Yield Mkt, 5% JP Morgan Ex US Hedged \$US. Cash, Government & Agencies, and Aaa rated positions are reflected in the Aaa category. Total Effects are impacted by sector returns, allocation shifts and market timing. Data Source: Barclays Capital, Citigroup, JP Morgan



A photograph of a white, cylindrical lighthouse with a red lantern room, situated on a rocky coastline. The lighthouse is illuminated from within, casting a warm glow. The sky is filled with dark, heavy clouds, with a bright light source visible behind the lighthouse, creating a halo effect. The foreground consists of large, dark, textured rocks.

# Highlights and Research

*Ventura County Employees' Retirement Association*

*July 2012*

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*An Aon Company*

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## **Investment Managers Transition Update**

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**Memo**

**To: Staff and Board**  
**Ventura County Employees' Retirement Association**

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**From:** Russ Charvonia, ChFC, CFP®, Esq.  
Kevin Vandolder, CFA  
Kevin Chen

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**Date:** July 16, 2012

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**Re: Investment Managers Transition Update**

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**Background**

The following is a summary update on where the transitions in Global Equity and Global Fixed Income managers currently stand. We will provide a more in-depth update once all the transitions have been completed. We continue to work with staff and the various money managers involved moving the transitions forward.

**Global Equity**

The Acadian fund has officially been terminated and liquidated. Assets have been transferred to BlackRock for investment in the BlackRock MSCI ACWI Equity Index Fund. This transition was completed on July 5. At the summary level, results were favorable with transaction cost savings of approximately \$60,000, or 7 bps, when compared to the pre-trade estimate. We have attached the post-transition report from BlackRock for the Board's review

**Global Fixed Income**

As a reminder, there are two accounts being funded for the Global Fixed Income mandates. Loomis was funded as of June month-end. We are still in process of funding the account at PIMCO, as the account setup documents have been extremely tedious. There are hundreds of documents needed for the various countries in which investments may be held.

We anticipate the remaining transition with PIMCO will be fully completed by the end of July and will provide the Board with an update when the global fixed income transitions are complete. We look forward to discussing this with you at the July 16th Board meeting.

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Post-transition report from BlackRock for

## Ventura County Employee Retirement Association

Asset Restructuring - Global Equities

Date Prepared: July 2, 2012

# Ventura County Employee Retirement Association

## Asset Restructuring - Global Equities

### Executive Summary

BlackRock was hired by the Ventura County Employee Retirement Association to restructure a portfolio formerly managed by Acadian Asset Management. The target for the transition was the BlackRock MSCI ACWI Equity Index Fund.

On the close of June 20, 2012, BlackRock assumed investment responsibility of the Legacy Portfolios, this date also marked the trade date for the asset transfer from the legacy manager to Blackrock. Assets settled at BlackRock between June 21 and June 27.

BlackRock began by setting aside approximately 10% of the value of securities from the Legacy Portfolio that overlapped with the Target Portfolio. BlackRock then submitted illiquid trades and began trading those names on June 27. The remaining required trades were submitted into BlackRock's internal cross where approximately \$44.3 million was crossed with other BlackRock internal flow. The remaining sells and corresponding buys were executed on June 29, 2012 via external crossing and market trading. In total BlackRock was successful in crossing \$66.6 million of the required trading (31%) which exceeded our initial crossing estimates of 17%.

The potential overall cost of the transition, as measured by implementation shortfall, was estimated to fall between -78 basis points and +7 basis points. The actual implementation shortfall turned out to be -14 basis points of the legacy asset value which fell within the one standard deviation estimate and to the right of the mean expected cost. Performance details and execution results for the transition can be found on the following pages.

### Summary Timeline of Main Events

Date	Event	Date	Event
12-Jun-12	Client signs LOA	28-Jun-12	Benchmark date for trading
15-Jun-12	Legacy assets transferred out of the legacy fund into participant account at Acadian		Currency trades executed
20-Jun-12	Trade date for transfer to BlackRock		Cross is run
21-Jun-12	Settlement of transfer begins	29-Jun-12	Major trading takes place and final portfolio contributed into target fund
27-Jun-12	Settlement of transfer concluded Trading of illiquid names begins	5-Jul-12	Settlement of trading and fund contribution

# Risk Management

BlackRock managed the four dimensions of risk throughout the transition as follows:

## **Exposure Risk**

What is it: Also known as investment risk, this is risk associated with undesirable market exposure, including factors that can have a negative effect on the value of the portfolio

How BlackRock addressed it:

- BlackRock traded illiquid securities early and replaced exposure by purchasing Emerging Market Futures in line with the target strategy
- BlackRock executed a dollar neutral trading strategy across regions and coordinated regional misweights by aligning trading activity as closely as possible

## **Execution Risk**

What is it: Risk of using inadequate trading venues, especially for illiquid asset classes

How BlackRock addressed it:

- BlackRock Execution Services ("BES") utilized 3 underlying brokers to execute trades routed through BES and a total of 5 brokers overall
- BlackRock successfully accessed internal liquidity sources and reduced transactions costs

## **Process Risk**

What is it: Risk that costs are incurred due to communication gaps and unchecked assumptions

How BlackRock addressed it:

- BlackRock held various detailed conference call with the legacy manager, their custodian and BlackRock's custodian
- Close coordination with various internal and external parties were necessary to ensure a seamless transition

## **Operational Risk**

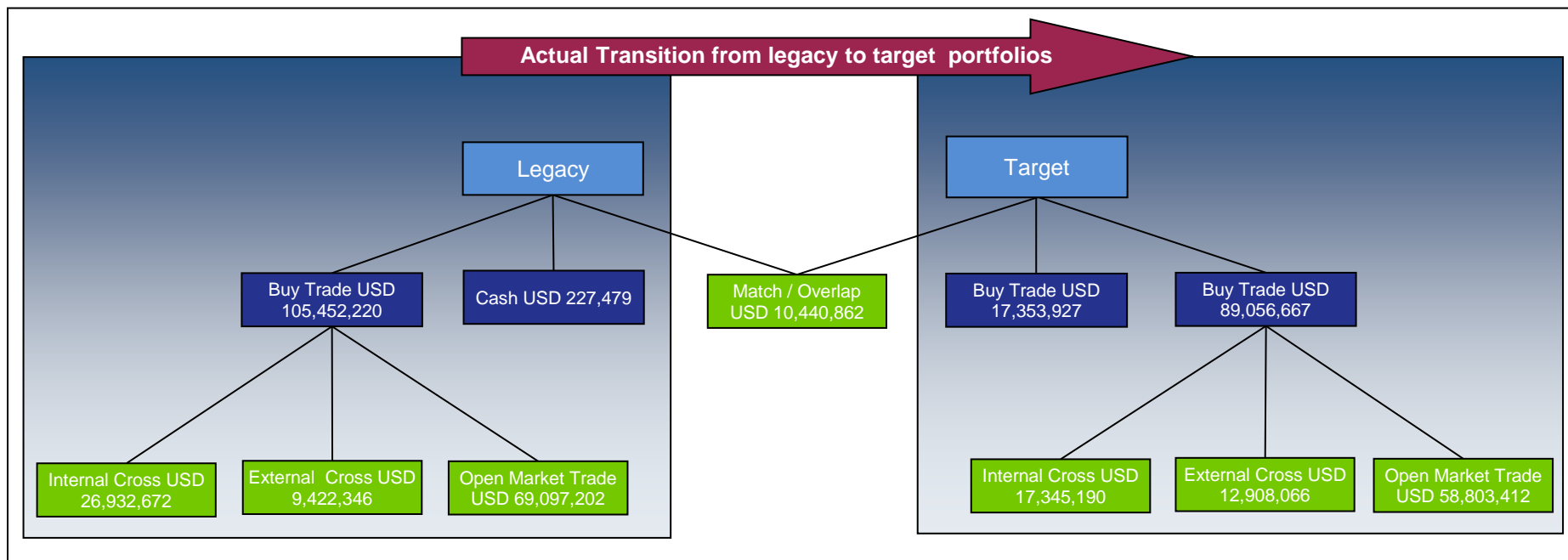
What is it: Risk that operational details-such as account set up and reconciliation are over looked or delayed

How BlackRock addressed it:

- Asset transfers to BlackRock were monitored closely and reconciled following transfer date
- BlackRock executed the transition in a BlackRock custodied account to facilitate the global transition

## Portfolio Activity Breakdown

The following schematic details the activity breakdown that took place when moving from the legacy to target portfolios.



The above results are aggregated in a table below and showed versus the projected activity breakdown on pre-transition analysis.

Pre-Transition Estimate			Actual Results			Difference	
	Trade Value	Total (%)		Trade Value	Total (%)		Total (%)
Match / Overlap	18,332,930	9%	Match / Overlap	20,881,725	10%		1%
Internal Cross	18,004,220	9%	Internal Cross	44,277,862	21%		12%
External Cross	18,307,870	9%	External Cross	22,330,412	10%		2%
Market	154,345,044	74%	Open Market	127,900,614	59%		-14%
	<b>208,990,064</b>	<b>100%</b>		<b>215,390,612</b>	<b>100%</b>		<b>0%</b>

## Absolute Performance

The theoretical composite return of the target portfolio from the close on June 28, 2012 to the close on June 29, 2012 was +2.85 %. The return of the transition account over the same period was +2.71%. Therefore the implementation shortfall for this transition (the difference in returns) was - 14 basis points.

Start Date	6/28/2012
End Date	6/29/2012
	Return (%)
Transition Account	2.71%
Target Portfolio	2.85%
<hr/>	
Total Implementation Shortfall	-0.14%
<hr/>	

### Trading Commentary

European markets had a strong showing and ended the day very strongly in positive territory. In the US, stocks surged to close out a sour quarter on a high note as investors cheered an agreement by European leaders to stabilize the region's banks, a pact that helped remove some of the uncertainty that has plagued markets. The broad rally was the S&P 500's best day since December 20 and helped the benchmark index trim its quarterly loss to 3.3 percent. The decline marked the S&P 500's first down quarter in the last three after tumultuous Greek elections and concerns about the solvency of Spanish banks roiled financial markets around the world.

# Performance Attribution

## Transition Costs

Costs are broken down into their component parts in the tables and graphs below. Commissions and taxes are a known cost, whereas spread and market impact are estimates and opportunity cost acts as the balancing item. Opportunity cost is broken down further into (as relevant) gain or loss on security trades caused by market movements between the closing prices on the benchmark date and the time of execution.

### Pre-Transition Estimate

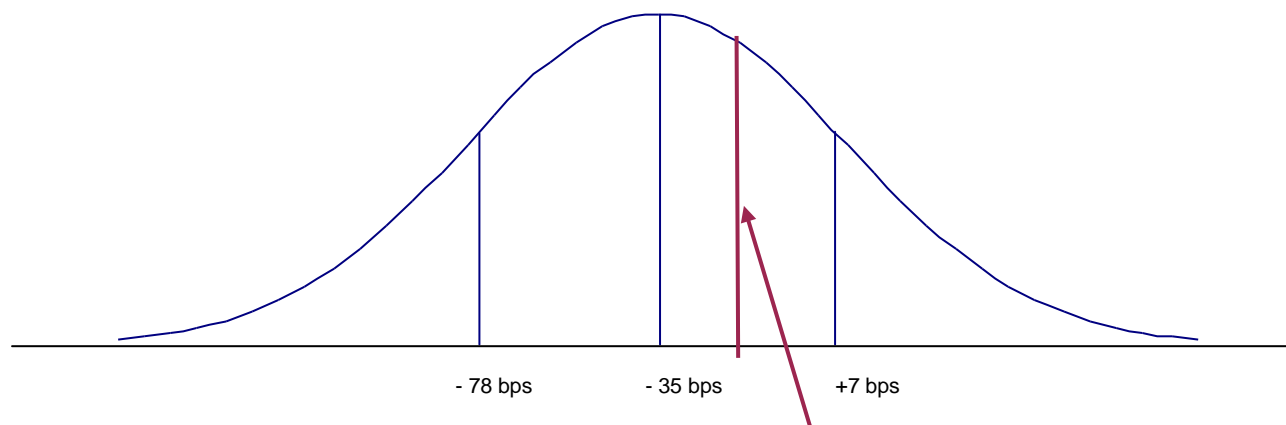
### Actual Results

### Difference

	USD	BPS	Sales (\$)	Buys (\$)	Total (\$)	Total (bps)	USD	BPS
Commission *	(84,470)	(8)	(47,098)	(30,416)	(77,513)	(7)	6,957	1
Tax	(63,655)	(6)	(7,208)	(45,142)	(52,350)	(5)	11,305	1
Spread	(85,800)	(8)	(50,095)	(20,875)	(70,970)	(6)	14,830	2
Impact	(157,432)	(14)	(120,432)	(9,477)	(129,909)	(11)	27,523	3
	<b>(391,357)</b>	<b>(36)</b>	<b>(224,832)</b>	<b>(105,910)</b>	<b>(330,742)</b>	<b>(29)</b>	<b>60,615</b>	<b>7</b>
Opportunity Costs	+/- 474,767	+/- 43	1,817,389	(1,641,229)	176,160	15		
<b>Total Implementation Shortfall</b>	From 83,411 to (866,124)	From 7 to (78)	1,670,626	(2,284,022)	(154,582)	(14)		

\* Refer to the Broker Trading Report and Revenue Transparency sections for more details.

Implementation Shortfall (IS) Distribution



Implementation Shortfall (14) bps

## Portfolio Characteristics

### Top Positive Contributors to Shortfall

Names	Securities Variance (USD \$)
SAMSUNG ELECTR-GDR REG S	87,857
COMPANHIA DE BEBIDAS-PRF A	72,489
SUNCOR ENERGY INC	49,918
AMERICAN INTERNATIONAL GR	42,374
SMITH & WESSON HOLDING CO	39,726
LUKOIL OAO-SPON ADR	39,351
CNO FINANCIAL GROUP INC	38,788
PHILIP MORRIS INTERNATIONAL	38,760
ABBOTT LABORATORIES	38,309
CONOCOPHILLIPS	36,532
	<b>484,104</b>

### Top Negative Contributors to Shortfall

Names	Securities Variance (USD \$)
UNITEDHEALTH GROUP INC	(29,374)
GENERAL ELECTRIC CO	(24,088)
ORACLE CORP	(23,597)
NESTLE SA-REG	(23,410)
HITACHI LTD	(24,753)
HSBC HOLDINGS PLC	(21,013)
MICROSOFT CORP	(20,935)
TOTAL SA	(20,886)
WELLS FARGO & CO	(20,429)
BANCO SANTANDER SA	(19,842)
	<b>(228,328)</b>

### Shortfall by Sector \*

Sectors	Securities Variance
Basic Materials	(7,793)
Communications	(24,964)
Consumer, Cyclical	45,115
Consumer, Non-cyclical	82,134
Diversified	(8,436)
Energy	100,249
Financial	(110,074)
Industrial	(81,819)
Technology	(49,511)
Utilities	36,513
	<b>(18,586)</b>

\* The sector classifications used are sourced from Bloomberg.

## Portfolio Characteristics

...continued

### Shortfall by Region

Regions	Securities Variance
Americas	303,493.5
Europe ex UK	(336,382.4)
Japan	(60,691.5)
Pacific Rim ex Japan	77,548.9
UK	(2,554.4)
<b>TOTAL</b>	<b>(18,585.8)</b>

### Shortfall by Currency

Dates	Transaction Value	Currency Variance
AUD	3,321,353	989.5
CAD	1,842,958	(229.5)
CHF	3,403,841	(910.8)
DKK	446,339	(218.1)
EUR	5,414,479	(4,298.3)
GBP	7,347,743	(1,132.1)
HKD	4,172,386	25.1
JPY	6,101,003	574.7
MXN	91,829	(20.6)
NOK	788,659	39.8
NZD	49,431	12.6
SEK	1,243,873	(370.8)
SGD	2,147,033	(41.7)
ZAR	1,188,892	(552.8)
<b>TOTAL</b>	<b>37,559,819.6</b>	<b>(6,132.9)</b>



## Broker and Currency Trading Report

### Broker Trading Report

Broker	Notional \$ Amt	Basis Points	Commissions (\$)
BES IB - Credit Suisse First Boston	25,427	5.0	13
BES IB - DEUTSCHE BANK	51,469,683	4.0	20,359
BES IB - GOLDMAN SACHS	98,657,138	5.6	55,144
DEUTSCHE BANK SECURITIES INC.	78,778	0.6	5
GOLDMAN SACHS & CO.	20,747,135	0.5	1,004
Internal Cross (facilitated by DEUTSCHE BANK)	16,165,215	0.6	990
FOX US Cross	28,112,646	0.0	0

Total Commissions Paid

77,513

### Currency Trading Report

Broker	Notional \$ Amt	Commissions (\$)
Credit Suisse First Boston	9,125,156	0
Deutsche Bank	18,669,861	0
HSBC	2,198	0
UBS	452,124	0
Westpac Banking Corp	9,310,480	0

Total Commissions Paid

0

### Transition Transparency Tool

	BlackRock U.S. Transitions
Do you earn revenue by trading foreign exchange?	\$0
Do you earn revenue from internal crossing?	\$0
Do you earn revenue by acting in a principal capacity?	\$0
Do you receive revenue from an affiliate who acts in a principal capacity?	\$0
Do you earn revenue from order-flow payment, or participate in soft-dollar arrangements?	\$0
TOTAL HIDDEN REVENUE:	\$0
AGENCY COMMISSIONS	\$75,515

Additionally, BlackRock-managed pooled fund products may be used during the restructuring with prior client consent. Such pooled fund products may also be inherited in a legacy portfolio or be required to be purchased as part of a target strategy. In such instances, BlackRock will earn an investment management fee on any such product (which is not included above).

# Ventura County Employee Retirement Association

## Appendix - Transition Terminology

Active Risk	The risk associated with having a level of investment in an asset class or security that differs from the benchmark level of investment in that asset class or security.
Agency Trading	Orders are submitted via an order list or made by single stock orders to a broker, whose role is to find liquidity and work the order on a best efforts into the market. The market risk remains with the account so the cost to trade in terms of market impact is not known until the trade is completed. Commissions are charged to the account for this type of trade.
Average Daily Volume (ADV)	The number of shares traded per day, averaged over a time period, typically 20, 50 or 90 days. This is a measure of the liquidity.
Legacy Asset List	A list containing the individual stock and cash positions to be received by the transition manager from each legacy manager, usually supplied by the legacy manager. A provisional asset list will be supplied before the start of the transition and a final asset list will be provided before any trading may begin.
Basis Point	One hundredth of one per cent. One basis point = 0.01% or 0.0001.
Bid / Offer Spread	The difference between the 'bid' price, for example, 99 and the 'offer' price 101 is the full bid/offer spread. The seller's objective would be to sell at the 'offer-price', the buyer's objective is to buy at the 'bid' price.
Broker Crossing	Trading with a broker to cross against its inventory at middle market prices, or against an agreed benchmark, such as VWAP. For this crossing to be confidential the broker must be prepared to show their trading flow to the transition manager, who then has the right to trade against it if they sometimes recorded as crossing, sometimes as agency trading.
Cost Estimate	An estimate of transition costs made in advance of the transition. The transition manager will usually make a series of cost estimates as they learn information about the restructuring.
Crossing	A match of natural buyers and sellers of equivalent stocks that need to be bought or sold. Crossing minimizes the market impact and reduces trading costs for both parties. The cross is typically executed at middle market price, thus avoiding spreads and market impact which is incurred in Agency Trading.
Currency Hedge / Overlay	A technique which aims to match a portfolio's currency exposure to the new benchmark using forward FX contracts during the transition. For if a portfolio is moving from UK equities to Eurozone equities, sterling will be sold forward to buy euros.
Duration	A measure of the price volatility of a bond, equal to the weighted average term to maturity of the bond's cash flows. The weights are the present values of each cash flow as a percentage of the present value of all cash flows.
Exchange For Physical (EFP)	The exchange of futures contracts for underlying securities at a fixed (strike) price. The prices of both the futures and the physical securities are typically fixed at the same point in time.
Exchange Traded Funds (ETFs)	Exchange traded funds are funds set up to trade on exchanges as individual securities. They generally represent a basket of securities, like an index and may be tailored to a country or sector.

# Ventura County Employee Retirement Association

## Appendix - Transition Terminology (Continued)

Explicit Costs	Directly measurable costs incurred as a result of security transactions, such as commissions and taxes.
External Crossing	Crossing undertaken via a third-party crossing network or with other clients of a broker.
ECNs	Electronic communication networks are trading platforms that aim to match clients buy and sell orders. Examples include POSIT, MarketAxess, Trade Web and Liquidnet.
Futures Hedge / Overlay	The purchase or sale of futures contracts to move a portfolio's exposure to its new benchmark. For example, if a fund is moving from UK equities to equities it would potentially sell FTSE 100 futures contracts and buy S&P 500 futures contracts to shift the fund to the new benchmark as quickly as possible. These futures positions are unwound as the underlying securities are transacted. Futures hedges for multi-currency portfolios should be accompanied by currency hedges.
Illiquid Securities	Securities where the position to be traded is large relative to market liquidity. For example, securities where the trade required is greater than 20% of the average daily volume.
Implementation Shortfall	A measurement of the transition process that compares the actual value of the portfolio at the end of the transition process against the value had the transition been implemented instantaneously and at no cost. Since it is the sum of the transaction costs and opportunity costs, the measure insights into market timing decisions both within and outside the control of the transition manager.
Implicit Costs	Spread, market impact and opportunity cost are all considered implicit costs as they are not so easily measured and are collectively derived from the price performance achieved.
Internal Crossing	Crossing undertaken between a fund manager's own clients, completely away from the market. Internal crossing is the highest quality crossing, since it is always anonymous, virtually costless, and reveals no information to the market as to the direction of clients' trading.
In-kind / In-Specie Transfers	Transfers of securities (as opposed to transfers of cash). These can be between fund managers or into / out of pooled funds. Most fund managers have rules governing when securities can be transferred into / out of their pooled funds in-specie and insist on cash transfers in some circumstances. Some markets do not allow free-of-payment movements.
Liability driven investments (LDI)	These are investment strategies that have at their core a linkage between the plan's liabilities and the assets purchased to cover these liabilities.
Legacy Portfolio	The portfolio of assets provided by the old fund manager at the start of the transition.
Market Impact	The detrimental movement of a security's price away from the purchaser / seller when there is insufficient supply or demand to meet the volume to complete the desired trade. This effect can be minimized through a variety of dealing techniques, however it is typically increased if the market becomes aware of the nature of a restructuring.
Overlap (Matching/In-kind)	Securities in the target lists that are already held in the portfolios of the legacy managers. These are preserved and do not require trading.
Market Trading	Any execution that is not matched/overlapped or crossed, this includes agency, principal trades and EFPs.
Matrix Pricing	A method used to price securities using credit spreads as indicative market levels, rather than using actual current trade levels.

# Ventura County Employee Retirement Association

## Appendix - Transition Terminology (Continued)

Net Trades	BlackRock's trading desk deals direct with other market participants (such as market makers) at net prices, i.e. any charges levied by the market participant are encapsulated in the execution price.
Odd Lot	Odd lots are based on share/nominal amounts and are defined per security. An odd lot is any amount that does not conform to the 'round lot' convention. If a 'round lot' is 1000 shares/nominal, an odd lot is an amount of shares/nominal lower than this.
Opportunity Cost / Gain	The actual difference between the benchmark price of a security (or currency) and the execution price. This difference is due to price movements between the benchmark point and the time of execution, and can result in a loss or a gain.
Opportunity Risk	The potential difference (+/-) between the benchmark price and the execution price, due to price movements between the benchmark point and time of execution. This is crystallized into an opportunity cost (or gain) as trades are executed.
Pooled / Commingled Fund	A commingled investment vehicle managed by a fund manager into which clients invest their money and receive units in the fund in return. In where any of the fund managers involved hold the client's assets in pooled funds, the transition manager needs to determine whether it is in the client's interest to perform in-specie asset transfers into or out of the pooled funds.
Principal Trading	A transaction in which a broker/dealer commits capital to either buying or selling securities. Summary details of the trade are provided to the broker who quotes 'price' or risk premium that they would charge to transact. The market risk is transferred from the client to the broker.
Program Trade	Combining a number of orders together, to enhance trade execution. When the value of the buys and sells match, the broker has greater flexibility risk management potential when executing the order. BlackRock makes extensive use of program trading and it can be implemented on an or principal basis.
Round Lot	In equity and fixed income markets, a round lot is the market standard for the minimum number of shares traded in any one execution.
Residual Securities	Securities that are not included in the new portfolio(s) and have not been sold by the end of the main phase of the transition, potentially due to being very illiquid or suspended.
Share Exchanges	BlackRock is able to take segregated securities into and out of the Aquila Life range of pooled vehicles. This is an excellent opportunity to save money because the securities are "absorbed" into or taken out of the pooled funds at little or no trading cost.
Stock Specific Risk	The risk associated with a particular asset that is idiosyncratic of that particular stock. It can be eliminated by diversification if the fund manager wishes.
Systematic Risk	The risk associated with all risky assets, regardless of their individual characteristics. This varies over time and is reliant upon macroeconomic and political factors, thus it can be reduced but never diversified away completely.
Take-Off	The transfer of assets to the target manager(s) at the end of the transition. In multi-manager transitions, there will be a separate take-off for each target manager, which can be on different dates.
Take-On	The receipt of assets from the legacy manager(s) by the transition manager at the start of the transition. In multi-manager transitions there will be a separate take-on from each legacy manager, which can be on different dates.
Target Portfolios	The portfolio(s) constructed at the end of the transition for the new fund manager(s).

# Ventura County Employee Retirement Association

## Appendix - Transition Terminology (Continued)

Tracking Error / Risk	A measure of the closeness with which a portfolio follows a benchmark, or with which a hedge matches the underlying assets it is hedging.
Transaction Costs	A measure of the costs incurred in trading, including explicit costs (taxes and commissions), half the bid / offer spread and market impact.
Unit Trading	Trading of pooled/commingled fund units.
Volume-Weighted Average Price (VWAP)	A measure of the weighted average price of a given day's trading in a particular security, or set of securities. It is calculated by dividing the value of trades by the volume over a given period and is most commonly used in equity and futures markets.
Wish List	The list of individual securities and cash positions that the target manager wishes to hold in the portfolio post-transition. Each target manager's wish must contain a unique stock identifier and each security's name, with either the percentage of the portfolio the security represents, or a list of nominal holdings that should be bought for them. This must be supplied to the transition manager by the target manager shortly before the start of the transition.

# Ventura County Employee Retirement Association

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## Hexavest Ownership Memo

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**Memo**

**To: Staff and Board**  
**Ventura County Employees' Retirement Association**

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**From:** Russ Charvonia, ChFC, CFP®, Esq.  
Kevin Vandolder, CFA  
Kevin Chen

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**Date:** July 16, 2012

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**Re: Hexavest Ownership Update**

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**Background**

On June 18th, 2012, we were informed by Hexavest that it had entered into a definitive agreement for Eaton Vance Corp. (EV) to acquire a 49% stake of Hexavest. Following this transaction, it is expected that the current employee shareholders of Hexavest will continue to have control of the firm and its operations for at least the next five years. At the end of this five-year period, EV will have the option to increase its ownership to 75%. It is anticipated that the deal will close on or around August 31, 2012.

Our researchers have spoken with Tom Faust Jr., CEO and President of Eaton Vance, and Vital Proulx, President and CIO of Hexavest, and are comfortable in reaffirming our Buy ratings for the Hexavest International Equity Fund. We continue to believe that Hexavest offers a unique and consistently applied investment process implemented by a strong team of investment professionals.

Although we remain positive on the strategies overall, the business risks have increased. Some key areas where we perceive greater risk include:

1. The uncertainty of the relationship between Hexavest and Eaton Vance (EV) – though we note that EV has shown to be a good owner with its other affiliates (practicing a hands-off approach with the investment teams and investment processes), we still need to monitor the relationship between Hexavest and EV.
2. Client redemptions – although we believe that most clients will implement a wait and see approach, there could be less patience if Hexavest were to underperform in the short term.

3. The effects of wealth on key members of the Hexavest investment team – certain team members, as a result of the transaction, have/will become extremely wealthy and the effects of this on the firm's culture must be monitored. Several key people will be investing some of the proceeds of the transaction into Hexavest funds, which we view as positive.
4. Investment professional turnover – we do not expect much in the way of turnover during the next five years as departing shareholders will have to dispose of their shares at a substantial discount to the market.
5. Potential change of control in five years – we believe that a discussion will take place to determine the best course of action. Although EV has an all or nothing call option to purchase an additional 26% of Hexavest to bring its stake up to 75%, we believe this must be done with the blessing of Hexavest to prevent personnel departures from the firm.
6. Asset inflows – EV will concentrate its marketing efforts on the Global, U.S., International, and EM Equity strategies in the U.S. and overseas marketplaces. The success of EV garnering assets in these strategies could have an impact on whether it exercises its call option in five years. Hexavest currently does not have any capacity issues.

We will continue to monitor the situation closely and will provide the Board with any significant news. We look forward to discussing with the Board at the July 16<sup>th</sup> meeting.

## RREEF Update

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## Memo

**To: Staff and Board**

**Ventura County Employees' Retirement Association**

---

**From:** Russ Charvonia, ChFC, CFP®, Esq.

Kevin Vandolder, CFA

Kevin Chen

Chae Hong

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**Date:** July 16, 2012

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**Re: RREEF Update**

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### Background

On June 20, 2012, Deutsche Bank ("DB") announced that it had ended its exclusive negotiations with Guggenheim Partners over a potential sale of RREEF Alternatives, including RREEF Real Estate.

DB is in the process of creating a new business division, called Asset & Wealth Management. This new division integrates the firm's existing asset management and wealth management businesses. It will be led by Michele Faissola, who has been with DB since 1995 and was formerly the Head of Global Rates and Commodities. At this juncture, DB does not intend to sell either RREEF Alternatives or RREEF Real Estate.

RREEF had no additional information to share at the time and we will continue to monitor the situation closely and report on significant events as they arise.

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## Medium Term Views

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## Monthly Summary of Medium Term Views – U.S.

June 2012

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## Medium Term Views Background

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- **Definition: Medium term unexploited**

- Over attention to the short term (tactical) and to the very long term (strategic) has left the medium term (~12 to 36 months) largely unexploited as a source of outperformance.
- By not needing to focus unduly on week to week or even month to month performance we can add value from asset allocation in the medium term.

- **Opportunity: Capitalize on market dislocations**

- We believe in mean reversion over the long term, but to parameters which change over time.
- Our approach places considerable emphasis on valuations through taking advantage of excessive under or over valuation.
- Beyond valuations, we carry out considerable fundamental and quantitative analysis, including on the major investment themes.
- We use a range of timing and sentiment indicators to establish good entry and exit levels. Some of the best opportunities arise where/when we differ most from consensus.

- **Approach: Medium term views complement strategic allocations**

- The following slides summarize our medium term views. These views are under continual review based on global economic and market developments, together with changes in market levels.
- These views are quite separate from our long-term strategic assumptions. As such, clients should work with their consultant in determining how to capitalize on medium term opportunities in their particular portfolio.

## Absolute Medium Term Views – June 2012

	Very Unfavorable	Unfavorable	Neutral	Favorable	Very Favorable
U.S. Equity					
Non-U.S. Equity					
Global Bonds					
Bank Loans					
High Yield					
Real Estate					
Hedge Funds <sup>1</sup>					
Private Equity <sup>2</sup>					
Infrastructure					
Commodities					
ACTIONS TO CONSIDER WITHIN STRATEGIC FRAMEWORK	SELL	CONSIDER SELLING / DELAY PURCHASES	HOLD	CONSIDER BUYING / DELAY SALES	BUY

1. Global Macro strategy is favored. More detail is on slide 10.
2. Attractive opportunities in certain sectors where value is created through venues other than leverage and the IPO market. More detail is on slide 10.

## Relative Equity Medium Term Views – June 2012

### U.S. Equity

	Strong Preference	Modest Preference	Neutral	Modest Preference	Strong Preference	
US Equity	June 2012, 1 month ago, 1 year ago					Non-US Developed
Large Cap	June 2012, 1 month ago, 1 year ago					Small Cap
Value	June 2012, 1 month ago 1 year ago					Growth

### Non-U.S. Equity

	Strong Preference	Modest Preference	Neutral	Modest Preference	Strong Preference	
Developed	1 year ago June 2012, 1 month ago					Emerging
Large Cap	June 2012, 1 month ago, 1 year ago					Small Cap

**Note:** Historical perspective given by stating our view one month and one year ago, as well as today, June 2012.

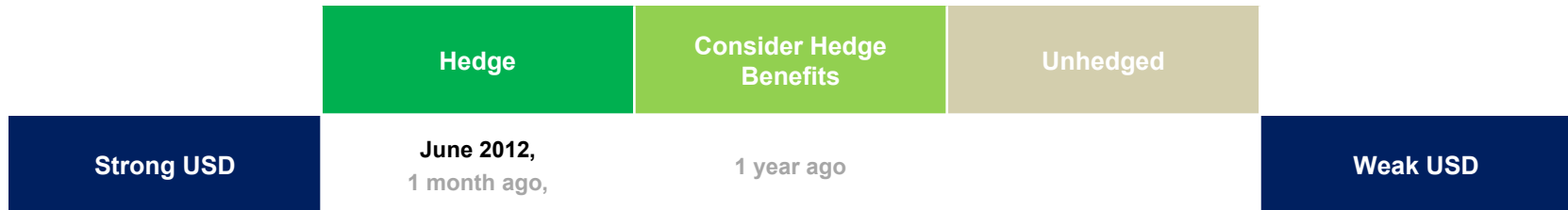
## Relative Fixed Income Medium Term Views – June 2012

	Strong Preference	Modest Preference	Neutral	Modest Preference	Strong Preference	
U.S.	June 2012, 1 month ago, 1 year ago					Non-U.S.
Intermediate duration	June 2012, 1 month ago, 1 year ago					Long duration
Government	June 2012, 1 month ago, 1 year ago					Credit
US Investment Grade	1 month ago, 1 year ago	June 2012				High Yield
US Bonds	1 year ago	June 2012, 1 month ago				Emerging Market Debt
US TIPS	June 2012	1 month ago, 1 year ago				US Treasuries

**Note:** Historical perspective given by stating our view one month and one year ago, as well as today, June 2012.

## Relative Currency Medium Term Views – June 2012

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**Note:** Historical perspective given by stating our view one month and one year ago, as well as today, June 2012.

## Equity Market Views – June 2012

Asset Class	Medium Term View	Rationale
<b>Equity Market</b>	Remains constrained	A significant correction has given way to a weak rebound on expectations that policy stimulus is around the corner. The increasing credibility deficit on Eurozone rescue programs suggest that the Fed's actions are the main hope. The Fed may not have room to move decisively given impending elections. Global economic news-flow and earnings backdrop are not encouraging.
<b>U.S. Large vs. Small Cap</b>	Prefer U.S. Large Cap	Small cap underperformance has continued. The relative optimism on the US domestic economy compared with more internationally exposed large cap stocks helps, but broad risk aversion and the valuation gap with large cap offsets. Dollar strength may become a headwind for large cap but not yet.
<b>Non-U.S. Large vs. Small Cap</b>	Prefer Non-U.S. Large Cap	Unlike the US, valuations are broadly neutral between large and small. Nonetheless, the broader economic and risk appetite environment will support large caps.
<b>U.S. Equities vs. EAFE</b>	Looking to reduce US into further outperformance	Europe's troubles and another sag in Japan means a continued lag in European performance versus the US. With EAFE valuations continuing to improve vis a vis the US, an opportunity to switch may arise if Europe shows another major bout of weakness. Currency hedging recommended for overseas equity exposure, particularly versus the Euro.
<b>U.S. Growth vs. Value Stocks</b>	Prefer U.S. growth	The growth versus value comparisons are increasingly muddled by the financial sector. At an aggregate level, growth is only marginally cheaper against historic norms. However, the exposure to financials and sensitivity to risk appetites suggests a continued preference for growth.
<b>Developed vs. Emerging Markets</b>	Prefer developed markets	Emerging market equity valuations have improved in absolute and relative terms, but the combination of China, commodity and global macroeconomic risks still suggest performance pressure.



## Bond Market Views – June 2012

Asset Class	Medium Term View	Rationale
<b>Global Government Bonds</b>	Negative view	An escalation of the Eurozone crisis, further loss of momentum in global economic activity and weaker commodity prices have provided support to core global government bonds. However, yields substantially below expected inflation in the main markets against a background of still heavy supply coming from large budget deficits (or other burdens in Germany) indicate that yields are unsustainable at such low levels.
<b>Global Corporate Bonds</b>	Prefer to government bonds	Though our fair values are lower than current spread levels, economic conditions do not point to sustained spread reduction, especially in Europe. Easier to like versus government bonds, but absolute returns are liable to be low. Liable to be squeezed by an eventual rise in yields from current low levels.
<b>Intermediate vs. Long Duration</b>	Extend duration only to match liabilities	Further yield curve flattening noticeable particularly for 2-30 years. Safe haven demand has recently dominated, though some expectation of more quantitative easing (or equivalent type actions) over the summer now creeping into markets. With long yields hovering just above expected inflation, there is obvious vulnerability to a spring back. Extend only for liability matching purposes.
<b>U.S. vs. Non-U.S. Aggregate Bonds</b>	Neutral	European corporate spreads have still not underperformed the recent back up in credit spreads as we would have expected. Prefer corporate bonds to government bonds.
<b>U.S. High Yield vs. U.S. Investment Grade Corporate Bonds</b>	Prefer investment grade	High Yield has been giving up some ground again as expected. Given our market views, we believe better buying opportunities should be awaited. We still prefer investment grade, though arguments less one sided than a few weeks ago.
<b>U.S. Bonds vs. Emerging Market Debt</b>	Prefer U.S. bonds	Emerging market dollar debt spreads are moving to more reasonable levels, but the interest rate duration still keeps us cautious.
<b>Treasury Inflation Protected Securities</b>	Prefer TIPS to fixed interest	After a strong downward move in break-even inflation, there is an upward drift again, but levels still look good versus our fair values, keeping alive the attractions of switching from fixed to TIPS. Real yields are only slightly above their lows and remain highly unattractive.

## Other Market Views / Investment Strategy – June 2012

Asset Class	Medium Term View	Rationale
<b>U.S. Commercial Real Estate</b>	Good investment opportunity for the longer term investor	Core valuations continue to rebound but at a moderating pace. Market still heavily bifurcated with non-core legacy investments more challenged given limited access to new capital and lingering below normal lease conditions. Lenders gaining more confidence to address distressed assets, which make non-core new investments attractive; manager selection remains key.
<b>Hedge Funds</b>	Favored investment strategy	Weak upside prospects for equities alongside still fluid and volatile market conditions should allow hedge funds to add value. Selection of funds and strategies all important. Global macro strategy is favored.
<b>Private Equity</b>	Selective opportunities	Attractive opportunities in certain sectors where value is created through avenues other than leverage and the IPO market. Opportunities exist in venture capital, late stage growth equity, distressed debt and mezzanine. Within the standard buyout sector primary opportunities are with some mid-market and small cap funds primarily with an operations focus.
<b>Commodities</b>	Continued weakness expected	Broad based decline in commodity prices has been the recent development. Weak global demand (or expectations of it) is the key cause. We remain particularly cautious on metals.
<b>Global Infrastructure</b>	More attractive opportunities appearing	Pressures on the public sector and corporate deleveraging are bringing more and better valued opportunities to the marketplace.
<b>U.S. Dollar</b>	Consider hedging exposures, particularly the Euro	Euro weakness mitigated a little recently by expectations of further Fed stimulus, though we expect more to come. Gradual dollar appreciation against a range of developed and emerging market currencies remains likely over the medium-term.

## Primary Uses of Medium Term Views

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- Determining the timing of moving to new strategic allocations
  - Buying/selling at the right price improves long-term returns, badly timed decisions destroy returns
- Rebalancing decisions
  - When and to what extent to reallocate assets
- Adjusting hedges
  - Pension liability – synthetic or cash market positions
  - Other hedges – equity, inflation, etc.
- Managing an opportunistic allocation mandate
  - Portfolio segment managed to a one- to three-year horizon

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## **Public Funds Can Compete**

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# Research Note:

## Public Funds Can Compete

*June 2012*

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## Key Points

- Public funds underperformed endowments and foundations over the period 1987-2002, as reported in our 2003 paper "Can Public Funds Compete?"
- Since 2003, however, public funds *outperformed* endowments after accounting for fees and costs
- Public funds' outperformance over this period occurred in the volatile markets since 2008
- Endowments greatly increased their exposure to alternatives at the expense of public equity and fixed income; public funds did so to a much lesser degree
- While alternative investments performed well over the period, the timing of endowments' allocation shift hurt returns relative to public funds
- Public funds' emphasis of private equity over hedge funds within their alternative investment allocations helped relative returns
- Public funds have a cost advantage due to their size (economies of scale); significant use of passive management, and lower allocations to more costly alternative investments
- We believe that successful integration of alternative investments in public fund investment strategies will help them stay competitive in the decades to come

## 2003 Retrospective

Our 2003 research study<sup>1</sup> indicated that public pension funds underperformed endowments (including foundation funds).<sup>2</sup>

### Exhibit 1

Fund Type	Annualized Return (Net-of-fees)	
	1987-2002 (16 Years)	1995-2002 (8 Years)
Endowment	9.17%	8.91%
Public	8.63	8.38
Public vs. Endowment	-0.54%	-0.53%

We identified several possible factors in our 2003 research that might have contributed to public pension fund underperformance during the study period, including asset allocation and investment strategy (active and passive management), staff compensation, governance, and investment culture.

<sup>1</sup> Richard M. Ennis, "Can Public Funds Compete?," *The Journal of Investment Consulting* (Vol. 6, No. 2, Winter 2003/2004)

<sup>2</sup> We have excluded corporate funds from this discussion as their framework for investing has changed significantly with the passage of Pension Protection Act (PPA).



## 2003-2011 Update

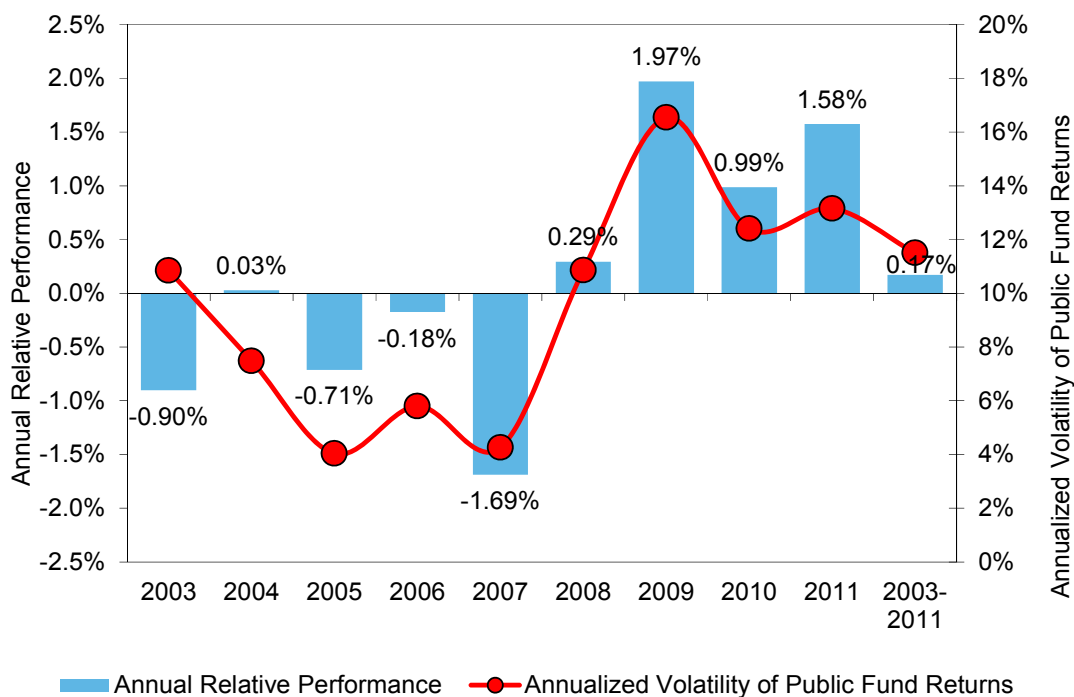
We recently updated the analysis with data from through December 2011. Public funds have nearly kept pace with endowments before investment management fees. After taking fees into account, public funds outperformed endowments by 0.2% per year.

**Exhibit 2<sup>3</sup>**

Fund Type	Annualized Return	
	2003-2011 (Gross of fees)	2003-2011 (Net of fees)
Endowment	7.14%	6.38%
Public	7.00	6.55
Public vs. Endowment	-0.15%	+0.17%

The 2003-2011 era can be separated into two time periods; the relative calm of 2003-2007 and the volatile period since 2008. The outperformance of public funds occurred almost entirely in the latter period, as shown in Exhibit 3.

**Exhibit 3: Relative Net Performance (Public minus Endowment) and Market Volatility**



<sup>3</sup> Source: The Bank of New York Mellon (Performance & Risk Analytics Trust Universe); Net Returns used in the analysis are net of average fees reported by Greenwich Associates for the respective fund types

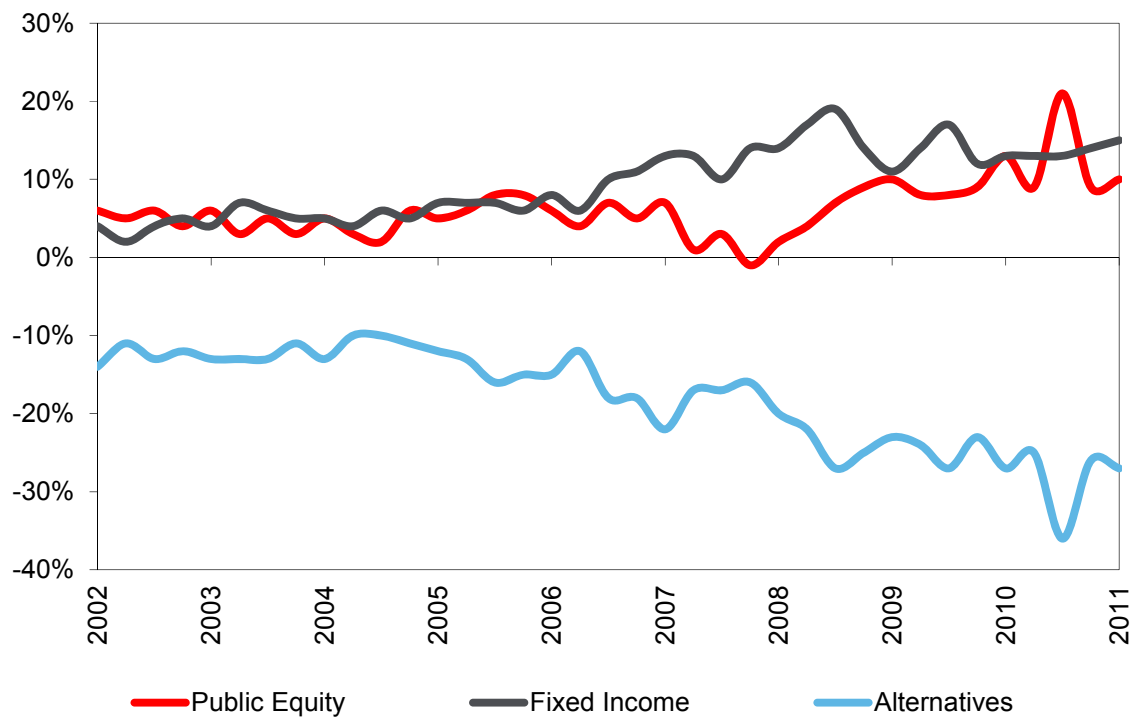
## Drivers of Relative Performance

What drove the relative performance of public funds and endowments during the period since 2003?  
Three potential factors stand out:

### Asset Allocation

Over the last nine years, endowments greatly increased their exposure to alternatives at the expense of public equity and fixed income investments. Endowments' average allocation to alternatives went from 26% at the start of 2003 to 50% by the end of 2011<sup>4</sup>. In contrast, public funds average allocation to alternatives also increased (12% in 2003 to 23% at the end of 2011) during this period, but at a slower pace. Exhibit 4 presents differences in average allocations between public funds and endowments.

**Exhibit 4: Differences in Asset Allocation (Public Allocations Minus Endowment)<sup>5</sup>**



<sup>4</sup> Mellon's Other classification, which primarily consists of alternative investments, is used as our proxy for alternatives allocation.

<sup>5</sup> Source: The Bank of New York Mellon (Performance & Risk Analytics Trust Universe)

Endowments shifted more heavily into alternatives from public equity and fixed income as fixed income outperformed in 2008 and 2011, and public equity outperformed in 2009 and 2010, hurting returns relative to public funds, which emphasized those traditional investment categories. Well-timed decisions can improve returns, especially if one has access to medium-term views that can capitalize on market dislocations. Overall results indicate that while alternatives performed well over the entire period, the timing of those allocations hurt endowment returns to a degree.

## Asset Class Structure

Survey data suggests that public funds emphasized private equity over hedge funds in their implementation of alternative investments, relative to endowments.<sup>6</sup> The Venture Economics all private equity index returned 12.6% per year over the period, compared with 6.7% for the HFR Fund-Weighted hedge fund index.

Conversely, public fund results lagged endowments within traditional public equity investments. Public funds' generally greater emphasis of indexing may have kept them from outperforming endowments' higher-conviction active investments.

## Investment Expenses

The average fee<sup>7</sup> paid to all external managers is 0.49% for public funds, and 0.86% for endowment funds, a difference of 0.37%. Public funds have experienced an increasing cost advantage over endowments primarily due to their fund size (economies of scale); heavy reliance on passive management; and lower allocations to alternative investments.

## Conclusion

Public funds' lackluster performance record relative to endowments led us to ask in 2003 whether public funds could compete. More recent data suggests that they can—their cost advantage, emphasis of private equity and relative timing of their shift toward alternatives in the last few years led them to outperform endowments. Allocations to alternative investments, the primary difference in investment strategy between public funds and endowment, performed well over the full period; we believe that successful integration of alternatives in public fund investment strategies will help them stay competitive in the decades to come.

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<sup>6</sup> Greenwich Associates

<sup>7</sup> Greenwich Associates

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# Investment Policy Statement

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# ~~Headline~~ Investment Policy Manual

~~Sub-Title Document~~

~~Ventura County Employees' Retirement Association~~

INVESTMENT POLICY MANUAL

Independent  
advice for  
the institutional  
investor

Investment Policy  
Manual Reflecting  
Proposed Changes  
in Red-Line Form  
for the  
Ventura County  
Employees'  
Retirement  
Association

July 2012

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INVESTMENT POLICY, PROCEDURES, OBJECTIVES AND GUIDELINES  
FOR  
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
COUNTY OF VENTURA

December 2002  
(Revised July 20~~12~~09)

I. INTRODUCTION

This document sets forth the framework for the management and oversight of the investment assets of the Ventura County Employees' Retirement Association (VCERA). The purpose of the Investment Policy is to assist the Board of Retirement (the "Board") in effectively supervising and monitoring the investments of VCERA. Specifically, it will address the following issues:

- The general goals of the investment activity
- The policies and procedures for the management of the investments
- Specific asset allocations, rebalancing procedures and investment guidelines
- Performance objectives
- Responsible parties

The Board establishes this investment policy in accordance with the provisions of the County Employees' Retirement Law of 1937 (Government code Sections 31450 et. seq.). VCERA is considered a separate entity and is administered by a Board consisting of nine members, plus two alternates. VCERA's Board and its officers and employees shall discharge their duties as provided for in Government Code Section 31595:

- Solely in the interest of, and for the exclusive purpose of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.
- With the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character with like aims.
- Shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

This policy statement is designed to allow for sufficient flexibility in the management oversight process to capture investment opportunities as they may occur, while setting forth reasonable parameters to ensure prudence and care are exercised in the execution of the investment program.

With respect to investments, asset allocation target and ranges, the role of the Board is to ensure VCERA's fiduciary responsibilities are fulfilled, that the investment structure, operation and results of the individual portfolios are consistent with investment objectives established for them, and to ensure competence, integrity and continuity in the management of the assets.

## II. INVESTMENT POLICY

The following policies, consistent with the above described purpose and state government citations, are adopted:

- The overall goal of VCERA's investment assets is to provide plan participants with retirement, disability, and death and survivor benefits as provided for under the County Employees' Retirement Law of 1937.
- VCERA's assets will be managed on a total return basis. While VCERA recognizes the importance of the preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns.
- VCERA's Investment Policy has been designed to produce a total portfolio, long-term (as defined by rolling 10-year periods) real (above inflation) return of 4%. Consequently, prudent risk-taking is warranted within the context of overall portfolio diversification to meet this goal. Investment strategies are considered primarily in light of their impact on total plan assets subject to any restrictions set forth in the County Employees' Retirement Law of 1937, and shall at all times comply with applicable state and federal regulations.
- All transactions undertaken will be for the sole benefit of VCERA's participants and their beneficiaries and for the exclusive purpose of providing benefits to them, minimizing employer contributions to the System, and defraying reasonable administrative expenses of the System.
- VCERA has a long-term investment horizon generally described as a time period greater than 10 years, and utilizes an asset allocation that encompasses a strategic, long-run perspective of capital markets. It is recognized that a strategic long-run asset allocation plan implemented in a consistent and disciplined manner will be the major determinant of the Association's investment performance.
- Investment actions are expected to comply with "prudent person" standards.
- Invest funds in accordance with asset allocation targets established by the Board.

### III. INVESTMENT OBJECTIVES OF THE TOTAL FUND

- Produce a total portfolio, long-term (as defined by rolling 10-year periods) real (above inflation) return of 4%;
- Exceed a weighted index of its asset allocation policy and component benchmarks over rolling five year periods.

### IV. ASSET ALLOCATION

This policy is adopted to provide for diversification of assets in an effort to maximize the investment return of the Association consistent with market conditions. Asset allocation modeling identifies asset classes the Association will utilize and the percentage each class represents in the total fund. Due to the fluctuation of market values, positioning within a specified range is acceptable and constitutes compliance with the policy. It is anticipated that an extended period of time may be required to fully implement the asset allocation policy, and that periodic revisions will occur. VCERA staff will monitor and assess the actual asset allocation versus policy, and will evaluate any variation considered significant.

The policies and procedures of VCERA's investment program are designed to maximize the probability that the investment goals will be fulfilled. Investment policies will evolve as fund conditions change and as investment conditions warrant.

VCERA adopts and implements an asset allocation policy that is predicated on a number of factors, including:

- The actuarially projected liabilities and benefit payments and the cost to both covered employees and employers;
- Historical and expected long-term capital market risk and return behavior;
- The perception of future economic conditions, including inflation and interest rate levels;
- The risk tolerance of the Board; and
- The relationship between current and projected assets of the Plan and its actuarial requirements.

The Association's current target asset allocation (including ranges) is attached as Appendix A to this Policy Statement.

The Board will implement the asset allocation policy through the use of specialized investment managers, who will be given full discretion to invest the assets of their portfolios subject to investment guidelines incorporated into the investment management agreement executed with the Association. When appropriate, passive and index managers will also be utilized.

**Rebalancing Policy.** It is recognized that a strategic allocation plan implemented in a consistent and disciplined manner will be the major determinant of investment performance. The Retirement Administrator shall be charged with the responsibility of rebalancing the investment portfolio so as to remain within the range of targeted allocations and distributions among managers. The rebalancing of the investment portfolio shall be performed without attempting to time increases or declines in equity or fixed income markets because (1) market timing results in lower returns than buy and hold strategies, and (2) there is little evidence that one can adequately predict market returns and subsequently time the market.

A systematic rebalancing process, implemented monthly, or when significant cash flows occur, will be used to maintain asset allocations within their appropriate ranges. The process shall be implemented as follows:

- At the end of each month, the retirement staff shall review the Fund's overall asset allocation. Rebalancing efforts will first focus on normal cash flows and then second through the re-allocation among asset and sub asset classes. The overweighted asset categories/managers will be used as a source of funds for that month's expenditure requirements and to bring the underweighted asset categories/managers in line with their targeted strategic asset allocation. A report will be submitted by staff to the Board, and the investment consultant retained by the Board, summarizing monthly asset rebalancing activity if such activity is necessary as described in this policy.
- Notwithstanding the first item, the retirement staff shall at the beginning of each month determine the amount of cash necessary to meet that month's expenditure requirements. A withdrawal of the entire amount of cash needed will be made from the one manager whose portfolio value exceeds their targeted allocation by the greatest amount.
- The retirement staff shall monitor its cash position on a regular basis. If it is projected at any time that there will not be a sufficient amount of cash available to meet expenditure requirements staff is authorized to take action consistent with the intent of this policy to raise additional cash.
- Every attempt will be made by staff to cause the least amount of disruption to the Fund's investment management team when withdrawing assets or making contributions.
- This policy shall not apply in any way to the Fund's real estate allocation.



### V. ROLE OF ASSET CLASSES

VCERA will utilize the following portfolio components to fulfill the asset allocation targets and total fund performance goals established elsewhere in this document.

**Equities** – VCERA anticipates that total returns to equities will be higher than total returns to fixed income securities over the long-run, but may be subject to greater volatility over shorter periods. There are several components of the Association's equity holdings:

**Stocks:**

- **Core Stocks** – This portfolio will provide broadly diversified, core exposure to the U.S. equity market, primarily through holdings in large capitalization companies.
- **Small Stocks** – Small cap stocks are those with market capitalizations below \$1.0 billion. Although more volatile than larger capitalization stocks, small stocks are generally characterized by faster growth and (historically) higher long-term returns. Low correlation between small caps and large caps leads to portfolio diversification. Small stocks tend to outperform large caps at the onset of economic recoveries, and outperform over time due to the higher risk premium associated with earnings uncertainty.
- **International Equities** – This portfolio provides access to major equity markets outside the U.S. and consequently plays a significant role in diversifying VCERA's equity portfolio. This segment will provide exposure to developed non-U.S. markets, whose growth and returns are not necessarily synchronized with those of the U.S. This core international segment will concentrate on larger companies in established non-U.S. equity markets. Limited discretion will be provided to active managers deemed to have an appropriate level of expertise to invest opportunistically in emerging markets.
- **Global Equities** – A further diversifying feature that allows for investment managers to select securities domiciled both in the domestic and international stock markets. While most global equity managers invest in the larger capitalization offerings, limited discretion will be placed on the active managers in an effort to allow for a greater level of outperformance. Managers are allowed to invest in U.S. stocks, non-U.S. domiciled stocks, as well as emerging market securities.

**Fixed Income** – The primary role of the fixed income portfolio is to provide a more stable investment return and to generate income while diversifying the Association's investment assets. The fixed income holdings are comprised of the following:

- **Bonds** – This portfolio will provide core exposure to the ~~entire~~ U.S. and ~~n~~Non-U.S. fixed income markets (maturities from 1 to 30 years) including Treasury and government agency bonds, corporate debt, mortgages and asset-backed securities. The portfolio will be largely composed of

investment grade issues with limited discretion provided to those active managers deemed to have an appropriate level of skill to invest opportunistically in non-dollar and high yield bonds

**Real Estate** – The role of real estate, in general, is to provide a competitive risk adjusted rate of return compared to other asset classes and to provide prudent portfolio diversification consistent with risk and return objectives. This portfolio diversification is due to real estate's low correlation with returns of equity and fixed income. Real Estate investments shall consist of the broad range of investment opportunities including direct investment in properties, REITs and commingled funds.

**Performance Benchmarks** – The benchmarks for the respective asset classes are:

- Domestic Equities
  - Core Stocks – the S&P 500 Index and the DJ U.S. Total Stock Market Index
  - Small Stocks
  - DJ U.S. Completion Total Stock Market Index
  - Composite – the DJ U.S. Total Stock Market Index
- International Equities
  - International Stocks – the MSCI EAFE Index for managers with limited discretion investing in emerging markets and the MSCI All-Country World Ex-US Index for those managers deemed to have the talent and expertise necessary to opportunistically invest in emerging markets
  - Composite – the MSCI All-Country World Ex-US Index
- Global Equities
  - Stocks – For managers with expertise in investing in developed and emerging market securities the benchmark will be the MSCI All Country World Index
  - Composite – the MSCI All Country World Index
- Fixed Income
  - Core Fixed Income – Barclays Capital Aggregate Index, except for Loomis Sayles
  - Bi-sector Fixed Income—a composite benchmark consisting of 60% Barclays Capital Aggregate Index and 40% of the Barclays Capital High Yield Index for Loomis Sayles, which allocates up to 40% of its assets to high yield securities
  - ~~Global Fixed Income – Barclays Capital Global Aggregate Bond Index~~
  - Composite – Barclays Capital Aggregate Index, ~~Barclays Capital Global Aggregate Bond Index~~
- Real Estate
  - ~~Core~~ Real Estate – NCREIF ~~Fund Index - Open-End Diversified Core Equity Fund Property Index~~ (“NFI-ODCE”)
  - ~~Guggenheim~~ Hybrid Real Estate – a composite benchmark of 70% of the NCREIF Index and 30% of the NAREIT Index for Guggenheim as the portfolio invests 70% of its assets in private real estate equity and 30% of its assets in public real estate securities
  - ~~Composite – NCREIF Open-End Fund Property Index~~

- Total Fund
  - Inflation, as measured by the Consumer Price Index (CPI) PLUS 4%
  - Actuarial Discount Rate
  - Weighted Benchmark based on asset allocation

### VI. INVESTMENT MANAGEMENT POLICY

The managers will have full discretion and authority for determining investment strategy, security selection and timing subject to the Policy guidelines and any other guidelines specific to their portfolio. Performance of the portfolio will be monitored and evaluated on a regular basis relative to each portfolio component's benchmark return and relative to a peer group of managers following similar investment styles.

Investment actions are expected to comply with "prudent expert" standards. Each investment manager will be expected to know the VCERA's policies (as outlined in this document) and to comply with those policies. It is each manager's responsibility to identify policies that may have an adverse impact on performance, and to initiate discussion with the Board toward possible improvement of said policies.

VCERA will also review each investment manager's adherence to its investment policy, and any material changes in the manager's organization (e.g., personnel changes, new business developments, etc.) or its investment process. The investment managers retained by the Association will be responsible for informing the Board of such material changes as detailed in the investment manager's guidelines.

Investment managers under contract to the Association shall have discretion to establish and execute transactions through accounts with one or more securities broker/dealer(s) that a manager may select. The investment managers will attempt to obtain the best available price and most favorable execution with respect to portfolio transactions.

#### **Selection Criteria for Investment Managers**

Criteria will be established for each manager search undertaken by VCERA, and will be tailored to the Association's needs in such search. In general, eligible managers will possess attributes including, but not limited to, the following:

- The firm must be experienced in managing money for institutional clients in the asset class/product category specified.
- The firm must display a record of stability in retaining and attracting qualified investment professionals, as well as a record of managing asset growth effectively, both in gaining and retaining clients.
- The firm must demonstrate adherence to the investment style sought, and adherence to the firm's stated investment discipline.

- The firm's fees must be competitive with industry standards or the product category.
- The firm must be willing and able to comply with the "Duties of the Investment Managers" outlined herein.

### **Criteria for Investment Manager Termination**

VCERA reserves the right to terminate an investment manager for any reason. Grounds for investment manager termination may include, but are not limited to, the following:

- Failure to comply with the guidelines agreed upon for management of the portfolio, including holding restricted issues.
- Failure to achieve performance objectives in the manager's guidelines.
- Significant deviation from manager's stated investment philosophy and/or process.
- Loss of key personnel.
- Evidence of illegal or unethical behavior by the investment management firm.
- Lack of willingness to cooperate with reasonable requests by the Association for information, meetings or other material related to its portfolios.
- Loss of confidence by the Board in the investment manager.
- A change in the asset allocation program that necessitates a shift of assets to a different investment style.

The presence of any one of these factors will be carefully reviewed by the Board, but will not necessarily result in an automatic termination.

VCERA reserves the right to place its investment managers on a formal Watch List.

A manager may be placed on "Watch" status for:

- 1) failure to meet one or more of the standards, objectives, goals, or risk controls as set forth in this policy statement
- 2) violation of ethical, legal, or regulatory standards
- 3) material adverse change in the ownership of the firm or personnel changes
- 4) failure to meet reporting or disclosure requirements
- 5) failure to meet performance objectives or goals
- 6) any actual or potentially adverse information, trends, or developments that the Board feels might impair the investment manager's ability to deliver successful outcomes for the participants of the plan

The Board may take action to place a manager on Watch status. Managers placed on Watch status shall be notified in writing, and be made aware of the reason for the action and the required remediation. Watch status is an optional interim step that may be used to formally communicate dissatisfaction to the investment manager and the potential for termination. Watch status is not a required step in terminating a manager. Watch status will normally be for a period of six months, but the time frame may be determined by action of the Board. The Board retains the right to terminate the manager at any time, extend the period of the Watch status, or remove the manager from Watch status at any time.

Watch status indicates that the manager shall be subject to increased focus on the remediation of the factors that caused the manager to be placed on Watch status. Discussion of the manager on Watch status shall become a regular monthly reporting agenda item for the Board. Staff or retained Consultant shall prepare a written monthly report addressing the progress of the manager in the remediation of the dissatisfaction.

## VII. GENERAL GUIDELINES

### **Custody of Assets**

With the exception of assets invested in commingled funds, the assets of VCERA shall be held in a custody/record keeping account in a master custody bank located in a national money center and in international sub-custodian banks under contract with the custodian bank.

### **Derivatives**

VCERA's investment managers may be permitted through individual investment guidelines to use derivative instruments to control or manage portfolio risk. Derivatives are contracts or securities whose returns are derived from the returns of other securities, indices or derivative. While this definition includes collateralized mortgage obligations, the most common type of derivatives, it is also intended to include (but not be limited to) futures, forwards, options, options on futures, swaps, swap options, etc. VCERA's managers are not to utilize derivatives for speculative purposes (for example, by taking a position greater than 100% or less than 0% of underlying asset exposure). In no circumstances can derivatives lever any positions in VCERA's portfolio. No derivatives positions can be established that

## TOTAL FUND INVESTMENT POLICY STATEMENT

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create portfolio characteristics outside of current portfolio guidelines. Examples of appropriate applications of derivative strategies include hedging interest rate and currency risk, and maintaining exposure to a desired asset class while effecting asset allocation changes.

The Investment Consultant shall be responsible for monitoring the investment managers' derivative usage and for reporting to the Board any deviations from this Investment Policy Statement and the investment managers' specific guidelines.

### **Securities Lending**

The Board may authorize the execution of a Securities Lending Program for separate accounts and will also conduct best efforts due diligence and monitoring of such activities in commingled funds.

VCERA may participate in a securities lending program administered by a lending agent approved by the Board for the purpose of increasing income. The Board, or agent, as designated by the Board, shall be responsible for overseeing the securities lending program. The securities lending program shall be established pursuant to a written agreement established between the Board and the custodian that stipulates the working of the program.

The terms of any securities lending program should incorporate the following provisions at a minimum:

- A description of the allocation queuing system used.
- The number of brokers involved and a list of the brokers used.
- The appropriate percentage of asset types for loans outstanding.
- Provision for indemnification in case of broker default.
- Provisions for the selection/elimination of brokers from the program by the Trustee and/or the Board of Retirement.
- The securities to be included in the program.
- Provisions for the elimination of securities from the securities lending program by either the Trustee or the Board of Retirement.
- The collateral to be used for each security and provisions for the adjustment of collateral when it fails.
- The Trustee/Plan split on the securities lending income.
- Provisions for termination of a loan.
- The requirement for a securities lending report which details the securities loaned, the collateral used, the broker used and the income and fees received. The report should break out intrinsic and reinvestment income when reporting revenues.
- Disclose potential conflicts with existing clients.
- Collateralization limits (102% for U.S. and 105% for non-U.S.)

### **Voting of Proxies**

Retained investment managers will vote, or cause to be voted, all proxy proposals on an individual basis. The manager's process in dealing with proxy issues should be both thorough and reasonable, and oriented toward achieving maximum long-term shareholder value. The manager is expected to discharge expected fiduciary duty by use of proxy voting policies and procedures solely in the interest of the participants and beneficiaries. To act prudently in the voting of proxies, the manager should consider those factors that would affect the value of the plan's investment and act solely in the interest of, and for the exclusive purpose of providing benefits to participants and beneficiaries. The manager will not subordinate the interest of participants and beneficiaries in their retirement income to unrelated objectives. Managers will review and vote all proxies that are received. Each investment manager shall notify the custodial bank of their responsibility to forward to the manager all proxy material. An ongoing review should be done to see that all expected proxies have been received, and if not, the bank should be directed to vote any proxy it receives in conformance with the manager's instruction. The manager may outsource this service in order to discharge its proxy voting responsibilities in conformance with these guidelines.

On an annual basis, investment managers should send VCERA a report of its proxy voting activities. A brief explanation of the following key elements must be included in this report from investment managers:

- Stock name, number of shares owned by the fund and meeting date
- Number of management and shareholder proposals that came to a vote
- Number of votes with management
- Number of votes against management and the rationale behind the vote
- Whether any proxies were not voted, why they were not voted and whether steps have been taken to ensure all proxies will be voted in the future



**VIII. PUBLIC MARKET EQUITY OBJECTIVES AND GUIDELINES**

**Domestic Equities**

- No securities shall be purchased on margin or sold short.
- American Depositary Receipts (ADRs) are permissible investments.
- Managers shall not purchase stock (or securities convertible into stock) of any issuer if the purchase would cause this portfolio to include more than 5% of the outstanding voting stock, or more than 5% in (market) value of all outstanding securities of a single issuer (assuming all shares are converted).

**Prohibited Transactions**

Unless otherwise provided for, the following transactions will be prohibited:

- Commodities, including gold;
- Tax exempt securities, either state or federal;
- Options including the purchase, sale or writing of options;
- Speculative or leveraged use of derivatives;
- Warrants;
- Margin buying;
- Short selling;
- Reverse repurchase agreements; and
- Transactions that involve a broker acting as a “principal,” where such broker is also the investment manager who is making the transaction. Any exemption from these guidelines requires prior written approval from the Board of Retirement.

**International Equities**

- Portfolios shall be comprised of cash equivalents, debt instruments convertible into equity securities, forward foreign exchange contracts, and equity securities of companies domiciled outside the U.S. including established and emerging countries.
- No securities shall be purchased on margin or sold short.

## TOTAL FUND INVESTMENT POLICY STATEMENT

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- Managers shall not purchase stock (or securities convertible into stock) of any issuer if the purchase would cause this portfolio to include more than 5% of the outstanding voting stock, or more than 5% in (market) value of all outstanding securities of a single issuer (assuming all shares are converted).

### GLOBAL EQUITY

- No securities shall be purchased on margin or sold short.
- Managers shall not purchase stock (or securities convertible into stock) of any issuer if the purchase would cause this portfolio to include more than 5% of the outstanding voting stock, or more than 5% in (market) value of all outstanding securities of a single issuer (assuming all shares are converted).
- Appropriate investments include stocks domiciled in the United States, on foreign exchanges, and emerging market securities.

## IX. FIXED INCOME OBJECTIVES AND GUIDELINES

### ~~Domestic~~ U.S. Fixed Income

- The total portfolio's minimum rating will be AA or better by Moody's or AA by Standard & Poor's. Although any individual manager may be less.
- No more than 5% of the market value of any single portfolio will be invested in any one issuer, with the exception of U.S. Treasury or Federal Agency issues.
- U.S. dollar-denominated issues of foreign governments, international organizations and U.S. subsidiaries of foreign corporations are permitted up to 10% of the market value of any single portfolio.
- No securities shall be purchased on margin or sold short.
- Limited investments in mortgage interest only (IO) or principal only (PO) securities or derivatives based on them that have uncertain or volatile duration or price movements.
- Bonds rated investment grade by either Moody's or Standard and Poor's must comprise at least 90% of the total portfolio.
- The total portfolio is limited to 5% in bonds issued by entities not domiciled in the J.P. Morgan Government Bond Index. This restriction is meant to limit the portfolio's emerging market exposure to no more than 5%.

### Global Fixed Income

At least 80% of the Fund's Market Value must be invested in investment-grade securities

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- Below investment grade rated securities cannot exceed 20% of the portfolio when combining High Yield securities and below investment grade rated Emerging Market Securities.
- No more than 5% of the market value of any single portfolio will be invested in any one issuer, with the exception of the United States, Canada, United Kingdom, Germany, France, Australia, New Zealand and Japan or securities issued or guaranteed by A- or better rated supranational entities.
- Limited investments in mortgage interest only (IO) or principal only (PO) securities or derivatives based on them that have uncertain or volatile duration or price movements.

### X. MANAGEMENT CONTROL PROCEDURES – RESPONSIBLE PARTIES

#### Duties of the Board

Procedures concerning the oversight of VCERA include the following:

- The Board shall have discretion to develop and execute VCERA's investment program. Only the Board in its sole discretion can delegate its decision-making authority regarding the investment program. Staff will be responsible for the timely implementation and administration of these decisions.
- A formal review of VCERA's investment structure, asset allocation and financial performance will be conducted annually or more frequently as the need arises. The review will include recommended adjustments to the long-term, strategic asset allocation plan to reflect any changes in pension fund regulations, long-term capital market assumptions or VCERA's financial condition.

The Board or its designate(s) will adhere to the following procedures in the management of VCERA's assets:

- External investment managers will manage VCERA's investment assets. In accordance with the asset allocation guidelines, external investment managers will be hired who have demonstrated experience, expertise and investment styles that are consistent with the need for return and diversification. Investment guidelines will be developed for each manager, and investment performance will be monitored against these guidelines. Each investment manager will manage its portfolio according to a formal contract.
- The Board, with the assistance of Staff and consultants, shall be responsible for taking appropriate action if investment objectives are not being met or if policies and guidelines are not being followed. Reviews for separate portfolios managed by external managers will focus on:
  - Manager adherence to the Policy guidelines.

## TOTAL FUND INVESTMENT POLICY STATEMENT

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- Material changes in the managers' organizations, such as investment philosophy, personnel changes, acquisitions or losses of major accounts, etc. The managers will be responsible for keeping VCERA advised of any material changes in personnel, investment strategy, or other pertinent information potentially affecting performance.
- The Board shall be responsible for selecting a qualified custodian.
- The Board shall administer VCERA's investments in a cost-effective manner. These costs include, but are not limited to, management, trustee, consulting and custodial fees, transaction costs and other administrative costs chargeable to VCERA.

### **Duties of the Retirement Administrator**

The Retirement Administrator or his designate(s) will adhere to the following procedures in the management of VCERA's assets:

- The Retirement Administrator shall support the Board in the development and approval of the Investment Plan, implement and monitor the Plan, and report at least monthly on investment activity and matters of significance.
- The Retirement Administrator shall provide for the collection and investment of contributions and investment income, the disbursement of benefits and refunds, the payment of budgeted expenditures, the maintenance of accounting and internal control systems, the estimating and monitoring of cash flows, and shall report on matters of significance.
- Ensure that Investment Managers conform to the terms of their contracts and that their performance monitoring systems are sufficient to provide the Board with timely, accurate and useful information.

### **Duties of the Custodian**

The Board recognizes that accurate and timely completion of custodial functions is necessary to effectively monitor investment management activity. The custodian's responsibilities for VCERA's investible assets are to:

- Provide complete global custody and depository services for the designated accounts.
- Provide a Short Term Investment Fund (STIF) for investment of any cash not invested by managers, and to ensure that all available cash is invested.
- Provide for timely settlement of securities transactions.
- Collect all income and principal realizable and properly report it on the periodic statements.
- Provide monthly and fiscal year-end accounting statements for the portfolio, including all transactions; these should be based on accurate security values for both cost and market. These reports should be provided within 15 days from the end of the month.
- Report to VCERA situations where accurate security pricing, valuation and accrued income is either not possible or subject to considerable uncertainty.
- Provide assistance to the Association to complete such activities as the annual audit, transaction verification or unique issues as required by the Board.
- Manage a securities lending program to enhance income as directed by the Board.

- Provide other services, as required, that assist with the monitoring of managers and investments.

### **Duties of the Investment Managers**

The Investment Managers shall:

- Provide the Association with written agreement to invest within the guidelines established in the Investment Plan.
- Provide the Association with proof of liability and fiduciary insurance coverage.
- Be SEC-Registered Investment Advisors recognized as providing demonstrated expertise over a number of years in the management of institutional, tax-exempt assets and a defined investment specialty.
- Adhere to the investment management style, concepts and principles for which they were retained, including, but not limited to, developing portfolio strategy, performing research, developing buy, hold and sell lists, purchasing securities and voting proxies.
- Execute all transactions for the benefit of the Association with brokers and dealers qualified to execute institutional orders on an ongoing basis at the best net cost to the Association, and, where appropriate, facilitate the recapture of commissions on behalf of the Association.
- Reconcile every quarter accounting, transaction and asset summary data with custodian valuations, and communicate and resolve any significant discrepancies with the custodian.
- Maintain frequent and open communication with the Board through Investment Consultant on all significant matters pertaining to the Investment Plan, including, but not limited to, the following:
  - Major changes in the Investment Manager's investment outlook, investment strategy and portfolio structure;
  - Significant changes in ownership, organizational structure, financial condition or senior personnel;
  - Any changes in the Portfolio Manager or other personnel assigned to the VCERA;
  - Each significant ~~tax-exempt~~ client which terminates its relationship with the Investment Manager, within 45 days of such termination;
  - All pertinent issues which the Investment Manager deems to be of significant interest or material importance.

### **Manager Reporting Requirements**

In addition to the aforementioned duties, the managers are required to provide the Staff, and Consultant with the following reports:

- Monthly – Transaction statement, asset (portfolio) statement, and performance on the portfolio and benchmark for the month, quarter, year-to-date, fiscal year-to-date, 1 year, 3 year, 5 year and since inception annualized returns gross and net of fees. In addition, a discussion of the portfolio's recent strategy and expected future strategy and a demonstration of compliance with guidelines.

### **Duties of the Investment Consultant(s)**

The Investment Consultant(s) shall:

- Make recommendations to the Board and the Staff regarding investment policy and strategic asset allocation.
- Assist the Association in the selection of qualified investment managers, and assist in the oversight of existing managers, including monitoring changes in personnel and the investment process.
- Assist in the selection of a qualified custodian, if necessary.
- Prepare a quarterly performance report on the Association's managers, including a check on guideline compliance and adherence to investment style and discipline.
- Provide topical research and education on investment subjects that are relevant to VCERA.
- Deliver a monthly performance update.

## APPENDIX A

## Asset Allocation Policy

Approved by the Board in April 1998 (Revised through July 2012~~1209~~)The Ventura County Employees' Retirement Association's  
Asset Allocation Target and Ranges

Asset Class	Target Percent	Allowable Range
U.S. Equity	<del>34</del> 0%	<del>30-38</del> 44 %
<del>Large Cap Core</del>	<del>39</del>	<del>35-43</del> %
<del>Small Cap Core</del>	<del>4</del>	<del>0-2</del> %
International Equities	<del>16</del> 8%	<del>15-21</del> 9%
Global Equities	<del>10</del> 7%	<del>75-139</del> %
<del>Fixed Income</del> <del>Fixed Income</del>	<del>25</del> % <del>27</del> %	<del>21-29</del> % <del>23-34</del> %
Real Return (includes Real Estate) <del>Estate</del>	<del>10</del> 8%	<del>75-143</del> %
<del>Private Equity</del> <del>Total Equity</del>	<del>5</del> % <del>65</del> %	<del>3-7</del> % <del>60-70</del> %
<del>Total Equity</del> <del>Total Fixed Income</del>	<del>60</del> % <del>27</del> %	<del>55-65</del> % <del>23-34</del> %
<del>Total Fixed Income</del> <del>Total Real Estate</del>	<del>25</del> % <del>8</del> %	<del>21-29</del> % <del>5-11</del> %
Total Real Return	10%	7-13%
Total Private Equity	5%	3-7%



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**Barclays Global Investors  
Investment Guidelines**

**Equity Index Fund**

The Equity Index Fund shall be invested and reinvested in a portfolio of Equity Securities with the objective of approximating as closely as practicable the capitalization weighted total rate of return of that segment of the United States market for publicly traded equity securities represented by the larger capitalized companies. The criterion for selection of investments shall be the S&P 500® Index. When deemed appropriate by the Manager, the Manager may invest a portion of the Equity Index Fund in futures contracts for the purpose of acting as a temporary substitute for investment in equity securities. The Equity Index Fund will not engage in speculative futures transactions.

**Extended Equity Market Fund**

The Extended Equity Market Fund shall be invested and reinvested primarily in a portfolio of Equity Securities with the objective of approximating as closely as practicable the capitalization weighted total rate of return of the segment of the United States market for publicly traded equity securities. The criterion for selection of investments shall be the Dow Jones U.S. Completion Total Stock Market Index. When deemed appropriate by the Manager, the Manager may invest a portion of the Extended Equity Market Fund in futures contracts for the purpose of acting as a temporary substitute for investment in equity securities. The Extended Equity Market Fund will not engage in speculative futures transactions.

**U.S. Debt Index Fund**

The U.S. Debt Index Fund shall be invested and reinvested primarily in a portfolio of Debt Securities with the objective of approximating as closely as practicable the total rate of return of the market for Debt Securities as defined by the Barclays Capital U.S. Aggregate Bond Index. When deemed appropriate by the Manager, the Manager may invest a portion of the U.S. Debt Index Fund in futures contracts for the purpose of acting as a temporary substitute for investment in debt securities. The U.S. Debt Index Fund will not engage in speculative futures transactions.

**BlackRock MSCI ACWI ex-U.S. IMI Index Fund**

The BlackRock MSCI ACWI ex-U.S. IMI Index Fund shall be invested and reinvested in a portfolio of International Equity Securities whose total rates of return will approximate as closely as practicable the capitalization weighted total rates of return of the markets in certain countries for equity securities traded outside the United States. The Manager shall determine from time to time which countries shall be represented in the BlackRock MSCI ACWI ex-U.S. IMI Index Fund and may subdivide the BlackRock MSCI ACWI ex-U.S. IMI Index Fund into one or more separate divisions each of which represents a national equity market ("National Divisions"), or may subdivide these Collective Funds into one or more separate divisions representing two or more national equity markets ("Multinational Divisions"). A participating account may be invested in the BlackRock MSCI ACWI ex-U.S. IMI Index Fund, in any one or more of the National Divisions or in any one or more of the Multinational Divisions in whatever proportion among National Divisions or Multinational Divisions as is deemed appropriate by the fiduciary responsible for the funding policy of a participating account. The primary

**MANAGER GUIDELINES**

criterion for selection of investments in each National Division shall be the MSCI ACWI ex-U.S. IMI Index<sup>SM</sup> for the country represented. The primary criterion for selection of investments in the BlackRock MSCI ACWI ex-U.S. IMI Index Fund shall be the relative market weight of units of the National Divisions.

When deemed appropriate, the Manager may invest a portion of the BlackRock MSCI ACWI ex-U.S. IMI Index Fund in futures contracts approved by the Commodity Futures Trading Commission for the purpose of acting as a substitute for investment in securities for liquidity purposes or in shares of exchange-traded funds that are open-end investment companies registered under the Investment Company Act ("ETFs") including ETFs that are advised or sub-advised by the Manager or an affiliate of the Manager. In addition, each fund may hold other collective funds that seek to provide returns consistent with such fund's goal of approximating the return of the MSCI ACWI ex-U.S. IMI Index<sup>SM</sup>. The BlackRock MSCI ACWI ex-U.S. IMI Index Fund will not engage in speculative futures transactions.

**U.S. Equity Market Fund**

The U.S. Equity Market Fund shall be invested and reinvested primarily in Equity Securities with the objective of approximating as closely as practicable the capitalization weighted total rate of return of the entire United States market for publicly traded equity securities. The criterion for selection of investments shall be the Dow Jones U.S. Total Stock Market Index. When deemed appropriate by the Manager, the Manager may invest a portion of the U.S. Equity Market Fund in futures contracts for the purpose of acting as a temporary substitute for investment in equity securities. The U.S. Equity Market Fund will not engage in speculative futures transactions.

**BlackRock MSCI ACWI Equity Index Fund**

The BlackRock MSCI ACWI Equity Index Fund shall be invested and reinvested primarily in a portfolio of U.S. Equity Securities and International Equity Securities with the objective of approximating as closely as practicable the capitalization weighted total rates of return of the markets in certain countries for publicly traded equity securities. The benchmark for the BlackRock MSCI ACWI Equity Index Fund shall be the MSCI ACWI Net Dividend Return Index<sup>SM</sup>. The Manager shall determine from time to time which countries shall be represented in these funds and may subdivide these funds into one or more separate divisions, each of which represents a distinct equity market. The primary criterion for selection of investments in each country shall be the relative market capitalization weight of the constituent markets in the MSCI ACWI Net Dividend Return Index<sup>SM</sup>. In addition to, or in lieu of investing in Equity Securities and International Equity Securities, the Manager may invest assets in American Depositary Receipts, Global Depositary Receipts, registered investment companies and other country funds managed by investment advisors not affiliated with the Manager, and other structured transactions utilizing foreign stocks, bonds, currencies and money market instruments, futures, exchange traded and over-the-counter options, forward contracts and swaps. Any purchases and sales of ETFs for the ACWI IMI Index Fund will be made only through secondary market transactions.

For the purposes of these investment guidelines the defined term "Equity Securities" shall mean common stocks and forms of equity securities (e.g., preferred stock), American Depositary Receipts, European Depositary Receipts, Global Depositary Receipts and Investment Company Shares (as defined below) where such investment company portfolio seeks to replicate or outperform the performance of an equity index selected by the Manager.

***MANAGER GUIDELINES***

For the purposes of these investment guidelines the defined term "International Equity Securities" shall mean American Depositary Receipts, Global Depositary Receipts, common stocks and other forms of equity securities (e.g., preferred stock), Investment Company Shares (as defined below) where such investment company portfolio seeks to replicate or outperform the performance of an equity index selected by the Manager or equity securities convertible into such stock issued by Persons (as defined below) not organized under the laws of the United States or a state thereof, the indicia of ownership of which may be held outside the jurisdiction of the District Courts of the United States.

For the purposes of these investment guidelines the defined term "Debt Securities" shall mean (unless otherwise defined in these investment guidelines) obligations issued or guaranteed by the United States government, its agencies or instrumentalities; investment-grade obligations of corporations and dollar denominated debt obligations of other issuers included in the index tracked by a particular collective fund; Mortgage-Backed Securities (as defined below); investment-grade asset-backed securities; and Investment Company Shares (as defined below) where such investment company portfolio seeks to replicate or outperform the performance of a fixed income index.

For the purposes of these investment guidelines the defined term "Investment Company Shares" shall mean shares of an investment company registered under the Investment Company Act of 1940, as amended from time to time, including exchange-traded funds, which investment companies may be advised or subadvised by an affiliate of the Manager.

For the purposes of these investment guidelines the defined term "Mortgage-Backed Securities" shall mean securities issued or guaranteed by the United States government or its agencies or instrumentalities; commercial mortgage-backed securities; transactions with financial institutions (that are often referred to as "dollar roll" transactions) in order to gain exposure to the mortgage-backed security market; and transactions involving commitments to deliver generic mortgage-backed securities to a purchaser at a future date (such transactions are commonly referred to as "Firm Commitment Transactions" or "to-be-announced transactions").

For the purposes of these investment guidelines the defined term "Person" or "Persons" shall mean an individual, a partnership, an association, a joint venture, a corporation, a trust (including a business trust), a limited liability company, an unincorporated organization, a committee, any other entity or a government or any department, agency, authority, instrumentality or political subdivision thereof.

The Account or the above referenced collective investment funds may invest through one or more short term investment funds used for a cash "sweep" vehicle to manage uninvested cash or reinvestment and management of cash collateral associated with securities loans, including but not limited to Money Market Fund (each, a "STIF Fund").

STIF Funds used for a cash "sweep" vehicle are invested primarily in short term debt securities, such as variable amount notes, commercial paper, U.S. government securities, repurchase agreements, certificates of deposit of banks and savings institutions, and other short term obligations.

**MANAGER GUIDELINES**

STIF Funds used to manage cash collateral associated with securities loans ("Cash Equivalent Funds") invest such cash collateral in short term debt instruments. Additional information relating to the investment philosophy, risk management and guidelines criteria for the STIF Funds, as well as specific guidelines for each STIF Fund can be found in "Short-Term Investment Funds Overview and Guidelines", a current copy of which may be accessed via [www.blackrock.com/institutional/documents](http://www.blackrock.com/institutional/documents).

The Board will notify the Manager if it is determined for any reason that there is a change in the Trust's investment needs affecting the stated objectives. ~~BGI Equity Market Fund~~  
~~Statement of Objectives, Guidelines & Procedures~~

~~Each equity index fund shall be invested and reinvested in a portfolio of common stocks with the objective of approximating as closely as practicable the capitalization weighted total rate of return of that segment of the United States market for publicly traded common stocks represented by approximately all companies in which price and shares outstanding are available. The criterion for selection of investments shall be the DJ US Total Stock Market Index.~~

~~When deemed appropriate by BGI, BGI may invest a portion of the fund in futures contracts for the purpose of acting as a temporary substitute for investment in common stocks. No fund will engage in speculative futures transactions.~~

~~BGI Extended Equity Market Fund~~  
~~Statement of Objectives, Guidelines & Procedures~~

~~The Extended Equity Market Fund shall be invested and reinvested primarily in a portfolio of equity securities with the objective of approximating as closely as practicable the capitalization weighted total rate of return of the segment of the United States market for publicly traded equity securities other than the stocks comprising the S&P 500 Index. The criterion for selection of investments shall be the DJ US Completion Total Stock Market Index, excluding the stocks included in the S&P 500 Index. When deemed appropriate by BGI, BGI may invest a portion of the Funds in futures contracts for the purpose of acting as a temporary substitute for investment in common stocks. No Fund will engage in speculative futures transactions.~~

~~BGI U.S. Debt Fund~~  
~~Statement of Objectives, Guidelines & Procedures~~

~~A collective fund or portfolio of securities and reinvested primarily in a portfolio of debt securities with the objective of approximating as closely as practicable the total rate of return of the market for debt securities as defined by the Barclays Capital Aggregate Bond Index. "Debt securities" shall include obligations issued or guaranteed by the United States government, its agencies or instrumentalities; investment grade obligations of United States corporations and dollar denominated debt obligations of other issuers included in the Index; mortgage-backed securities issued or guaranteed by the United States government or its agencies or instrumentalities; and, investment grade asset-backed securities. When deemed appropriate by BGI, BGI may invest a portion of the U.S. Debt Index Fund in interest rate futures contracts for the purpose of acting as a temporary substitute for investments in debt securities. No Fund will engage in speculative futures transactions.~~

#### **BGI ACWI ex-U.S. IMI Index Fund**

##### **Statement of Objectives, Guidelines & Procedures**

~~Each ACWI ex-U.S. IMI Index Fund shall be invested and reinvested in a portfolio of International Equity Securities whose total rates of return will approximate as closely as practicable the capitalization weighted total rates of return of the markets in certain countries for equity securities traded outside the United States. BGI shall determine from time to time which countries shall be represented in these Collective Funds and may subdivide these Collective Funds into one or more separate divisions each of which represents a national equity market ("National Divisions"), or may subdivide these Collective Funds into one or more separate divisions representing two or more national equity markets ("Multinational Divisions"). A Participating Account may be invested in an ACWI ex-U.S. IMI Index Fund, in any one or more of the National Divisions or in any one or more of the Multinational Divisions in whatever proportion among National Divisions or Multinational Divisions as is deemed appropriate by the fiduciary responsible for the funding policy of a Participating Account. The primary criterion for selection of investments in each National Division shall be the MSCI ACWI ex-U.S. IMI Index for the country represented. The primary criterion for selection of investments in the ACWI ex-U.S. IMI Index Fund shall be the relative market weight of units of the National Divisions. When deemed appropriate, BGI may invest a portion of an ACWI ex-U.S. IMI Index Fund in futures contracts approved by the Commodity Futures Trading Commission (CFTC) for the purpose of acting as a substitute for investment in securities for liquidity purposes or in shares of exchange-traded funds that are open-end investment companies registered under the Investment Company Act of 1940 ("ETFs") including ETFs that are advised or sub-advised by the BGI or an affiliate of the BGI. In addition, each fund may hold other Collective Funds that seek to provide returns consistent with such fund's goal of approximating the return of the MSCI ACWI ex-U.S. IMI Index. No ACWI ex-U.S. IMI Index Fund will engage in speculative futures transactions.~~

~~CAPITAL GUARDIAN  
INTERNATIONAL (NON-U.S.) EQUITY FUND  
FOR RETIREMENT PLANS  
CHARACTERISTICS~~

~~CAPITAL GUARDIAN  
EMPLOYEE BENEFIT INVESTMENT TRUST  
TERMS AND CONDITIONS~~

*~~November 1, 2008~~*

~~CAPITAL GUARDIAN TRUST COMPANY  
333 South Hope Street  
Los Angeles, California 90071~~

## **I. Introduction**

~~These characteristics present information you should know before investing in the Capital Guardian International (Non-U.S.) Equity Fund for Retirement Plans (the "Fund"), including information regarding the Fund's investment objectives and guidelines. These characteristics should be retained for future reference. The Fund is a pooled investment fund established within the Capital Guardian Employee Benefit Trust, a commingled trust (the "Trust"). Capital Guardian Trust Company, a California state-charted trust company ("CGTC"), whose business is to provide investment management, trust and other fiduciary services, serves as trustee of the Trust and manages the Fund's investments.~~

~~The Fund seeks to achieve its investment objectives by investing in another pooled investment fund with investment objectives identical to those of the Fund (the "Master Fund"). CGTC also acts as trustee and investment manager for the Master Fund. The Fund will not invest in individual securities, and as such the Fund's investment results will depend upon the results of the Master Fund in which it invests.~~

## **II. Investment Objectives And Guidelines**

~~The investment objective of the Fund and the Master Fund is to seek long term growth of capital and income through investments in a portfolio comprised primarily of equity securities of non-U.S. issuers (including ADRs and other U.S. registered securities) and securities whose principal markets are outside of the U.S. The Master Fund normally will invest in a portfolio consisting primarily of common stocks and ordinary and preference shares (or securities convertible or exchangeable into such securities) of companies with market capitalization greater than \$1 billion at the time of purchase. Although the Master Fund intends to concentrate its investments in such issues, the Master Fund may invest in cash, cash equivalents and government securities, when prevailing market and economic conditions indicate that it is desirable to do so. While the assets of the Master Fund can be invested with geographical flexibility, the emphasis will be on securities of companies located in Europe, Canada, Australia and the Far East, giving due consideration to economic, social and political developments, currency risks and the liquidity of various national markets. The Master Fund may also invest up to 10% at the time of purchase in the securities of developing country issuers.~~

~~Although the Master Fund does not intend to seek short term profits, securities in the Master Fund's portfolio will be sold whenever the Master Fund believes it is appropriate to do so without regard to the length of time a particular security may have been held. The Master Fund may (i) purchase securities issued by an employer or an affiliate of an employer which has established a participating trust and (ii) invest in other pooled investment funds established under the Trust having investment objectives and guidelines which are consistent with the Master Fund including up to 10% at the time of purchase in the Capital Guardian International (Non-U.S.) Small Capitalization Master Fund. Consistent with the Master Fund's objectives, it may from time to time purchase derivative securities, such as forward currency contracts and currency futures and options, to, among other reasons, manage foreign~~



**MANAGER GUIDELINES**

~~currency exposure, provide liquidity, provide exposure not otherwise available, manage risk and implement investment strategies in a more efficient manner. Derivatives will not be used, however, to leverage the Master Fund's exposure above its total net assets.~~

**III. Fees And Expenses**

~~There is no sales charge for the Fund. CGTC will not charge a special or separate fee to the Fund for investment management of the Fund, but will be entitled to the customary fees it would otherwise receive from, or on behalf of, each participating trust. An annual administrative expense for processing participating trust transactions, which will be the lesser of .0025% of the total net assets, or \$10,000, will be charged to the Fund. Other administrative expenses for custody and investment related costs, audit, and Trust administration will be charged to the Fund in an equitable manner. No additional fees or expenses are charged by the Master Fund.~~

**IV. Valuation**

~~The Fund and the Master Fund will be valued at the normal close of trading on the New York Stock Exchange every day the Exchange is open (a "Business Day"). The portfolio holdings will be valued at market value or, in the absence of readily available market quotations, at fair value, as determined in good faith pursuant to methods prescribed or approved by CGTC and as more specifically described in the Trust's governing declaration of trust (the "Declaration of Trust"). The unit values of the Fund and Master Fund are the current values of their total assets, less all of their liabilities, divided by their total number of units, and then rounded to the nearest cent.~~

**V. Income And Capital Gains**

~~The net income and realized and unrealized gains or losses of the Master Fund will be retained in the Master Fund and will be reflected in computing the unit value of the Fund and the Master Fund.~~

**VI. Admissions And Withdrawals**

~~Investors participate in the Fund by transferring assets to CGTC as trustee of the Trust. In accordance with the procedures set forth in the Declaration of Trust and upon at least 5 Business Days prior written notice, admissions and withdrawals generally may be effected on (i) the last Business Day of each month and (ii) the 15<sup>th</sup> (or last Business Day prior to the 15<sup>th</sup>) of a month, at the unit values determined on such dates. Wire proceeds are due on the first Business Day following an admission date. Withdrawal proceeds will be paid promptly following receipt of a proper withdrawal request, although~~

**MANAGER GUIDELINES**

~~under extraordinary circumstances, CGTC may temporarily delay payment or pay the redemption price in portfolio securities. CGTC may require significant plan level admissions and withdrawals to be effected through a temporary account, which may also delay entries into the fund or payment of the redemption price.~~

**VII. Investment Supervision**

~~As trustee of the Trust, CGTC is solely responsible for every phase of its operation. CGTC's Investment Committee maintains continuous supervision over all securities and portfolio holdings of the Master Fund, and it makes all investment decisions within (i) the investment objectives of the Fund and the Master Fund, (ii) the guidelines of the Master Fund, as well as (iii) the terms of the Declaration of Trust.~~

**VIII. Multiple Portfolio Manager System**

~~The basic investment philosophy of CGTC is to seek fundamental values at reasonable prices, using a system of multiple portfolio managers. Under this system, the portfolio of the Master Fund is divided into segments, which are assigned to individual managers. Each manager decides how the segment will be invested (with the limits provided by the Master Fund's objectives and guidelines and by the CGTC Investment Committee). In addition, CGTC's research professionals may make investment decisions for one or more segments of the Master Fund.~~

**IX. Custody**

~~CGTC, as trustee of the Trust, has engaged Chase Manhattan Bank to act as its agent for custody of the portfolio holdings of the Master Fund.~~

**X. Financial Reports**

~~Detailed audited financial statements of the operation and status of the Fund the Master Fund will be prepared annually as of December 31, the end of their fiscal year. CGTC, as trustee, will file the required reports of financial condition with the Secretary of Labor. The financial statements for the Fund and the Master Fund will be provided to the trustees, administrators and participating retirement plans with a certification that the reports required under the Employee Retirement Income Security Act of 1974 ("ERISA") have been or will be filed with the Secretary of Labor. The Fund and the Master Fund will be maintained on an accrual accounting basis.~~

#### XI. Audit

~~In addition to the customary examination of fiduciary accounts by the California Department of Financial Institutions ("CDFI"), the Trust will be audited annually by independent auditors selected by and responsibly solely to the Examining Committee of the Board of Directors of CGTC. Deloitte & Touche has been designated as the independent audit firm for each of the pooled investment funds established under the Trust.~~

#### XII. Additional Information

~~a. **The Trust:** The Trust, which is qualified as a "group trust" under Internal Revenue Service Revenue Ruling 81-100 (a "Group Trust") and exempt from federal income taxation under Section 501(a) of the Internal Revenue code of 1986 as emended from time to time (the "Code"), was created for the purpose of collectively investing assets of (i) tax-exempt employee benefit trusts which qualify under Section 401(a) of the Code and are exempt from federal income taxation under Section 501(a) of the code, (ii) plans or governmental units described in Section 818(a)(6) of the Code, (iii) separate accounts maintained in connection with a contract of an insurance company which consist solely of the assets of trusts and plans described under (i) and (ii) above, and (iv) other common, collective or commingled trust funds consisting solely of the assets of trusts and plans described under (i), (ii) and (iii) above which are tax-exempt under Section 501(a) of the Code by reason of qualifying as a Group Trust, and for which CGTC acts as trustee, co-trustee, investment manager or agent for the trustee. **The terms of the Declaration of Trust are incorporated herein by reference, subject to these characteristics.** Reference to the Declaration of Trust should be made for a complete statement of its terms and provisions.~~

~~b. **Other Investors and Results:** Eligible investors, including individual client accounts and other master and feeder funds established and maintained under the Trust, will also invest directly and indirectly in the Master Fund. Investment results will vary among eligible investors based upon differing fees and expenses which are charged to the feeder funds or directly to individual client accounts, and which differ due to, for example, the types of services provided, the investment mandates, assets under management or "grandfathered" fee arrangements.~~

~~c. **CGTC's Status as an Investment Manager; Exemption from Investment Advisory Regulations:** CGTC is an investment manager within the meaning of Section 3(38) of ERISA. As stated above CGTC is a state chartered trust company, and is authorized by the CDFI to carry on a trust banking business. Finally, CGTC is also a "bank" under Section 202(a)(2) of the Investment Advisers Act of 1940 (the "Act"), and is therefore exempt under the Act from the registered and annual Form ADV filing requirements for investment advisers.~~

~~d. Financial Reports and Other Information:~~ Additional information regarding other master and feeder funds participating in the Master Fund, the Master Fund's objectives and guidelines, as well as copies of financial statements and the Declaration of Trust, are available upon request to CGTC's principal office at 33 South Hope Street, Los Angeles, California 90071.

**Capital Guardian Trust Company  
Proxy Voting Policies And Procedures**

**\*Policy**

Capital Guardian Trust Company ("CGTC") votes all proxy proposals on an individual basis, weighing CGTC's knowledge about a company, its current management and management's past record against the merits of each proxy issue. CGTC's process in dealing with proxy issues is both thorough and reasonable, and is geared to promote maximum long-term shareholder value.

CGTC seeks to discharge its fiduciary duty in voting proxies solely in the interest of its clients. To act prudently in the voting of proxies, CGTC considers those factors which would affect the value of the client's investment and act solely in the interest of, and for the exclusive purpose of providing benefits to, its clients. On behalf of retirement plans subject to ERISA and governmental plans, CGTC will perform the above solely in the interest of the participants and beneficiaries and will not subordinate the interest of participants and beneficiaries in their retirement income to unrelated objectives.

**\*Procedure**

CGTC reviews all proxies that are received. All custodian banks are notified of their responsibility to forward to CGTC all proxy materials. CGTC regularly reviews whether it has received all expected proxies. Even if no proxy is received, CGTC will direct the custodian to vote in accordance with CGTC's instructions. The list of items and the previous year's proxy votes are compared and reviewed by the Investment Committee on an annual basis.

CGTC has tailored the review and voting proxies based on the domicile of the company and the nature of the clients holding the security.

Standard items are voted with management. Non-standard items are sent to the appropriate analyst for review and recommendation based on his or her in-depth knowledge of the company. The analyst's recommendations are presented to the GIG International Proxy Voting Committee ("Committee") for discussion and a formal vote. In the event the security is not covered by an analyst, the issues are forwarded to the Committee for discussion and a formal vote. At any stage of the process, a decision may be made not to vote a proxy because the costs of voting the proxy outweigh the benefits. A record of each vote or non-vote is maintained for at least two years, along with a brief explanation of those proposals that were discussed by the Committee. In addition, all analyst memoranda dealing with issues and recommendations are retained for a period of at least one year.

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**Sprucegrove**  
**Investment Policy Statement Objectives and Policies**

**I. General**

This policy statement describes the investment objectives and policies of the Sprucegrove U.S. International Pooled Fund.

The Investment Manager is expected to operate within the prudent man rule and the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Investment practices will comply with the requirements of all applicable laws and regulations.

**II. Investment Objectives**

To maximize the long-term rate of return while seeking to preserve the investment capital of the Fund by avoiding investment strategies that expose Fund assets to excessive risk.

To outperform the EAFE Index over a full market cycle.

To achieve a high ranking relative to similar funds over a full market cycle.

There can be no assurance that these objectives will be achieved.

**1. Investment Policies**

**Asset Mix**

The asset mix of the Fund will be determined solely by the Manager.

Investments may be selected from the following asset categories:

- Short-term investments including utilized funds containing only such investments;
- Equity securities (excluding U.S.), American Depositary Receipts (ADR's), other securities convertible into equities and utilized funds containing only such investments.
- Foreign currencies including forward currency contracts required to meet security settlements.

Minimum and maximum exposure to each of the asset categories are as follows:

	Minimum % of Fund	Maximum % of Fund
Cash & Short Term	0	10
Equities	90	100

**2. Diversification**

**Equities**

The Fund will be diversified by region, country, sector and company holdings.

*a. Region*

The region will hold securities issued by companies in a minimum of three countries in each of the European and Pacific Basin regions, as follows:



**Europe**

Austria  
Belgium  
Denmark  
Finland  
France  
Germany  
Holland  
Ireland  
Italy  
Norway  
Spain  
Sweden  
Switzerland  
United Kingdom

**Pacific Basin**

Australia  
Hong Kong  
Japan  
Malaysia  
New Zealand  
Singapore  
Thailand

*b. Country*

The Fund will be subject to the following minimum – maximum country weightings.

**EAFE Countries**

Japan	10% - 50%
United Kingdom	10% - 50%
Other countries	0% - 15%

**Non-EAFE Countries**

Canada	0% - 10%
Total Other countries	0% - 15%
Total Non-EAFE countries	0% - 20%

*c. Sector*

The Fund will hold securities in a minimum of 7 of the 10 sectors. Maximum weighting for any sector is 30% of the market value of the fund.

**Sectors**

Energy	Health Care
Materials	Financials
Industrials	Information Technology
Consumer Discretionary	Telecommunication Services
Consumer Staples	Utilities

*d. Company Holdings*

The Fund will also be diversified by company with no fewer than 40 holdings. The maximum weighting for any one security is 5% of the market value of the Fund. The maximum exposure to any one stock should not exceed 5% of that company's outstanding shares or 10% of its free float.

*e. Other*

In unusual circumstances, the Fund may exceed the above guidelines for short periods of time.

**Short-Term**

The purpose of this asset class is to provide a vehicle for temporary investment while awaiting investment opportunities in the long-term capital markets.

This asset class has no need to accept high risks to meet its objectives. Therefore, we attempt to minimize credit risk, term risk, and liquidity risk.

The Fund will be restricted to issues with maturities of less than thirteen months which are issued or guaranteed by the U.S. Treasury or issued by corporations rated A1 by Standard & Poor's Corporation and P1 by Moody's Investor Services. However, an unrated security may be held if it is deemed by the Manager to be A1/P1 respectively. In addition, the issuer must be known to the Manager and be acceptable to them.

**3. Philosophy**

**Equities**

The mission of our company is to provide investment management advice predominantly in the specialized area of global equities.

Our goal is to discover above-average businesses through the research process and to purchase these companies at below average prices – or more simply put, we are looking to discover quality companies with excellent businesses selling at attractive prices.

The strategy employs the "value approach" to the management of equities. Our approach is contrarian in character. It emphasizes the long term and it focuses on the selection of individual common stocks using a bottom-up approach.

***MANAGER GUIDELINES***

Sound internal investment research is a cornerstone of our investment management process. It is our belief that each investment must be based on thorough internal research, must offer safety of capital, and must promise a satisfactory long-term rate of return.

Each company in the portfolio must meet our standards of investment quality including a history of above average financial performance, a secure financial position, reputable management, and growth opportunity in terms of sales, earnings, and share price.

**4. Conflict of Interest**

No employee of Sprucegrove should use their position or the knowledge gained therein in such a manner that a conflict arises between Sprucegrove's interests on behalf of its clients and their personal interests.

Upon association, and annually thereafter, all employees are required to disclose to the Compliance Officer any outstanding commercial interests which might influence their decisions or actions including, without limitation:

- (a) direct or indirect beneficial ownership of the voting rights of any class of securities or interests in an issuer;
- (b) the receipt of payments, gifts, entertainments or other favours which might be regarded as placing them under some obligation to a third party dealing or desiring to deal with Sprucegrove or its clients;
- (c) any outside employment, position, activities or businesses relationships which may compete or conflict to a significant extent with the interests of Sprucegrove and its clients.

If at any time an employee, or a member of their immediate family, finds that they are considering the assumption of a financial interest or outside relationship which might involve a conflict of interest, or if they are in doubts as to the proper application of this section of the Standards, they should immediately make known all the facts to the Compliance Officer. Except as otherwise directed by the Compliance Officer, they should refrain from exercising responsibility in any matter which might be reasonably thought to be affected by a potential conflicting interest.

Sprucegrove provides investment advisory and management services to various managed accounts and collective funds, some of which may invest in the same or similar types of securities as those in which the Fund will invest. Thus, the obligations of Sprucegrove are not exclusive. Investment decisions on behalf of the Fund are made independently from decisions for other accounts and funds managed by Sprucegrove and Sprucegrove is permitted to make an investment decision on behalf of the Fund which differs from decisions made for, or advice given to, such other accounts and funds even though their investment objectives may be the same or similar to those of the Fund. The Trustee does not review, and has no

***MANAGER GUIDELINES***

responsibility for the investment management decisions on behalf of the Fund, or for compliance of the Fund with its investment objectives.

**5. Delegation of Voting Rights**

Voting rights are exercised by J.P. Morgan Chase Bank, the Fund Trustee, under the direction of the Manager.

**6. Securities Lending**

Securities lending will only be transacted in circumstances in which policies and procedures have been implemented to safeguard the subject securities.

**7. Review of Policy Statement**

This policy statement will be reviewed no less than annually.

~~Artio International Equity II Group Trust Fund~~

~~a Separate Investment Fund of  
ARTIO GROUP TRUST~~

~~as of June 15, 2008~~

**MANAGER GUIDELINES**

**Investment Objective**

The Fund's objective is long-term growth of capital.

**Investment Policies**

The Fund may invest in a wide variety of international equity securities issued anywhere in the world, normally excluding the United States. Ordinarily, the Fund invests at least 80% of its net assets (including future positions) in international equity securities. The Investment Manager will provide at least thirty-one (31) calendar days' prior notice of any change in this policy. Although the Fund will not normally invest in the securities of U.S. issuers, it reserves the right to do so when the Investment Manager believes this is appropriate. The Investment Manager manages the Fund as a core international equity product and is not constrained by a particular investment style. It may invest in "growth" or "value" securities. The Investment Manager chooses securities in industries and companies it believes are experiencing favorable demand for their products or services. The Investment Manager considers companies with above average earnings potential, companies that are dominant within their industry, companies within industries that are undergoing dramatic change, companies that are market leaders in developing industries, and companies with current stock prices that the Investment Manager believes have been inappropriately depressed because of current lack of market interest. Other considerations include expected levels of inflation, government policies or actions, currency relationships and prospects for economic growth in a country or region.

The Fund may lend its portfolio securities to qualified institutions on a short-term basis. By reinvesting any cash collateral received in these transactions, additional income gains or losses may be realized.

**Guidelines**

The total portfolio may invest in the following types of securities, subject to the restrictions listed below.

U.S. Treasuries	Derivative mortgage-backed securities
U.S. Agencies	Bonds of developed non-U.S. issuers
U.S. government sponsored enterprises	Bonds of emerging non-U.S. issuers
U.S. corporate bonds	Fixed income and currency futures, options, forward contracts and swaps
Mortgage-backed securities	Private placement bonds
Asset-backed securities	Rule 144(a) securities
Municipal bonds	Section 4(2) commercial paper
Structured notes	Commercial mortgage-backed securities
Cash equivalents	Capital notes/Preferred trust certificates
Depository receipts	Commingled funds investing in fixed income securities
Warrants	Convertible securities
Below investment grade securities	Variable rate instruments
Real estate investment pools	Foreign currencies options
Put and call options on securities	

**Investment Restrictions**

~~The Agreement of Trust does not contain any restrictions on the investment of the Fund's assets. However, as a matter of policy, in addition to the policies and restrictions set forth above, the Fund will observe the following restrictions in its investment activities:~~

- ~~1. The Fund will not utilize investment leverage through margin transactions, borrowing or otherwise. Accordingly, the Fund's investment in equity securities of international issuers is limited to 100% of its net assets.~~
- ~~2. At the time of purchase, no more than 5% of the Fund's total assets will be invested in the common stock of any single issuer.~~
- ~~3. The Fund will not engage in short sales, except short sales "against the box."~~
- ~~4. The Fund's use of derivative transactions will be limited.~~
- ~~5. Other than as described herein, the Fund will not invest in commodities or other "hard assets" such as diamonds, silver or platinum.~~
- ~~6. The Fund may invest in preferred stocks that are not convertible into common stock, government securities, corporate bonds and debentures, including below investment grade debt instruments but in no event will an amount exceeding 10% of the Fund's total assets be invested in such below investment grade securities.~~
- ~~7. The Fund may not invest more than 5% of its total assets in gold bullion and ETFs linked to gold.~~

~~With prior notice to investors in the Fund ("Participating Trusts"), the investment objective of the Fund may be changed at any time by the Investment Manager. Except as provided above in the section "Investment Policies," other investment policies and restrictions may be changed by the Investment Manager without prior notice to the Participating Trusts.~~

**No Leverage** ~~The Fund may not employ investment leverage.~~

**Distributions** ~~The Fund intends to reinvest all investment income and net realized capital gains, if any. No distributions of current earnings are expected to be paid.~~

**Reporting** ~~Unaudited account statements will be provided to the Participating Trusts on a monthly basis by the Custodial Trustee. Audited financial statements will be provided to each Participating Trust on an annual basis.~~

**Tax Considerations** ~~The Fund expects to qualify as a group trust described in IRS Revenue Ruling 81-100 and, as such, to be exempt from U.S. Federal income taxes under Section 501(a) of the Code. A group trust that qualifies under IRS Revenue Ruling 81-100 is exempt from Federal income tax except to the extent that it has "unrelated business taxable income" ("UBTI").~~ **The Fund does not intend to implement an investment strategy that will generate UBTI.** ~~Prospective purchasers should consult their own tax advisers concerning the consequences of owning Units in the Fund.~~

### **Conflicts of Interest**

~~Conflicts Generally. Artio, Northern Trust and their respective affiliates may act as investment adviser, agent and administrator, custodian, or carry out other functions as may be required in relation to, or be otherwise involved in or with, other companies and clients that have similar investment objectives to those of the Fund and with other businesses in general. Artio, Northern Trust, and their respective affiliates, also may conduct business with institutions that invest, or whose clients invest, in the Fund, or may provide other consideration to such institutions or recognized agents. It is therefore possible that any of them may have potential conflicts of interest with the Fund. Each will, at all times, have regard in such event to its obligations to the Fund and will endeavor to ensure that such conflicts are resolved fairly.~~

### **Valuation**

~~Under current valuation guidelines, such values are determined as follows:~~

- ~~(i) the value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof will be arrived at after making such discount as the Custodial Trustee may consider appropriate in such case to reflect the true value thereof;~~
- ~~(ii) the value of securities that are quoted or dealt in on any stock exchange (including any securities traded on an "over the counter market") is based on the last traded price on such stock exchange, or if there is more than one stock exchange on which the securities are traded or admitted for trading, that which is normally the principal stock exchange for such security; provided that, in the absence of sales, the value will be the mean between the closing bid and asked prices; provided further that any such securities that are not freely transferable, or that are not regularly traded, or that for any other reason are subject to limited marketability, are valued initially at cost and thereafter with any reduction or increase in value, as the case may be, as the Custodial Trustee shall in its absolute discretion determine to be fair and appropriate. Because of the need to obtain prices as of the close of trading on various exchanges throughout the world, the calculation of the Fund's net asset value may not take place contemporaneously with the determination of the prices of certain of its portfolio securities used in such calculation;~~
- ~~(iii) spot and forward currency contracts are valued at the London closing price (11 p.m. Eastern Standard Time ("EST"));~~
- ~~(iv) short term obligations with maturities of 60 days or less are valued at amortized cost if their term to maturity from the date of purchase was less than 60 days, or by amortizing their value on the 61st day prior to maturity if their term to maturity from the date of purchase by the Fund was more than 60 days, unless this is determined by the Custodial Trustee not to represent fair value. Amortized cost involves valuing an instrument at its original cost to the Fund and thereafter assuming a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the instrument;~~



- ~~(v)the market value of a contract or option traded on an exchange, or through a clearing firm of an exchange or through a financial institution, means the most recently available closing quotation on such exchange or of such clearing firm or financial institution. Where such investments are dealt in or traded on more than one exchange the Custodial Trustee at its discretion may determine which exchange will prevail for this purpose;~~
- ~~(vi)the value of units or other security in any unit trust, mutual company, investment corporation or other similar investment vehicle or collective investment scheme is derived from the last prices (being, where relevant, bid prices) published by the manager or otherwise in respect thereof;~~
- ~~(vii)all other assets and liabilities are valued at their respective fair values as determined in good faith by the Custodial Trustee and in accordance with U.S. GAAP; and~~
- ~~(viii)any value in a currency other than U.S. dollars is converted at any officially set exchange rate or appropriate spot market rate (whether official or otherwise) on the relevant Contribution Value Date or, if no such rate is available on such Contribution Value Date, at the most recently available such rate as the Custodial Trustee in its absolute discretion deems appropriate in the circumstances having regard, inter alia, to any premium or discount which may be relevant and to costs of exchange.~~

~~In the event the Custodial Trustee is unable to obtain a price for a security or other property in accordance with the procedure outlined above, the Custodial Trustee will be protected in relying on any price provided by the Investment Manager. The Investment Manager will confirm, at the request of the Custodial Trustee, the value of such securities or other property held in the Fund. Any such confirmation will be regarded as a direction with regard to such valuation and will be conclusive with respect to the valuation of the assets involved.~~

#### **Absence of Regulation**

~~The Fund has not registered under, does not intend to register under, and is not subject to, the Investment Company Act of 1940, as amended (the "Investment Company Act"), in reliance on an exception from registration provided by Section 3(c)(7) that Act. The Units are not registered under the Securities Act, in reliance on Section 4(2) and Regulation D (including Rule 506) thereunder. Consequently, the Fund is subject to significantly less federal or state regulation and supervision than registered investment companies.~~

#### **Dependence on The Northern Trust Company**

~~The Fund is dependent upon the skill of those employed by and affiliated with The Northern Trust Company for the proper administration of its affairs.~~

#### **ERISA Compliance**

~~It is anticipated that, from time to time, the assets of the Fund will be deemed to include "plan assets" of ERISA-covered investors in the Fund (see "ERISA Considerations") and, in such event, the Investment Manager intends to manage the Fund in accordance with the fiduciary responsibility requirements of ERISA. This may require the Investment Manager to forego certain investments or other arrangements on behalf of the Fund that otherwise may be desirable for the Fund.~~

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VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

MANAGER GUIDELINES

Grantham, Mayo, Van Otterloo & Co. LLC (GMO)  
Schedule A  
Ventura County Employee Retirement Association  
Mandate Form

Account Name: Ventura County Employees' Retirement Association

Benchmark: 100% MSCI World Index

Fund	Min	Norm	Max
<b>U.S. Equities</b>			
<input checked="" type="checkbox"/> U. S. Core			
<input checked="" type="checkbox"/> Growth			
<input checked="" type="checkbox"/> Intrinsic Value			
<input checked="" type="checkbox"/> Quality Equity			
<input checked="" type="checkbox"/> Small Cap Value			
<input checked="" type="checkbox"/> Small Cap Growth			
<input checked="" type="checkbox"/> Real Estate			
<b>TOTAL U.S. Equities</b>	<div>17</div>	<div>42</div>	<div>67</div>
<b>Int'l Developed Equities</b>			
<input checked="" type="checkbox"/> International Intrinsic Value			
<input checked="" type="checkbox"/> International Growth			
<input checked="" type="checkbox"/> International Core Equity			
<input checked="" type="checkbox"/> Flexible Equities			15
<input checked="" type="checkbox"/> International Small Companies			
<input checked="" type="checkbox"/> Currency Hedged Intl Equity			
<input checked="" type="checkbox"/> Emerging Markets			
<input checked="" type="checkbox"/> Emerging Markets Opportunities			
<b>TOTAL Int'l Equities</b>	<div>33</div>	<div>58</div>	<div>83</div>
<b>Other Permissible Investments</b>			
<input checked="" type="checkbox"/> Alpha Only			10

X Allowable fund

\* Emerging Equity benchmark norm is 11.6%.

Approved By: \_\_\_\_\_

Signature

Printed Name

Date: \_\_\_\_\_

**Mandate Form**

**Account Name:** Ventura County Employees' Retirement Association

\*Pursuant to the Investment Management Agreement between the Client and the Investment Manager dated 4/18/05 the Investment Manager is authorized to allocate and re-allocate the assets of the Account (as defined in the Agreement) among the products set

\*\*The Client agrees and acknowledges that the limitations set forth above will apply immediately following investments into and out of any of the products listed above and that the Investment Manager is not obligated to re-allocate the Account if it ceases

**Acadian Asset Management LLC  
Acadian Global with Opportunistic Shorting Fund  
Statement of Characteristics**

**Investment Objective**

The Fund will seek long-term capital appreciation by investing primarily in long and short positions of common stocks of U.S. and non-U.S. issuers. The Fund's performance benchmark is MSCI ACWI. The Fund will target annualized residual risk of less than 10% relative to the benchmark.

**Investment Guidelines**

1. The Fund will principally invest in long and short positions of common stocks traded on U.S. and non-U.S. equity markets. Short positions shall not exceed 50% of the total value of the Fund's investment portfolio. Also permitted:

- Rights, warrants, convertible securities, and preferred stocks, if issued by companies whose common stocks would be properly held in the portfolio
- ADRs and GDRs
- Forward currency contracts for the purpose of hedging currency fluctuations during settlement
- Equity index swaps and equity index futures (up to 15% of the portfolio value) to help gain exposure to selected equity markets in a cost-efficient manner.
- Exchange traded funds

2. Opportunistic currency hedging is allowed up to 50% of portfolio value.

3. The portfolio will not:

- Use derivatives other than those specified above
- Purchase 144A securities
- Purchase private assets or securities not listed on a qualified exchange
- Purchase fixed income securities

4. The non-collateral cash level will generally be limited to 5% or less of the total portfolio value. The limit may occasionally be exceeded due to contributions, withdrawals, or other special circumstances.

5. Markets included in the MSCI ACWI index are permissible for investment. In addition, investment in countries not included in the foregoing index are permitted on an opportunistic basis up to 10% of portfolio value at time of purchase.

6. The holdings of any one issuer will generally not exceed 10% of the total portfolio value or twice the MSCI ACWI index benchmark weight for that issuer, whichever is larger. This guideline applies at time of purchase. This guideline excludes forward currency positions and securities issued by sovereign governments.

7. The Fund may engage in securities lending from time to time. Securities shall be lent pursuant to agreements requiring that the loans be continuously secured by collateral at least equal at all times to 100% of the market

**MANAGER GUIDELINES**

~~value of the securities subject to the loan. Cash held as collateral shall be invested pursuant to investment guidelines approved by the Investment Adviser. The Fund may enter into tri-party collateral agreements whereby a designated custodian bank will stand between the Fund and the dealer counterparty and physically control the securities offered by the dealer as collateral.~~

Frequency of Valuation of Units:

~~Daily.~~

Frequency and Terms of Admissions, Withdrawals, and Increases in Subscription:

~~On any valuation date, upon at least 10 days' prior notice, unless otherwise determined by the Investment Adviser and/or the Managing Member.~~

Provisions Applicable of Subscriptions and Redemptions of 10% or greater Interests in the Fund:

~~The Fund will require any Investor subscribing for a 10% or greater interest in the Fund initially to contribute its capital into a special account maintained by the Fund on behalf of the Investor. The purpose of the special account is to provide that the Investor will bear all of the transactional costs of investing the new capital. At such time as the Investment Adviser determines that the special account has been fully invested, the assets of the special account will be credited to the Fund and the Investor's interest in the Fund will be determined accordingly.~~

~~The Fund will require any investor wishing to redeem for cash a 10% or greater interest in the Fund to have any in-kind redemption proceeds initially held in a special account maintained by the Fund on behalf of the investor. The purpose of the special account is to provide that the redeeming investor will bear all of the transactional costs of liquidating these redemption proceeds. Upon liquidation of the securities, the cash held in the special account will be distributed to the Investor.~~

Fee Schedule:

~~The Investment Adviser will receive an investment management fee of 95 bps on the first US\$25 million and 90 bps on all assets thereafter, as agreed between the Investment Adviser and each Member. The investment management fee will be paid quarterly in arrears through the redemption of a portion of each Member's Interest in the Fund as agreed between the Investment Adviser and such Member.~~

**Loomis, Sayles & Company ("Manager")  
Medium Grade Full Discretion  
Statement Of Objectives, Guidelines And Procedures**

**Objectives**

The objective of the total fixed income portfolio is to provide above-average total return in a manner that is consistent with the typical rate-of-return volatility exhibited by broad market fixed income portfolios. The return of the Manager should exceed that of the custom benchmark (30% of the rate of return of the Salomon Brothers High-Yield Index, 5% of the rate of return of the J.P. Morgan Non-U.S. Hedged Bond Index and 65% of the rate of return of the Barclays Capital Aggregate Bond Index), net of fees, over a typical market cycle (generally three to five years).

The fixed income portfolio should be broadly diversified across markets, sectors, securities, and maturities in a manner consistent with accepted standards of prudence.

All investments are subject to compliance with Investment Policies, Objectives and Guidelines for Ventura County Employees' Retirement Association (VCERA). The portfolio must be managed in accordance with the guidelines and restrictions.

In addition, the manager shall adhere to the CFA Institute Code of Ethics and Standards of Professional Code of Conduct as presented in the *Standards of Practice Handbook*.

**Guidelines**

The total portfolio may invest in the following types of securities, subject to the restrictions listed below.

U.S. Treasuries	Derivative mortgage-backed securities
U.S. Agencies	Bonds of developed non-U.S. issuers
U.S. government sponsored enterprises	Bonds of emerging non-U.S. issuers
U.S. corporate bonds	Fixed income and currency futures, options, forward contracts and swaps
Mortgage-backed securities	Private placement bonds
Asset-backed securities	Rule 144(a) securities
Municipal bonds	Commercial mortgage-backed securities
Structured notes	Capital notes/Preferred trust certificates
Cash equivalents	Commingled funds investing in fixed income securities

**MANAGER GUIDELINES**

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**Restrictions**

The total portfolio must comply with the restrictions listed below on the basis of both percentage of assets and percentage contribution to total portfolio duration.

**Security Type Qualifications**

Futures, options and forward contracts are allowed to the extent that they are used in a manner that does not materially increase total portfolio volatility or relate to speculative activities. The instruments may not be used to lever the portfolio.

Structured notes are permitted provided that the note's investment characteristics are of a fixed income nature.

Preferred stock and bonds convertible into common stock are permitted provided that they exhibit bond-like characteristics. Up to 5% of the portfolio may be held in equity securities that result from the conversion of convertible debt or the restructuring of corporate debt. The manager is required to sell the equity securities as soon as it is prudent to do so.

**Credit Quality**

The total fixed income portfolio will maintain a minimum average credit quality rating of BBB- by S&P and Baa3 by Moody's. Issues that are unrated by any major credit rating agency shall be rated by the investment manager, who shall compare an unrated bond's fundamental financial characteristics with those of rated bonds to determine the appropriate rating.

At time of purchase, debt securities must be rated at least "C" by Moody's, Fitch, and S&P or if unrated by Moody's, Fitch, and S&P, debt securities must have a Loomis Sayles rating that is equivalent of a "C" rating by Moody's, Fitch, and S&P.

Bonds rated investment grade by either Fitch, Moody's or Standard & Poor's must comprise at least 65% of the total portfolio.

**Non-U.S. Exposure**

Non-U.S. dollar bond exposure shall not exceed 20% of the total portfolio. Bonds issued by any non-U.S. entity shall not exceed 40% of the total portfolio. Examples of securities included in this restriction include the following:

Yankee bonds Non-U.S. dollar sovereign bonds Non-U.S. dollar non-sovereign bonds Structured notes linked to non-U.S. markets	Emerging market sovereign bonds Emerging market non-sovereign bonds Supranational bonds
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**MANAGER GUIDELINES**

10% in bonds issued by entities not domiciled in the J.P. Morgan Government Bond Index. This restriction is meant to limit the portfolio's emerging market exposure to no more than 10%.

2% in bonds issued by any single entity domiciled in a country not included in the J.P. Morgan Government Bond Index.

**Additional Sector and Position Limits**

To the extent that the portfolio holds an allocation to non-investment grade emerging market bonds, that exposure shall also count against the total portfolio's 35% high yield maximum and 55% non-U.S. maximum combined allocation.

Mortgage-backed securities that a manager classifies as exhibiting unusually high interest rate sensitivity relative to typical U.S. Government agency mortgage pass-through issues shall not exceed 5% of the total portfolio. Examples of securities likely to qualify as "highly interest rate sensitive" include IOs, POs and inverse floaters.

Excluding U.S. government, agency and GSE issuers the portfolio is limited to a 5% allocation in any single U.S. issuer. On a monthly basis the Manager will provide a report to VCERA noting investment in any issuer that exceeds 3% of the market value of the portfolio.

**The portfolio's combined allocation to the security types listed below may not exceed 40%.**

Bonds not receiving an investment-grade rating from either Fitch, Moody's or Standard & Poor's<sup>1</sup> (not too exceed the 35% maximum allocation noted above)

Bonds issued by non-U.S. entities

Privately placed debt, excluding 144(a) securities

Mortgage-backed securities that a manager classifies as exhibiting unusually high interest rate sensitivity relative to typical U.S. Government agency mortgage pass-through issues

**Compliance Monitoring**

If any of the parameters described above are breached (except those that are to be determined at the time of purchase), as a result of market movements, capital additions or withdrawals, credit downgrades or other events not within the control of Loomis Sayles, Loomis Sayles shall have a reasonable period of time, generally not to exceed three months, to bring the portfolio into compliance with the foregoing investment guidelines. Loomis Sayles will notify Ventura County in a timely manner if any guideline exception occurs, providing details and a recommendation. Loomis Sayles will report on the status of any exception no less frequently than every two weeks until the matter is resolved.

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<sup>1</sup> Any nationally recognized rating agency is acceptable.

***MANAGER GUIDELINES***

**Performance Measurement**

The net-of-fee returns of the total fixed income portfolio are expected to be in the top quartile of comparable bond managers during trailing one year periods.

The portfolio's performance is also expected to compare favorably to that of the custom benchmark, net of fees, on a risk-adjusted basis. The custom benchmark consists of 35% of the rate of return of the Salomon Brothers High Yield Index, 5% of the rate of return of the J.P. Morgan Non-U.S. Hedged Bond Index and 60% of the rate of return of the Barclays Capital Aggregate Bond Index.

The manager will meet with staff as often as determined necessary by the Board, and will meet with the Board at least annually.

**Reporting Requirements**

An update on organizational developments, and performance for the portfolio and benchmark for the month and 1 year returns gross and net of fees will be sent to the Board of Retirement of Ventura County Employees' Retirement Association and its investment consultant by the 10<sup>th</sup> of the following month. In addition, a discussion of the portfolio's recent strategy and expected future strategy and demonstration of compliance with guidelines.

Reconcile every quarter accounting, transaction, and asset summary data with custodian reports and communicate and resolve any significant discrepancies with the custodian. Send a copy of the reconciliation to the Board of Retirement of Ventura County Employees' Retirement Association by the 10<sup>th</sup> of the following month subsequent to quarter end.

The manager will meet with staff as often as determined necessary by the Board, and will meet with the Board at least annually.

Ensure that all documents, exhibits and written materials that will be used during the annual meeting between the Board of Retirement and the investment manager be submitted to and received by the Retirement Office at least seven business days in advance of these meetings.

Provide the Board of Retirement with proof of liability and fiduciary insurance coverage of at least \$5 million, in writing, on an annual basis.

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

*MANAGER GUIDELINES*

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The manager will keep Ventura County Employees' Retirement Association apprised of relevant information regarding its organization, personnel and investment strategy. The firm will notify the Board of Retirement of Ventura County Employees' Retirement Association within one business day of any change in the lead personnel assigned to manage the account.

**Acknowledged By:**

\_\_\_\_\_  
**Loomis, Sayles & Company**

Date: \_\_\_\_\_

\_\_\_\_\_  
**Ventura County Employees' Retirement Association**

Date: \_\_\_\_\_

**LOOMIS SAYLES GLOBAL FIXED INCOME TRUST  
INVESTMENT OBJECTIVES AND GUIDELINES**

**Investment Objective and Policies**

The Fund's investment objective is high total investment return through a combination of current income and capital appreciation.

The Fund seeks to achieve its objective by investing typically 80% of its net assets (plus any borrowings made for investment purposes) in fixed-income securities. The Fund invests primarily in investment-grade fixed-income securities worldwide, although it may invest up to 20% of its assets in below investment-grade fixed-income securities (commonly known as "junk bonds"). Below investment-grade fixed-income securities are rated below investment-grade quality (*i.e.*, none of Moody's Investor Service, Inc., Fitch Investor Services, Inc. or Standard & Poor's Ratings Group have rated the securities in one of their respective top four rating categories). The Fund's fixed-income securities investments may include unrated securities if the Trustee determines that the securities are of comparable quality to rated securities that the Fund may purchase.

Securities held by the Fund may be denominated in any currency and may be issued by issuers located in countries with emerging securities markets. The Fund may invest in fixed-income securities of any maturity. The Fund also may invest in foreign currencies and may engage in other foreign currency transactions for investment or hedging purposes.

**SECURITIES AND INVESTMENT PRACTICES**

Set forth below is a description of the types of securities and other instruments in which the Fund may invest. The Fund may also invest in additional types of securities and engage in additional investment techniques.

**Eligible Investments.** The Fund may invest in public or private debt obligations issued or guaranteed by U.S. or non-U.S. issuers, including but not limited to corporations, governments (including their agencies, instrumentalities and sponsored entities), supranational entities, partnerships and trusts. Such obligations may be issued at fixed, variable, adjustable or zero coupon rates or convertible into equity securities, and may include preferred, hybrid, mortgage or asset-backed securities issued by any of the above-named issuers, senior loans, common stocks, foreign currency exchange contracts, including non-delivery forward FX contracts and cross hedges, interests specified under "Eligible Commingled Funds," derivatives specified under "Eligible Derivatives," and cash equivalents specified under "Eligible Cash Equivalents — Cash Management." Before investing in asset-backed securities or mortgage pools, the Fund will use reasonable efforts to ensure that such funds are not considered "plan assets" under ERISA. As an alternative to the direct investment in securities, the Fund may invest in exchange traded funds, mutual funds and other types of pooled or bundled investment vehicles, including those sponsored or advised by an affiliate of the Trustee ("Related Funds"). Investments in such vehicles (other than Related Funds) may involve a layering of fees and other costs, and may be subject to limitations on redemptions. Investments in Related Funds will not result in additional fees being paid to the Trustee, Loomis Sayles, or their affiliates. These vehicles, including one or more Related Funds, may have more favorable indemnification protections for the Trustee, including

Loomis Sayles or an affiliate, than those relating to the Fund. The Fund's investment in such vehicles that are registered under the U.S. Investment Company Act of 1940, as amended (the "U.S. Investment Company Act"), is limited under the provisions of that Act.

**Minimum Credit Quality.** At least 80% of the Fund's Market Value must be invested in investment-grade securities rated BBB- or higher by Standard & Poor's Ratings Group ("S&P"), Baa3 or higher by Moody's Investors Services, Inc. ("Moody's"), or BBB or higher by Fitch Investor Services, Inc. ("Fitch"), as determined at the time of purchase, counting cash and cash equivalents toward such percentage.

**Maximum High Yield.** Up to 20% of the Fund's Market Value may be invested in securities rated below investment grade by Moody's, S&P or Fitch ("high yield securities"), as determined at the time of purchase.

**Split Rated Securities.** If the ratings assigned to a security by S&P, Moody's or Fitch are not the same, the highest rating of these rating agencies will be used.

**NonRated Securities.** If a security is not rated by S&P, Moody's or Fitch, the equivalent rating determined by the Trustee's Research Department will be used.

**Downgrades.** The Trustee may continue to hold securities that are downgraded in quality subsequent to their purchase if, in the opinion of the Trustee, it would be advantageous to do so.

**Non.U.S. Issuers and Non.U.S. Dollar Denominated Issues.** 100% of the Fund's Market Value may be invested in non-U.S. issuers or non-U.S. dollar denominated issues.

**Currency Transactions.** The Fund may engage in currency transactions for hedging or non-hedging purposes, including for direct investment in currencies as an asset class. The Fund may engage in currency hedging to protect against a decline in the value of currencies in which it invests. The Fund may engage in cross currency hedging to protect against declines in the value of currencies, but unlike currency hedging, this involves currencies distinct from the base currency of the hedged investments of the Fund. Cross currency hedging could be engaged in due to price dislocations in the market, overvalued relative exchange rates between two currencies, differential yield curve shapes or unusual differences in money market rates, etc. The Fund may invest in currencies as an asset class to express positive or negative views on currencies without having to invest in bonds denominated in those currencies. Direct investments in currencies may also be made where investments are either unavailable to the Fund due to market conditions or foreign market restrictions, or where investments are unattractive from a credit standpoint. Generally, the Fund will invest in currencies through forward foreign currency exchange transactions rather than buying (or selling) currencies outright.

**Issue Limitation.** No security, except securities issued or guaranteed by the government, its agencies, or instrumentalities or government sponsored entities of the United States, Canada, United Kingdom, Germany, France, Australia, New Zealand and Japan or securities issued or guaranteed by AAA rated supranational entities, will comprise more than 5% of the Fund's Market Value, as determined at the time of purchase.

**Industry Limitation.** No industry, as defined by Barclays, except securities issued or guaranteed by the government, its agencies or instrumentalities or government sponsored entities of the United States, Canada, United Kingdom, Germany, France, Australia, New Zealand and

**MANAGER GUIDELINES**

Japan or securities issued or guaranteed by AAA rated supranational entities, will comprise more than 25% of the Fund's Market Value, as determined at the time of purchase.

**Portfolio Turnover.** There is no limitation on portfolio turnover. It is possible that the Fund may have substantial turnover, which may exceed 100 percent (100%) annually.

**Conversion.** The Fund may receive instruments not contemplated herein through the conversion, exchange, reorganization or bankruptcy of an otherwise permissible security held in the Fund. The Trustee may hold or dispose of these instruments at its discretion.

**Eligible Derivatives.** Examples of derivative instruments that the Fund may use include options contracts, foreign exchange forward contracts, non-delivery foreign exchange forward contracts, structured notes, futures contracts, options on futures contracts, zero-strike warrants and options, swap agreements and debt-linked and equity-linked securities.

**Derivatives Cover and Leverage.** The Fund shall maintain liquid assets to cover its derivatives obligations according to the following guidelines (1) derivatives used for non-hedging purposes, except for derivatives used to manage duration and currency exposure, will be covered with cash, cash equivalents and other high quality liquid assets (obligations issued or guaranteed by a G-12 government or its agencies, including U.S. government-sponsored mortgage backed securities) equal to 100% of the notional amount, (2) credit default swaps bought by the Fund (short position) will be covered with cash, cash equivalents and other high quality liquid assets equal to 100% of the net present value of the total premiums to be paid for the life of such swap, and (3) all other derivatives used by the Fund will be covered with cash, cash equivalents and other high quality liquid assets equal to the mark-to-market obligation of the derivative plus any premium and with an additional amount determined by the Trustee in its sole discretion.

For derivatives used to manage duration (e.g., government futures), certain interest rate strategies require notional amounts in excess of the Fund's value. Futures will be limited by the duration range of the Fund.

The Fund will not use derivatives to take on exposures above the limits set forth above in its guidelines and shall follow these exposure guidelines: (1) the notional value will be used for determining the Fund's long exposure to an issuer, industry, credit quality or currency, except for derivatives used for duration management and US government and agency TBAs, for which the mark-to-market value will be used, (2) short exposures obtained through derivatives used for hedging purposes will not be netted against or added to long exposures for purposes of calculating the limits set forth in the guidelines above and (3) the absolute value of short exposures obtained through derivatives not used for hedging purposes will be included for purposes of calculating the limits set forth in the guidelines above.

The Fund's obligations for derivatives used for duration management will be measured by the mark-to-market value of the derivative contracts. For index derivatives, all guideline requirements will be applied by reference to the characteristics of the index itself. Counterparty exposures will also be included, so that the combination of unsecured counterparty risk and issuer exposure will not exceed the issuer limit under the Fund's guidelines.

**Eligible Cash Equivalents - Cash Management.** The Fund may invest in commercial paper, the Custodian's short-term investment funds, or fixed income securities eligible under "Eligible Investments" with a maturity of less than one year.

## VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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### **MANAGER GUIDELINES**

**Eligible Commingled Funds.** The Fund may invest in interests in privately and publicly offered commingled investment vehicles ("Commingled Funds"), including, to the extent permitted by applicable law, Commingled Funds advised by the Trustee or its affiliates. Without limiting the generality of the foregoing, the Fund may invest in the Loomis Sayles Senior Loan Fund, LLC (the "Loan Fund") for which Loomis Sayles is the manager. Further information regarding the Loan Fund is available in Exhibit B, Commingled Pool Investment Objectives, Policies and Limitations. Allocations to Commingled Pools are not static and may be reallocated by the Trustee from time to time. Investments in Commingled Funds shall not be subject to any guidelines or restriction included herein, with the exception of the credit quality, country, duration and currency restrictions. In applying these restrictions, the credit quality, country, duration and currency of the applicable Commingled Pools will be used and not the credit qualities, countries, durations and currencies of the underlying instruments in the Commingled Pools.

**ShortTerm Investment Fund.** The Trustee may arrange for a sweep of cash in the Fund into the Custodian's short-term investment fund programs. The Trustee is not responsible for the Custodian's investment decisions for its short-term investment program or vehicle.

**Cash and Cash Equivalent Limitation.** Once the Fund is fully invested and except in connection with capital additions or withdrawals (or temporary defensive positions) the Fund may not have more than 5% of its Market Value in cash and cash equivalents. The Trustee shall have a reasonable period of time, not to exceed six months, to bring the Fund into compliance with this limitation.

**Borrowing.** The Fund may borrow money for temporary or emergency purposes.

**Guideline Cure Period.** With respect to the parameters described above that are evaluated at the time of purchase, if the Fund's investment portfolio does not conform to such parameters at the time of investment in a security subject to the parameter, the Trustee shall promptly bring the Fund into compliance with such investment guidelines. With respect to the parameters described above that are to be complied with on an ongoing basis, if at any time the Trust's investment portfolio does not conform with such parameters as a result of market movements, additions to and withdrawals from the Fund, or other events beyond the control of the Trustee, the Trustee shall have a reasonable period of time, not to exceed six months, to bring the Fund into compliance with the applicable investment guidelines.

### **Modification of Investment Objective, Policies and Restrictions**

The Trustee may make material modifications to the Fund's investment objective and policies only upon notice to Participating Trusts. The Trustee may make nonmaterial modifications to the Fund's investment objective and policies without notice to the Participating Trusts. The Trustee may not reduce the rights of a Participating Trust or Class without consent of such Participating Trust or Class.

### **Temporary Defensive Position**

For temporary defensive purposes, the Fund may reduce its position in eligible investments and increase without limit its position in short-term, liquid, high-grade debt securities, which may include U.S. Government securities, bank deposits, money market instruments and short-term debt securities, including notes and bonds, or hold its assets in cash (U.S. dollars, foreign currencies or multinational currency units). While the Fund is investing for temporary defensive purposes, it may not meet its investment objective.

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**Reams Asset Management Company ("Manager")  
Core Plus Fixed Income  
Statement Of Objectives, Guidelines And Procedures**

**Objectives**

The objective of the total fixed income portfolio is to provide above-average total return in a manner that is consistent with the typical rate-of-return volatility exhibited by broad market fixed income portfolios. The return of the Manager should exceed that of the Barclays Capital Aggregate Bond Index, net of fees, over a typical market cycle (generally three to five years).

The fixed income portfolio should be broadly diversified across markets, sectors, securities, and maturities in a manner consistent with accepted standards of prudence.

All investments are subject to compliance with Investment Policies, Objectives and Guidelines for Ventura County Employees' Retirement Association (VCERA). The portfolio must be managed in accordance with the guidelines and restrictions.

In addition, the manager shall adhere to the CFA Institute Code of Ethics and Standards of Professional Code of Conduct as presented in the *Standards of Practice Handbook*.

**Guidelines**

The total portfolio may invest in the following types of securities, subject to the restrictions listed below.

U.S. Treasuries	Derivative mortgage-backed securities
U.S. Agencies	Bonds of developed non-U.S. issuers
U.S. corporate bonds	Bonds of emerging non-U.S. issuers
Mortgage-backed securities	Fixed income and currency futures, options, forward contracts and swaps
Asset-backed securities	Private placement bonds
Municipal bonds	Rule 144(a) securities
Structured notes	Commercial mortgage-backed securities
Cash equivalents	Capital notes/Preferred trust certificates
	Commingled funds investing in fixed income securities

**MANAGER GUIDELINES**

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**Restrictions**

The total portfolio must comply with the restrictions listed below on the basis of both percentage of assets and percentage contribution to total portfolio duration.

**Duration**

Duration may be managed to a maximum 25% underweighting/overweighting relative to the Barclays Capital Aggregate Bond Index.

**Security Type Qualifications**

Futures, options and forward contracts are allowed to the extent that they are used in a manner that does not materially increase total portfolio volatility or relate to speculative activities. The instruments may not be used to lever the portfolio.

Structured notes are permitted provided that the note's investment characteristics are of a fixed income nature.

Preferred stock and bonds convertible into common stock are permitted provided that they exhibit bond-like characteristics.

**Credit Quality**

The total fixed income portfolio will maintain a minimum average credit quality rating of A. Issues that are unrated by any major credit rating agency shall be rated by the investment manager, who shall compare an unrated bond's fundamental financial characteristics with those of rated bonds to determine the appropriate rating.

Bonds rated investment grade by either Moody's, Fitch, or Standard & Poor's must comprise at least 85% of the total portfolio.

The portfolio's below-investment grade holdings are limited to a maximum of 1% in any single issuer at the time of purchase. A maximum of 1.5% of the portfolio's weight may be allocated to a below-investment grade issue.

**Non-U.S. Exposure**

Bonds issued by any non-U.S. entity shall not exceed 20% of the total portfolio. Examples of securities included in this restriction include the following:

Yankee bonds	Emerging market sovereign bonds
Non-U.S. sovereign bonds	Emerging market non-sovereign bonds
Non-U.S. non-sovereign bonds	Supranational bonds
Structured notes linked to non-U.S. markets	

5% in bonds issued by entities not domiciled in the J.P. Morgan Government Bond Index. This restriction is meant to limit the portfolio's emerging market exposure to no more than 5%.

**MANAGER GUIDELINES**

1% in bonds issued by any single entity domiciled in a country not included in the J.P. Morgan Government Bond Index.

**Additional Sector and Position Limits**

To the extent that the portfolio holds an allocation to non-investment grade emerging market bonds, that exposure shall also count against the total portfolio's 15% high yield maximum and 20% non-U.S. maximum combined allocation.

Mortgage-backed securities that a manager classifies as exhibiting unusually high interest rate sensitivity relative to typical U.S. Government agency mortgage pass-through issues shall not exceed 5% of the total portfolio. Examples of securities likely to qualify as "highly interest rate sensitive" include IOs, POs and inverse floaters.

Excluding U.S. government and agency issues the portfolio is limited to a 5% allocation in any single investment grade U.S. issuer.

**The portfolio's combined allocation to the security types listed below may not exceed 30%.**

Bonds not receiving an investment-grade rating from either Moody's, Fitch, or Standard & Poor's<sup>1</sup>

Bonds issued by non-U.S. entities

Privately placed debt, excluding 144(a) securities

Mortgage-backed securities that a manager classifies as exhibiting unusually high interest rate sensitivity relative to typical U.S. Government agency mortgage pass-through issues

**Performance Measurement**

The net-of-fee returns of the total fixed income portfolio are expected to be in the top quartile of comparable bond managers during trailing one year periods.

The portfolio's performance is also expected to compare favorably to that of the Index, net of fees, on a risk-adjusted basis.

The manager will meet with staff as often as determined necessary by the Board, and will meet with the Board at least annually.

**Reporting Requirements**

An update on organizational developments, and performance for the portfolio and benchmark for the month, and 1 year returns gross and net of fees will be sent to the Board of Retirement of Ventura County Employees'

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<sup>1</sup> Any nationally recognized rating agency is acceptable.

## VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

### *MANAGER GUIDELINES*

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Retirement Association and its investment consultant by the 10<sup>th</sup> of the following month. In addition, a discussion of the portfolio's recent strategy and expected future strategy and demonstration of compliance with guidelines.

Reconcile every quarter accounting, transaction, and asset summary data with custodian reports and communicate and resolve any significant discrepancies with the custodian. Send a copy of the reconciliation to the Board of Retirement of Ventura County Employees' Retirement Association by the 10<sup>th</sup> of the following month subsequent to quarter end.

The manager will meet with staff as often as determined necessary by the Board, and will meet with the Board at least annually.

Ensure that all documents, exhibits and written materials that will be used during the annual meeting between the Board of Retirement and the investment manager be submitted to and received by the Retirement Office at least seven business days in advance of these meetings.

Provide the Board of Retirement with proof of liability and fiduciary insurance coverage of at least \$5 million, in writing, on an annual basis.

The manager will keep Ventura County Employees' Retirement Association apprised of relevant information regarding its organization, personnel and investment strategy. The firm will notify the Board of Retirement of Ventura County Employees' Retirement Association within one business day of any change in the lead personnel assigned to manage the account.

**Acknowledged By:**

\_\_\_\_\_  
**Reams Asset Management Company** Date: \_\_\_\_\_

\_\_\_\_\_  
**Ventura County Employees' Retirement Association** Date: \_\_\_\_\_

**Western Asset Management Company ("Manager")  
Core Fixed Income  
Statement Of Objectives, Guidelines And Procedures**

**Objectives**

The objective of the total fixed income portfolio is to provide above-average total return in a manner that is consistent with the typical rate-of-return volatility exhibited by broad market fixed income portfolios. The return of the manager should exceed that of the Barclays Capital Aggregate Bond Index, net of fees, over a typical market cycle (generally three to five years).

The fixed income portfolio should be broadly diversified across markets, sectors, securities, and maturities in a manner consistent with accepted standards of prudence.

All investments are subject to compliance with Investment Policies, Objectives and Guidelines for Ventura County Employees' Retirement Association (VCERA). The portfolio must be managed in accordance with the guidelines and restrictions.

In addition, the manager shall adhere to the CFA Institute Code of Ethics and Standards of Professional Code of Conduct as presented in the *Standards of Practice Handbook*.

**Guidelines**

The total portfolio may invest in the following types of securities, subject to the restrictions listed below.

U.S. Treasuries	Derivative mortgage-backed securities
U.S. Agencies	Bonds of developed non-U.S. issuers
U.S. corporate bonds	Bonds of emerging non-U.S. issuers
Mortgage-backed securities	Fixed income and currency futures, options, forward
Asset-backed securities	contracts and swaps
Bonds and preferred stock convertible into common stock	Private placement bonds
Preferred stock	Rule 144(a) securities
Municipal bonds	Commercial mortgage-backed securities
Structured notes	Capital notes/Preferred trust certificates
Cash equivalents	Commingled funds investing in fixed income
Bank loans	securities
	4(2) CP (commercial paper)

**Restrictions**

The total portfolio must comply with the restrictions listed below on the basis of both percentage of assets and percentage contribution to total portfolio duration. Each of the restrictions limiting concentration are applicable only at the time of purchase.

**Duration**

Portfolio duration is to be kept within +/- 20% of the Barclays Capital Aggregate Bond Index.

**Security Type Qualifications**

Futures, options and forward contracts are allowed to the extent that they are used in a manner that does not materially increase total portfolio volatility or relate to speculative activities. These instruments may not be used to lever the portfolio.

Structured notes are permitted provided that the note's investment characteristics are of a fixed income nature.

**Credit Quality**

The total fixed income portfolio will maintain a minimum average credit quality rating of AA. Issues that are unrated by any major credit rating agency shall be rated by the investment manager, who shall compare an unrated bond's fundamental financial characteristics with those of rated bonds to determine the appropriate rating.

Bonds rated investment grade by either Moody's, Fitch, or Standard & Poor's<sup>1</sup> must comprise at least 70% of the total portfolio.

The portfolio's below-investment grade holdings are limited to a maximum of 1% in any single issuer at the time of purchase. A maximum of 1.5% of the portfolio's weight may be allocated to a below-investment grade issue. Limited Liability Company (LLC) vehicles are to be exempt from the definition of the single issuer.

**Non-U.S. Exposure**

Bonds issued by any non-U.S. entity shall not exceed 20% of the total portfolio. Examples of securities included in this restriction include the following:

Yankee bonds	Emerging market sovereign bonds
Non-U.S. sovereign bonds	Emerging market non-sovereign bonds
Non-U.S. non-sovereign bonds	Supranational bonds
Structured notes linked to non-U.S. markets	

5% in bonds issued by entities not domiciled in the J.P. Morgan Government Bond Index. This restriction is meant to limit the portfolio's emerging market exposure to no more than 5%.

1% in bonds issued by any single entity domiciled in a country not included in the J.P. Morgan Government Bond Index.

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<sup>1</sup> Any nationally recognized rating agency is acceptable.

***MANAGER GUIDELINES***

**Additional Sector and Position Limits**

To the extent that the portfolio holds an allocation to non-investment grade emerging market bonds, that exposure shall also count against the total portfolio's 10% high yield maximum and 20% non-U.S. maximum combined allocation.

Excluding U.S. government and agency issues the portfolio is limited to a 5% allocation in any single investment grade U.S. issuer.

Mortgage-backed securities that a manager classifies as exhibiting unusually high interest rate sensitivity relative to typical U.S. Government agency mortgage pass-through issues shall not exceed 5% of the total portfolio. Examples of securities likely to qualify as "highly interest rate sensitive" include IOs, POs and inverse floaters.

**The portfolio's combined allocation to the security types listed below may not exceed 30%.**

Bonds not receiving an investment-grade rating from either Moody's, Fitch, or Standard & Poor's

Bonds issued by non-U.S. entities

Privately placed debt, excluding 144(a) securities

Mortgage-backed securities that a manager classifies as exhibiting unusually high interest rate sensitivity relative to typical U.S. Government agency mortgage pass-through issues

The portfolio's performance is also expected to compare favorably to that of the Barclays Capital Aggregate Index, net of fees, on a risk-adjusted basis.

The manager will meet with staff as often as determined necessary by the Board, and will meet with the Board at least annually.

**Reporting Requirements**

An update on organizational developments, and performance for the portfolio and benchmark for the month, and 1 year returns gross and net of fees will be sent to the Board of Retirement of Ventura County Employees' Retirement Association and its investment consultant by the 10<sup>th</sup> of the following month. In addition, a discussion of the portfolio's recent strategy and expected future strategy and demonstration of compliance with guidelines.

Reconcile every quarter accounting, transaction, and asset summary data with custodian reports and communicate and resolve any significant discrepancies with the custodian. Send a copy of the reconciliation to the Board of Retirement of Ventura County Employees' Retirement Association by the 10<sup>th</sup> of the following month subsequent to quarter end.

## VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

### *MANAGER GUIDELINES*

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The manager will meet with staff as often as determined necessary by the Board, and will meet with the Board at least annually.

Ensure that all documents, exhibits and written materials that will be used during the annual meeting between the Board of Retirement and the investment manager be submitted to and received by the Retirement Office at least seven business days in advance of these meetings.

Provide the Board of Retirement with proof of liability and fiduciary insurance coverage of at least \$5 million, in writing, on an annual basis.

The manager will keep Ventura County Employees' Retirement Association apprised of relevant information regarding its organization, personnel and investment strategy. The firm will notify the Board of Retirement of Ventura County Employees' Retirement Association within one business day of any change in the lead personnel assigned to manage the account.

#### **Acknowledged By:**

\_\_\_\_\_  
\_\_\_\_\_  
**Western Asset Management Company**

Date: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
**Ventura County Employees' Retirement Association**

Date: \_\_\_\_\_



**MANAGER GUIDELINES**

**Western Asset Management Company ("Manager")  
Index Plus  
Investment Guidelines**

**Objectives**

The objective of the Index Plus portfolio is to maximize the long term total return in the portfolio while providing a core domestic equity exposure to the Standard & Poor's (S&P) 500 Index and controlling and restricting overall portfolio risk. The return of the manager should exceed that of the S&P, net of fees, over a typical market cycle (generally three to five years).

S&P 500 Index exposure will be accomplished by using the cheapest method of exposure including index futures, options, and the common stocks underlying the index. The core strategy will normally hold a long position in the S&P 500 index futures which will be rolled forward on a quarterly basis. The notional dollar amount of index exposure through any combination of futures, options, and stocks will be confined to a range of 95% to 105% of the market value of the underlying short term investment portfolio, with a target of 100%.

The implied interest rate of the futures or option contracts establishes a cost of funds for the term of the index exposure. The funds in excess of the initial margin will be invested in a short term fixed income portfolio. The objective of this portfolio will be to maximize the total return subject to prudent risk and liquidity constraints described below. To the extent that returns exceed the costs of index exposure for the term, enhanced performance versus the index is achieved.

All investments are subject to compliance with Investment Policies, Objectives and Guidelines for Ventura County Employees' Retirement Association (VCERA). The portfolio must be managed in accordance with the guidelines and restrictions.

In addition, the manager shall adhere to the CFA Institute Code of Ethics and Standards of Professional Code of Conduct as presented in the *Standards of Practice Handbook*.

**Guidelines**

The total portfolio may invest in the following fixed income securities and their futures or options derivatives, individually or in commingled funds, subject to credit, diversification and marketability guidelines below, may be held outright and under resale agreement:

1. Obligations issued or guaranteed by the U.S. Federal Government, U.S. Federal agencies or U.S. government-sponsored corporations and agencies;
2. Obligations of U.S. and non-U.S. corporations such as mortgage bonds, convertible and non-convertible notes and debentures, preferred stocks, commercial paper, certificates of deposit and bankers acceptances issued by industrial, utility, finance, commercial banking or bank holding company organizations;
3. Mortgage-backed and asset-backed securities (including CDOs, CBOs & CLOs);

**MANAGER GUIDELINES**

4. Obligations, including the securities of emerging market issuers, denominated in U.S. dollars or foreign currencies of international agencies, supranational entities and foreign governments (or their subdivisions or agencies), as well as foreign currency exchange-related securities, warrants, and forward contracts;
5. Obligations issued or guaranteed by U.S. local, city and state governments and agencies;
6. Swaps, forwards, options on swaps, options on forwards;
7. Securities defined under Rule 144A and Commercial Paper defined under Section 4(2) of the Securities Act of 1933;
8. Swaps, futures and options on commodity indices; and
9. Bank Loans

Any of the following equity securities, indices and their futures or options derivatives, individually or in commingled funds, subject to credit and marketability guidelines below, may be held outright:

1. The Standard & Poor's (S&P) 500 capitalization weighted index
2. Individual equity securities included in the S&P 500 index

**Duration Exposure**

The average weighted duration of portfolio security holdings will always be one year or less.

**Credit Quality**

In all categories, emphasis will be on high-quality securities and the weighted average of portfolio holdings will not fall below AA- or equivalent. Holdings are subject to the following limitations

1. Rated Securities: At least 90% of the portfolio will be of "investment grade", i.e. rated as high as or higher than the following standards or their equivalent by one or more nationally recognized statistical rating organizations (NRSRO):
  - i. Standard & Poor's      BBB-, or A-2, or
  - ii. Moody's                      Baa3, or Prime-2, or
  - iii. Fitch                          BBB-, or D-2
2. Other Unrated Securities: Securities not covered by the standards in (1) above will normally be, in the judgment of Western Asset Management, at least equal in credit quality to the criteria implied in those standards
3. Downgraded Securities: In the event downgraded securities cause a breach of the maximum percentage allocation permitted in below investment grade, the client will be consulted on the appropriate course of action
4. Securities Inside 270 Days: For securities with legal final maturities of 270 days or less, Western Asset Management may use the underlying credit's short term ratings as proxy for establishing the minimum credit requirement

**Diversification**

The total portfolio must comply with the restrictions listed below on the basis of both percentage of assets and percentage contribution to total portfolio duration.

1. Maturity: Securities covering the full range of available maturities are acceptable.
2. Sector: The portfolio will at all times be diversified among the major market sectors, subject to the following limitations:
  - a. Up to 10% of the portfolio may be invested in non-dollar denominated securities; up to 5% of the portfolio may be invested in un-hedged non-dollar denominated securities;
  - b. Up to 5% of the portfolio may be invested in U.S. securities rated below investment grade;
  - c. Up to 10% of the portfolio may be invested in non-U.S. securities (dollar and non-dollar denominated) rated investment grade; and
  - d. Up to 10% of the portfolio may be invested in CDOs, CBOs & CLOs
3. Issuer: Holdings are subject to the following limitations:
  - a. Obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations and agencies are eligible without limit
  - b. Obligations of other national governments are limited to 10% per issuer
  - c. Private mortgage-backed and asset-backed securities are limited to 10% per issuer, unless the collateral is credit-independent of the issuer and the security's credit enhancement is generated internally, in which case the limit is 25% per issuer
  - d. Obligations of investment grade corporations are limited to 3% per issuer
  - e. Obligations of other issuers are subject to a 2% per issuer limit excluding investments in commingled vehicles
4. Credit: No more than 10% of the portfolio will be invested in issuers rated below Baa3 or BBB- / A2 or P2
5. Derivatives:
  - a. No more than 20% of the portfolio will be invested in original futures margin and option premiums, exclusive of any in-the-money portion of the premiums. Short (sold) options positions will generally be hedged with cash, cash equivalents, current portfolio security holdings, or other options or futures positions
  - b. Use of leverage is not permitted in the portfolio

**Marketability**

All holdings will be of sufficient size and held in issues that are traded actively enough to facilitate transactions at minimum cost and accurate market valuation.

Futures and options contracts will be limited to liquid instruments actively traded on major exchanges or, if over-the-counter for options, executed with major dealers.

**Performance Measurement**

Total portfolio return will be calculated and reported at the end of each calendar month by marking to their respective fair value all index futures and option positions, and the increment from management will be judged against the following standards:

## VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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### ***MANAGER GUIDELINES***

1. other enhanced index managers pursuing similar strategies as measured by recognized measurement services and
2. the U.S. equity market as measured by the total return of the S&P 500 index with all dividends reinvested in the index

These standards will be treated as a target only and should not be considered as an assurance or guarantee of performance.

#### **Performance Objectives**

The manager shall aim to exceed the total return of the S&P 500 index with all dividends reinvested in the index by 75 basis points annually.

#### **Reporting Requirements**

An update on organizational developments and performance for the portfolio and benchmark for the month and 1 year returns gross and net of fees will be sent to the Board of Retirement of Ventura County Employees' Retirement Association and its investment consultant by the 10<sup>th</sup> of the following month. A discussion of the portfolio's recent strategy, expected future strategy, and demonstration of compliance with guidelines will be included.

Reconcile every quarter accounting, transaction, and asset summary data with custodian reports and communicate and resolve any significant discrepancies with the custodian. Send a copy of the reconciliation to the Board of Retirement of Ventura County Employees' Retirement Association by the 10<sup>th</sup> of the following month subsequent to quarter end.

The manager will meet with staff as often as determined necessary by the Board, and will meet with the Board at least annually.

Ensure that all documents, exhibits and written materials that will be used during the annual meeting between the Board of Retirement and the investment manager be submitted to and received by the Retirement Office at least seven business days in advance of these meetings.

Provide the Board of Retirement with proof of liability and fiduciary insurance coverage of at least \$5 million, in writing, on an annual basis.

The manager will keep Ventura County Employees' Retirement Association apprised of relevant information regarding its organization, personnel and investment strategy. The firm will notify the Board of Retirement of Ventura County Employees' Retirement Association within one business day of any change in the lead personnel assigned to manage the account.

**Acknowledged By:**

\_\_\_\_\_  
**Western Asset Management Company** Date: \_\_\_\_\_

\_\_\_\_\_  
**Ventura County Employees' Retirement Association** Date: \_\_\_\_\_



**PIMCO GLOBAL BOND (UNHEDGED) INVESTMENT GUIDELINES**

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
Manager Account # 7384**

The investment objectives of the Fund are as stated below.

**Performance objective**

Achieve "excess return" in the order of 1.5%, relative to the index (Barclays Capital Global Aggregate Bond Index) with a corresponding tracking error target of 2.0-3.0%.

**Risk objective**

The performance objective should be achieved while minimizing the volatility of return relative to the index over a rolling 3-year period. Volatility is measured as the annualized tracking error (standard deviation of monthly alphas). Ex-post tracking error should under normal circumstances be limited to below 4.0%.

**Investment Guidelines**

Pacific Investment Management Company LLC ("PIMCO") will have full discretion within the guidelines to invest in Global securities of all types represented in the benchmark and those specifically listed in these guidelines. Unless otherwise stated below, the following guidelines will be applied at the time of purchase.

**Risk Limits**

Duration:	+/- 2 years versus the Benchmark
Currency:	+/- 10% versus benchmark per currency
	+/-25% versus benchmark in aggregate total

**Transaction Types**

Purchases and sales may be transacted for regular or deferred/forward settlement, including repurchase agreements and reverse repurchase agreements. Hedging, spread, and income generating strategies may include the use of short sales. Currency spot and forward transactions can be used as a means of hedging or taking active currency exposure within risk limits specified above.

PIMCO has authority to take actions in connection with exchanges, reorganizations, conversions or other corporate events that could result in the receipt of securities (including, but not limited to, common stock) that may or may not be referenced elsewhere in the investment guidelines. PIMCO may, in the best interest of the portfolio, hold these for a reasonable amount of time.

**Credit Quality Minimums**

Should an issue have more than one rating, it should be treated as having a rating equal to the middle of Moody's, S&P and Fitch or the lower when there are only 2. If an issue is not rated by one of these rating agencies, then PIMCO will determine a rating.

Minimum Average Portfolio Quality: A+ Rating

**MANAGER GUIDELINES**

Minimum Issue Quality:	B- Rating
Minimum Commercial Paper Quality:	A2/P2

Should an issue be downgraded below these minimums, PIMCO will determine the appropriate action (sell or hold) based on the perceived risk and expected return.

**Leverage**

In order to avoid leverage, PIMCO must set aside cash or cash equivalents that it reasonably believes to be sufficient to cover net long exposures resulting from swap, bond futures and forward positions held in the Account. Cash equivalents are defined as investment grade securities (minimum S&P/Moody's rating of A3/P3, or equivalent) with a duration of 1 year or less. Cash equivalent securities will not be counted against asset type limits as set forth below. The account will avoid transactions that add economic leverage to the portfolio by inappropriately magnifying risk exposures outside of the portfolio's expected ranges.

**Asset Types and Investment Vehicles**

- Government and Agency Securities
- Supranational Securities
- Municipal Bonds
- Corporate Securities
- Event-linked Bonds
- Money Market Instruments
- Bank Loans
- Yankee and Euro Bonds
- Mortgage-Backed Securities (including collateralized mortgage obligation ("CMOs") and Real Estate Mortgage Investment Conduits ("REMICs"))
- Mortgage Derivatives
- Asset-Backed Securities
- Preferred Stock
- Contingent Securities
- Emerging Market Securities
- Private Placements
- Structured Notes
- Futures and Forwards
- Foreign Exchange
- Options, Caps and Floors
- Swaps and Swaptions
- Credit Default Swaps (Long and Short)
- PIMCO Pooled Funds (with prior written agreement from the client )

**Prohibited Investments**

- Collateralized debt obligations ("CDOs"), collateralized loan obligations ("CLOs") and collateralized bond obligations ("CBOs")



## PIMCO Funds Private Account Portfolio Series

### Portfolio

PIMCO Short-Term Portfolio  
PIMCO U.S. Government Sector Portfolio  
PIMCO Mortgage Portfolio  
PIMCO Investment Grade Corporate Portfolio  
PIMCO Long Duration Corporate Bond Portfolio  
PIMCO Short-Term Floating NAV Portfolio II  
PIMCO FX Strategy Portfolio  
PIMCO Real Return Portfolio  
PIMCO Municipal Sector Portfolio  
PIMCO Asset-Backed Securities Portfolio  
PIMCO High Yield Portfolio  
PIMCO International Portfolio  
PIMCO Emerging Markets Portfolio  
PIMCO Developing Local Markets Portfolio  
PIMCO Senior Floating Rate Portfolio

## Concentration Limits

PIMCO will limit the concentrations within the portfolio to the following:

### Concentration Limits to Issuers:

- Issuers rated A- or higher 5%  
Excludes sovereign debt of governments rated A- or higher, debt guaranteed by those governments, and US agency securities, which have no limit, and supranational issuers, which have a 25% limitation. Specific mortgage pools and trusts are considered separate issuers, and each tranche within a CMO is considered a separate issue.
- Issuers rated BBB+ to BBB- 3% (5% for sovereigns)
- Issuers rated BB+ and lower 2%

### Concentration Limits to Sectors or Security Types:

- High Yield Securities (rated below BBB-) 10%
- Emerging Market Securities: 20%
- PIMCO uses World Bank definition for emerging markets which is based on GNP per capita calculation.
- Below investment grade rated securities cannot exceed 20% of the portfolio when combining High Yield securities and below investment grade rated Emerging Market Securities.
- Private Placements (excluding 144As): 10%

**MANAGER GUIDELINES**

- Mortgage Derivatives 10%
- Structured Notes 5%
- Preferred Securities 5%
- Bank Loans 10%

**Compliance Monitoring**

If any of the parameters described above are breached (except those that are to be determined at the time of purchase), as a result of market movements, capital additions or withdrawals, credit downgrades or other events not within the control of PIMCO, PIMCO shall have a reasonable period of time, generally not to exceed three months, to bring the portfolio into compliance with the foregoing investment guidelines. PIMCO will notify the Board in a timely manner if any guideline exception occurs, providing details and a recommendation. PIMCO will report on the status of any exception no less frequently than every two weeks until the matter is resolved.

**Reporting Requirements and Transaction Types**

Monthly – Transaction statement, asset (portfolio) statement, and performance for the portfolio and benchmark for the month, quarter, year-to-date, fiscal year-to-date, 1 year, 3 year, 5 year and since inception annualized returns gross and net of fees will be sent to the Board and its investment consultant by the 10th of the following month. In addition, a discussion of the portfolio's recent strategy and expected future strategy and demonstration of compliance with guidelines shall be included.

PIMCO will meet with staff as often as determined necessary by the Board, and will meet with the Board at least annually.

Ensure that all documents, exhibits and written materials that will be used during the annual meeting between the Board and PIMCO be submitted to and received by the Board at least seven business days in advance of these meetings.

Provide the Board with proof of liability and fiduciary insurance coverage of at least \$5 million, in writing, on an annual basis.

PIMCO will keep the Board apprised of relevant information regarding its organization, personnel and investment strategy. PIMCO will notify the Board within one business day of any change in the lead personnel assigned to manage the account.



**MANAGER GUIDELINES**

**Prudential Financial, Inc.  
Prudential Property Investment Separate Account (PRISA)  
Investment Guidelines**

Listed below are the guidelines for the PRISA investments. Prudential is the discretionary investment manager and fiduciary to the fund. The guidelines are monitored in connection with each investment decision made by Prudential on behalf of PRISA. These guidelines may be waived or modified in the best interest of the fund.

Assets consist primarily of direct and indirect interests in real property, including without limitation fee interests, leasehold interests, debt investments such as mortgage loans, swaps, options and interests in general and limited partnerships, limited liability companies, real estate investment trusts or any other entity, security or vehicle which, directly or indirectly, has real property as its primary underlying investment.

Assets may also include a moderate amount of cash and the investment equivalents of cash (to facilitate the orderly programming of permanent investments). The Account may utilize secured or unsecured debt in connection with the acquisition, management or disposition of assets of the Account, and in connection with such borrowings may utilize interest rate caps and similar instruments or methods to control risk.

**Legal Structure**

PRISA is a separate account product offered through a group insurance annuity contract issued by The Prudential Insurance Company of America. **Vehicle Life:** Open-end fund

**General Description**

PRISA is a broadly diversified equity real estate portfolio that invests primarily in completed, income-producing properties with strong cash flow that is expected to increase over time and thereby provide the potential for capital appreciation. The Account makes investments in office, retail, industrial, apartment, hotel, and self-storage properties. Investments may be made through direct property ownership, or indirectly through such vehicles as joint ventures, general or limited partnerships, limited liability companies, mortgage loans and other loans including mezzanine debt, or interests in companies or entities that directly or indirectly hold real estate or real estate interests. The Account has a preference for wholly owned properties but will enter into a venture if PRISA retains unilateral control over the management, sale and financing of the venture's assets or has a viable mechanism for exiting the venture, within a reasonable period of time, without the partner's consent.

**Property Type Focus:** The fund will make equity investments in all major property types including office, residential, retail, industrial, hotel, and self-storage properties.

**Regional Focus:** Investments are made in various US markets.

**Leverage:** As of 3/31/09, the leverage was 35.5%.

**Reporting**

PREI provides quarterly fund reviews to all PRISA investors describing fund performance and activity. Audited financial statements are provided to investors, which includes an opinion letter representing that the Fund's

***MANAGER GUIDELINES***

performance is presented in conformity with the Global Investment Performance Standards (GIPS) previously reported under the AIMR Performance Presentation Standards.

**Investment Objective and Performance**

The objective of the fund is to annually achieve a total return, which exceeds the NCREIF Fund Index – Open-End Diversified Core Equity (NFI-ODCE). PRISA has exceeded its benchmark NFI-ODCE over the past ten years.

**UBS Realty Investors LLC  
Real Estate Separate Account (RESA)  
Investment Guidelines**

Listed below are guidelines for RESA investments. UBS Realty is the discretionary investment manager and fiduciary to the fund. The guidelines are monitored in connection with each investment decision made by UBS Realty on behalf of RESA. These are guidelines that may be waived or modified in the best interest of the fund.

1. Joint ventures, partnerships or limited liability companies, which own real estate and involve a third party, including in connection with developmental projects, will not exceed 50% of total gross assets.
2. Mortgage loans, including construction loans, will not exceed 30% of total gross assets; a construction loan may only be made in connection with the prospective acquisition of a property on a wholly-owned or partnership, joint venture or limited liability company basis or in connection with a conventional or participating mortgage. Construction loans will not exceed 10% of total gross assets.
3. Publicly-traded REITs, other real estate securities, and collateralized mortgage obligations will not exceed 5% of total gross assets.
4. No one NCREIF property type will exceed 50% of total gross assets.
5. Total investment in any one NCREIF geographic region will not exceed 50% of total gross assets.
6. Total investment in any local market (CBSA)<sup>1</sup> will not exceed 20% of total gross assets.
7. No single new investment shall exceed 10% of total gross assets (applies separately to each non-contiguous investment in a portfolio transaction).
8. Mortgage debt will generally not exceed 20% of total gross assets.
9. Short-term borrowing or a line of credit generally will not exceed 15% of total gross assets.
10. All investments shall be located in the United States.
11. Equity interests (including through joint ventures, partnerships and limited liability companies) in office, apartment, retail, industrial and hotel properties will constitute at least seventy percent (70%) of Gross Asset Value
12. Cash and cash equivalents will be invested primarily in short-term fixed-income securities such as US government obligations, high quality commercial paper, repurchase agreements, and certificates of deposit,

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<sup>1</sup> Core-Based Statistical Area formerly Metropolitan Statistical Area

***MANAGER GUIDELINES***

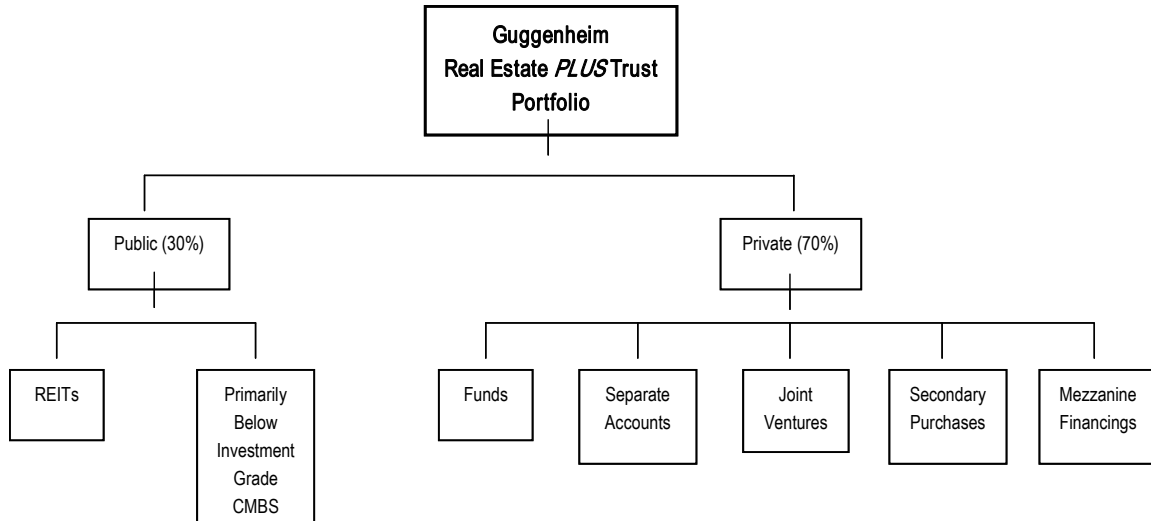
the average maturity of which will be generally 25-65 days and the maximum maturity of which will be generally limited to 185 days.

UBS Realty, as the advisor, may permit temporary and/or immaterial deviations from these guidelines from time to time, in its discretion, if UBS Realty believes that such deviations are in the best interest of TPF. UBS Realty may make prospective changes to the Investment Guidelines at any time, including altering or eliminating existing guidelines or adding new ones, provided that Investors are given written notice of any material changes at least 90 days before such changes become effective.

**Guggenheim Partners Real Estate  
Real Estate PLUS  
Investment Guidelines**

**Fund Investments**

Guggenheim Real Estate develops investment strategies in the form of modeled portfolios consisting primarily of office, retail, multi-family, and industrial properties. The strategies are implemented by investing with carefully selected funds, real estate investment managers and seasoned local investors located throughout the United States.



Just as critical as the investments the Fund does make are those that it does not make. The Fund does not make significant investments in:

- Blind pools (as opposed to funds which will continue to invest but which have substantial investments at the time of the Fund's direct or indirect investment)
- Direct investments in international real estate
- Direct investments in raw land
- Investment in development companies (as opposed to specific real estate projects)



***MANAGER GUIDELINES***

The Fund will have multi-tiered diversification guidelines intended to limit exposure by property type and economic location, and set ceilings on the aggregate leverage, the amount of development, and the amount of public market investment by the Fund. Absent special circumstances, the Trustee shall seek to avoid making new investments if they would result in the Fund's having in excess of 150% of what the Trustee determines to be market weights along these dimensions. For example, if the Trustee believes that apartment properties currently represent approximately 22% of the value of the real estate investment universe, the Trustee will seek to avoid new investments in apartments if they would increase the Fund's allocation to apartments above 33%.

**RREEF America REIT III, Inc.  
Investment Plan**

This plan presents a continuing strategy for managing and increasing the real estate assets of RREEF America REIT III, Inc. (the Fund or RAIII). RAIII is a private real estate investment trust (REIT) that seeks to provide shareholders with leveraged value added investment returns above those available from unleveraged, income-producing "core" properties. The Fund achieves these returns by upgrading the physical condition, occupancy and operating characteristics of the properties in which it invests, enhancing their income streams and market values. Fund activities include the acquisition, physical improvement, market repositioning, active management, and sale of well-located apartment, industrial, office, and retail properties in major metropolitan markets across the continental United States. The Fund also invests in new speculative development projects.

RAIII is overseen by an independent Board of Directors and managed by RREEF America L.L.C. (RREEF), a wholly-owned subsidiary of DB Real Estate, the real estate investment management arm of Deutsche Bank Asset Management. RREEF is a major global real estate investment advisor to institutional clients established in 1975.

This Investment Plan (Plan) serves as RREEF's operating guide in building and managing the Fund's portfolio during the 2008 Plan year. RREEF operates on a discretionary basis within the parameters of the Plan. Any investment decisions or actions that fall outside of Plan guidelines require specific, prior approval by the Fund's Board of Directors. The Plan is updated and approved annually. It may be modified at any point during the year in response to changes in real estate markets and performance prospects or in the Fund's investment needs.

**Investment Objectives**

RAIII seeks to generate nominal, leveraged total returns of 12.0% to 16.0% over the long term from a combination of current income and capital appreciation<sup>2</sup>.

In addition the Fund seeks to provide:

- Property acquisitions significantly below replacement cost providing downside protection
- Total returns (leveraged) 300 to 500 basis points over core returns
- Opportunistic property sales

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<sup>2</sup> Targeted returns in this Investment Plan are Time-Weighted Rates of Returns, as required per the Association for Investment Management and Research (AIMR), are before the deduction of any investment management fees, and are calculated as follows:

$$\frac{\text{Income (Loss)} + \text{Appreciation (Depreciation)}}{\text{Beginning Net Asset Value} + \text{Time-Weighted Contributions} - \text{Time-Weighted Distributions}}$$

Income (Loss) represents all operating income of the investment (i.e. rents, interest and other income from day-to-day investment activities) less operating expenses, determined on an accrual basis in accordance with generally accepted accounting principles, but without regard to debt service, capital expenditures (including leasing commissions), and non-cash expenditures such as depreciation and amortization of intangibles.

Appreciation (Depreciation) represents all realized and unrealized gains and losses on an investment, based on fair market value as determined by the Fund's Board of Directors.

**MANAGER GUIDELINES**

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- Quarterly dividend distributions
- Speculative development opportunities where higher potential returns are commensurate with the risk

Overall leveraged targeted returns for the Fund during 2008 are as follows:

Income Return: 2.00% - 4.00%

Appreciation Return: 6.00% - 8.00%

Total Expected Return: 8.00% - 12.00%

Dividend Yield: 1.00% - 2.50%

***Fund Life***

The Fund is an infinite life vehicle. No investment strategy should be subject to limits based upon the life of the vehicle.

***Use of Leverage***

Moderate leverage up to a maximum of 60 percent of the market value of assets held by the Fund will be used when deemed prudent and advantageous to Fund performance. This leverage may be achieved either through the assumption of existing debt or the placement of new financing. As a general rule, leverage will only be employed if it positively contributes to Fund performance. Under some circumstances, however, properties may be acquired with unfavorable loans in place if (1) management feels they will be attractive investments despite the existing debt, and (2) expected returns meet minimum performance thresholds.

Individual assets may be leveraged up to a maximum of 80 percent of their market value, provided the Fund's overall debt cap is not exceeded.

During 2008 there are 3 loans of \$18 million expiring. We are actively working with our capital markets group to renegotiate or replace these loans. The following chart details the Fund's future debt expirations:

Year	2008	2009	2010	2011	2012	and beyond
% Debt Expiring	7%	27%	26%	4%	36%	

***Types of Property to be Acquired***

Properties to be considered for acquisition by the Fund during 2008 are described below. The majority of investments will be in the four major property sectors: apartments, industrial, retail and office. Mixed-use properties, which include two or more of these uses, will be considered. Although each use should stand on its own market merits, RREEF Research has generally found that there are positive synergies between uses in many instances. Properties to be acquired must be well located and of good institutional quality when repositioned and/or stabilized.

**Property Type**

Apartments

Industrial

**Target Properties**

Garden, mid-rise, high rise communities, and student housing

Warehouse/distribution buildings

**MANAGER GUIDELINES**

	Business parks
	Office-warehouse or flex buildings
	R&D properties
Retail	Neighborhood, community, power and lifestyle shopping centers and regional malls
Office	Low, mid, and high-rise office buildings and medical office
Mixed Use	Combinations of two or more of the above property types in a single, mixed use property

Two niche property sectors should be considered as well, as follows:

- Medical Office Buildings
- Student Housing

**Control**

The Fund will acquire controlling equity interests in the properties it acquires, either directly or in joint venture with a local partner. In a majority of cases, it will acquire full equity ownership. Direct ownership by the Fund provides management with maximum control and operating flexibility over each asset. However, consideration of joint ventures with carefully selected partners is likely to provide attractive investment opportunities.

**Individual Investment Sizes**

Equity investment in individual properties will range in size from \$20 million to 10% of the Fund's gross market value. Properties may be acquired through portfolio acquisitions provided the individual properties meet the Fund's size and other criteria. Smaller sized individual property investments of less than \$20 million may be undertaken where the proposed acquisition will complement the existing portfolio.

**Property Holding Periods**

Individual property assets may be sold at any time in order to maximize their value to the Fund.

Management expects that most will be held for a four to eight year period in order to complete the planned value-adding activity, lease or stabilize the asset, maximize the tax advantages of the REIT structure, and sell on the most favorable terms.

**Sustainability**

New acquisitions, development, and the existing portfolio will be reviewed in the context of their sustainability and "green" attributes. Where economically justified, a LEED designation will be sought. Early results indicate that environmentally green properties are also more economical to operate and create better value in the long term.

**Geographic Focus**

Property investments are made in major metropolitan areas within the continental United States, recommended by RREEF's Research Department and where RREEF has an established market presence,

**MANAGER GUIDELINES**

superior local knowledge, access to potential investments, and the ability to provide effective property management and leasing. Target markets vary by property type as noted in the property strategy sections.

All the metropolitan areas targeted for investment are large and economically diverse and have a history of attracting institutional investment. Economic and real estate market conditions vary widely from city to city, between the different property types within each metropolitan area and individual submarkets. These differences are carefully reflected in the initial financial underwriting of each investment, in its price, and in the management plan and operating decisions for each property.

At this mid-stage of the economic and property market cycles, market selectivity is more important than was the case in the earlier recovery stages of the cycles. As a result, primary consideration should be given to those metropolitan areas where economic growth should be the strongest, based on above-average activity in international financial services, defense, trade, medical and high-tech (see Map below). RREEF Research believes these sectors will be the strongest for the US economy during the next several years. These **"Globally-Linked"** locations should achieve particularly strong economic growth and should be primary targets for investment. This economic growth will continue to produce broad-based activity and increases in space demand. These markets also typically provide above-average household education and income, reflecting their "knowledge-based" foundation.

In the final section of this Plan, investment strategies have been delineated for the four major property sectors, industrial, office, apartment and retail. Target market designations, as shown for each investment style (pp 27-30), are based on both demand and supply conditions.

Investments in specific submarkets of other larger metropolitan areas are considered if economic and market conditions in the submarket are sound and the specific investment opportunities are appropriate to RAIII's investment strategy. Based on gross value, 86 percent of existing RAIII investments are located in "globally linked" markets.

**Clifton PIOS® INVESTMENT GUIDELINES**  
**PIOS® SUMMARY DESCRIPTION AND DEFINED TERMS**  
**Updated June 2012**

These PIOS® Guidelines form an integral part of that certain Investment Management Agreement dated January 28, 2008 between Client and The Clifton Group Investment Management Company as Investment Manager (herein after referred to as "Clifton").

Clifton's PIOS® program is an overlay investment strategy that seeks to provide for the disciplined maintenance of target asset allocations. PIOS® uses financial products to overlay the selected assets of a fund (the underlying "manager portfolio(s)" which are managed by a manager chosen solely by Client) to seek to bring about a more exact match with target allocations. PIOS® can be broken down into six components:

<u>PIOS® PROGRAM ELEMENT</u>	<u>CHECK BOX IF UTILIZED</u>	<u>PROGRAM ELEMENT SUMMARY DESCRIPTION</u>
<u>Invest Unallocated Cash</u>	[X]	Clifton monitors a fund's overall positions daily and synthetically invests unallocated cash using financial futures contracts. Cash will be invested synthetically as directed by Client.
<u>Invest Manager Cash</u>	[X]	Clifton monitors manager cash positions daily and synthetically invests uninvested portions using financial futures contracts. Client will communicate to Clifton which manager's cash positions are to be included in the overlay. Cash will be invested synthetically as directly by Client.
<u>Manage Transitions</u>	[X]	Client will be responsible for contacting Clifton as transition events arise. Each transition issue will be reviewed individually with the objectives of maintaining a seamless transition to target market exposure (no market timing) and minimizing transition costs. Transition events include, but are not limited to, an impending transition of: a) a Custodian, b) manager, c) asset allocations between or among manager portfolios, d) changes in asset allocation targets, e) "bridging" cash positions in alternative asset classes, or f) this program to another manager or termination of program.
<u>Maintain Target Allocation</u>	[X]	A fund's actual allocation is calculated and compared to targets. If actual allocations differ from targets by more than the client's predetermined tolerance level, the fund is synthetically rebalanced on an overlay basis using futures. Target allocations and variance bands as provided by Client are set forth in <b>Addendum A.</b>

- Alpha Transport [ ] It is possible to separate alpha and beta and capture them independent of one another. In doing so a fund may be able to more efficiently manage specified objectives by targeting a combination of alpha and beta that represents a desired risk/return profile. Alpha can be taken from an asset class where a manager has outperformed the benchmark and “transported” back to the base asset class through the use of futures and/or swaps. The Index and exposure to be maintained as well as the “embedded” beta of the manager portfolio(s) provided by Client are set forth in **Addendum A**.
- Duration Modification [ ] The fund's duration may be modified, subject to the duration constraints of the fund, by using exchange traded futures and/or OTC contracts on fixed income securities to lengthen or shorten effective duration. Established targets and related ranges as provided by Client are set forth in **Addendum A**.

In addition to the use of futures or other financial products as stated in the Product Element Summary Description above, Clifton may utilize other or additional financial products such as Exchange Traded Funds or options or other financial products as limited and subject to the authority Client has granted Clifton.

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**EACH PROGRAM ELEMENT IS DESCRIBED IN FURTHER DETAIL BELOW**

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**OBJECTIVES**

PIOS® seeks to achieve three key objectives: increase returns, improve tracking relative to target allocations and improve portfolio efficiency and flexibility. PIOS®'s impact on Client's fund is dependent in part upon the extent to which each PIOS® component is utilized.

**PORTFOLIO MONITORING**

On a regular basis (which will be, utilizing reasonable efforts, a daily basis, however in no case less than monthly, and depending upon availability), Clifton will seek to obtain all information from State Street (“Custodian”) regarding the market value of the Client's manager portfolios (“Information”). In the case of commingled funds (e.g. mutual funds) or other assets where a “download” of Information is not available, a portfolio value tracking methodology will be established for each holding as set forth in **Addendum B**. This may involve manually retrieving fund values on a regular basis from the manager for such holdings. In addition, each manager's portfolio holdings will be further broken down defining the specific allocation to equity, fixed income, cash or any other asset class which is to be overlaid by PIOS®.

Subject to the foregoing, where electronic interfacing is reasonably available for the purposes set forth herein, Clifton will be responsible for establishing a communication link and electronic interface methodology enabling the transfer of Information from the Custodian. From time to time such communication link may be unavailable due to system outages or other technical issues outside of Clifton's reasonable control, which include, but are not limited to internet problems, or hardware or software issues.

***MANAGER GUIDELINES***

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In the event that Information cannot be transferred on any given day, regardless of the reason, Clifton will attempt to receive Information through an alternative method, such as fax. Client will reasonably assist Clifton in obtaining Information. If Information is ultimately not received by Clifton, an adjustment to the previous day's portfolio value will be made using benchmark index total returns as a proxy. Regardless of the method by which Clifton obtains or is to obtain Information (which may include but is not limited to electronic download, manual retrieval or benchmark index proxy), Client acknowledges and agrees that Clifton will rely on Information provided by these methods without further investigation or confirmation.

In the event that the aggregate fund value changes by more than 1% in a day, Clifton will seek to identify the origin of change (e.g. markets) and contact Client if the reason is not clearly identifiable. If an individual manager portfolio's value changes by more than 3%, a similar process will be followed.

**INDEX REPLICATION**

Each index replication portfolio will be periodically rebalanced based on the methodology described for each index replication portfolio.

**Client's index replication information is set forth in Addendum A.**

**DOMESTIC EQUITY**

When acquiring (long) or removing (short) domestic equity exposure for Client, financial products including but not limited to equity index futures contracts will be used individually or in combination to seek to replicate the benchmark index(es) designated by Client. The replication approach utilized by Clifton will seek to minimize tracking error after giving consideration to trading costs.

**INTERNATIONAL EQUITY**

When acquiring (long) or removing (short) international equity exposure for Client, financial products including but not limited to international equity index and currency futures will be used individually or in combination to seek to replicate benchmark index(es) as designated by Client. The replication approach utilized by Clifton will seek to minimize tracking error after giving consideration to trading costs.

**DOMESTIC FIXED INCOME**

When acquiring (long) or removing (short) domestic fixed income exposure for Client, financial products including but not limited to US fixed income futures will be used individually or in combination to seek to replicate the benchmark index(es) as designated by Client. The replication approach utilized by Clifton will seek to minimize tracking error after giving consideration to trading costs.

**MANAGER ASSET CLASS ASSIGNMENTS**

See daily PIOS® report posted on web site. Client is responsible for informing Clifton, at its earliest opportunity, of any changes in managers or when class assignments are revised.

**PIOS® PROGRAM ELEMENT DESCRIPTIONS**

**INVEST UNALLOCATED CASH**



**MANAGER GUIDELINES**

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If the Invest Unallocated Cash program element is utilized by Client, this section will apply.

Unallocated fund cash is generally defined as:

1. **Cash balances for the PIOS® overlay pool.** A cash overlay pool will be established with the Custodian to provide the margin necessary for PIOS® positions. The size of the margin pool will be a function of the size of PIOS® overlay positions as well as Client's desire to increase the level of overall fund liquidity. Clifton is responsible for providing Client's representative with an estimate of variation and initial margin required, as well as margin pool adequacy/sensitivity reports for the PIOS® program on a daily basis via Clifton's website at [www.thecliftongroup.com](http://www.thecliftongroup.com). Clifton will attempt to contact Client's representative if the margin pools move to a level requiring the addition or variation margin or when excess margin is present in the margin pool.
2. **Cash held at the fund level in excess of target allocations.** For example, this may be cash from a terminated manager waiting for a new manager to be selected and funded or other fund level cash balances as designated by Client. Cash held at the fund level will be synthetically invested as directed by Client's representative.

**The overlay targets for the unallocated cash exposure are set forth in Addendum A.**

**INVEST MANAGER CASH**

If the Invest Manager Cash program element is utilized by Client, this section will apply.

**Cash held by equity managers.** Cash held by equity managers (including estimated cash in commingled accounts as designated by Client) will be deployed synthetically in the manager's benchmark index or as requested by Client.

**Cash held by fixed income managers.** Cash held by fixed income managers will not be deployed synthetically unless otherwise requested by Client.

**Cash held by other managers.** Cash held by other managers may be deployed as requested by Client.

On a daily basis, uninvested or unallocated manager cash is identified and invested via an overlay in the appropriate asset class(es). It is Client's responsibility to establish and revise from time to time the asset class categories and weights and communicate any such revisions to Clifton.

**Invest Manager Cash information is provided in Addendum A.**

**MANAGE TRANSITIONS**

If the Manage Transitions program element is utilized by Client, this section will apply.

The Client's PIOS® program representative will be responsible for contacting Clifton with as much advance notice as practicable as transition events arise. Client must provide Clifton with information as specified by Clifton, and in a reasonable time period as so deemed solely by Clifton. Clifton will provide transition management services as provided herein on a best efforts basis, based upon information provided by

Client. Minimal information requirements of Clifton may be obtained from Clifton and may be provided on a document or otherwise, posted on Clifton's website.

Each transition issue will be reviewed individually with the objectives of: 1.) minimizing imbalances in actual asset class positions, 2.) maintaining a seamless transition to target market exposure (no market timing), and 3.) minimizing transaction costs.

Clifton acknowledges that there may be transition events that do not require the use of Clifton's services.

<b>SPECIAL CONSIDERATIONS AND RISKS</b>
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**Tracking Error:** Over the term of the PIOS® program for Client, Clifton believes there may be tracking error between the actual overlay portfolio and target allocations described in these Guidelines. For example, futures contract may not exist for certain indices. To attempt to replicate such index results, a blend of futures contracts on securities of various maturities is utilized. This blend of futures contracts may or may not replicate the performance of the actual index. This is a form of tracking error. Tracking error could be material. Other sources for tracking error may include, among others:

- Execution value versus previous day's closing index value
- Transaction costs
- Change in relative futures premiums
- Index replication variances and differences
- Mid-day information flows

**Leverage:** Leverage introduces special risks and will change the volatility of Client's underlying assets (manager portfolios). Margin is a form of leverage. Adverse moves in the futures positions can require Client to post additional margin beyond those amounts initially deposited. Failure to maintain sufficient margin may result in the closing out of futures positions in a manner not consistent with the Guidelines. Leverage in the form of portfolio volatility or margin requirements may result in a loss to Client.

**Futures:** Client understands that the use of futures entails risks. These risks include:

- **Market Risk** – The potential that the market moves in a manner adverse to the futures position causing a mark-to-market loss of capital.
- **Liquidity Risk** – To the extent the futures position generates a loss in excess of margin available, the fund will require liquid assets to satisfy any outstanding commitments or experience liquidation of positions.
- **Collateral Risk** – The fund may experience losses on the underlying designated assets in addition to potential losses on the index market exposure overlaying these assets.
- **Information Risks** – As described above under "Portfolio Monitoring", Clifton will maintain index market exposures based on designated asset values provided by one or more third party (ies). Clifton cannot verify these values but will rely on this information as being reflective of true fund values. If actual fund values are different from the values provided by such third parties, losses may result from over or under exposure to the desired index.

**MANAGER GUIDELINES**

- Leverage Risk – Notional exposure in excess of portfolio capital or fund collateral may produce a significant loss of capital to the fund.

**EXECUTION GUIDELINES**

In accordance with these policy guidelines, Clifton has the authority to execute trades which are intended to achieve program objectives and are consistent with the structure as described herein.

A daily tracking report will be generated by Clifton using fund data downloaded from the custodian bank, subject to the limitations regarding availability of daily data as set forth in the Portfolio Monitoring section above. The tracking report will generally be completed near the opening of the U.S. market enabling necessary transactions to be completed at the open of the domestic markets. If trades required by the PIOS® policy are not executed due to uncontrollable events (e.g. trading halts) Clifton will contact Client to discuss alternatives. Clifton will implement order execution for all Guidelines based transactions in a manner to seek to avoid having the net synthetic index exposure greater than the underlying total fund cash amount for which exposure, maintenance or rebalancing is sought. In certain instances, such as fixed income and international equity synthetic index exposure, the notional amount of futures contracts utilized may be more or less than the specific exposure sought, but the net synthetic index exposure would remain less than the underlying total fund cash amount, which is unleveraged from a market exposure standpoint.

For example, removing fixed income duration through futures contracts does not typically require sale of a notional amount of contracts equal to the notional amount of underlying fixed income securities held (e.g., \$10 in fixed income holdings with a duration of 5 can become "zero" duration cash through the sale of \$5 in treasury futures with a duration of 10). An opposite example occurs for gaining international equity exposure in that for every dollar of aggregate exposure desired, one dollar of foreign stock index futures contracts are needed plus one dollar of foreign currency futures contracts are needed (e.g., to gain \$10 in FTSE index exposure, \$10 in FTSE futures are required plus \$10 in British pound futures). This is because foreign stock index futures alone do not include exposure to the US \$.

In each of the foregoing examples, it is the synthetic index exposure which remains unleveraged. By combining the foregoing two principles, the concept of not introducing leverage within the PIOS® program is illustrated:

Assume under the PIOS® program a client fund ("Fund X") has \$100 in total assets consisting of \$30 in large cap equity securities at a manager with a S&P 500 benchmark, \$50 in fixed income securities with a duration of 5 at a manager with a Barclays Aggregate Index benchmark, \$10 in international equity exposure with a EAFE Index benchmark and \$10 in cash. Fund X desires to be fully invested 40% in large cap, 40% in fixed income with a duration of 5, and 20% in international equity. Under the PIOS® program, Clifton would purchase \$10 in S&P 500 futures contracts, sell \$5 in fixed income futures contracts with a duration of 10 and purchase \$10 in foreign stock index futures and \$10 in foreign currency futures to bring Fund X into compliance with its asset allocation targets.

The net notional amount of contracts outstanding would be \$25 (long \$10 in S&P index futures minus \$5 short in treasury futures for the fixed income exposure reduction plus \$20 in foreign stock index and currency futures to gain the international equity exposure). Yet the position is neutral from a market exposure stand point because the synthetic index exposure of \$10 in long S&P futures, \$10 in short Barclays index exposure and \$10 in long EAFE index exposure (net of \$10 long) does not exceed the then cash amount of \$10 in Fund X.

Notwithstanding the foregoing discussion of leverage, the use of margin, which is a form of leverage, has special consideration as described above under the caption "Special Considerations and Risks".

<b>REPORTING AND COMMUNICATION</b>
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Clifton will provide the following to Client:

1. A tracking report summarizing actual fund allocations, manager holdings (to the extent available), actual PIOS® positions and key program parameters. This report is available daily (in normal circumstances) via Clifton's web site ([www.thecliftongroup.com](http://www.thecliftongroup.com)).
2. A program summary report describing the performance of the program relative to the predetermined benchmarks (produced monthly).
3. An accounting report containing transaction details, position values, etc. (produced quarterly).
4. All Clifton employees, including portfolio managers, are accessible to answer questions or clarify activity.
5. In the event market conditions warrant a change to these Guidelines, Clifton will initiate contact with the Client's contact person to discuss any recommended changes.
6. In person performance reviews with a portfolio manager are anticipated to be conducted annually, or more often if requested by Client. Client may request that other personnel from Clifton or its consultants are present for such performance reviews.

*MANAGER GUIDELINES*

There can be no assurance Client will achieve its objective through the use of the PIOS® program. Past performance does not guaranty future results. Clifton does not warrant any particular rate of return, level of tracking error or index replication reliability.

## Addendum A

Client will select the assets to be overlaid by Clifton's PIOS® program. Specifically, that portion shall consist of those funds designated by Client as cash reserves at its custodian as well as cash held from time to time by other investment managers for Client (the manager portfolio(s)).

The asset class allocation targets and associated benchmark indexes are as follows:

<u>Asset Class</u>	<u>Target %</u>	<u>Benchmark Index</u>
Domestic Equity	34.00%	Wilshire 5000
Global Equity	10.00%	MSCI ACWI (including US)
International Equity	16.00%	MSCI ACWI (ex US)
Fixed Income	25.00%	Barclays Aggregate
Private Equity*	5.00%	N/A
Real Estate*	10.00%	NCREIF Property
Cash	<u>0.00%</u>	N/A
Total:	100.00%	

\* For PIOS® Program purposes, target exposure will be equated with actual exposure with the difference allocated proportionally to the four replicable asset classes - Domestic Equity, Global Equity, International Equity and Fixed Income. For example, if the actual allocation to Private Equity is 4.00% and the long-term allocation is 5.00%, and the actual allocation to Real Estate is 9.00% and the long-term allocation is 10.00%, the difference of 2.00% is allocated as follows:

<u>Asset Class</u>	<u>Target %</u>	<u>Proportional Adjustment</u>	<u>Adjusted Target Allocation</u>
Domestic Equity	34.00%	0.80%	34.80%
Global Equity	10.00%	0.23%	10.23%
International Equity	16.00%	0.38%	16.38%
Fixed Income	25.00%	0.59%	25.59%

It is Client's responsibility to establish and revise as necessary the asset class categories.

### INVEST UNALLOCATED CASH AND MANAGER CASH COMPONENT

Unallocated cash and manager cash will be synthetically invested as follows: Clifton will overlay cash balances on an ongoing basis to seek to reduce the overall fund's deviation from the targets. Initially, cash will be securitized in a manner which seeks to reduce the fund's deviation from the adjusted target allocations as defined above. On an ongoing basis, as cash levels change, futures contracts will be added or removed with an objective of reducing imbalances relative to the adjusted target allocation.

**MAINTAIN TARGET ALLOCATION COMPONENT**

Clifton will monitor fund asset allocation relative to the following variation bands:

<u>Asset Class</u>	<u>Variation Band %*</u>	<u>Rebalancing Approach</u>
Domestic Equity	28% – 38%	Futures Based
Global Equity	7% - 13%	Futures Based
International Equity	12% - 18%	Futures Based
Fixed Income	20% - 30%	Futures Based

\*Client will be notified if a variation band has been exceeded.

Rebalancing will occur only upon written direction of Client.

## Addendum B

### OVERLAID ASSETS FOR WHICH VALUES ARE NOT RECEIVED FROM THE CUSTODIAN

It will be the responsibility of Clifton to request regular updates on the value of the overlaid assets for which values are not received from the Custodian. Because Clifton does not control these managers, it is possible that Clifton will not receive information in a timely manner from such managers. It is also possible that this information will not be accurate. Client agrees that Clifton may rely on such information as provided by the source without further investigation or confirmation.

<u>Managers</u>	<u>Frequency*</u>	<u>Method of Update**</u>	<u>Index Used</u>	<u>Index Btick</u>
Acadian	Daily	Henry Solis's Daily NAV email	MSCI ACWI in. US	NDUEACWF
Artio	Monthly	Henry Solis's Monthly Reports	Artio International II	JETAX
BGI MSCI ACWI ex. US	Monthly	Henry Solis's Monthly Reports	MSCI ACWI ex. US	NDUEACWZ
BGI Wilshire 5000	Monthly	Henry Solis's Monthly Reports	Wilshire 5000	DWCF
Capital Guardian	Monthly	Henry Solis's Monthly Reports	MSCI ACWI ex. US	NDUEACWZ
Extended Equity	Monthly	Henry Solis's Monthly Reports	Wilshire 5000	DWCF
In-House Cash	Daily	Henry Solis's email		
Sprucegrove	Monthly	Henry Solis's Monthly Reports	MSCI ACWI ex. US	NDUEACWZ
Western Asset	Daily	MyStateStreet Daily NAV spreadsheet	Wilshire 5000	DWCF

As more managers are added, it will be Client's responsibility to contact Clifton and assist in developing a method for updating values for each new manager.

[\*insert daily, weekly, monthly, whatever is applicable]

[\*\*Unaudited value downloaded, Receive email, Unaudited NAV, Receive value from client, whatever is applicable]



**Approved and Confirmed Changes to the Guidelines**

<u>Date</u>	<u>Guidelines= Change</u>	<u>Verified by</u>
06/02/2008	Portfolio targets and Unallocated Cash targets have been updated.	Email sent on 6/2/2008 by Tim Thonis to Megan Zhou, titled "RE: Ventura PIOS® Guidelines updated with new targets"
07/28/2008	Addendum B has been updated.	
12/03/2008	Addendum B has been updated	
01/05/2009	Addendum B has been updated	
01/20/2009	Addendum A target allocations revised and Maintain Target Allocation Component added	
10/02/2009	Addendum B has been updated.	
11/20/2009	Addendum B has been updated.	
05/26/2010	Addendum B has been updated.	
01/31/2011	Addendum B has been updated, Tim Thonis replaced by Henry Solis.	
06/13/2011	Addendum A has been updated	Email sent on 05/25/2011 to Alex Gomelsky/TCG from Henry Solis titled, "RE: VCERA Cash – Week of May 25 <sup>th</sup> "
08/22/2011	Addendum A: asset class allocation targets and associated benchmark indexes have been updated	Conference call on August 19, 2011 between Ben and Team PIOS and representatives from Hewitt EnnisKnupp and Client.
06/18/2012	Addendum A: Asset classes revised as well as targets, adjustments and allocations. Revised body of Guidelines regarding Invest Manager Cash.	Conference calls with Client.

~~These PIOS Guidelines form an integral part of that certain Investment Management Agreement dated January 28, 2008, between Client and The Clifton Group Investment Management Company as Investment Manager (herein after referred to as "Clifton").~~

## VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

### MANAGER GUIDELINES

Clifton's PIOS program is an overlay investment strategy that seeks to provide for the disciplined maintenance of target asset allocations. PIOS uses financial products to overlay the selected assets of a fund (the underlying "manager portfolio(s)" which are managed by a manager chosen solely by Client) to seek to bring about a more exact match with target allocations. PIOS can be broken down into six components:

#### PIOS PROGRAM ELEMENT IF UTILIZED PROGRAM ELEMENT SUMMARY DESCRIPTION

Invest Unallocated Cash	Clifton monitors a fund's overall positions daily and synthetically invests unallocated cash using financial futures contracts. Cash will be invested synthetically as directed by Client.
Invest Manager Cash	Clifton monitors manager cash positions daily and synthetically invests uninvested portions using financial futures contracts. Client will communicate to Clifton which manager's cash positions are to be included in the overlay. Cash will be invested synthetically as directed by Client.
Manage Transitions	Client will be responsible for contacting Clifton as transition events arise. Each transition issue will be reviewed individually with the objectives of maintaining a seamless transition to target market exposure (no market timing) and minimizing transition costs. Transition events include, but are not limited to, an impending transition of: a) a Custodian, b) manager, c) asset allocations between or among manager portfolios, d) changes in asset allocation targets, e) "bridging" cash positions in alternative asset classes, or f) this program to another manager or termination of program.
Maintain Target Allocation	A fund's actual allocation is calculated and compared to targets. If actual allocations differ from targets by more than the client's predetermined tolerance level, the fund is synthetically rebalanced on an overlay basis using futures. Target allocations and variance bands as provided by Client are set forth in <b>Addendum A</b> .

#### OBJECTIVES

PIOS seeks to achieve three key objectives: increase returns, improve tracking relative to target allocations and improve portfolio efficiency and flexibility. PIOS's impact on Client's fund is dependent in part upon the extent to which each PIOS component is utilized.

#### PORTFOLIO MONITORING

On a regular basis (which will be, utilizing reasonable efforts, a daily basis, however in no case less than monthly, and depending upon availability), Clifton will seek to obtain all information from State Street ("Custodian") regarding the market value of the Client's manager portfolios ("Information"). In the case of commingled funds (e.g. mutual funds) or other assets where a "download" of Information is not available, a portfolio value tracking methodology will be established for each holding as set forth in **Addendum B**. This

**MANAGER GUIDELINES**

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may involve manually retrieving fund values on a regular basis from the manager for such holdings. In addition, each manager's portfolio holdings will be further broken down defining the specific allocation to equity, fixed income, cash or any other asset class which is to be overlaid by PIOS.

Subject to the foregoing, where electronic interfacing is reasonably available for the purposes set forth herein, Clifton will be responsible for establishing a communication link and electronic interface methodology enabling the transfer of Information from the Custodian. From time to time such communication link may be unavailable due to system outages or other technical issues outside of Clifton's reasonable control, which include, but are not limited to internet problems, or hardware or software issues.

In the event that Information cannot be transferred on any given day, regardless of the reason, Clifton will attempt to receive Information through an alternative method, such as fax. Client will reasonably assist Clifton in obtaining Information. If Information is ultimately not received by Clifton, an adjustment to the previous day's portfolio value will be made using benchmark index total returns as a proxy. Regardless of the method by which Clifton obtains or is to obtain Information (which may include but is not limited to electronic download, manual retrieval or benchmark index proxy), Client acknowledges and agrees that Clifton will rely on Information provided by these methods without further investigation or confirmation.

In the event that the aggregate fund value changes by more than 1% in a day, Clifton will seek to identify the origin of change (e.g. markets) and contact Client if the reason is not clearly identifiable. If an individual manager portfolio's value changes by more than 3%, a similar process will be followed.

**INDEX REPLICATION**

Each index replication portfolio will be periodically rebalanced based on the methodology described for each index replication portfolio.

**Tracking Error:** Over the term of the PIOS program for Client, Clifton believes there may be tracking error between the actual overlay portfolio and target allocations described in these Guidelines. For example, futures contract may not exist for certain indices. To attempt to replicate such index results, a blend of futures contracts on securities of various maturities is utilized. This blend of futures contracts may or may not replicate the performance of the actual index. This is a form of tracking error. Tracking error could be material. Other sources for tracking error may include, among others:

- Execution value versus previous day's closing index value
- Transaction costs
- Change in relative futures premiums
- Index replication variances and differences
- Mid-day information flows

**Leverage:** Leverage introduces special risks and will change the volatility of Client's underlying assets (manager portfolios). Margin is a form of leverage. Adverse moves in the futures positions can require Client

***MANAGER GUIDELINES***

~~to post additional margin beyond those amounts initially deposited. Failure to maintain sufficient margin may result in the closing out of futures positions in a manner not consistent with the Guidelines. Leverage in the form of portfolio volatility or margin requirements may result in a loss to Client.~~

**Addendum A**

~~Client will select the assets to be overlaid by Clifton's PIOS program. Specifically, that portion shall consist of those funds designated by Client as cash reserves at its custodian as well as cash held from time to time by other investment managers for Client (the manager portfolio(s)).~~

~~The asset class allocation targets and associated benchmark indexes are as follows:~~

<u>Asset Class</u>	<u>Target %</u>	<u>Benchmark Index</u>
Domestic Equity	40.0%	DJ US Total Stock
Global Equity*	7.0%	MSCI ACWI (including US)
International Equity	18.0%	MSCI ACWI (ex US)
Fixed Income	27.0%	Barclays Capital Aggregate
Real Estate**	8.0%	NCREIF Property
Cash	0.0%	N/A
Total:	100.0%	

~~\* For PIOS Program purposes, 3.5% will be allocated to Domestic and International Equity Asset Classes, respectively.~~

~~\*\* For PIOS Program purposes, target exposure will be equated with actual exposure with the difference allocated proportionally to the three replicable asset classes—Domestic Equity, International Equity and Fixed Income.~~

~~It is Client's responsibility to establish and revise as necessary the asset class categories.~~

**INVEST UNALLOCATED CASH COMPONENT:**

~~Unallocated cash will be synthetically invested as follows:~~

<u>Asset Class</u>	<u>Target %</u>	<u>Benchmark Index</u>
Domestic Equity	47.3%	DJ US Total Stock
International Equity	23.4%	MSCI ACWI (ex US)
Fixed Income	29.4%	Barclays Capital Aggregate

~~Rebalancing will occur only upon written direction of Client.~~

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## MANAGER GUIDELINES

### Addendum B

#### Overlaid Assets for which values are not received from the custodian

It will be the responsibility of Clifton to request regular updates on the value of the overlaid assets for which values are not received from the Custodian. Because Clifton does not control these managers, it is possible that Clifton will not receive information in a timely manner from such managers. It is also possible that this information will not be accurate. Client agrees that Clifton may rely on such information as provided by the source without further investigation or confirmation.

Manager	Frequency*	Method of Update**	Benchmark Index	Index Btick
Acadian	Daily	Tim Thonis's Daily NAV email	MSCI ACWI in US	NDUEACWF
Artio	Monthly	Tim Thonis's Monthly Reports	Artio International II	JETAX
BGI MSCI ACWI ex-US	Monthly	Tim Thonis's Monthly Reports	MSCI ACWI ex-US	NDUEACWZ
BGI Wilshire 5000	Monthly	Tim Thonis's Monthly Reports	Wilshire 5000	DWCF
Capital Guardian	Monthly	Tim Thonis's Monthly Reports	MSCI ACWI ex-US	NDUEACWZ
Extended Equity	Monthly	Tim Thonis's Monthly Reports	Wilshire 5000	DWCF
In-House Cash	Daily	Tim Thonis's email		
Sprucegrove	Monthly	Tim Thonis's Monthly Reports	MSCI ACWI ex-US	NDUEACWZ

As more managers are added, it will be Client's responsibility to contact Clifton and assist in developing a method for updating values for each new manager.

[\*insert daily, weekly, monthly, whatever is applicable]

[\*\*Unaudited value downloaded, Receive email, Unaudited NAV, Receive value from client, whatever is applicable]

## VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

### MANAGER GUIDELINES

#### Approved and Confirmed Changes to the Policy

Date	Policy Change	Verified by
6/2/2008	Portfolio targets and Unallocated Cash targets have been updated.	Email sent on 6/2/2008 by Tim Thonis to Megan Zhou, titled "RE: Ventura PIOS Guidelines updated with new targets"
7/28/2008	Addendum B has been updated.	
12/3/2008	Addendum B has been updated.	
1/5/2009	Addendum B has been updated.	
1/20/2009	Addendum A target allocations revised and Maintain Target Allocation Component added	



# Inflation Risk and Real Return Opportunities

Presentation to the VCERA Board of Retirement  
July 16, 2012



**Hewitt** ennisknupp

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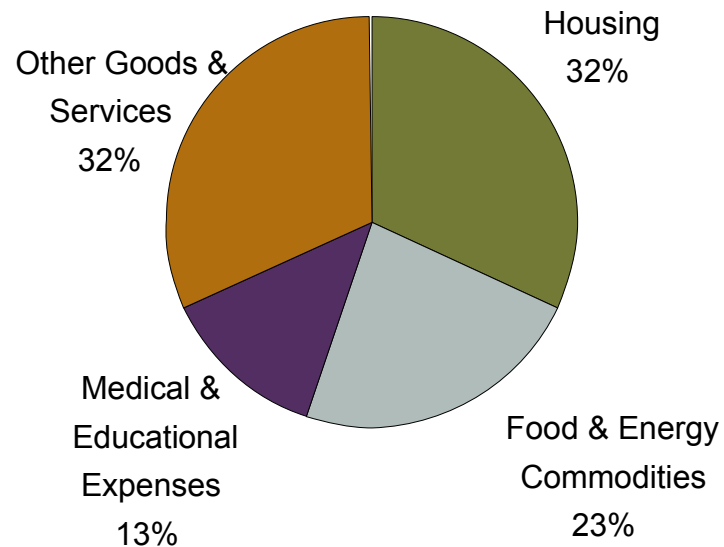
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# What Is Inflation?

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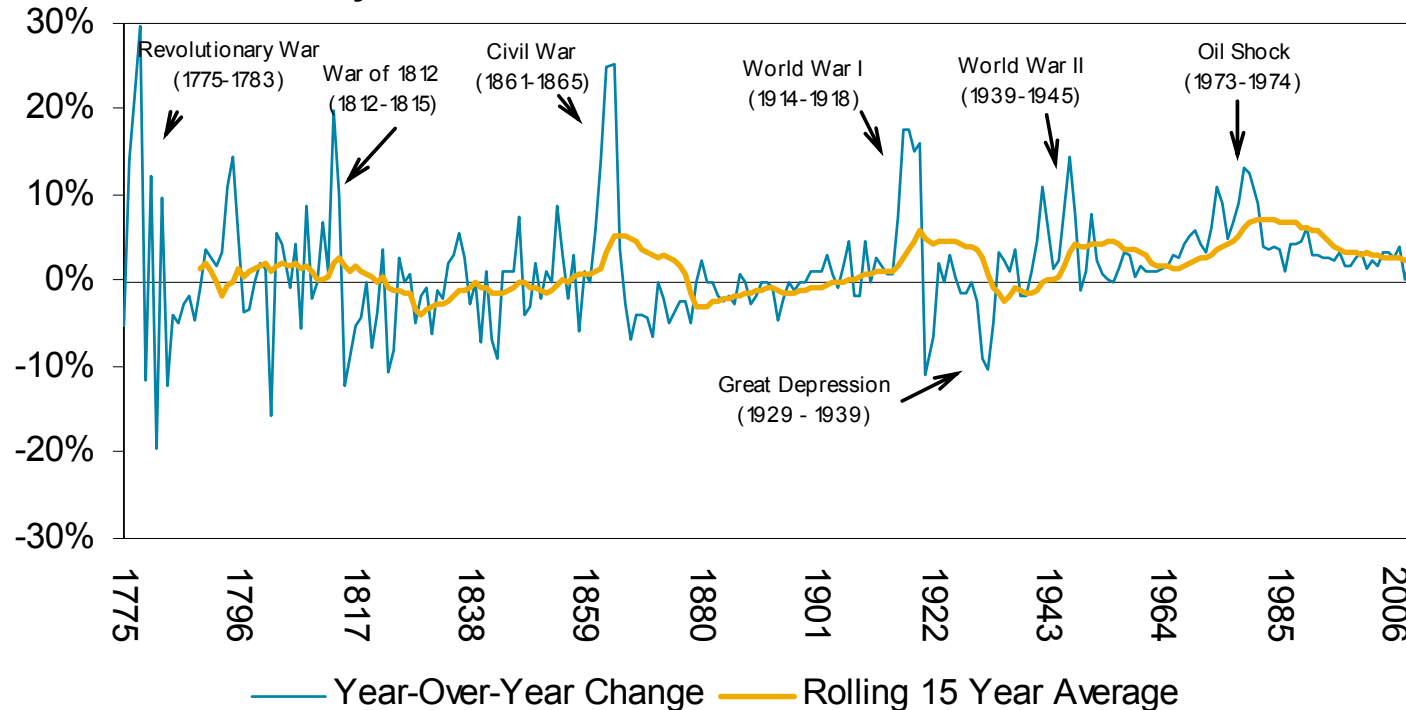
- Inflation is the increase in price of a good or service and is caused by:
  - Increase in money supply
  - An increase in the cost of doing business
  - Scarcity
- CPI (constituents shown below) measures the change in the price of goods and services



Source: U.S. Bureau of Labor Statistics

# Inflation Over Time

**U.S. Inflation: January 1774 - December 2010**



Source: Historical Statistics of the United States, Earliest Times to the Present: Millennial Edition (pre-1975) / Bureau of Labor Statistics (including and post 1975)

# Inflation – A Self-Fulfilling Prophecy

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- Governments tend to enact programs to combat recessions and/or financial crises
- Financing government activities are typically accomplished via increased taxation or deficit spending
  - Increasing the tax burden of a constituent base tends to be unpopular, hence government authorities typically use this tactic as a last resort
- Deficit spending
  - A tax on future consumption
  - Sale of government securities to the private sector
  - Reduces the purchasing power of the buyer (and local populace) as the supply of money increases
- As people become aware of an expanded money supply they tend to expect price increases
- Higher inflation premiums begin to be incorporated into interest rates
- Governments generally prefer lower interest rates (especially in times of crisis) and will spend in order to achieve this goal
  - Securities are created and sold to the central bank
  - Central bank buys these securities with newly created money

# Inflation – A Self-Fulfilling Prophecy (cont'd)

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- When the government's concern over inflation is greater than maintaining low interest rates attempts will be made to reduce the money supply
- A reduction in money supply can aggravate an already recession-sensitive economy, thus negating much of the benefit attempting to be derived from initial deficit spending
- The importance of managing inflation expectations
  - Recessions and crises generally lead to increased volatility in expected inflation
  - Productivity and future consumption levels are put at risk as the populace comes to expect fluctuating levels of inflation and reduced clarity regarding expected inflation
  - Long-term contracts are perceived as more “risky” and can possibly become less prevalent
  - Inflation expectations play a key role in determining actual inflation; hence a self-fulfilling prophecy
- Everyone has to get on the “inflation train”
  - Assuming a highly competitive market, individual corporations trying to push through price increases run the risk of losing market share unless the vast majority of other sellers also increase prices
- High levels of inflation ultimately lowers a country's standard of living and undermines political, social, and economic systems

# CPI-A Good Measure of Inflation?

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- Conventional wisdom suggests that the Consumer Price Index (CPI) should be used as a “proxy” for inflation
- Data through the mid-1990s show that the CPI has produced a positive annualized 1.1 percentage point bias relative to experienced inflation
  - Failure of CPI to capture substitutions made by consumers in response to changes in relative prices
  - Failure of CPI to capture the introduction of new items as well as quality improvements
- The calculation of CPI has undergone changes over time
  - In 1983 the housing component to CPI was modified
  - In the late 1990’s additional changes to CPI were made; studies suggest the positive bias of the CPI has been reduced to an annualized 0.6%
- Published CPI data is not retroactively revised as a result of measurement changes
- Studies suggest that the Personal Consumption Expenditure (PCE) inflation forecasts are more accurate than CPI
- Even in the face of criticism, CPI remains the primary proxy for inflation

Statistics presented on this slide are sourced from a literature review contained within the 2002 Lioui and Poncet paper entitled “Revealing Inflation Expectations: Let the Market Do It.”

# Inflation Scenario – Stronger Demand Shock

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Economic growth, consumer confidence, changes in tax policy leads to strong investment response

- **Short-Term Response**

- Credit demand rises
- Monetary policy probably quite accommodative – at least initially

- **Longer-Term Response**

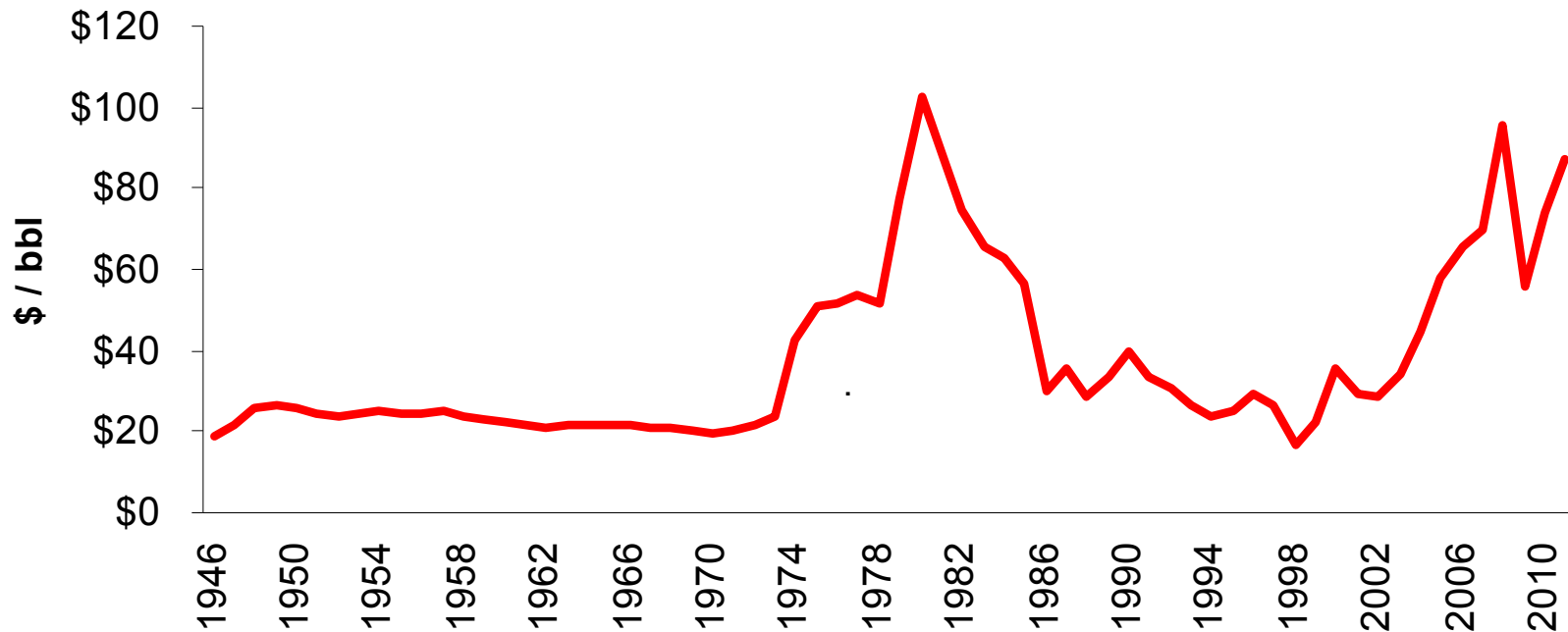
- Higher inflation expected to persist
- Tighter monetary conditions (playing “catch-up”)

# Supply Disruptions Impact Oil Prices

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Supply shocks can spur inflationary trends...

## Price of Crude Oil 1946 - 2012



Source: IOGA



# Inflation Scenario – Negative Supply Shock

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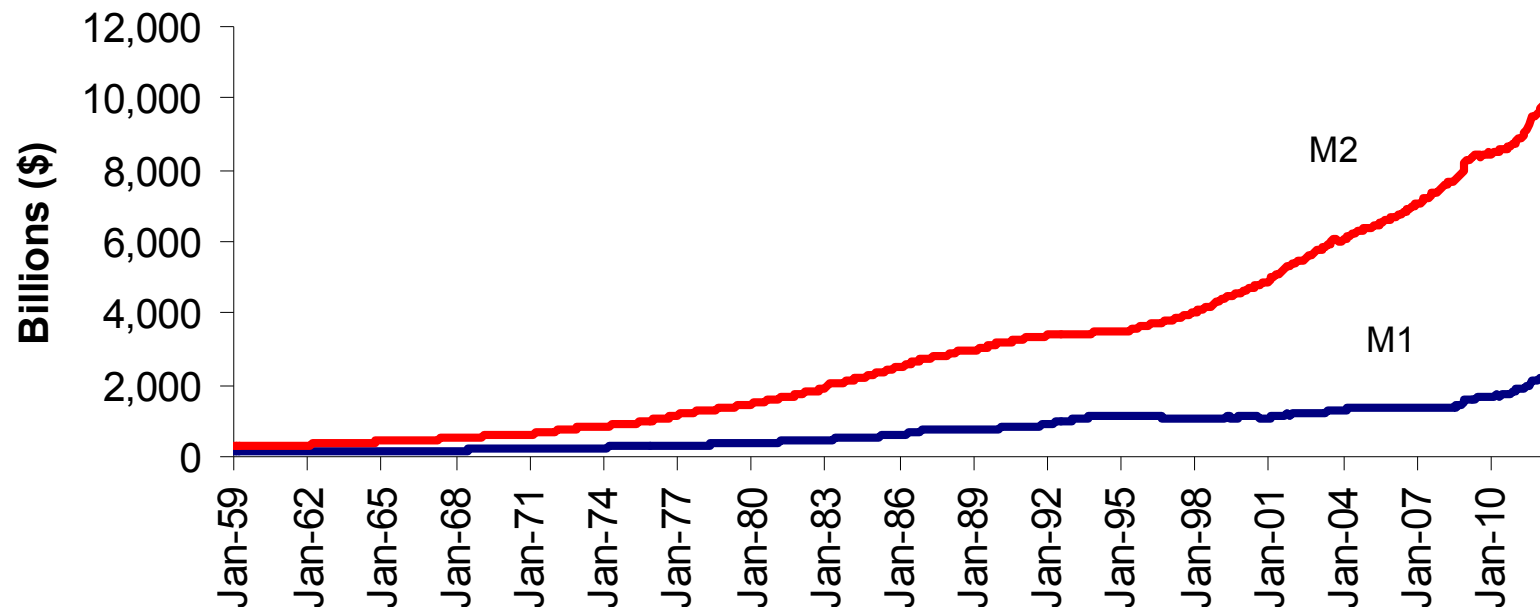
Lasting period of increases in production costs

- **Short-Term Response**
  - Monetary policy accommodative to ease downward pressure on output
- **Longer-Term Response**
  - Inflation expectations rise dramatically
  - Extensive monetary policy tightening
  - Growth weakens

# Financial Crisis and Money Supply Expansion

Accommodative monetary policy...increased expectations for inflation in the future

## Money Supply Growth 1959 - 2012



Source: Federal Reserve

# Inflation Scenario – Monetary Expansion

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- **Easy monetary stance to combat deflation fears**
  - Low / negative real interest rates for a prolonged period
- **Short-Term Response**
  - Spare capacity keeps inflation low
- **Longer-Term Response**
  - Inflation expectations pick-up
  - Weaker currency
  - Spill-over of excess liquidity could led to higher inflation

# Periods of High Inflation

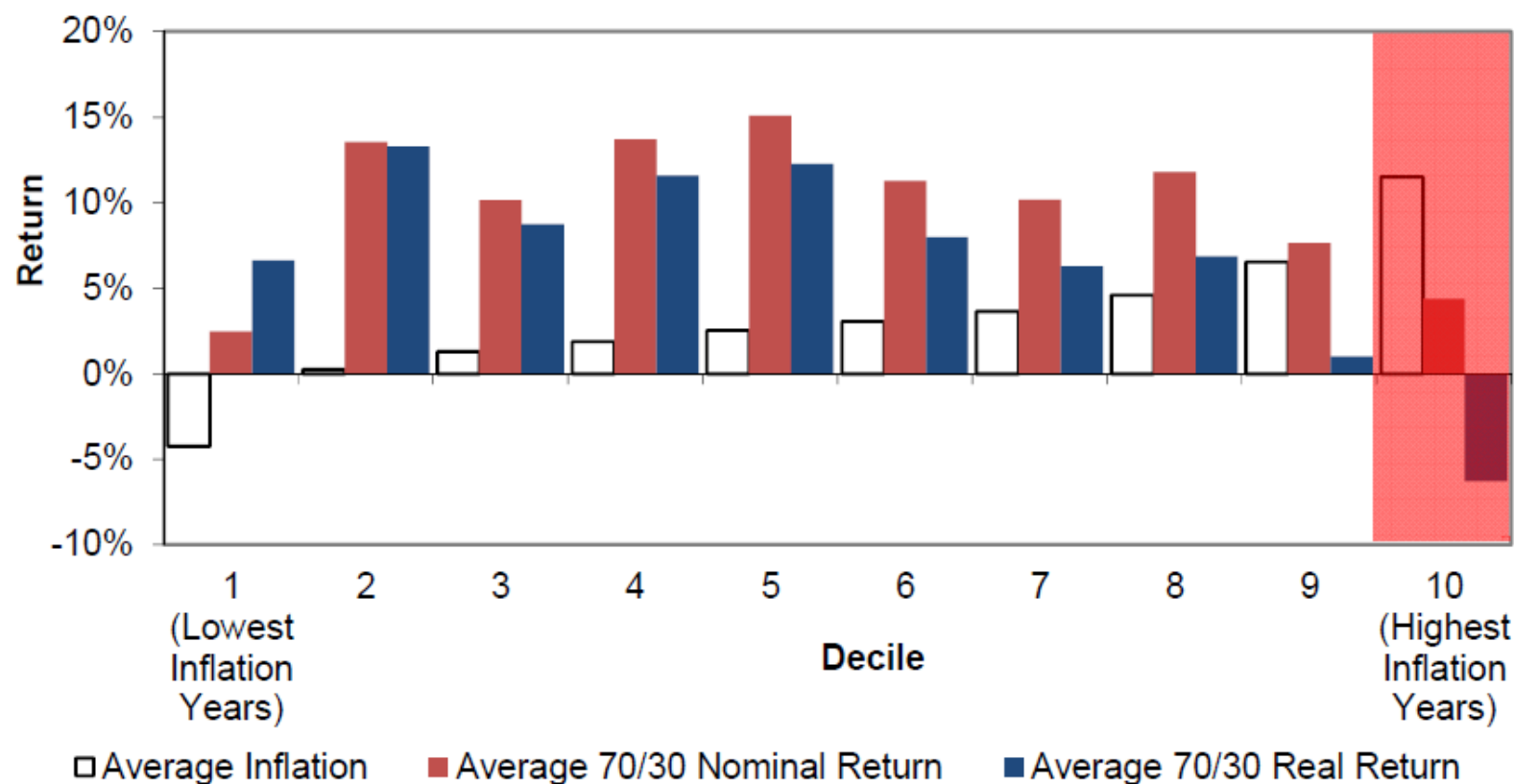
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Inflation has been highest during periods of geopolitical stress

Historical Context	Year(s)	Corresponding Annual Inflation Rate
Napoleonic Wars	1808	8.6%
War of 1812	1813, 1814	20.0%, 9.9%
American Civil War	1862, 1863, 1864	14.2%, 24.8%, 25.2%
World War I	1917, 1918, 1919, 1920	17.7%, 17.6%, 15.0%, 15.9%
World War II	1941, 1942, 1946, 1947	9.9%, 9.0%, 18.1%, 8.8%
Oil Embargo	1973, 1974	8.7%, 12.3%
Iranian Revolution	1978, 1979	9.0%, 13.3%
Iran-Iraq War	1980, 1981	12.5%, 8.9%

# Inflation's Impact on Asset Returns

**One-Year Historical Returns of a 70/30 Portfolio  
in Different Inflation Environments, 1926-2011**



# Our View on Inflation - Low 2% Range

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Our capital market assumptions are currently in-line with consensus views of continued moderate inflation

- Tail events are more likely in the current environment... we see the risk tilted toward outcomes of higher inflation
- Should we have a “tail event,” we view monetary expansion as the likely scenario that jumpstarts inflation

# Asset Classes - Relationship to Inflation

---

Theoretical relationship of asset classes to inflation...

Asset Class	Expected Relationship with Inflation
Cash	Inflation flows into higher nominal interest rates and cash returns
Nominal Investment-Grade Bonds	Higher nominal interest rates reduce value of existing bonds, increase return on future bonds
Bank Loans	Generally floating-rate structure means rising inflation and interest rates flow into higher returns
Public Equity	Corporations pass along inflation in form of higher prices
Core Private Real Estate	Claim on real assets. Rents linked to inflation
Infrastructure	Claim on real assets. Income may be linked to inflation
Commodities	Commodity prices are a driver of inflation
Inflation-Linked Bonds	Principal increases with inflation and decreases with deflation

# Time Horizon Matters

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Asset classes respond differently to inflation over different periods

<b>Asset Class</b>	<b>Over the Short-Term</b>	<b>Over the Long-Term</b>	<b>Comments</b>
Equities	-	++	Expected return > inflation
Nominal Fixed Income	--	+	New issuance and floating rate notes are expected to perform best
Inflation-Linked Bonds	+	+++	Explicit hedge when held till maturity
Commodities	+++	+	Inflation shocks likely driven by supply / demand imbalances



# Deflation Defined As Well

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- Deflation is the general decrease in the price level of goods and services resulting in the increase in the real value of money
- Deflation is as real a threat to the economy and investors as inflation
- There are differing degrees of deflation
  - Temporary fall in prices, possibly resulting from energy price fluctuations
  - Persistent decline in prices leading to a shift in expectations
- A persistent bout of deflation increases real debt burdens, stifles investment, and can lead to reductions in aggregate demand – further intensifying a recession
- As with inflation, managing expectations is critical
  - Expectations are “sticky”; once people begin to believe prices will fall in the future it is very difficult to change opinions (e.g., Japan-like scenario)
- Deflation tends to benefit bond investors to the detriment of equity investors

# The Inflation (Deflation) Debate Today

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## Case *For* Inflation

- Massive fiscal and monetary stimulus will result in an inflationary environment
  - Substantial stimulus programs
  - Quantitative easing efforts
  - Record-high fiscal deficit
  - Imbalance in supply/demand dynamics for energy and commodities

## Case *Against* Inflation

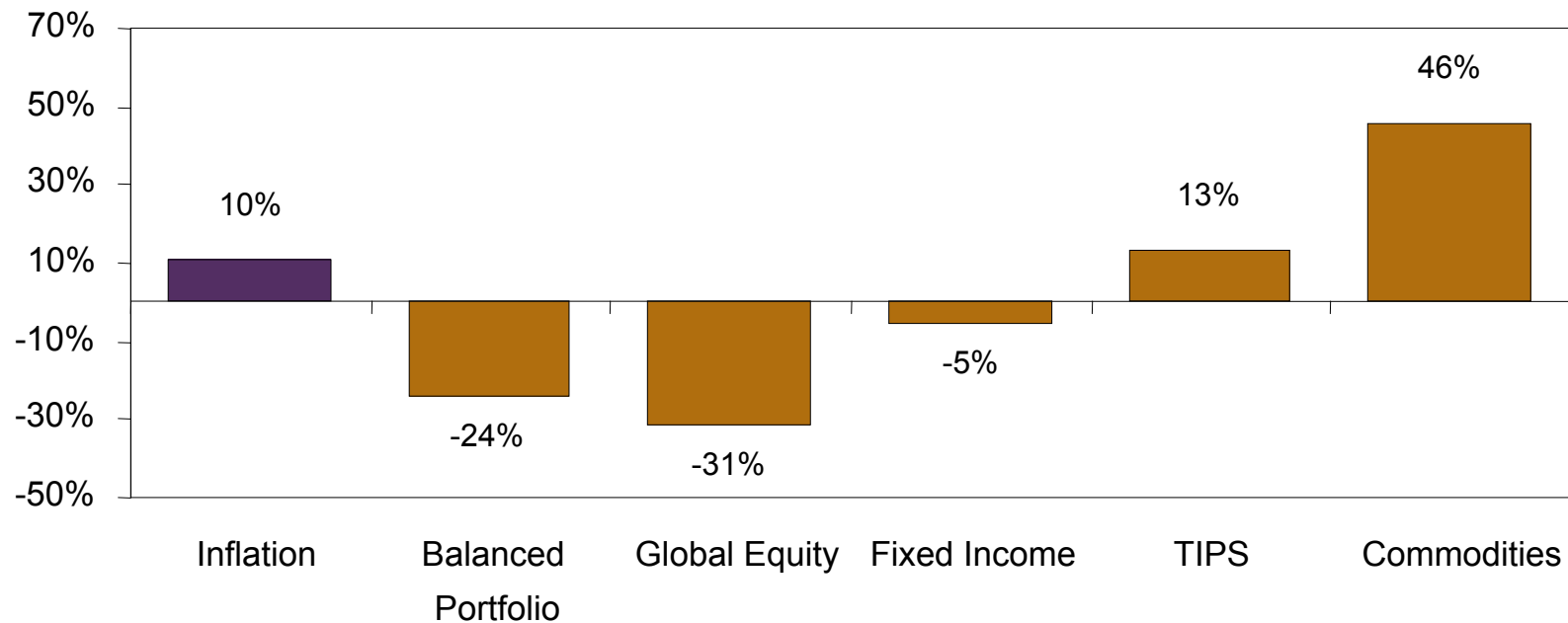
- Certain indicators predict more modest levels of inflation or potentially deflation
  - Unemployment rate and output gap at high levels
  - Depressed consumer demand
  - Structural changes in bank financing
  - Savings rate increasing

**Leading economists surveyed by Blue Chip Economic Indicators indicate expectations for annualized inflation between 2% and 3% over the next ten years**

# Impact Of Inflation On Assets

The chart below shows annualized real returns from 1973-1974

**Real Returns**  
**1973-1974 (Annualized)**



# Real Assets Defined

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## Definition

- A broad category of assets sharing the common trait of being tangible; sometimes called “hard assets”
- Real Assets can also be characterized as assets/strategies that protect against inflation (i.e., provide a “real” return)
  - This includes “paper” assets such as inflation-linked bonds and derivatives

## Objective

- Typically used for inflation protection
  - Capital preservation in crisis situations
- 
- Real Assets (“hard” or “paper”) are not created equally in terms of providing inflation protection

# Characteristics of Real Asset Strategies

The table below depicts summary characteristics of multiple inflation hedging assets

Asset Class	Expected Volatility	Expected Correlation to Traditional Portfolio	Expected Inflation Hedging Ability	Liquidity
Commodity Physicals	High	Low	High	Moderate
Commodity Futures	High	Low	High	High
TIPS	Low	Moderate	High	High
Core Private Real Estate	Moderate	Low	Moderate	Low
Cash	Low	Low - Moderate	Moderate	High
Timberland & Farmland	Low - Moderate	Moderate	Moderate	Low
Infrastructure	Moderate	Low	Low - Moderate	Low
MLPs	Moderate - High	Low	Low - Moderate	Moderate

We explore commodities, timberland, farmland, infrastructure and MLPs further on the following slides

# Commodities Defined

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- A commodity is a raw or primary product used in the production of other goods or services
- There are several commodity types, which include
  - Energy (crude oil, gasoline, heating oil, natural gas)
  - Industrial Metals (aluminum, copper, lead, nickel, zinc)
  - Precious Metals (gold, silver)
  - Agricultural (wheat, corn, soybeans, sugar, coffee, cocoa)
  - Livestock (cattle, hogs)

# Commodity Investment Types

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## Physical Commodities

- Although available, investment in physical assets may not be practical for institutional investors due to:
  - Storage cost
  - Spoilage cost
  - Delivery
  - Regulation

## Commodity Stocks

- Commodity exposure can be indirectly obtained through the investments in stocks of commodity-related companies
- Equity indices have significant exposure to companies in a variety of commodity industries
- The S&P 500 Index allocates approximately 12% to energy stocks and 4% to food, metals, chemical and paper stocks
- Investing in commodity stocks decreases the diversification benefits of investing in commodities due to the exposure of equity beta

# Commodity Investment Types (cont'd)

## Commodity Futures Indices

- Commodity futures have three sources of returns
  - Spot return: Change in price of underlying commodities (e.g. change in price of corn)
  - Roll return: Gains or losses from rolling futures contracts at expiration
  - Collateral return: Yield on cash investment held as collateral
- Passive investments in commodity futures are sub-optimal due to roll costs and contract selection
  - Roll costs: Commodity futures indices roll on a specific schedule. This transparency increases trading costs.

## Active Commodity Managers

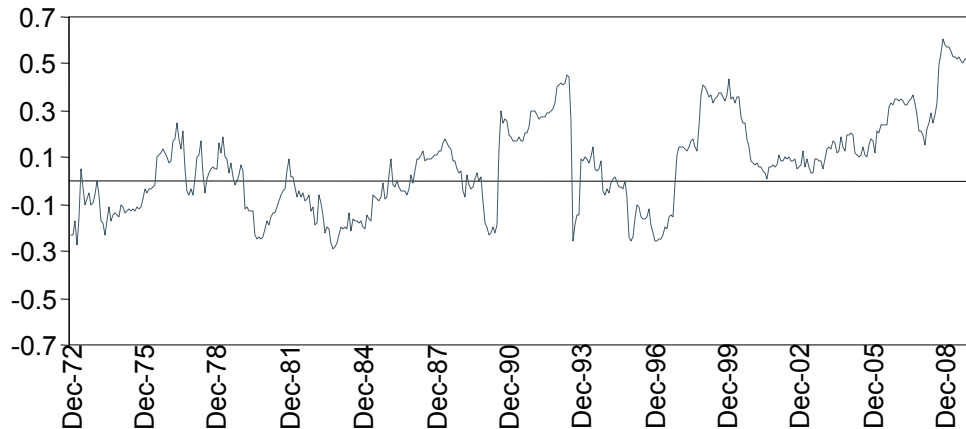
- Actively managed funds can add value through many strategies including:
  - Reweighting the commodity index
  - Taking short or no positions in some commodities
  - Trading calendar spreads or intra-market spreads
  - Investing in commodity stocks
  - Trading in physical commodities



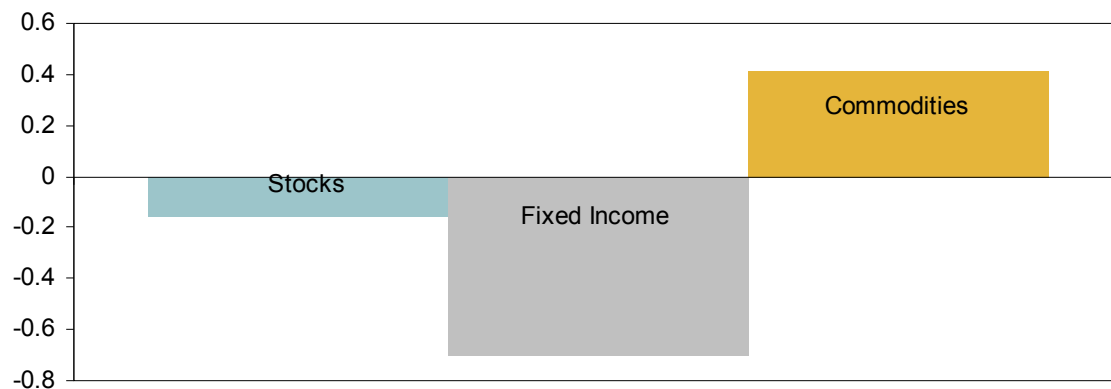
# Commodity Inflation Sensitivity

## Commodities vs. Inflation

Rolling Three-Year Correlation (January 1970 - December 2010)



## Correlation with Unexpected Inflation (1971- 2010)



- Investments in commodities provide exposure to hard assets that often drive inflation in the CPI calculation
- Commodity futures can be backed by TIPS collateral to enhance inflation sensitivity
- Given the high correlation to unexpected inflation, clients with an extreme inflation sensitivity might benefit from the inclusion of a strategic allocation to commodities within their portfolio and in conjunction with other real assets

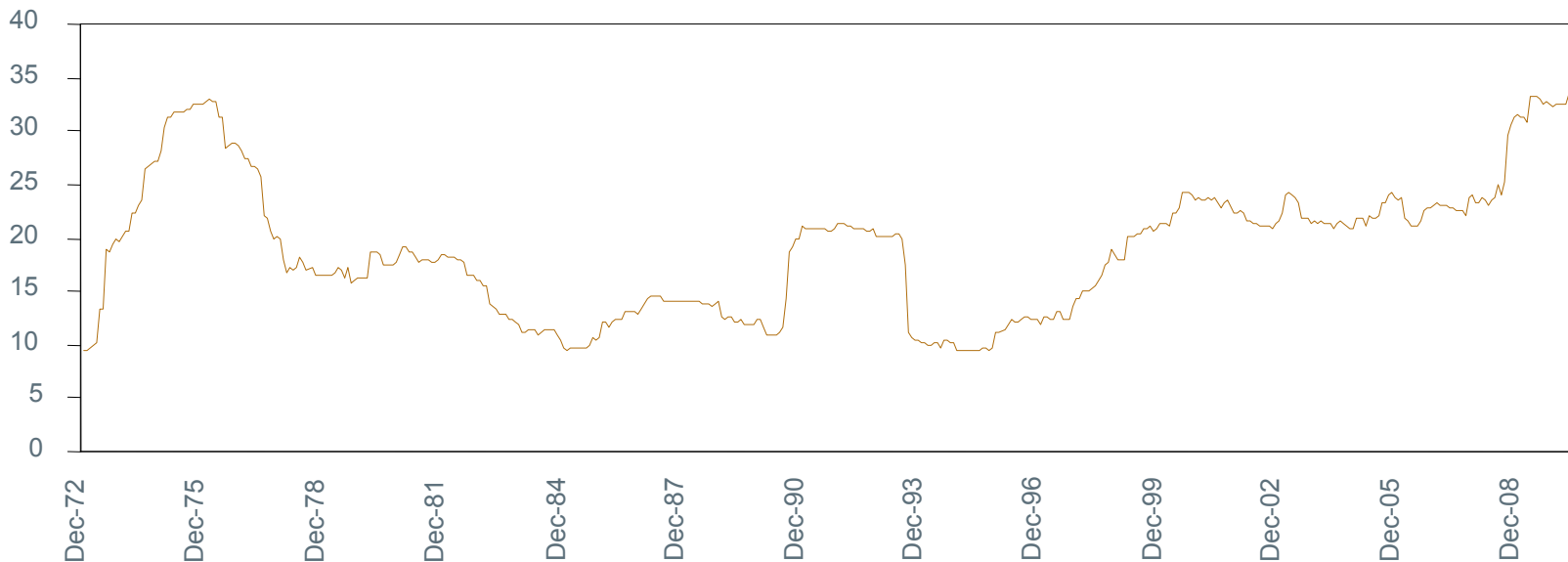
# Commodity Volatility

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While commodities exhibit potential as an inflation hedge, this also comes with a cost of higher risk and uncertainty regarding expected returns

## Commodities

Rolling Three-Year Volatility (January 1970 - December 2010)



# Commodities Opportunities / Concerns

Opportunities	Concerns
<ul style="list-style-type: none"><li>▪ Low correlation with returns of traditional asset classes (equities and fixed income)</li><li>▪ Stock-like returns over long-term periods (historically)</li><li>▪ Provides inflation protection during most inflationary environments</li><li>▪ Can improve the risk-adjusted return for a portfolio of stocks and bonds</li><li>▪ Demand for commodities is relatively inelastic</li><li>▪ Increasing demand from emerging markets</li></ul>	<ul style="list-style-type: none"><li>▪ Relatively high volatility</li><li>▪ Return uncertainty</li><li>▪ Lack of liquidity with physical commodities</li><li>▪ Hedge-fund like fees from most active commodity strategies</li><li>▪ Not an efficient hedge during a stagflation environment</li><li>▪ Returns will typically lag equity returns during equity market rally</li></ul>

# Timberland Defined

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- Timberland is a finite resource, covering 4.0 billion hectares (30%) of the earth's surface<sup>1</sup>
  - A significant portion of this timberland does not meet the required minimum level of productivity
  - Only 2 billion hectares are suitable for industrial timber production
- Timber Real Estate has crossover potential into other asset classes
  - Timber's tangible nature and return distribution are similar to private real estate
  - Also involves non-real estate components such as commodities pricing
- Constraints on Timberlands
  - Water, available land, and usable soils
  - Preservation efforts to protect species and ecosystems
  - Competing uses: farming and urbanization

<sup>1</sup>Food and Agriculture Organization of the United Nations (FAO)

# U.S. Timberland Characteristics

Characteristics	Domestic Timberland
<b>Universe of Managers</b>	15-20
<b>Investable Universe</b>	\$120 billion <sup>1</sup>
<b>Primary Advantage</b>	Slightly higher return/diversifier to traditional real estate
<b>Primary Disadvantage</b>	Risks tied to environment
<b>Vehicles Offered</b>	Separate accounts, close-end funds, and REITs
<b>Long Term Expected Net Return</b>	8-14% (6-7% real for Core; varies by strategy)
<b>Leverage (Loan-to-Value Ratio)</b>	0-35%, up to 50% with some opportunities
<b>Asset Management Fees</b>	80-150 bps

<sup>1</sup> Hancock Timber Resource Group

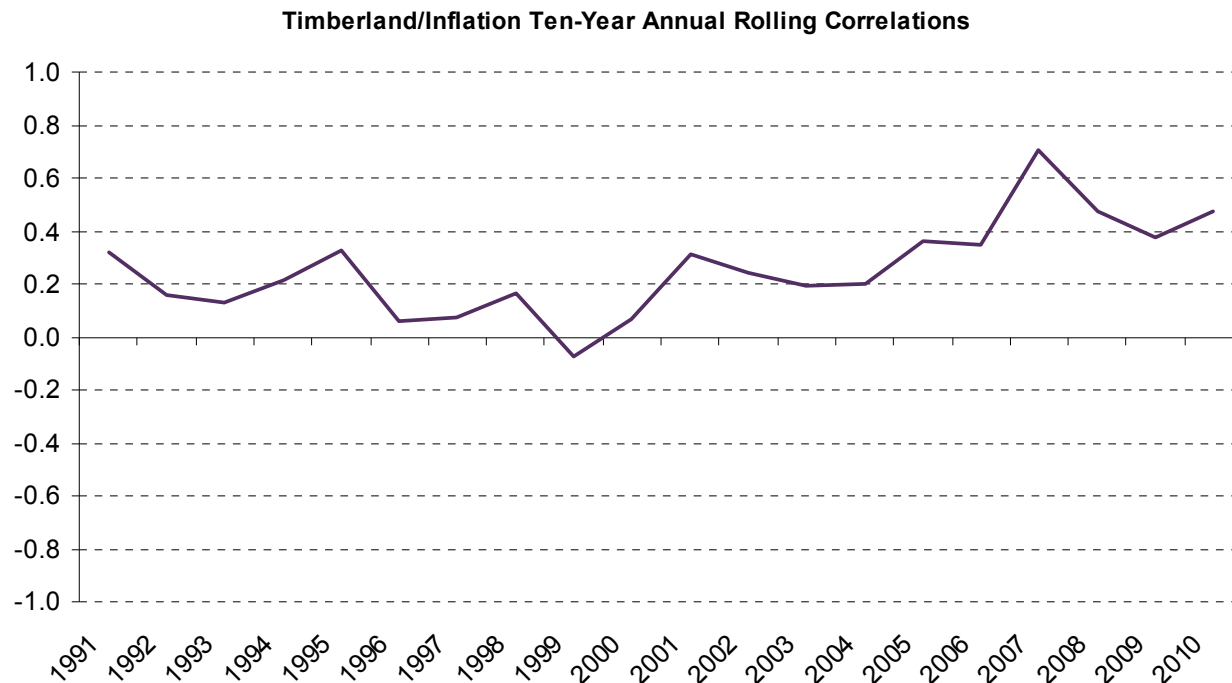
# Timberland Opportunities / Concerns

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Opportunities	Concerns
<ul style="list-style-type: none"><li>▪ <b>Inelasticity of demand for goods provided</b></li><li>▪ <b>Low correlation of returns versus other asset classes</b></li><li>▪ <b>Storage on the stump (a real, zero cost option)</b></li><li>▪ <b>Unique profitability growth</b></li><li>▪ <b>Consistently positive income return</b></li><li>▪ <b>Inflation-hedging potential</b></li><li>▪ <b>Green opportunities via carbon credits and wind rights</b></li></ul>	<ul style="list-style-type: none"><li>▪ <b>Market and environmental risks</b></li><li>▪ <b>Political/regulatory risk</b></li><li>▪ <b>Uninsurable</b></li><li>▪ <b>Headline risk</b></li><li>▪ <b>Business/operational risk</b></li><li>▪ <b>Relative market size</b></li><li>▪ <b>Lack of historical investment theme within the U.S.</b></li><li>▪ <b>Lack of liquidity</b></li><li>▪ <b>Management fees</b></li></ul>

# Inflation Hedging Potential

- Timberland has outperformed inflation over most historic periods, giving weight to the argument that it provides some inflation-hedging potential
- As shown below, timberland has historically had a relatively strong, positive long-term correlation with inflation; correlation of the two from 1991-2010 is 0.35
- Timber is also an indirect component of the basket of goods used to measure the CPI, which makes timberland a partial inflation hedge



Source: NCREIF Timberland Index; University of Georgia; CPI-U (bls.gov/cpi)

# Farmland Defined

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- Farmland is defined as land used or suitable for farming
- Farmland is a finite resource which produces products that meet the growing demand for food, feed, and fuel
  - 32.1 billion acres of land mass (excluding water) in the world
    - 12.1 billion acres are used for agricultural production (including pastoral land and grazing pastures)<sup>1</sup>
    - Only 30% of the world's land is currently used for agricultural production and even less for production of crops
  - Restrictions include climate, rainfall, rough or difficult terrain, unusable soils, infrastructure, and other limitations
  - Used for consumption, feed for livestock, and biofuels (new and growing industry)
- Farmland has crossover value
  - Involves non-real estate components such as commodities pricing
  - Increases diversification vs. traditional real estate and other asset classes

<sup>1</sup>Food and Agriculture Organization of the United Nations (FAO)



# Domestic Farmland Characteristics

Characteristics	Domestic Farmland
<b>Universe of Managers</b>	15-20
<b>Investable Universe</b>	More than \$2 trillion <sup>1</sup>
<b>Primary Advantage</b>	“Core-like” / Diversifier to traditional RE
<b>Primary Disadvantage</b>	Risks tied to Environment
<b>Vehicles Offered</b>	Separate Accounts, Closed End and Open End Commingled Funds
<b>Long Term Expected Net Return</b>	6-12% (varies by strategy)
<b>Leverage (Loan-to-Value Ratio)</b>	0-35%, up to 50% with some opportunities
<b>Asset Management Fees</b>	70-120 bps

<sup>1</sup> United States Department of Agriculture (August 2010)

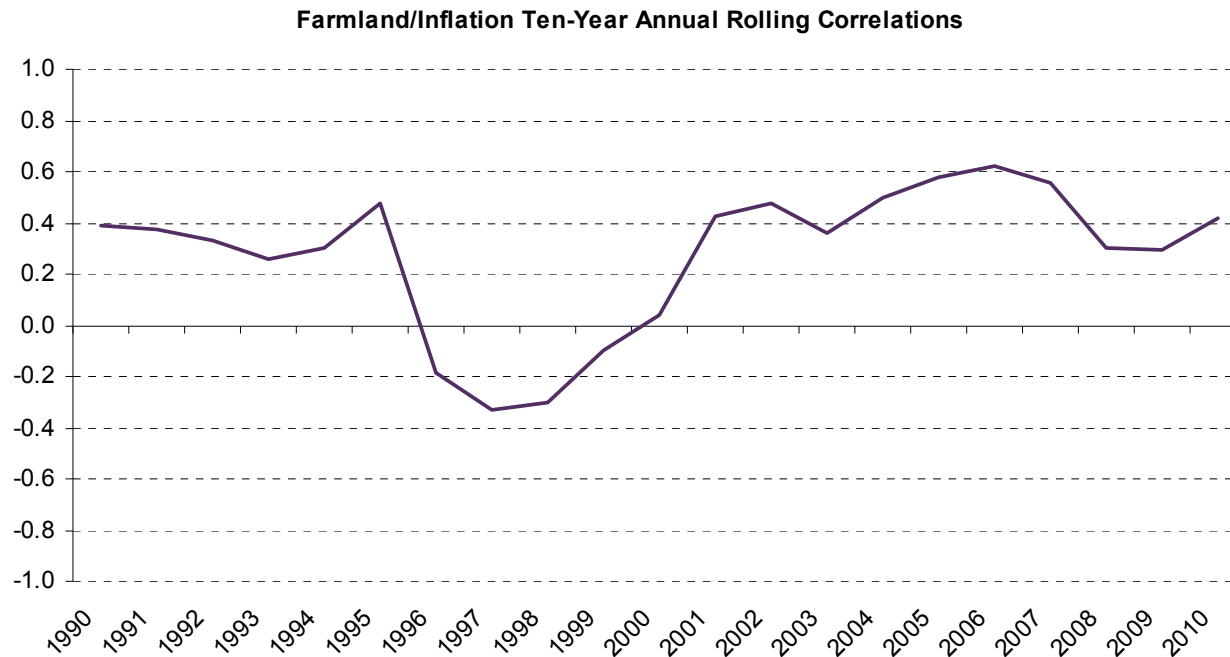
# Farmland Opportunities / Concerns

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Opportunities	Concerns
<ul style="list-style-type: none"><li>▪ <b>Inelasticity of demand for goods provided</b></li><li>▪ <b>Low correlation of returns versus other asset classes</b></li><li>▪ <b>Insurable</b></li><li>▪ <b>Strong income return</b></li><li>▪ <b>Inflation-hedging potential</b></li><li>▪ <b>Low volatility</b></li><li>▪ <b>Green opportunities via carbon credits and wind rights</b></li></ul>	<ul style="list-style-type: none"><li>▪ <b>Market and environmental risks</b></li><li>▪ <b>Political/regulatory risk</b></li><li>▪ <b>Headline risk</b></li><li>▪ <b>Business/operational risk</b></li><li>▪ <b>Relative market size</b></li><li>▪ <b>Lack of historical investment theme within the U.S.</b></li><li>▪ <b>Lack of liquidity</b></li><li>▪ <b>Management fees</b></li></ul>

# Farmland Inflation Hedging Potential

- Farmland has outperformed inflation historically, giving weight to the argument that it provides some inflation-hedging potential
- As shown below, farmland has historically had a relatively strong, positive long-term correlation with inflation; correlation of the two from 1991-2010 is 0.25
- Crops produced on farmland are also a direct component of the basket of goods used to measure the CPI, which makes farmland a partial inflation hedge

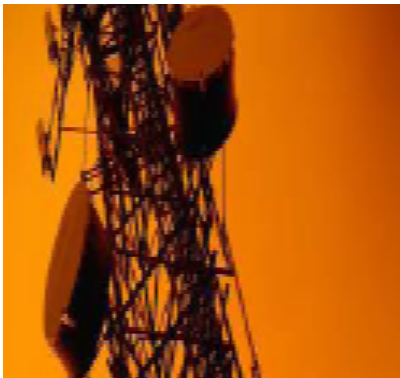


Source: NCREIF Farmland Index; Morningstar Ibbotson; CPI-U (bls.gov/cpi)

# Infrastructure Defined

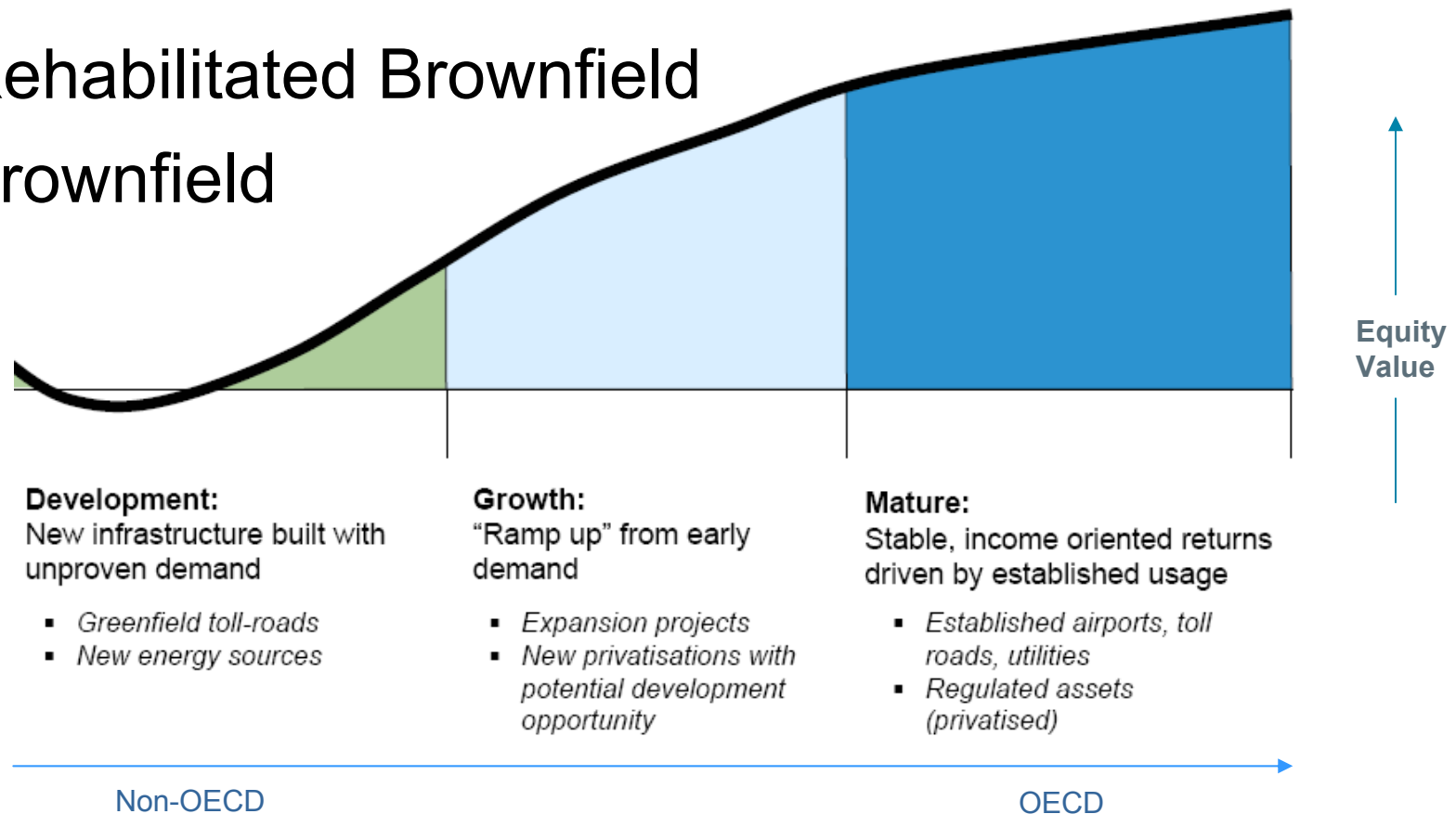
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- Infrastructure is broadly defined as the essential assets a society requires to facilitate the orderly operation of its economy
- We believe infrastructure provides limited inflation protection; any link to inflation is the result of underlying deals having embedded inflation “escalator” aspects written into contracts



# Infrastructure Lifecycle/Geographic Exposure

- Greenfield
- Rehabilitated Brownfield
- Brownfield



# Infrastructure Strategies

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## Core Infrastructure

- Established essential services assets (roads, airports, ports, water/electric utilities, etc.) with a history of consistent, robust cash flows
- Consists of services (usually regulated) for which the user is prepared to pay a fee such as transport, utilities or communication

## PPP / PFI Primary

- Public-private sector partnership to build, refurbish or maintain/operate infrastructure
- The private sector typically contracts with a public sector client to design, build, finance, and maintain public sector assets such as a hospitals, schools, prisons and courthouses
- Primary strategies typically involve the bidding/design phase, construction phase, and early maintenance/operation of the asset.

## PPP / PFI Secondary

- Public-private sector partnership to build, refurbish or maintain/operate infrastructure
- The private sector typically contracts with a public sector client to design, build, finance, and maintain public sector assets such as a hospitals, schools, prisons and courthouses
- Secondary strategies typically involve the later construction phases and/or maintaining/operating the asset through the life of the concession agreement.

# Infrastructure Investment Vehicles

## Primary Partnership

- Limited Partnership structures who invest in private infrastructure assets directly; most common vehicle for institutional investors
  - Traditional: 10 to 15 year closed-end funds
  - Traditional with income fund option: Limited Partners have the option to convert from a traditional to an income fund at some predetermined point during the life of the fund
  - Open-ended: A perpetual fund with greater liquidity than traditional closed end funds

## Fund of Funds

- Specialist managers who aggregate capital to invest in primary partnerships
- Limited Partners pay an additional layer of fees

## Publicly Listed

- Listed funds: principally invest in private infrastructure companies but offer better liquidity as its shares are traded on the open market
- Listed infrastructure
  - Invest in listed infrastructure companies
  - Operate similar to a traditional equity manager with a focus on infrastructure

## Direct investments/ Co-investments

- Investor will either directly or alongside other investors/funds purchase direct ownership in an infrastructure asset
- A strategy usually employed by larger institutional investors who retain significant staff

# Illustrative Returns and Yields for Infrastructure Assets

**Managers typically target gross IRR's of 10% - 15% and Yields of 5% - 8%**

Asset segment	Risk	Avg. cash yield (years 1–5)	Avg. leveraged IRR	Capital appreciation Potential
Toll Roads (Operating)	Low	4% to 9%	8% to 12%	Limited
Private Finance Initiatives	Low-Medium	4% to 5%	6% to 9%	Extremely Limited
Regulated Assets	Low-Medium	6% to 10%	10% to 15%	Limited
Contracted Power Generation	Medium	4% to 7%	10% to 12%	Limited
Rail	Medium	8% to 12%	14% to 18%	Yes
Airports/Seaports	Medium	4% to 7%	15% to 18%	Yes
Toll Roads (Greenfield Developments)	Medium-High	3% to 5%	12% to 20%	Yes
Communications Networks	Medium-High	4% to 7%	15% to 20%	Yes
Merchant Power Generation	High	4% to 12%	15% to 25%	Yes

Source: JP Morgan



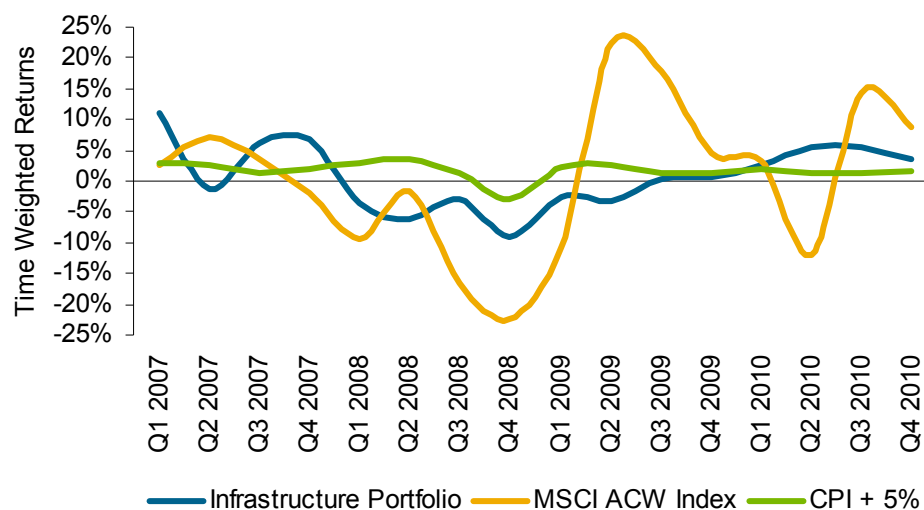
# Infrastructure Opportunities / Concerns

Opportunities	Concerns
<ul style="list-style-type: none"><li>▪ <b>Inelasticity of demand for services provided</b></li><li>▪ <b>Low correlation of returns versus other asset classes</b></li><li>▪ <b>Predictable positive cash flows and earnings via regulation and/or long-term contracts</b></li><li>▪ <b>Annual yield generation via high probability of distributions</b></li><li>▪ <b>Downside protection</b></li><li>▪ <b>Long asset life</b></li><li>▪ <b>Low return volatility</b></li><li>▪ <b>Low volatility of cash flows</b></li><li>▪ <b>Mature assets</b></li><li>▪ <b>Monopoly characteristics</b></li></ul>	<ul style="list-style-type: none"><li>▪ <b>Event risk</b></li><li>▪ <b>Leverage</b></li><li>▪ <b>Political/regulatory risk</b></li><li>▪ <b>Business/operational risk</b></li><li>▪ <b>Interest rate risk</b></li><li>▪ <b>Lack of historical investment theme within the U.S.</b></li><li>▪ <b>Lack of liquidity</b></li><li>▪ <b>Management fees</b></li></ul>

# Infrastructure as an Inflation Hedge

- Many infrastructure assets retain contracts/concession agreements that include inflation escalators; as such, we believe there are inflation hedging characteristics
- The most common vehicle institutional investors utilize to access infrastructure is primary partnerships; currently, there is no private infrastructure benchmark in which to compare returns and correlations
- For illustrative purposes, we have aggregated the private infrastructure performance of our retained clients against the MSCI ACW Index and CPI + 5% (all data as of 12/31/2010)

Infrastructure Historical Returns vs. MSCI ACW Index



# What is Infrastructure?

Infrastructure refers to large-scale public systems, services and facilities that are necessary for economic activity

Essential services	High barriers to entry	Predictable cashflows	Measured growth
<ul style="list-style-type: none"><li>▪ Daily usage, high volume</li><li>▪ Large customer base – households, businesses, passengers, drivers</li><li>▪ Low risk of technological obsolescence</li><li>▪ Community focus</li></ul>	<ul style="list-style-type: none"><li>▪ Long life, high value physical assets</li><li>▪ Significant capital requirements for competitor development</li><li>▪ Long term contracts/ concessions</li><li>▪ Often a natural monopoly</li><li>▪ Planning and approval requirements</li></ul>	<ul style="list-style-type: none"><li>▪ Concession arrangements</li><li>▪ Long term contracts</li><li>▪ Captive market</li><li>▪ Pricing power, inelastic demand</li><li>▪ Generally low on-going capex</li><li>▪ Low operating costs</li><li>▪ Prices and revenues often set by regulation</li><li>▪ Operating track record and history</li></ul>	<ul style="list-style-type: none"><li>▪ Long term growth correlated with GDP</li><li>▪ Inflation linked</li></ul>

# Infrastructure Assets

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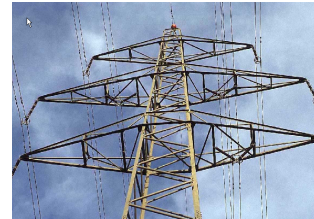
## Transportation

- Toll roads
- Bridges
- Tunnels
- Airports
- Ports
- Rail and mass transit networks



## Social infrastructure

- Education facilities
- Healthcare facilities



## Energy and Utilities (includes MLPs)

- Oil and gas pipelines
- Regulated electricity assets
- Transmission and distribution assets
- Water distribution and treatment
- Renewables



## Communications

- Cable networks
- Communication towers
- Select satellite systems

# Master Limited Partnerships Overview

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- Master Limited Partnerships (“MLPs”) – Publicly Traded
  - First MLP structure was born in 1981 and additional provisions were introduced through the Tax Reform Act of 1986 and the Revenue Act of 1987
    - The Revenue Act of 1987 limited publicly traded MLPs to certain sources of income such as the development, production and transportation of natural resources
  - Primarily own and operate assets within the energy sector and are considered for tax purposes by the IRS to be pass-through entities
    - A large percentage of the income generated by MLPs are required to be distributed in order to maintain their status
    - Unique advantage of the MLP structure is the avoidance of double taxation
- Current MLP market environment
  - MLPs have rebounded significantly since the Global Financial Crisis in 2008 and were outperforming the broader market indexes for 2011 through the third quarter
  - Average annual yields of MLPs are approximately 7% as of the 3Q 2011
  - Through 11/30/2011, ten year annual total returns for MLPs has been approximately 15%\*

\*Based on data from the Tortoise MLP index

## Overview (Cont'd)

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- Listed MLP Partnerships
  - There are over 70 publicly traded MLPs with a market capitalization north of \$250 billion
    - Energy-Midstream – 39%
    - Other – 17%
    - Energy – E&P – 12%
    - General Partners – 12%
    - Energy-Propane – 7%
    - Shipping – 7%
    - Energy-Coal – 3%
    - Real Estate – 3%

# MLP Vehicles

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- Separately Managed Accounts (SMA)
  - Similar to public equity mandates, MLP strategies can be accessed through a SMA
- Mutual Funds
  - There are a handful of mutual funds that also specialize in MLP strategies

# High Level Pros & Cons

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## Pros

- Liquidity
- Focus on long term, predictable cash flows
- Focus on delivering income yield
- Potential diversification (risk/return) benefits
- Liability matching characteristics

## Cons

- Small investable/manager universe
- Tax considerations
- Regulatory risk
- Operational risk
- Market/Beta risk

We have seen an increase in the number of inquiries regarding the MLP space with mixed results



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## CPI+ Real Return Strategies

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## PIMCO

## All Asset Fund

## Review Date

February 2012

## Current Rating

Buy

## Previous Rating

No Change

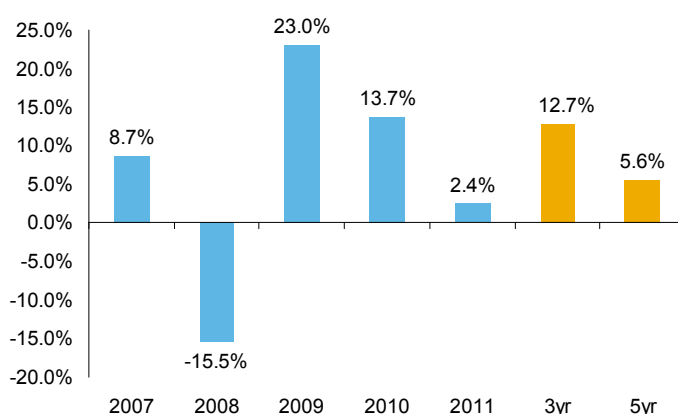
## Overall Rating

The PIMCO All Asset Fund combines the asset allocation skills of its sub-advisor, Research Affiliates (RA), with the active management capabilities and opportunity set of several PIMCO funds. Unlike other global tactical asset allocation (GTAA) strategies which are equity-centric, the PIMCO All Asset Fund is focused on delivering a real (i.e., inflation-adjusted) return. It does so by investing in commodities, TIPS, and other inflation-sensitive securities while limiting equity exposure. The Fund offers further appeal in its strategic allocations to alternative asset classes including real estate, commodities, high yield, and local emerging market debt.

## Component Ratings

	Rating	Previous Rating
<b>Overall</b>	<b>Buy</b>	<i>No Change</i>
Business	3	<i>No Change</i>
Staff	3	<i>No Change</i>
Process	3	<i>No Change</i>
Risk	3	<i>No Change</i>
ODD	Pass	<i>No Change</i>
Performance	3	<i>No Change</i>
T&C	4	<i>No Change</i>

## Absolute Performance (periods ending 31 Dec)



Fund performance (USD) is net of fees; performance for the periods 2007-2011 represents the full calendar year  
Source: Manager

## Firm Summary

<b>Head Office Location</b>	Newport Beach, CA	<b>Parent Name</b>	Allianz SE
<b>Firm AUM</b>	\$1.4 trillion	<b>Investment Staff</b>	604 (PIMCO) / 40 (RA)
<b>Hedge Fund AUM</b>	\$7.2 billion	<b>Hedge Fund Staff</b>	70 (PIMCO) / 40 (RA)

## Portfolio Strategy Characteristics

<b>Team Location</b>	Newport Beach, CA	<b>Team Head</b>	Robert Arnott
<b>Firm/Strategy Inception</b>	1971 / August 2002	<b>Strategy Size</b>	\$24.6 billion
<b>Performance Objective</b>	CPI + 5%	<b>Risk Objective</b>	6% – 8%
<b>Management Fee</b>	0.865% <sup>1</sup>	<b>Performance Fee</b>	N/A
<b>Hurdle Rate</b>	N/A	<b>Lock-Up</b>	N/A
<b>Redemption Terms</b>	Daily (1 day notice)	<b>Currency Available</b>	\$

<sup>1</sup> Management fee refers to the annual operating expense ratio of the Fund which includes management and other fees.

## Investment Manager Evaluation

Ratings Sheet		
Factor	Rating	Comments
<b>Business</b>	3	PIMCO is majority-owned by Allianz SE while RA is majority employee-owned. PIMCO enjoys significant independence and has remained consistently profitable over time. RA has also been stable and experienced strong asset flows. We view PIMCO's expansion into active equity management as an extension of its capabilities and have not noticed any adverse impact on the core fixed income business. Although RA founder, Mr. Arnott, has little co-investment in the PIMCO strategies, he has sufficient skin in the game when it comes to the equity of RA. While PIMCO is a major part of RA's business, we believe that the agreement between the two firms could be stronger.
<b>Investment Staff</b>	3	We think highly of Mr. Arnott and the other senior professionals at RA and believe PIMCO to be a best-in-class fixed income manager. Despite some recent turnover, PIMCO draws upon investment professionals located around the world as it attempts to identify the best investments across a global opportunity set. We believe that PIMCO's key strength lies in its high caliber people whose strength and depth is sustained across a wide range of sectors and markets.
<b>Investment Process</b>	3	The All Asset Fund offers a rare strategy of a tactical, total return orientation with sensitivity to the impact of inflation. The use of non-traditional asset classes offers both diversification as well as enhanced return potential. The consistency of PIMCO's value-added is a key strength of the strategy and is illustrated by the record of the manager's flagship Total Return Fund. We further find appeal in Mr. Arnott's exclusive access to PIMCO's funds and resources. PIMCO's size and depth of resources allows it to analyze and take advantage of market opportunities in ways many of its competitors cannot.
<b>Risk Management</b>	3	Risk management is a hallmark of PIMCO which manages the operational risk of the Fund. The manager's focus on managing risk manifests itself in many ways, from its prescient identification of key risks in the bond markets to portfolio construction and managing counterparty exposures. PIMCO and RA have developed in-house risk management tools which enable them to have a clear understanding of the risks within their portfolios. PIMCO also carries out scenario analysis which enables managers to appreciate the risks in portfolios if the economic climate changes.
<b>Operational Due Diligence</b>	Pass	In terms of compliance, the firm has adequate control procedures and systems that are in-line with industry standards. Systems at PIMCO have been developed in-house to meet its needs. Trading is automated and pre-deal compliance checks are in place to prevent contravention of client restrictions.
<b>Performance Analysis</b>	3	Mr. Arnott has been involved with asset allocation strategies for over a decade and has demonstrated the ability over this period to identify and exploit market opportunities. Long-term performance has fallen short of the Fund's target of inflation + 5%, largely due to weak results in 2008. We do note, however, that it has been a favorable return environment for fixed income for much of the time period since the product's inception. The Fund's correlation with the broad bond market is high at 0.7 since inception.

Ratings Sheet		
Factor	Rating	Comments
Terms & Conditions	4	Client service has been historically mixed and occasionally inflexible but the manager has improved and been responsive to feedback. The All Asset Fund has daily liquidity, does not use leverage, and its fees are quite low compared to other tactical asset allocation products at 86.5 basis points annually with no performance-based fee element.
Overall Rating	Buy	The PIMCO All Asset Fund combines the asset allocation skills of its sub-advisor, Research Affiliates (RA), with the active management capabilities and opportunity set of several PIMCO funds. Unlike other GTAA strategies which are equity-concentric, the PIMCO All Asset Fund is focused on delivering a real (i.e., inflation-adjusted) return. It does so by investing in commodities, TIPS, and other inflation-sensitive securities while limiting equity exposure. The Fund offers further appeal in its strategic allocations to alternative asset classes including real estate, commodities, high yield, and local emerging market debt.

## Manager Profile

### Overview

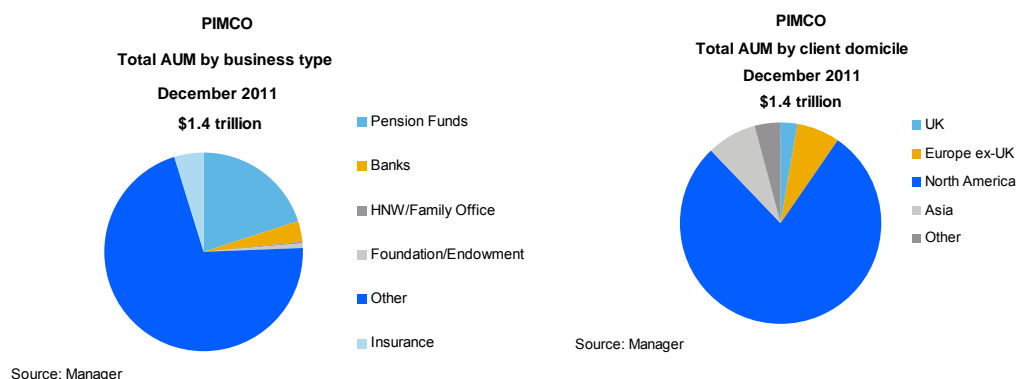
PIMCO is one of the largest asset managers in the world, with over \$1.4 trillion in firm-wide assets, nearly all of which is in fixed income strategies. PIMCO was founded in 1971 as a subsidiary of Pacific Life Insurance Company and was acquired in 2000 by Allianz SE, a German-based global financial services firm. Led by co-Chief Investment Officers Bill Gross and Mohamed El-Erian, the manager employs one of the largest and most talented fixed income teams in the industry. Headquartered in Newport Beach, California, the manager has offices in New York, Singapore, Tokyo, London, Munich, Toronto, and Hong Kong.

Research Affiliates serves as the asset allocation sub-advisor for the All Asset Fund. It was founded in 2002 by Robert (Rob) Arnott as an investment boutique that focuses on academically-oriented research and partners with investment managers in a sub-advisory role. The firm is headquartered in Newport Beach, California and has approximately \$79 billion in total assets under management. Approximately \$39 billion is managed using strategies developed by the firm while the remaining assets are invested in various PIMCO funds. Research Affiliates is best known for its work in global tactical asset allocation and fundamental indexing.

### Business

- PIMCO is majority-owned by Allianz SE, a German-based financial services firm with three primary lines of business: insurance, asset management, and banking.
- PIMCO operates autonomously and retains nearly 30% of its after-tax profits, which serve as a profit pool for key professionals. Non-voting equity options are also granted to top-performers, and those options vest over a five-year period. There have been no changes to the ownership structure during the past three years.
- A small stake of PIMCO's ownership is held by its employees, and Allianz is repurchasing those equity interests, but the program is expected to run through 2013.
- In December 2009, PIMCO announced its plans to launch a fundamental, actively-managed equity business. The manager believes that it needs to diversify its revenue stream if it wants to attract and retain top investment talent in the future.
- Research Affiliates is majority-owned by seven employees. Mr. Arnott owns approximately 75% of the firm while five senior professionals own 20% of equity. Nomura Asset Management, who distributes all of the firm's fundamental indexing assets in Japan, owns the outstanding 5% of equity in non-voting shares.
- A non-compete agreement between PIMCO and Mr. Arnott and Research Affiliates affords the sub-advisor exclusive access to PIMCO's funds and resources.

## Client Base



- PIMCO had \$1.4 trillion in assets under management at the end of December 2011. Of this amount, \$56.4 billion was invested in various asset allocation strategies, including \$24.6 billion in the PIMCO All Asset Fund.
- As of December 31, 2011, Research Affiliates had approximately \$87.3 billion in total assets under management, of which 45% was invested in the All Asset strategies (e.g., All Asset and All Asset All Authority).

## Investment Staff

Key Staff	Position	Date Joined	Years of Experience
Robert Arnott	Chairman, Chief Executive Officer	2002	35
Jason Hsu, Ph.D.	Chief Investment Officer	2002	15
Feifei Li, Ph.D.	Director of Research	2004	7
John West, CFA	Director, Product Specialist	2005	15
Katrina Sherrerd, Ph.D., CFA	Chief Operations Officer	2006	25
Christopher Brightman, CFA	Director of Strategy Management	2010	29
Mihir Worah, Ph.D.	Managing Director, Business Manager	2001	9
Robert Greer	Executive Vice President, Product Manager	2001	28
Brent Harris, CFA	Managing Director, Portfolio Manager	1984	28

- PIMCO attracts some of the leading talent in the industry to its firm due to its stature and existing team.
- PIMCO has one of the deepest fixed income teams in the industry, but there have been several high-profile departures from its investment team over recent years.
- Robert Arnott is the lead portfolio manager at Research Affiliates, the sub-advisor for the All Asset Fund. Although there are no key man provisions for the Fund, Mr. Arnott and Jason Hsu are responsible for idea generation and asset allocation and serve key roles within the firm.
- Mihir Worah is the lead portfolio manager at PIMCO responsible for the All Asset Fund.

- Brent Harris and Curtis Mewbourne are the senior PIMCO investment professionals who meet on a regular basis with Research Affiliates to discuss the All Asset Fund.

## Investment Process

### Philosophy

The PIMCO All Asset Fund is a tactical asset allocation fund that seeks to add value through two primary sources. First, the Fund's sub-advisor, Research Affiliates, attempts to add value by tactically allocating assets across traditional asset classes as well as through strategic allocations to alternatives including commodities, convertible securities, and REITs (65% of expected alpha). Second, the manager relies on the active management skill of the underlying PIMCO strategies (35% of expected alpha).

### Process

**Approach:** Research Affiliates employs a disciplined quantitative approach. The foundation is the manager's "building blocks model" which seeks to determine a long-term expected return by focusing on current income and potential for real income growth. The manager utilizes its risk premium analysis models to help determine valuation by looking at current and forward-looking returns within a mean revision framework. A business cycle model, which looks to determine whether the economy is entering an early/late expansion or recession, is employed to determine timing (i.e., the appropriate amount of risk at various parts of the business cycle). Finally, technical analysis focused on more short-term indicators is employed. Research Affiliates further conducts formal monthly sessions with PIMCO to qualitatively discuss what the models may be missing and employ a subjective overlay, if necessary.

**Opportunity Set:** The Fund currently has the ability to invest across 41 PIMCO funds which cover global bonds, global equities, real estate, and commodities. As of December 31, 2011, the Fund was invested in 39 PIMCO funds. The strategy allocations were as follows:

- Short-Term Strategies: 0.1%;
- U.S. Bond Strategies: 8.2%;
- EM and Global Bond Strategies: 24.1%;
- Credit Strategies: 29.1%
- Inflation-Related Strategies: 17.6%;
- U.S. Equity Strategies: 1.3%;
- Global Equity Strategies: 13.4%; and
- Alternative Strategies: 6.2%.

## Risk Management

PIMCO controls the operational risks for the All Asset Fund. Research Affiliates will recommend trades and adjustments to fund allocations which are then implemented within PIMCO's mutual fund management platform.

PIMCO's focus on managing risk manifests itself in many ways, from its prescient identification of key risks in the bond markets to portfolio construction and managing counterparty exposures. As evidence of PIMCO's success in managing risk, performance in the underlying PIMCO funds has been best during periods of economic stress and heightened market volatility.

Prior to initial funding, each PIMCO fund is assigned a generalist portfolio manager who is tasked with setting and monitoring the overall risk and performance profile of the fund. These portfolio managers use a number of proprietary risk measures such as interest rate risk, interest rate volatility risk, yield curve risk, sector risk, and credit risk, to monitor market risk factors at the individual security and portfolio levels.



Portfolio managers work with the Financial Engineering Group, a risk management team responsible for implementing and enhancing the portfolio risk reporting and oversight processes for PIMCO's offices around the world, to develop and monitor a variety of risk factor targets and concentration limits. The Financial Engineering Group is also responsible for counterparty and collateral management and uses proprietary technology to focus on the overall amount of investment risk in each portfolio (particularly relative to its benchmark), as well as on the composition of that risk.

While there is no separate risk committee at Research Affiliates, risk management is embedded into the investment process. The manager establishes a risk budget as part of the tactical asset allocation process using its expected returns, volatilities, and correlations, and then allocates among various PIMCO funds that meet that risk budget.

Research Affiliates does not scale risk, rather it seeks to be countercyclical. This means that the manager may, at times, "be early" to a trade and lag in periods where markets get away from fundamentals. The underlying assumption of the strategy is that the market will recognize intrinsic value over a business cycle.

Risk reports are generated and reviewed on a daily and monthly basis using proprietary risk systems.

The Fund itself does not directly use derivatives or leverage; however, PIMCO may employ implicit leverage in the management of the underlying Fund strategies at times. An example as to how PIMCO can achieve such implicit leverage is through its "cash equivalents" backing derivatives. PIMCO categorizes securities that are less than one year in duration as "cash equivalents." This definition does not specify any criteria for final maturity, credit quality, or instrument type. While this practice is not uncommon and even conventional for fixed income managers, it can mask certain risks for investors who interpret "cash equivalents" as low-risk securities devoid of credit or default risk. PIMCO is aware that it assumes such risks in its portfolio, and the manager dedicates extensive time and effort to monitoring such risks in its clients' portfolios.

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## Operational Due Diligence

- PIMCO is registered with the U.S. Securities and Exchange Commission as an investment adviser pursuant to the Investment Advisers Act of 1940.
- Research Affiliates, a third party, is engaged to provide asset allocation capabilities and is the sub-advisor on several strategies including the All Asset Fund.
- Since August 2000, State Street Investment Manager Solutions (IMS) has assumed most of PIMCO's investment operations functions including trade processing, custodian communication for settlements and accounting, and systems network and application development. State Street IMS processes trades and maintains records while PIMCO owns and controls portfolio analytics and risk measurement functions, trade compliance, and the client reporting interface.
- PIMCO does not use a third-party administrator.
- PIMCO has a Business Continuity Plan in place that is frequently tested.

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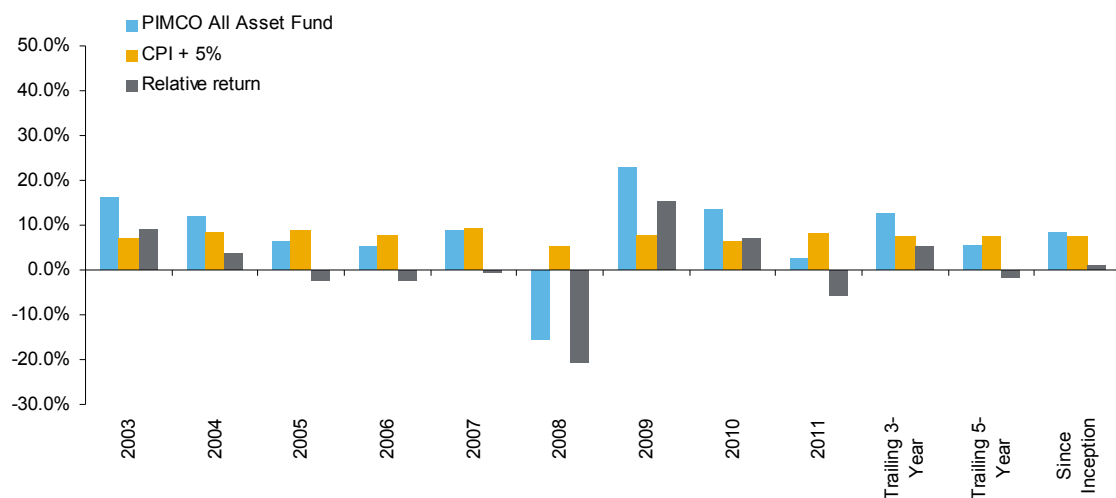
## Terms & Conditions

Mutual fund (\$1 million minimum):

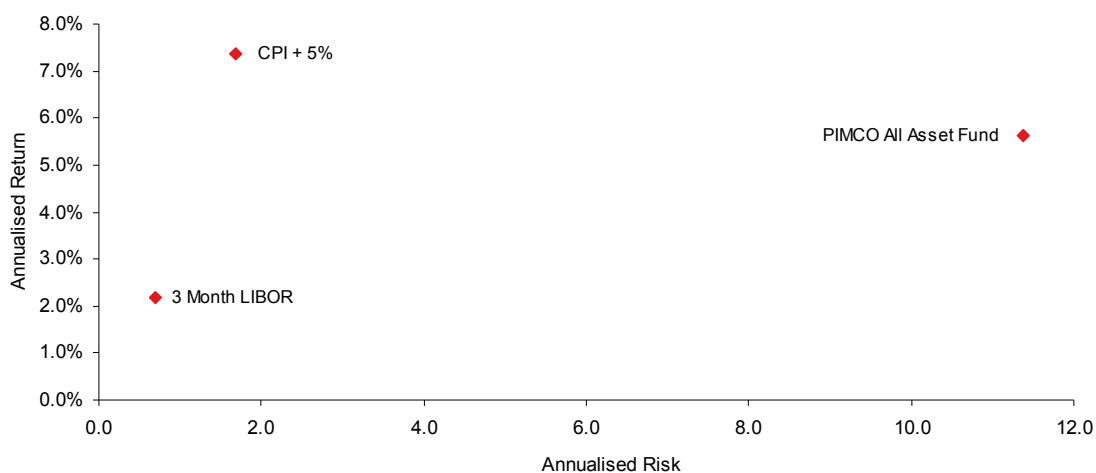
- All Asset Fund Instl (Ticker: PAAIX): 86.5 bps
-

## Performance and Risk Metrics

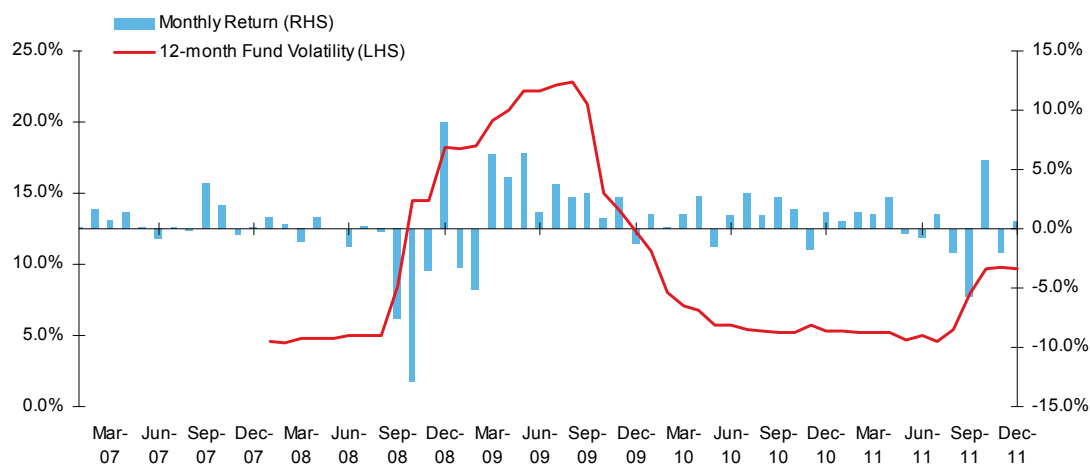
Historic Performance  
(Inception: August 2002)



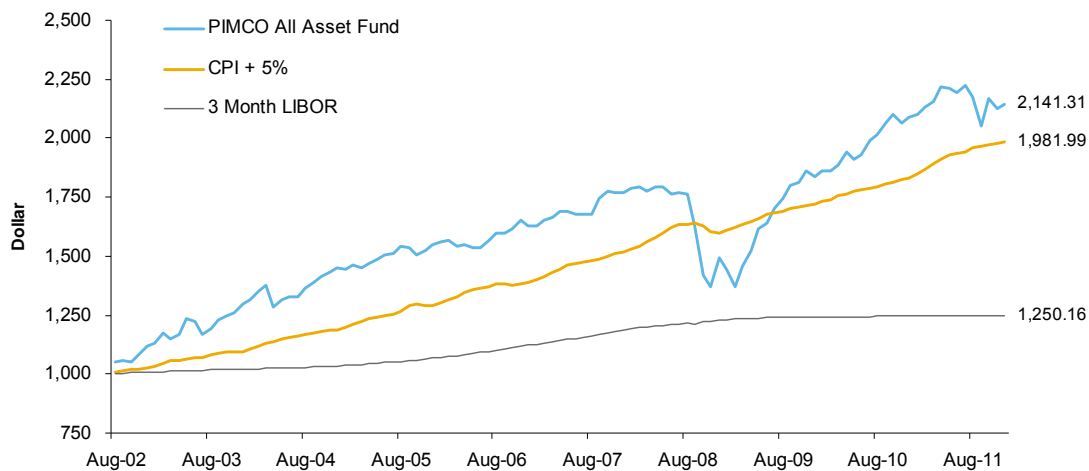
Risk – Return  
5 Years Ending  
31/12/2011



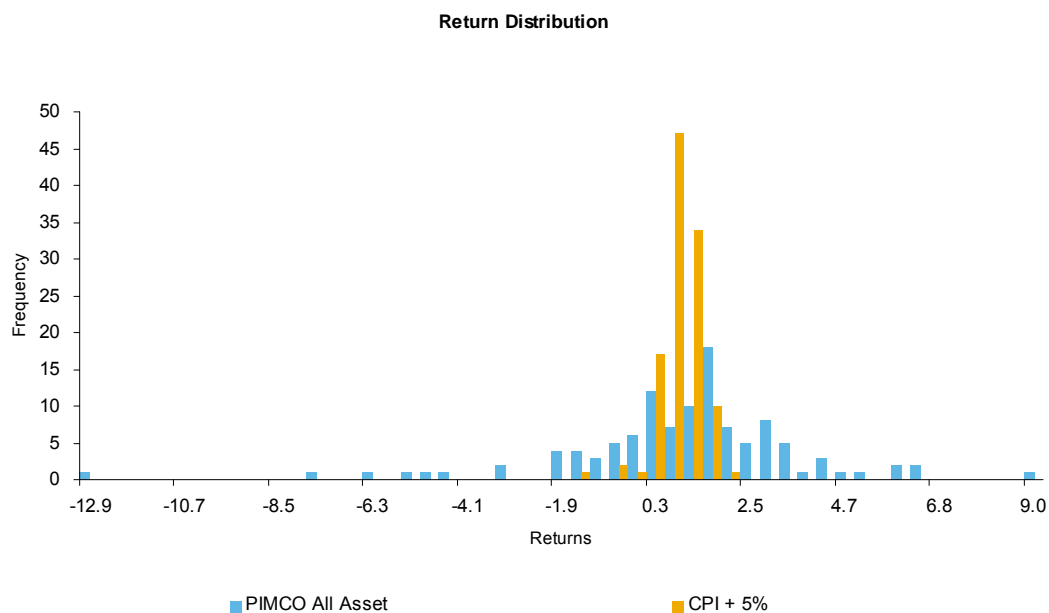
Monthly Return and 12-Month Rolling Volatility  
5 Years Ending  
31/12/2011



Growth of \$1,000  
(Inception: August 2002)



Monthly Distribution of  
Returns  
(Inception: August 2002)



Notes

Fund performance (USD) is net of fees and sourced from the manager.

## Ratings Explanation

Below we describe the criteria which we use to rate fund management organizations and their specific investment products. Each criterion, except for Operational Due Diligence ("ODD"), is individually rated from 1 to 4, where:

- 1 = Weak
- 2 = Average
- 3 = Above Average
- 4 = Strong

The ODD factor can be assigned a Pass, Conditional Pass, or Fail rating and can be interpreted as follows:

**Pass** – Our research indicates that the manager has acceptable operational controls and procedures in place.

**Conditional Pass** – We have specific concerns that the manager needs to address within a reasonable established timeframe.

**Fail** – Our research indicates that the manager has critical operational weaknesses and we recommend that clients formally review the appointment.

An overall rating is then derived for the product from the individual ratings. We do not assign a fixed weight to each criterion to establish the overall rating; instead we consider each case individually. The overall rating score can be interpreted as follows:

- Buy** = We recommend purchase of this investment product
- Buy (Closed)** = We recommend purchase of this investment product, however it is currently closed to new investors
- Hold** = We recommend client investments in this product are maintained
- Sell** = We recommend termination of client investments in this product
- In Review** = The rating is under review as we evaluate factors that may cause us to change the current rating.

The comments and assertions reflect our views of the specific investment product and our opinion of its strengths and weaknesses.

## Disclaimer

This document has been produced by the Global Investment Management Team of Aon Corporation. Nothing in this document should be treated as an authoritative statement of the law on any particular aspect or in any specific case. It should not be taken as financial advice and action should not be taken as a result of this document alone. Consultants will be pleased to answer questions on its contents but cannot give individual financial advice. Individuals are recommended to seek independent financial advice in respect of their own personal circumstances.

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USA

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## PIMCO

## All Asset All Authority Fund

### Review Date

June 2011

### Current Rating

Buy

### Previous Rating

New Rating

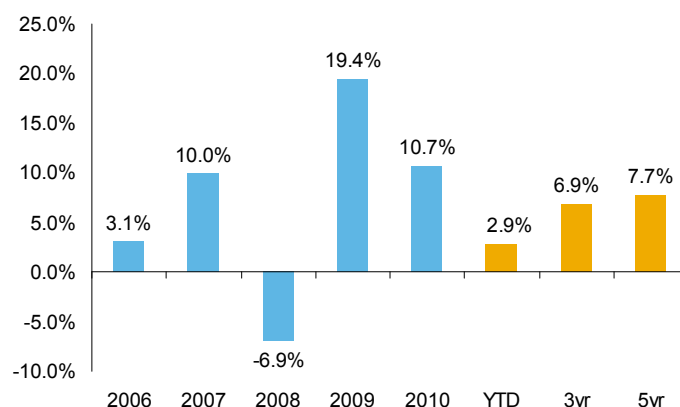
### Overall Rating

The PIMCO All Asset All Authority Fund combines the asset allocation skills of its sub-advisor, Research Affiliates (RA), with the active management capabilities and opportunity set of several PIMCO funds. Unlike other global tactical asset allocation (GTAA) strategies which are equity-concentric, the PIMCO All Asset All Authority Fund is focused on delivering a real (i.e., inflation-adjusted) return. It does so by investing in commodities, TIPS, and other inflation-sensitive securities while limiting equity exposure. The Fund offers further appeal in its strategic allocations to alternative asset classes including real estate, commodities, high yield, and local emerging market debt.

### Component Ratings

	Rating	Previous Rating
<b>Overall</b>	<b>Buy</b>	<i>New Rating</i>
Business	3	<i>New Rating</i>
Staff	3	<i>New Rating</i>
Process	3	<i>New Rating</i>
Risk	3	<i>New Rating</i>
ODD	Pass	<i>New Rating</i>
Performance	3	<i>New Rating</i>
T&C	4	<i>New Rating</i>

### Absolute Performance (periods ending 31 Mar)



Fund performance (USD) is net of fees; performance for the periods 2006-2010 represents the full calendar year  
Source: Manager

### Firm Summary

<b>Head Office Location</b>	Newport Beach, CA	<b>Parent Name</b>	Allianz SE
<b>Firm AUM</b>	\$1.3 trillion	<b>Investment Staff</b>	496 (PIMCO) / 37 (RA)
<b>Hedge Fund AUM</b>	\$6.6 billion	<b>Hedge Fund Staff</b>	247 (PIMCO) / 37 (RA)

### Portfolio Strategy Characteristics

<b>Team Location</b>	Newport Beach, CA	<b>Team Head</b>	Robert Arnott
<b>Firm/Strategy Inception</b>	1971 / November 2003	<b>Strategy Size</b>	\$10.3 billion
<b>Performance Objective</b>	CPI + 6.5%	<b>Risk Objective</b>	8% – 10%
<b>Management Fee</b>	0.98% <sup>1</sup>	<b>Performance Fee</b>	N/A
<b>Hurdle Rate</b>	N/A	<b>Lock-Up</b>	N/A
<b>Redemption Terms</b>	Daily (1 day notice)	<b>Currency Available</b>	\$

<sup>1</sup> Management fee refers to the annual operating expense ratio of the Fund which includes management and other fees.

## Investment Manager Evaluation

Ratings Sheet		
Factor	Rating	Comments
<b>Business</b>	3	PIMCO is majority-owned by Allianz SE while RA is majority employee-owned. PIMCO enjoys significant independence and has remained consistently profitable over time. RA has also been stable and experienced strong asset flows. We view PIMCO's expansion into active equity management as an extension of its capabilities and have not noticed any adverse impact on the core fixed income business. Although RA founder, Mr. Arnott, has little co-investment in the PIMCO strategies, he has sufficient skin in the game when it comes to the equity of RA. While PIMCO is a major part of RA's business, we believe that the agreement between the two firms could be stronger.
<b>Investment Staff</b>	3	We think highly of Mr. Arnott and the other senior professionals at RA and believe PIMCO to be a best-in-class fixed income manager. Despite some recent turnover, PIMCO draws upon investment professionals located around the world as it attempts to identify the best investments across a global opportunity set. We believe that PIMCO's key strength lies in its high caliber people whose strength and depth is sustained across a wide range of sectors and markets.
<b>Investment Process</b>	3	The All Asset All Authority Fund offers a rare strategy of a tactical, total return orientation with sensitivity to the impact of inflation. The use of non-traditional asset classes offers both diversification as well as enhanced return potential. The consistency of PIMCO's value-added is a key strength of the strategy and is illustrated by the record of the manager's flagship Total Return Fund. We further find appeal in Mr. Arnott's exclusive access to PIMCO's funds and resources. PIMCO's size and depth of resources allows it to analyze and take advantage of market opportunities in ways many of its competitors cannot.
<b>Risk Management</b>	3	Risk management is a hallmark of PIMCO which manages the operational risk of the Fund. The manager's focus on managing risk manifests itself in many ways, from its prescient identification of key risks in the bond markets to portfolio construction and managing counterparty exposures. PIMCO and RA have developed in-house risk management tools which enable them to have a clear understanding of the risks within their portfolios. PIMCO also carries out scenario analysis which enables managers to appreciate the risks in portfolios if the economic climate changes.
<b>Operational Due Diligence</b>	Pass	In terms of compliance, the firm has adequate control procedures and systems that are in-line with industry standards. Systems at PIMCO have been developed in-house to meet its needs. Trading is automated and pre-deal compliance checks are in place to prevent contravention of client restrictions.
<b>Performance Analysis</b>	3	Mr. Arnott has been involved with asset allocation strategies for over a decade and has demonstrated the ability over this period to identify and exploit market opportunities. However, long-term performance has struggled versus the Fund's target of inflation + 6.5% due to significant underperformance in 2008.

## Ratings Sheet

Factor	Rating	Comments
<b>Terms &amp; Conditions</b>	4	Client service has been historically mixed and occasionally inflexible but the manager has improved and been responsive to feedback. The All Asset All Authority Fund has daily liquidity, makes minimal use of leverage, and its fees are quite low compared to other tactical asset allocation products at 98 basis points annually with no performance-based fee element.
<b>Overall Rating</b>	<b>Buy</b>	The PIMCO All Asset All Authority Fund combines the asset allocation skills of its sub-advisor, Research Affiliates (RA), with the active management capabilities and opportunity set of several PIMCO funds. Unlike other global tactical asset allocation (GTAA) strategies which are equity-concentric, the PIMCO All Asset All Authority Fund is focused on delivering a real (i.e., inflation-adjusted) return. It does so by investing in commodities, TIPS, and other inflation-sensitive securities while limiting equity exposure. The Fund offers further appeal in its strategic allocations to alternative asset classes including real estate, commodities, high yield, and local emerging market debt.

## Manager Profile

### Overview

PIMCO is one of the largest asset managers in the world, with over \$1.3 trillion in firm-wide assets, nearly all of which is in fixed income strategies. PIMCO was founded in 1971 as a subsidiary of Pacific Life Insurance Company and was acquired in 2000 by Allianz SE, a German-based global financial services firm. Led by co-Chief Investment Officers Bill Gross and Mohamed El-Erian, the manager employs one of the largest and most talented fixed income teams in the industry. Headquartered in Newport Beach, California, the manager has offices in New York, Singapore, Tokyo, London, Munich, Toronto, and Hong Kong.

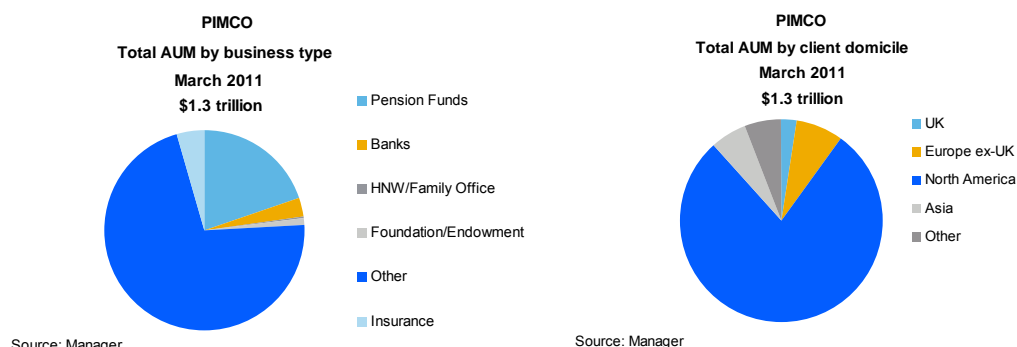
Research Affiliates serves as the asset allocation sub-advisor for the All Asset All Authority Fund. It was founded in 2002 by Robert (Rob) Arnott as an investment boutique that focuses on academically-oriented research and partners with investment managers in a sub-advisory role. The firm is headquartered in Newport Beach, California and has approximately \$75 billion in total assets under management. Approximately \$33 billion is managed using strategies developed by the firm while the remaining assets are invested in various PIMCO funds. Research Affiliates is best known for its work in global tactical asset allocation and fundamental indexing.

### Business

- PIMCO is majority-owned by Allianz SE, a German-based financial services firm with three primary lines of business: insurance, asset management, and banking.
- PIMCO operates autonomously and retains nearly 30% of its after-tax profits, which serve as a profit pool for key professionals. Non-voting equity options are also granted to top-performers, and those options vest over a five-year period. There have been no changes to the ownership structure during the past three years.
- A small stake of PIMCO's ownership is held by its employees, and Allianz is repurchasing those equity interests, but the program is expected to run through 2013.
- In December 2009, PIMCO announced its plans to launch a fundamental, actively-managed equity business. The manager believes that it needs to diversify its revenue stream if it wants to attract and retain top investment talent in the future.
- Research Affiliates is majority-owned by six employees. Mr. Arnott owns approximately 80% of the firm while five senior professionals own the remaining 15% of equity. Nomura Asset Management, who distributes all of the firm's fundamental indexing assets in Japan, owns the outstanding 5% of equity in non-voting shares.
- A non-compete agreement between PIMCO and Mr. Arnott and Research Affiliates affords the sub-advisor exclusive access to PIMCO's funds and resources.



## Client Base



- PIMCO had \$1.3 trillion in assets under management at the end of March 2011. Of this amount, \$41.2 billion was invested in various asset allocation strategies, including \$10.3 billion in the PIMCO All Asset All Authority Fund.
- As of March 31, 2011, Research Associates had approximately \$75.2 billion in total assets under management, of which 33% was invested in the All Asset strategies (e.g., All Asset and All Asset All Authority).

## Investment Staff

Key Staff	Position	Date Joined	Years of Experience
Robert Arnott	Chairman, Chief Executive Officer	2002	34
Jason Hsu, Ph.D.	Chief Investment Officer	2002	14
Feifei Li, Ph.D.	Director of Research	2004	6
John West, CFA	Director, Product Specialist	2005	14
Katrina Sherrerd, Ph.D., CFA	Chief Operations Officer	2006	24
Christopher Brightman, CFA	Director of Strategy Management	2010	28
Mihir Worah, Ph.D.	Managing Director, Business Manager	2001	9
Robert Greer	Executive Vice President, Product Manager	2001	27
Brent Harris, CFA	Managing Director, Portfolio Manager	1984	27
Curtis Mewbourne	Managing Director, Portfolio Manager	1999	19

- PIMCO attracts some of the leading talent in the industry to its firm due to its stature and existing team.
- PIMCO has one of the deepest fixed income teams in the industry, but there have been several high-profile departures from its investment team over recent years.
- Robert Arnott is the lead portfolio manager at Research Associates, the sub-advisor for the All Asset All Authority Fund. Although there are no key man provisions for the Fund, Mr. Arnott and Jason Hsu are responsible for idea generation and asset allocation and serve key roles within the firm.

- Mihir Worah is the lead portfolio manager at PIMCO responsible for the All Asset All Authority Fund.
- Brent Harris and Curtis Mewbourne are the senior PIMCO investment professionals who meet on a regular basis with Research Affiliates to discuss the All Asset All Authority Fund.

## Investment Process

### Philosophy

The PIMCO All Asset All Authority Fund is a tactical asset allocation fund that seeks to add value through two primary sources. First, the Fund's sub-advisor, Research Affiliates, attempts to add value by tactically allocating assets across traditional asset classes as well as through strategic allocations to alternatives including commodities, convertible securities, and REITs (65% of expected alpha). Second, the manager relies on the active management skill of the underlying PIMCO strategies (35% of expected alpha).

### Process

**Approach:** Research Affiliates employs a disciplined quantitative approach. The foundation is the manager's "building blocks model" which seeks to determine a long-term expected return by focusing on current income and potential for real income growth. The manager utilizes its risk premium analysis models to help determine valuation by looking at current and forward-looking returns within a mean reversion framework. A business cycle model, which looks to determine whether the economy is entering an early/late expansion or recession, is employed to determine timing (i.e., the appropriate amount of risk at various parts of the business cycle). Finally, technical analysis focused on more short-term indicators is employed. Research Affiliates further conducts formal monthly sessions with PIMCO to qualitatively discuss what the models may be missing and employ a subjective overlay, if necessary.

**Opportunity Set:** The All Asset All Authority Fund offers a slightly broader opportunity set than does the All Asset Fund, including the ability to short stocks. The Fund currently has the ability to invest across 61 PIMCO funds which cover global bonds, global equities, real estate, and commodities. As of March 31, 2011, the Fund was invested in 35 PIMCO funds. The strategy allocations were as follows:

- Short-Term Strategies: 7.3%;
- U.S. Bond Strategies: 8.2%;
- Alternative Bond Strategies: 43.4%;
- Inflation-Related Strategies: 29.7%;
- Long Equity-Related Strategies: 8.9%;
- Alternative Equity-Related Strategies: 31.4%; and
- Leverage on Net Assets: -28.9%.

In addition to the funds available to the All Asset Fund, the All Asset All Authority Fund may make a short equity allocation to the StocksPLUS Short Strategy Fund of up to 20% of capital. The maximum equity exposure in the All Asset All Authority Fund is 66.7%, which may include a maximum allocation to U.S. stocks of 50% and to non-U.S. stocks of 33.3%. (Thus a full allocation to stocks must include some non-U.S. exposure.) Finally, the All Asset All Authority Fund may use up to 33.3% leverage. This option is intended not to merely magnify every position in the All Asset Fund but magnify the effect of individual asset class views.

The underlying models Research Affiliates uses are the same for both Funds. The differences in weightings between the All Asset Fund and the All Asset All Authority Fund are implemented as a final step.

## Risk Management

PIMCO controls the operational risks for the All Asset All Authority Fund. Research Affiliates will recommend trades and adjustments to fund allocations which are then implemented within PIMCO's mutual fund management platform.

PIMCO's focus on managing risk manifests itself in many ways, from its prescient identification of key risks in the bond markets to portfolio construction and managing counterparty exposures. As evidence of PIMCO's success in managing risk, performance in the underlying PIMCO funds has been best during periods of economic stress and heightened market volatility.

Prior to initial funding, each PIMCO fund is assigned a generalist portfolio manager who is tasked with setting and monitoring the overall risk and performance profile of the fund. These portfolio managers use a number of proprietary risk measures such as interest rate risk, interest rate volatility risk, yield curve risk, sector risk, and credit risk, to monitor market risk factors at the individual security and portfolio levels.

Portfolio managers work with the Financial Engineering Group, a risk management team responsible for implementing and enhancing the portfolio risk reporting and oversight processes for PIMCO's offices around the world, to develop and monitor a variety of risk factor targets and concentration limits. The Financial Engineering Group is also responsible for counterparty and collateral management and uses proprietary technology to focus on the overall amount of investment risk in each portfolio (particularly relative to its benchmark), as well as on the composition of that risk.

While there is no separate risk committee at Research Affiliates, risk management is embedded into the investment process. The manager establishes a risk budget as part of the tactical asset allocation process using its expected returns, volatilities, and correlations, and then allocates among various PIMCO funds that meet that risk budget.

Research Affiliates does not scale risk, rather it seeks to be countercyclical. This means that the manager may, at times, "be early" to a trade and lag in periods where markets get away from fundamentals. The underlying assumption of the strategy is that the market will recognize intrinsic value over a business cycle.

Risk reports are generated and reviewed on a daily and monthly basis using proprietary risk systems.

Leverage within the All Asset All Authority Fund is minimal and not necessarily drawn upon at all times. PIMCO may employ implicit leverage in the management of the underlying Fund strategies at times. An example as to how PIMCO can achieve such implicit leverage is through its "cash equivalents" backing derivatives. PIMCO categorizes securities that are less than one year in duration as "cash equivalents." This definition does not specify any criteria for final maturity, credit quality, or instrument type. While this practice is not uncommon and even conventional for fixed income managers, it can mask certain risks for investors who interpret "cash equivalents" as low-risk securities devoid of credit or default risk. PIMCO is aware that it assumes such risks in its portfolio, and the manager dedicates extensive time and effort to monitoring such risks in its clients' portfolios.

## Operational Due Diligence

- PIMCO is registered with the U.S. Securities and Exchange Commission as an investment adviser pursuant to the Investment Advisers Act of 1940.
- Research Affiliates, a third party, is engaged to provide asset allocation capabilities and is the sub-advisor on several strategies including the All Asset All Authority Fund.
- Since August 2000, State Street Investment Manager Solutions (IMS) has assumed most of PIMCO's investment operations functions including trade processing, custodian communication for settlements and accounting, and systems network and application development. State Street IMS processes trades and maintains records while PIMCO owns and controls portfolio analytics and risk measurement functions, trade compliance, and the

client reporting interface.

- PIMCO does not use a third-party administrator.
- PIMCO has a Business Continuity Plan in place that is frequently tested.

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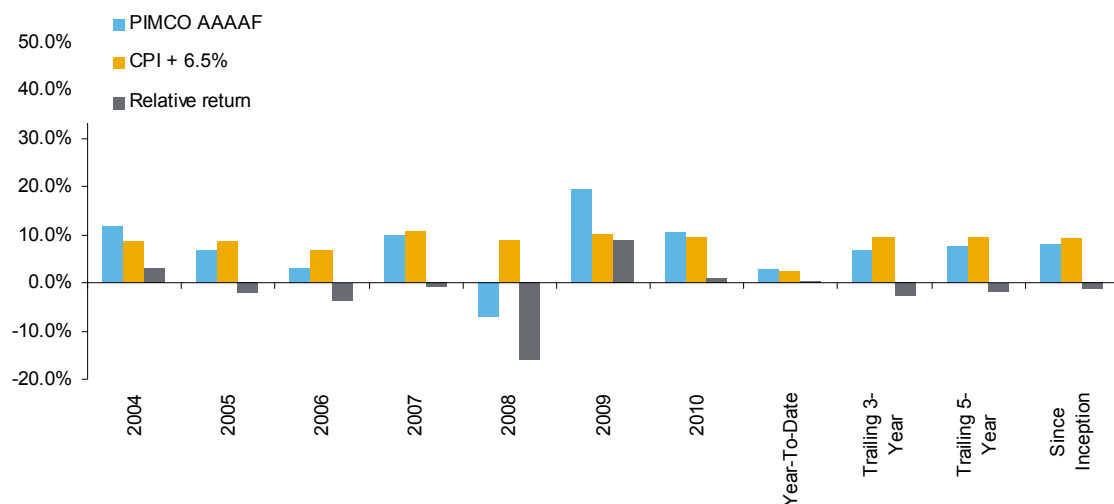
**Terms & Conditions**

Mutual fund (\$1 million minimum):

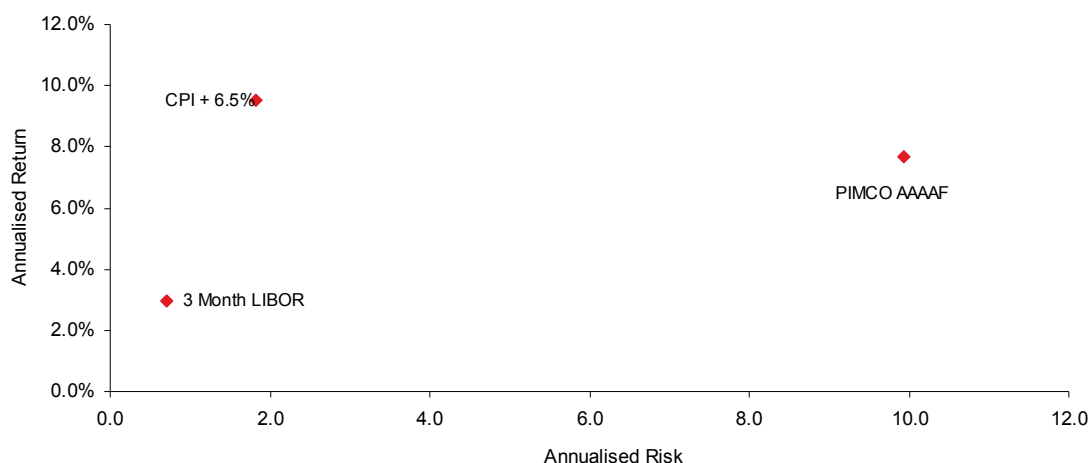
- All Asset All Authority Fund Instl (PAUIX): 98.0 bps
-

## Performance and Risk Metrics

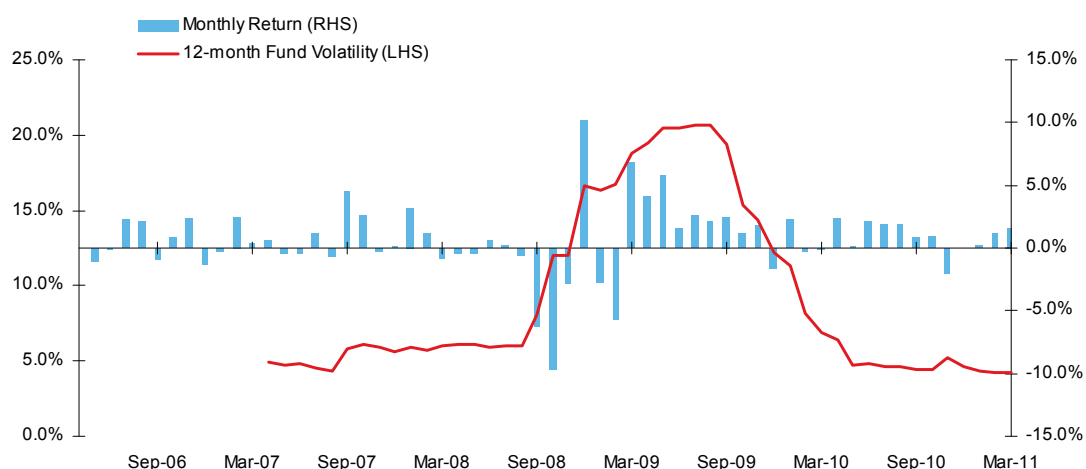
Historic Performance  
(Inception: November 2003)



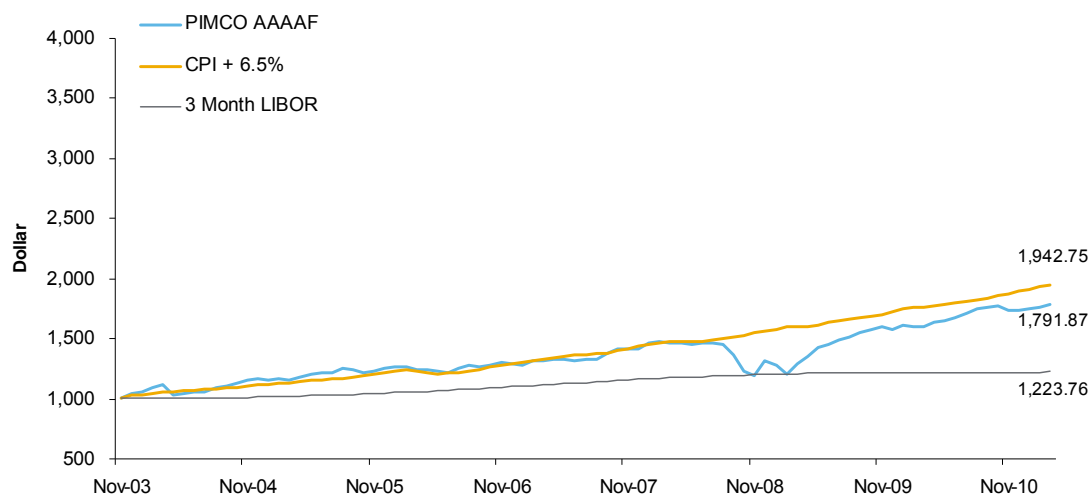
Risk – Return  
5 Years Ending  
31/03/2011



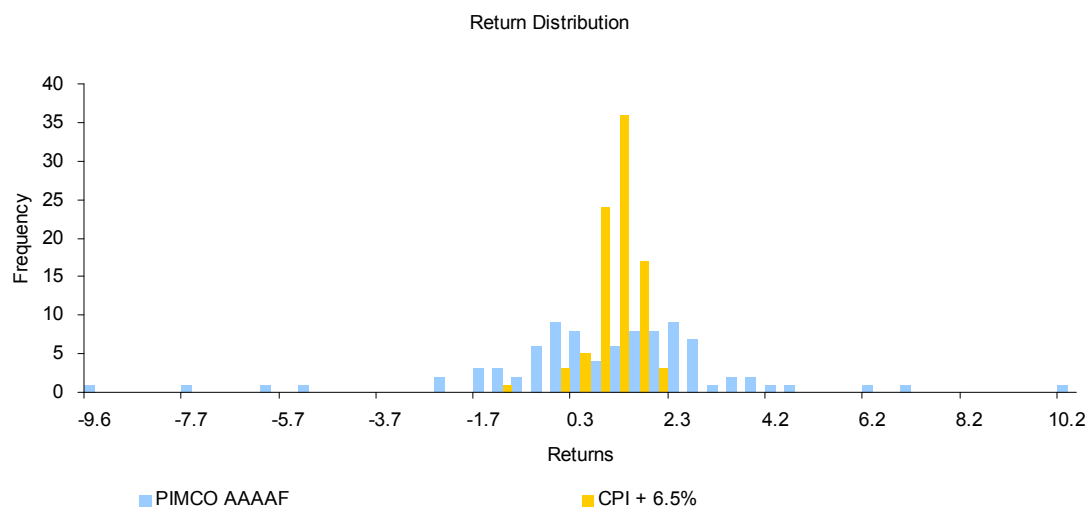
Monthly Return and 12-Month Rolling Volatility  
5 Years Ending  
31/03/2011



Growth of \$1,000  
(Inception: November  
2003)



Monthly Distribution of  
Returns  
(Inception: November  
2003)



Notes

Fund performance (USD) is net of fees and sourced from the manager.



## Ratings Explanation

Below we describe the criteria which we use to rate fund management organizations and their specific investment products. Each criterion, except for Operational Due Diligence ("ODD"), is individually rated from 1 to 4, where:

- 1 = Weak
- 2 = Average
- 3 = Above Average
- 4 = Strong

The ODD factor can be assigned a Pass, Conditional Pass, or Fail rating and can be interpreted as follows:

**Pass** – Our research indicates that the manager has acceptable operational controls and procedures in place.

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# Putting It All Together

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As articulated, there is no single leading investment opportunity on a stand-alone basis that provides effective inflation protection over the short- and intermediate-term periods

## RECOMMENDATION:

We suggest the Board take one of two steps to fund the expanded Real Return asset category by 2 percentage points:

1. Conduct a search for an additional real estate manager (reference next tab for evaluation of current program); or
2. Conduct a search for an active CPI + a premium investment manager





# Real Estate Discussion

Presentation to the VCERA Board of Retirement  
July 16, 2012

Presentation to Ventura County Employees' Retirement Association

**Hewitt** ennisknupp  
*An Aon Company*

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# Agenda

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<b>Section 1</b>	Introduction
<b>Section 2</b>	Real Estate Market Update
<b>Section 3</b>	Program Overview
<b>Section 4</b>	Performance
<b>Section 5</b>	HEK Real Estate Investment Trends
<b>Section 6</b>	Current Market Opportunities
<b>Section 7</b>	Current Market Opportunities Summary
<b>Section 8</b>	HEK Discussion Points
<b>Appendix A</b>	Dedicated Real Estate Team

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# Introduction

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- VCERA has an 8% real estate allocation within the 10% “real return” allocation
  - The plan is slightly above its real estate allocation at 8.4% as of the first quarter of 2012
  - Existing real estate commitments are essentially fully funded
- The role of real estate “is to provide a competitive risk adjusted rate of return compared to other asset classes and to provide prudent portfolio diversification consistent with risk and return objectives”
- HEK would like to provide VCERA with a real estate market update and discuss current real estate investment opportunities
  - We would also like to open a discussion to explore the potential to enhance VCERA’s real estate program and take advantage of current real estate opportunities

# Real Estate Market Update

- The rebound within the real estate market has matured, now approximately two years from the trough
- Returns, as measured by the NPI and NFI-ODCE, while still above average are now moderating
- Gateway cities have benefited the most to date, as performance has been bifurcated by region as well as risk spectrum, with non-Core private real estate performance lagging the recovery in Core
- Average Core pricing has rebounded 21% since the trough, though still 14% off sector peak. Capital market factors have driven much of the pricing rebound to date
- In 2012, return expectations for Core are closer to the sector's long term average (7% to 9%)

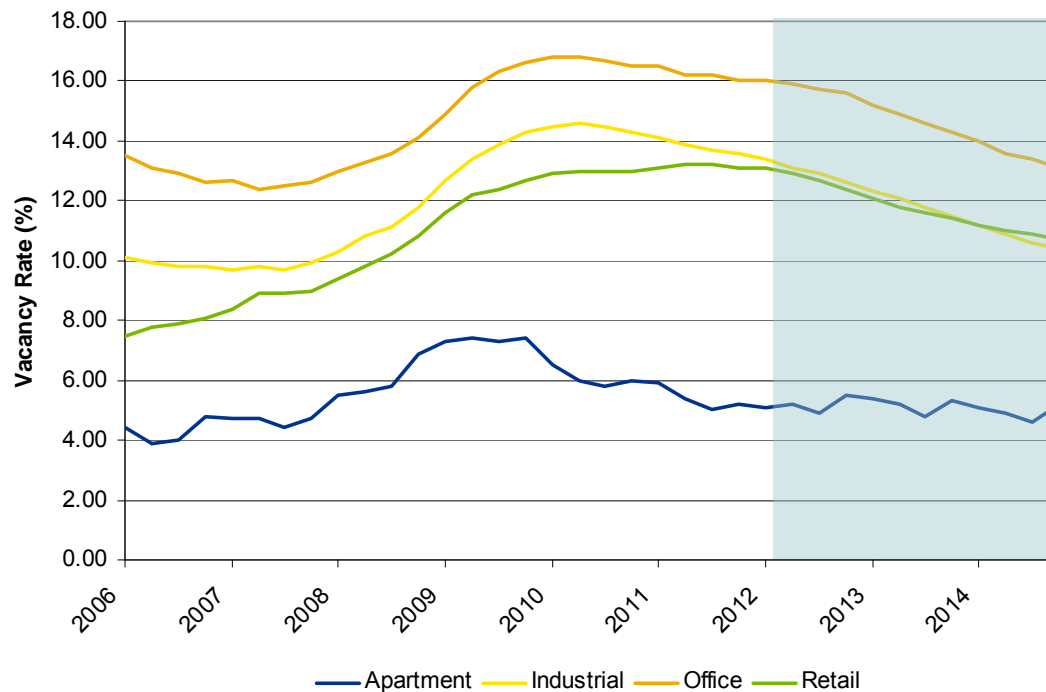
	As of March 31, 2012			
	Quarter	1 year	3 years	5 years
NFI-ODCE (Net) *	2.6%	13.6%	3.2%	-1.3%
NPI **	2.6	13.4	6.0	2.9

\* NFI-ODCE which stands for the NCREIF Fund Index Open End Diversified Core Equity is an index of investment returns reporting on the results of core open-end commingled funds pursuing a core investment strategy; it is available gross and net of fee and incorporates leverage

\*\* NPI stands for the NCREIF Property Index, a gross of fee and unlevered measure of investment performance of a very large pool of institutional commercial real estate properties acquired in the private market for investment purposes only

## Real Estate Market Update (cont'd)

- Underlying fundamentals have largely firmed, though wide regional differences remain
- Apartments have outperformed trough-to-date; Office has lagged
- Continued improving fundamentals, driven by more consistent job growth, will help support current pricing levels—initial price recovery was driven by capital market corrections
- Liquidity has loosened significantly, albeit still segmented, continuing to create an avenue for releasing sector stress and on-going investment opportunities



Source: CBRE-EA , Hewitt EnnisKnupp 3/31/12

# VCERA Program Overview

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- VCERA's current real estate portfolio is relatively conservative in nature and heavily weighted to Core real estate strategies (89.2%)
  - Manager concentration exists with UBS and Prudential, both well regarded Core managers
    - High exposure to UBS mitigated downside risk during recent turmoil
    - Prudential exhibited unusual style drift pre-downturn; investment guidelines have been tightened
- Non-Core exposure is minimal (<11%) and waning as RREEF winds down
  - Execution issues exists within both Non-Core investments

**As of 1Q12 (in \$mm)**

**Core Real Estate:**

Prudential PRISA	\$	78.2	28.3%
UBS TPF	\$	168.4	60.9%
<b>Total Core</b>	<b>\$</b>	<b>246.6</b>	<b>89.2%</b>

**Non-Core Real Estate:**

RREEF III	\$	8.8	3.2%
Guggenheim PLUS	\$	21.1	7.6%
<b>Total Non-Core</b>	<b>\$</b>	<b>29.9</b>	<b>10.8%</b>
<b>Total VCERA Real Estate</b>	<b>\$</b>	<b>276.5</b>	<b>100.0%</b>



# Performance

- VCERA's real estate program has underperformed its benchmark over the mid- and long-term
- Certain elements of the program such as leverage, style drift, and peak vintage year exposure contributed to the portfolio's underperformance

As of 3/31/2012	1st Quarter	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date
Prudential PRISA	3.1	15.6	3.4	-2.0	-	2.1	6/30/04
Policy Benchmark	2.6	13.8	6.8	-1.3	-	7.6	
UBS TPF	2.8	11.7	4.7	0.5	-	6.6	3/31/03
NFI ODCE	2.6	13.8	6.8	-1.3	-	7.8	
RREEF III	3.4	48.6	-3.9	-	-	-20.5	10/31/07
NFI ODCE	2.6	13.8	6.8	-	-	0.9	
Guggenheim PLUS	4.0	13.5	9.7	-6.4	-	-2.9	6/30/06
Performance Benchmark	5.0	13.3	16.7	3.2	-	5.4	
<b>Total Real Estate</b>	<b>2.8</b>	<b>13.0</b>	<b>3.3</b>	<b>-3.1</b>	<b>5.4</b>	<b>7.5</b>	<b>3/31/94</b>
<b>NFI ODCE/NPI*</b>	<b>2.6</b>	<b>13.8</b>	<b>6.8</b>	<b>-1.3</b>	<b>7.9</b>	<b>9.1</b>	

\*Prior to January 2006, NPI

# Real Estate Investment Trends

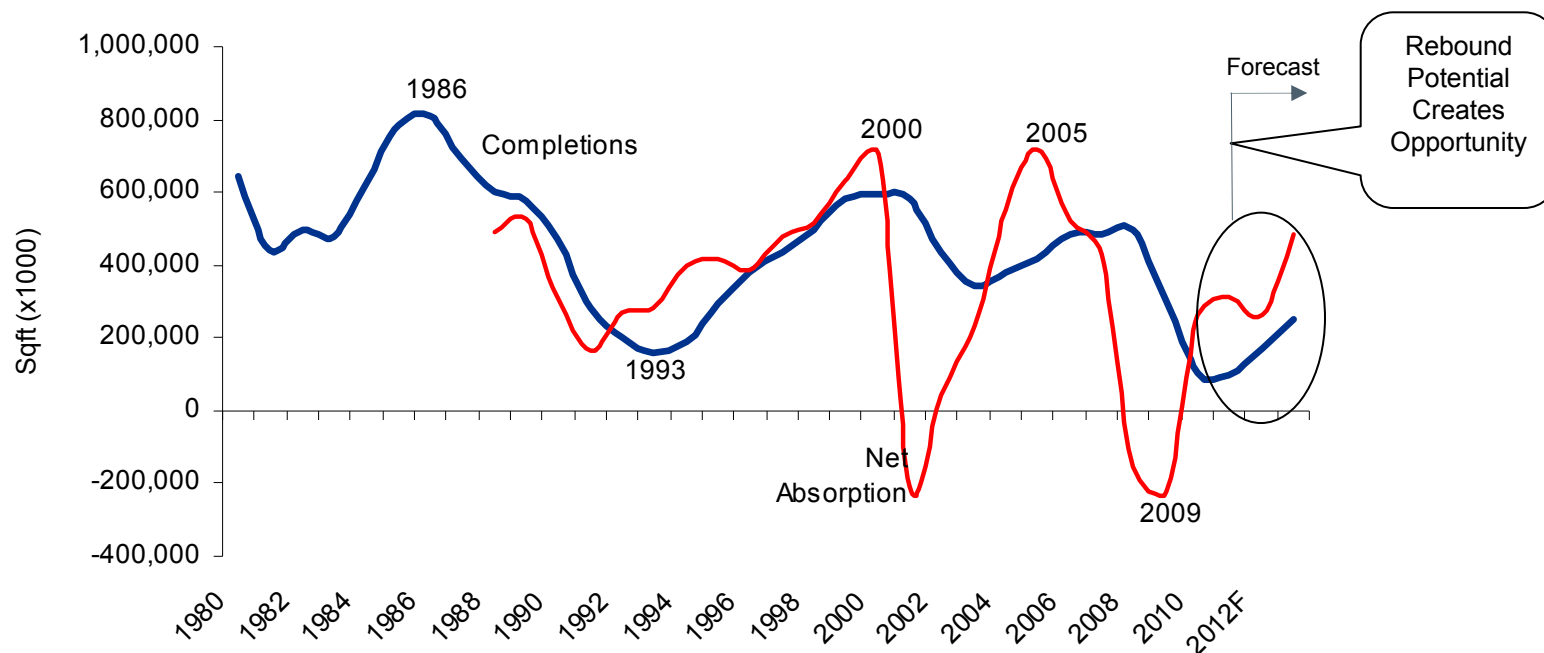
HEK GRE Private Real Estate Search Activity as of 1Q12	2010	2011	YTD 2012
Core Private Real Estate	38	20	7
Non-Core Private Real Estate	3	13	10
<b>Total</b>	<b>41</b>	<b>33</b>	<b>17</b>

- As the real estate cycle matures, momentum has shifted from a focus on Core, at the onset of the sector's recovery, to Non-Core
  - Investor confidence continues to improve from both an economic and real estate prospective
- While Core remains attractive as the beta of the sector, above average return expectations have moderated. Improving fundamentals and liquidity remain attractive attributes for a still recovering Non-Core segment
- Macro domestic and global economic and political issues remain a signification uncertainty across all asset classes; potential impacts to commercial real estate are no exception

# Current Market Opportunities—Fundamental Dislocation

- There is a dislocation in underlying real estate fundamentals
  - Space demand—which drives net absorption—is forecast to improve in 2012
  - New supply is forecast to lag the rebound in demand over the next two years
  - This combination creates the potential for positive real estate fundamental growth and attractive non-Core investment activity

Demand vs. Supply



Source: CBRE-EA, Hewitt EnnisKnupp 3/31/2012

Global Investment Management | Real Estate  
Proprietary & Confidential | July 16, 2012

**Hewitt**ennisknupp

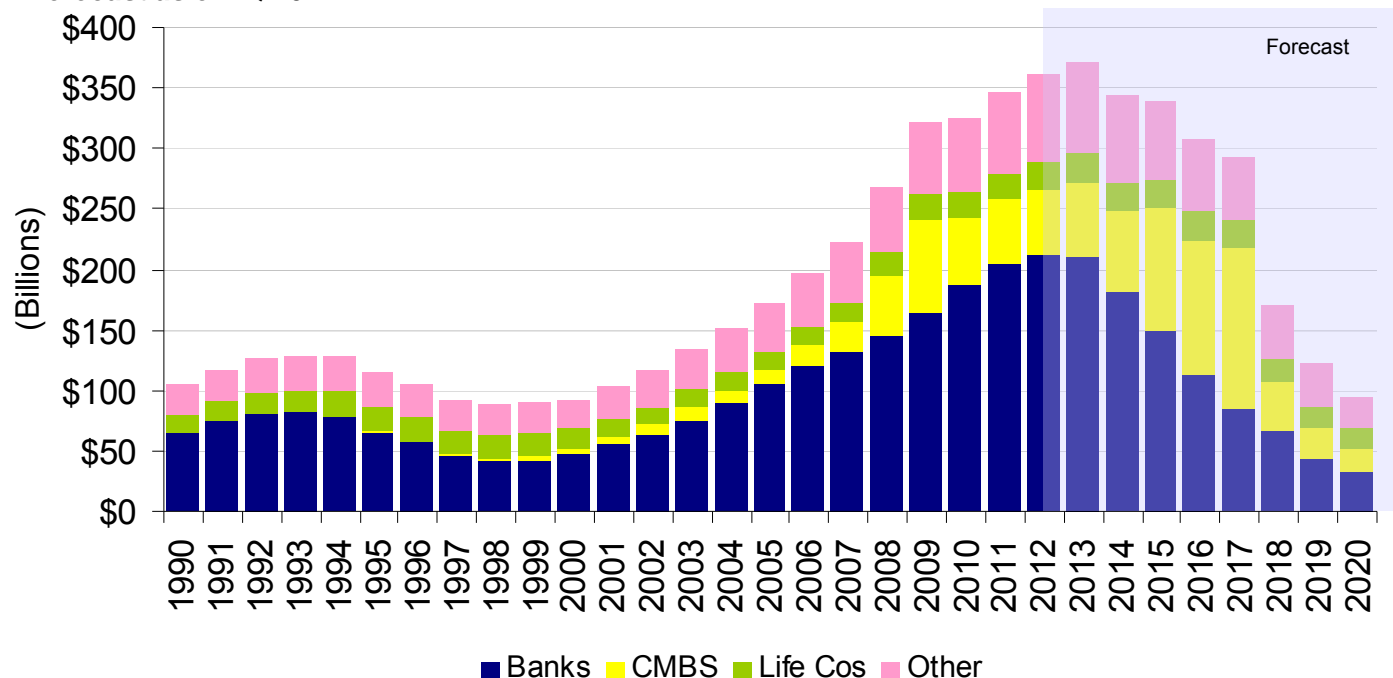
An Aon Company

# Current Market Opportunities—Capital Markets Dislocation

- Capital markets dislocation exists resulting in significant refinancing challenges
  - Resolution of distress has begun, but much remains to be worked through
  - Significant volumes of currently performing loans come due over the next few years and will likely need access to additional capital sources to avoid distress

## Commercial Mortgage Maturities by Lender

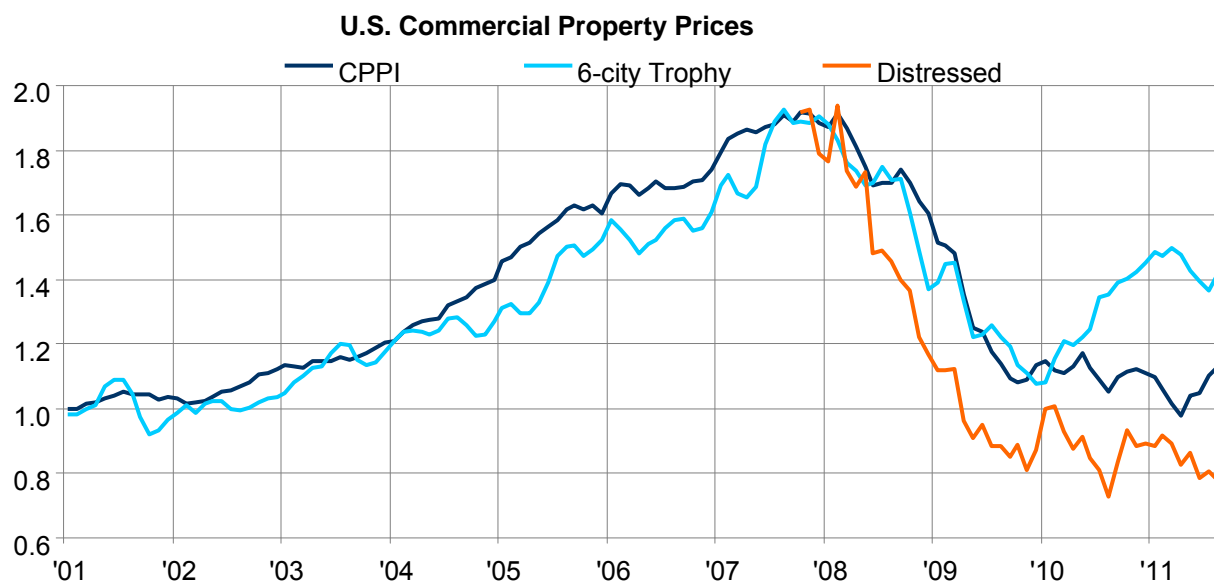
Forecast as of 4Q-2011



Source: Trepp LLC, Invesco Real Estate

# Current Market Opportunities—Pricing Dislocation

- Finally, there are significant pricing dislocations
  - Pricing recovery in suburban primary and secondary markets, and non-prime, non-stabilized, and truly distressed assets have lagged to date due to limited investor appetite and less availability of debt
  - Interest rates and spreads to treasuries are at historically attractive levels today



6-City Trophy = prior sale > \$10M; NY,DC,BO,CH,LA,SF; excludes distress

Distress = properties assigned to lender (REO) or special servicing, restructured, modified, or underlying debt has been in delinquency or default

CPPI = Moody's/REAL National All Property Types

Source: RCA/Geltner & Associates As of March 31, 2012

# Current Market Opportunities—Execution Options

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- Current non-Core Strategies
  - Loan to Own
  - Recapitalizations
  - Participating mortgages
  - Mezzanine & preferred equity
  - Select development
  - Leasing plays through “reset basis” or repositioning
  - Niche strategies such as distress single family

# Current Market Opportunities Summary

		Overweight	Neutral	Underweight
Core	Private Equity		✓	
	Mortgages			✓
Value-Added	Repositioning	✓		
	Redevelopment	✓		
	Participating Mortgages	✓		
Opportunistic	Distressed Equity	✓		
	Distressed Debt	✓		
	Development		✓*	
	Secondaries		✓	

\*Select development opportunities for apartments in recovering markets exist currently, however other property types still need more recovery in fundamentals

# HEK Discussion Points

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- Refresh/reconfirm investment objectives and goals for commercial real estate relative to the total Plan
  - Is VCERA's significant overweight to core real estate achieving the Plan's objectives?
  - Is current manager concentration a concern/risk?
    - The 60% real estate allocation to UBS TPF provided sizeable downside protection in 2008 and 2009
- Consider simplifying benchmarks
  - Currently, IPS details three real estate benchmarks
- Given today's market dynamics and significant recovery in Core real estate, non-Core strategies are attractive
  - Merits of non-Core include compelling market dynamics and attractive risk-adjusted return expectations
  - Concerns of non-Core include illiquid investment structures due to closed-end nature; compared to VCERA's existing open-end fund structures
- Other considerations:
  - Non-traditional real estate offers attractive "real return"/"real asset" allocation alignment
    - Timberland
    - Farmland



# Allocation Considerations

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- Given the Plan's real estate allocation is slightly over the 8% target, additional capital would need to come from the remaining 10% "real return" allocation, unless capital is redeployed from existing managers
- There are issues that may prevent deploying capital to VCERA's existing managers:
  - Core managers, UBS and PRISA have sizeable entry queues of \$2 billion and \$600 million, respectively
    - ♦ Capital flows have driven Core pricing to near peak levels, from a cap rate perspective
  - RREEF III is currently closed and winding down operations
  - Guggenheim primarily focuses on Core, income properties and REITs
- Committing to new Non-Core real estate managers would be the best option
  - There are currently highly regarded Non-Core real estate managers in the market
  - The majority are in illiquid closed-end structures

# Appendix A: Dedicated Real Estate Team

Name	Role	Expertise	Yrs Exp	Experience
Cate Polleys	Partner and Team Co-Head	Real Estate	23	Previously a Director of Research for real estate at Fidelity Investments. Former Vice President and Director of Strategic Consulting at Torto Wheaton Research. B.Sc. in civil engineering from Brown University; M.S. in real estate development from the Massachusetts Institute of Technology; Current past chairman of the National Council of Real Estate Investment Fiduciaries (NCREIF) and sits on PREA's Reserch Committee.
Nick Duff	Partner and Team Co-Head	Real Estate	27	Previously a real estate fund manager at LaSalle Investment Management and a general practice surveyor at Jones Lang LaSalle. B.Sc. Estate Management degree (1983) from Kingston-upon-Thames University; Qualified chartered surveyor (1987). Member of the National Association of Pension Funds Property Committee
Chae Hong	Senior Consultant	Real Estate, Opportunistic Strategies	16	Lead consultant for several of the firm's real estate retainer and project clients. Previously, real estate consulting experience as Director at Cliffwater, and Vice President at Callan. Investment management experience with firms such as RREEF; BA and MBA, UCLA
Richard Cooper	Senior Consultant	Real Estate, Property Management, & Surveying	16	Previously a fund analyst for Bramdean Property Investment and an associate director for LaSalle Investment Management. Richard was also senior lecturer at Kingston University. First class Honours degree from Kingston-upon-Thames University in London. Richard is a chartered surveyor and co-authored the book "Real Estate Appraisal: From Value to Worth".
David Rose, CPA	Senior Consultant	Real Estate, Public Real Estate	8	Lead consultant for several of the firm's real estate retainer and project clients. Performs manager research on a variety of core, non core and REIT managers. Previous industry experience includes PricewaterhouseCoopers and Walton Street; BSBA, The Ohio State University; CPA

## Appendix A: Dedicated Real Estate Team (cont'd)

Name	Role	Expertise	Yrs Exp	Experience
Tim Zukowski	Senior Consultant	Real Estate, Debt Strategies Real Assets	13	Accomplished investment research professional with extensive experience researching long only, private capital and real asset investment managers, primarily for investment consultancies serving endowment, foundation and corporate pension clients. Joined the firm in 2012; previous industry experience includes consulting research at EAI and Mercer. BS, Mercy College
Jani Venter	Senior Consultant	Real Estate, Derivatives, Performance Benchmarking	12	Real estate practitioner with over a decade of expertise in building and project management, derivatives, benchmarking, and performance measurement. Jani joined the firm in 2012; previous industry experience includes Director of U.S. Business Development at Institutional Property Databank and Director in Research at CBRE Global Investors. Architecture, University of Port Elizabeth, South Africa; MS Real Estate Development, MIT
Lynnette Mays	Consultant	Real Estate, Value-Added Strategies	9	Consultant for several of the firm's project clients; assistant consultant on select retainer clients. Prior experience includes analyst positions at National City and Courtland Partners; BA, Miami University; MBA, Cleveland State University
Christopher Cunningham, CAIA	Consultant	Real Estate, Core, Farmland & Timberland	7	Consultant for several of the firm's project clients; assistant consultant on select retainer clients. Previous experience includes analyst position at Mason Street Advisors. BS, Marquette University's College of Business Administration; CAIA charterholder

# 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>

---

July 16, 2012

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

**SUBJECT: SEGAL CONTRACT RENEWAL: ACTUARIAL SERVICES**

Dear Board Members:

Please find the attached renewal for actuarial services from Segal, and upon review and approval, authorize the Retirement Administrator to execute the contract on behalf of the Board.

I have also provided Segal's original Agreement for Actuarial Services for Reference.

I would be delighted to answer any questions you may have.

Sincerely,

A handwritten signature in blue ink, appearing to read "Donald C. Kendig", with a stylized flourish at the end.

Donald C. Kendig, CPA  
Retirement Administrator

*My vision is for VCERA to be a model of excellence for public pension plans around the World.*

Attachments

**Attachment 1**

Letter from Segal dated July 9, 2012 along with Agreement Renewal



100 Montgomery Street Suite 500 San Francisco, CA 94104-4308  
T 415.263.8273 F 415.263.8290 www.segalco.com

Paul Angelo, FSA, MAAA, FCA, EA  
Senior Vice President & Actuary  
pangelo@segalco.com

July 9, 2012

Mr. Donald Kendig  
Retirement Administrator  
Ventura County Employees' Retirement Association  
1190 S. Victoria Avenue, Suite 200  
Ventura, CA 93003

**Re: Proposed Schedule of Fixed Fees and Hourly Billing Rates**

Dear Donald:

This letter presents our proposed schedule of fixed valuation fees and hourly billing rates for our services to VCERA, commencing July 1, 2012. As you know, our initial April 1, 2003 Actuarial Services Agreement with VCERA provided for guaranteed rates for three years. For your reference, that agreement provides that "For later years Segal will present a schedule of current rates for review by VCERA prior to the beginning of each year. These rates would go into effect only upon mutual agreement between VCERA and Segal."

Our May 6, 2009 letter proposed fixed fees and hourly billing rates through June 30, 2012. As an aid to future budgeting, this letter proposes three years of fixed fees and hourly billing rates commencing July 1, 2012. We understand that the Board may wish to approve the rates shown only for some shorter period.

**Fixed Fee Valuation and Retainer Services**

Task	Current: 6/30/2011	Proposed: 6/30/2012 6/30/2013	Proposed: 6/30/2014
Actuarial Valuation (includes one meeting)	\$48,000	\$50,000	\$52,000
June 30, 2011 & June 30, 2014 Experience Analysis (includes one meeting)	\$35,000		\$40,000
General Consulting Services (per year)	\$16,000	\$16,000	\$16,000

Note that the increase in the fee for the experience analysis is based on actual time charges for this work as of June 30, 2008 and June 30, 2011, both of which exceeded \$50,000.

Benefits, Compensation and HR Consulting Offices throughout the United States and Canada



Founding Member of the Multinational Group of Actuaries and Consultants, a global affiliation of independent firms

### Hourly Rates for Additional Services

The table below shows your current rates and the rates we are proposing effective July 1, 2012. These new rates are generally the same as for our other similar 37 Act System clients.

<b>Class of Personnel</b>	<b>Current: July 2011 to June 2012</b>	<b>Proposed: July 2012 to June 2013</b>	<b>Proposed: July 2013 to June 2014</b>	<b>Proposed: July 2014 to June 2015</b>
Principal Actuaries (Angelo)	\$490	\$490	\$490	\$490
Reviewing Actuaries	\$430	\$440	\$450	\$460
Supervising Actuaries (Monroe)	\$410	\$420	\$430	\$440
Senior Actuarial Analysts	\$265 - \$400	\$265 - \$410	\$275 - \$420	\$285 - \$430
Actuarial Analysts	\$150 - \$260	\$150 - \$260	\$160 - \$270	\$170 - \$280
Compliance Consultant	\$410	\$420	\$430	\$440
Clerical	No charge	No charge	No charge	No charge

We note again that the Board may, for example, wish to extend our rate agreement only through June 2014. In that case, our proposal would be as above, excluding the last column in both tables. That term would not include the next experience analysis, scheduled for completion in 2014/2015.

Our signature on the attached agreement renewal form represents our agreement with the proposed fees and a continuation of the rest of the original contract terms. We propose that VCERA accept the proposed fees and agree to a continuation of rest of the original contract terms by also signing the attachment.

Thank you very much for your consideration of this matter. We greatly appreciate our relationship with you, your staff, and your Board. Please let us know if you need any additional information.

Cordially,



Paul Angelo

JZM/hy  
Attachment

### **Agreement Renewal**

The fees described in the Proposed Schedule of Fixed Fees and Hourly Billing Rates letter dated July 9, 2012 shall be effective as of July 1, 2012. All other terms of the original Actuarial Services Agreement between VCERA and Actuary shall remain in full force and effect.

EXECUTED AND AGREED TO by the parties by their duly authorized representatives:

THE SEGAL COMPANY

VENTURA COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION

By: 

PAUL ANGELO  
Senior Vice President & Actuary

By: \_\_\_\_\_

DONALD KENDIG  
Retirement Administrator

Dated: July 9, 2012

Dated: \_\_\_\_\_



**Attachment 2**  
Original Actuarial Services Agreement dated April 1, 2003

**ACTUARIAL SERVICES AGREEMENT**

**between**

**VENTURA COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION**

**and**

**THE SEGAL COMPANY**

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# ACTUARIAL SERVICES AGREEMENT

between

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

and

THE SEGAL COMPANY

This Agreement is made and entered into as of April 1st, 2003 in Ventura, California, by and between the VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (hereinafter referred to as "VCERA") and The Segal Company (hereinafter referred to as "ACTUARY").

WHEREAS, the VCERA was created pursuant to the County Employees Retirement Law of 1937 (hereinafter referred to as the "'37 ACT") and is administered by the Board of Trustees (hereinafter referred to as the "BOARD");

WHEREAS, pursuant to Government Code section 31453, the Board, has a duty and a need to engage the services of an actuary;

WHEREAS, ACTUARY warrants and represents that it meets the standards of a qualified actuary under the provision of the Employee Retirement Income Security Act of 1974 and it is specially qualified and experienced to perform the actuarial services hereinafter described; and

WHEREAS, the BOARD has determined that it would be in the best interest of the VCERA if ACTUARY were to be retained to provide the actuarial services set forth herein below and, accordingly, has voted to approve this Agreement;

NOW, THEREFORE, in consideration of the above-stated premises, the terms, covenants and conditions hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. DESCRIPTION OF ACTUARIAL SERVICES. The BOARD hereby delegates to ACTUARY the duties and ACTUARY hereby accepts and assumes responsibility to provide the actuarial services described in Exhibit "A", (hereto,

"Actuarial Services"), and described in Exhibit "C", the BOARD's RFP and the ACTUARY's written responses to the RFP.

2. PAYMENTS FOR ACTUARIAL SERVICES. In consideration of the services rendered in accordance with all terms and conditions and specifications set forth herein and set forth in Exhibits "A" and "C", BOARD shall make payment for actuarial services to ACTUARY as set forth in Exhibit "B", (hereto, "Fee Schedule"). Said payments shall be made within thirty (30) days after full completion of the services by the ACTUARY. Any amendments to the fee schedule, Exhibit "B", agreed to by both parties shall be set forth in a written modification to the Agreement. The fees set forth in this section shall be the sole compensation owed by or to any person for ACTUARY's services under this Agreement.

3. RELATIONSHIP OF THE PARTIES. It is understood that this is an Agreement by and between the BOARD and an Independent Contractor and it is not intended to, and shall not be construed to, create the relationship of agent, servant, employee, partnership, joint venture or association, or any other relationship whatsoever other than that of Independent Contractor.

4. NON-ASSIGNABILITY. Contractor shall not assign this Agreement or any portion thereof to a third party without the prior written consent of the BOARD, and any attempted assignment without such prior written consent in violation of this section automatically shall terminate this Agreement.

5. TERM AND TERMINATION. This Agreement shall be in effect for a term of three years, starting March 1, 2003. Either party may terminate this Agreement at any time for any reason by providing thirty (30) days written notice. Termination to be effective on the date specified in the notice. In the event of termination under this paragraph, ACTUARY shall be paid for all work provided to the date of termination.

6. INDEMNIFICATION. The ACTUARY agrees to indemnify, defend and hold harmless the VCERA, its BOARD, trustees, officers and employees from any and

all claims, actions, losses, damages, and/or liability arising from ACTUARY's negligent acts, errors or omissions.

7. INSURANCE. Without in anyway affecting the indemnity herein provided and in addition thereto, the ACTUARY shall secure and maintain throughout the Agreement the following types of insurance with limits as shown:

A. Workers' Compensation - A program of Workers' Compensation Insurance or a State Approved Self-Insurance Program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with Two Hundred and Fifty Thousand Dollars (\$250,000.00) limits, covering all persons providing services on behalf of ACTUARY and all risks to such persons under this Agreement.

B. Comprehensive General And Automobile Liability Insurance - This coverage to include contractual coverage and automobile liability coverage for owned, hired and non-owned vehicles. The policy shall have combined single limits for bodily injury and property damage or not less than Five Hundred Thousand Dollars (\$500,000.00)

C. Professional Errors and Omissions Liability Insurance - ACTUARY will secure an insurance policy for Professional Errors and Omissions insurance with coverage of at least one million dollars (\$1,000,000.00) per claim or occurrence and shall cover all ACTUARY's officers, owners, and employees.

8. ADDITIONAL NAMED INSURED. All policies, except for the Workers' Compensation and Professional Errors and Omissions Liability Insurance policies shall contain additional endorsements naming VCERA and its officers, employees, agents, and volunteers as additional named insureds with respect to liabilities arising out of the performance of services hereunder.

9. WAIVER OF SUBROGATION RIGHTS. Except for Professional Errors and Omissions Liability, ACTUARY shall require the carriers of the above required coverages to waive all rights of subrogation against VCERA, its BOARD, trustees, officers, and employees.

10. POLICIES PRIMARY AND NON-CONTRIBUTORY. All policies required above are to be primary and non-contributory with any insurance or self insurance programs carried or administered by VCERA.

11. PROOF OF COVERAGE. ACTUARY shall immediately furnish certificates of Insurance to the VCERA evidencing the Insurance coverage, including endorsements, above required prior to the commencement of performance of services hereunder, and ACTUARY shall maintain such insurance from the time ACTUARY commences performance of services hereunder until the completion of such services.

12. FORCE MAJEURE.

A. In the event ACTUARY is unable to comply with any provision of this Agreement due to causes beyond their control relating to acts of God, acts of war, civil disorders, or other similar acts, ACTUARY shall not be held liable to VCERA for such failure to comply.

B. In the event VCERA is unable to comply with any provision of this Agreement due to causes beyond their control relating to acts of God, acts of war, civil disorders, or other similar acts, VCERA shall not be held liable to ACTUARY for such failure to comply.

13. NOTICES AND REPORTS.

Any notices and reports required or desired to be services by either party upon the other shall be addressed to respective parties as set forth below:

VCERA: Van Perris, Administrator  
Ventura County Employees' Retirement Association  
1190 S. Victoria Avenue, Suite 200  
Ventura, CA 93003-6572  
(805) 339-4267; FAX (805) 339-4269



ACTUARY: Paul Angelo  
The Segal Company  
120 Montgomery Street, Suite 500  
San Francisco, California 94104-4308

And

Office of the of the President  
The Segal Company  
One Park Avenue  
New York, NY 10016-5895

14. GOVERNING LAW AND VENUE. This Agreement will be construed in accordance with and governed by the laws of the State of California. Should any party file a lawsuit over any matter arising out of this Agreement, said lawsuit will be filed and prosecuted in the County of Ventura, State of California, and all parties hereto hereby consent to such venue and the personal jurisdiction of all courts sitting within such local.

15. ASSURANCE OF COMPLIANCE WITH CIVIL RIGHTS LAWS.

ACTUARY hereby agrees and represents that it is an equal opportunity employer and has adopted policies to implement the purpose and provisions of the Civil Rights Act of 1964, 42 USC § 2000(e) et seq. to assure that no person is denied employment on the basis of race, creed, color, sex or national origin in connection with its performance of this Agreement.

16. AFFIRMATIVE ACTION. The ACTUARY shall take affirmative action to ensure that qualified applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, sex, handicap, ancestry or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

17. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original.

18. CONFIDENTIALITY. Except as provided by applicable law, or by order of a court or regulatory authority, ACTUARY shall maintain the confidentiality of all its records with respect to this Agreement, including, but not limited to, billing and the VCERA records. ACTUARY shall maintain the same confidentiality of these records as it does for other accounts.

19. VALIDITY. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision

20. WAIVER. No waiver of a breach of any provision of this Agreement by either party shall constitute a waiver of any other breach of said provision or any other provision of this Agreement. No waiver will be enforceable unless it is a written agreement executed by the party granting the waiver, making specific reference to this Agreement and reciting the parties' intention that it constitute a waiver. Failure of either party to enforce at any time, or from time to time, any provisions of this Agreement shall not be construed as a waiver thereof. The remedies herein reserved shall be cumulative and additional to any other remedies in law or equity.

21. ATTORNEY FEES. In the event of any litigation regarding this Agreement, the prevailing party as determined by the appropriate court shall be entitled to recover reasonable attorney's fees.

22. CHANGES AND AMENDMENTS. The VCERA and ACTUARY reserve the right to amend any such terms and conditions of this Agreement which may become necessary. Any revisions hereto will be accomplished by written agreement executed by both of the parties making specific reference to this Agreement and reciting the parties' intention that it constitute an amendment.

23. MERGER. This Agreement, and the Exhibits attached hereto, will constitute the complete and exclusive statement of understanding between the parties, superseding all previous agreements, written or oral, and all other previous communication between the parties relating to the subject matter of this Agreement.

24. SOLE PROPERTY OF THE BOARD. The data and analyses in reports developed, produced or provided under this Agreement shall become the sole property of the BOARD, but not the format.

25. AGREEMENT RENEWAL. This Agreement may be renewed for additional time periods provided that both parties sign renewal documents and the total payments during the renewal terms are specified.

EXECUTED AND AGREED TO by the parties as of the date first written above by their duly authorized representatives:

THE SEGAL COMPANY


By:   
PAUL ANGELO  
Vice President & Actuary

VENTURA COUNTY  
EMPLOYEES' RETIREMENT  
ASSOCIATION

By:   
VAN PERRIS  
Administrator

CONTRACT WITHOUT THE EXHIBITS  
APPROVED AS TO FORM:

FRANK O. SIEH  
County Counsel

By:   
LORI A. NEMIROFF  
Assistant County Counsel

## **Exhibit A – Actuarial Services**

### **Actuarial Valuation Services**

The Segal Company (“Segal”) will prepare three actuarial valuations for VCERA during the course of this contract, beginning with the June 30, 2003 valuation. Results will be presented in a formal written report and an oral presentation.

In addition to contribution rates, and unless eliminated in discussions with VCERA, our valuation reports will include, but not be limited to, the following information:

- i. An executive summary designed to provide highlights of the valuation results.
- ii. A narrative discussion of the key valuation results.
- iii. An actuarial valuation certification.
- iv. An analysis of actuarial gain/loss including a comparison of actual to expected assets and the impact of actuarial gain/loss on recommended contribution rates.
- v. Measures of funding progress (funding ratios) relative to the present value of accrued benefits and to the accrued liability (under VCERA’s actuarial cost method).
- vi. Analysis of Financial Experience as specified by the Government Financial Officers Association.
- vii. Supplemental calculations and financial disclosures required by GASB Statement 25, or successor standards.
- viii. Tabular or graphic presentation of demographic information, including age and service matrices for actives and age and benefit type for retirees.
- ix. Summary of plan provisions.
- x. Description of actuarial assumptions and methods.
- xi. A glossary of terms and sufficient explanatory text regarding methods and assumptions.

### **Experience Analysis Services**

Segal will prepare actuarial experience analyses for VCERA for the three-year period ending June 30, 2005. Results will be presented in a formal written report and an oral presentation.

As appropriate, the assumptions that will be included in the experience investigation are:

- |   |  |
|---|--|
| • Withdrawal of member contributions          | • Termination with a Vested Benefit                    |
| • Ordinary Death                              | • Duty Death   |
| • Service Retirement                          | • Disability Retirement                                |
| • Percentage of members married at retirement | • Reciprocity percentage for terminated vested members |

- Rates of service purchase
- Mortality after service retirement
- Investment return
- Aggregate payroll growth
- Terminal pay
- Mortality after disability retirement
- Individual compensation increases
- Inflation and COLA increases

Segal will also review the asset smoothing method and any other actuarial methods or practices.

As for the investment return assumption, the experience analysis and valuation reports will include a detailed development of a recommended investment return assumption by component, including the real returns by asset class and the risk adjustment.

### **Consulting Services**

Generally Segal will provide advice on any technical, policy or administrative issues arising in the course of operation. This advice will be delivered by meetings, telephone calls, e-mail and written correspondence. Segal will discuss legal issues with the understanding that they are not attorneys and do not give legal advice.

This advice will include making recommendations relative to possible improvements in the financing and benefit structure of VCERA and keeping VCERA apprised of trends in the public pension industry and the actuarial profession. Other advisory services include assisting in the drafting of proposed legislative changes and advising on the administrative and policy aspects of new legislation.

Segal will prepare various tables and factors required by the System, establish specifications for VCERA's data files, and prepare the auditor's information.

Segal will carry out special studies requested by the Board, and will appear at selected meetings and hearings to discuss actuarial issues, including those relating to funding benefits and to pricing legislation. Segal will also participate in educational programs for VCERA's staff. Fees for these items could vary significantly depending on the scope of our involvement, and will be based on actual time charges at the rates in Exhibit B.

Three visits to VCERA per year are included in the schedule of fees, plus an additional meeting in 2005 to cover presentation of the Experience Analysis.

Segal's VCERA team (and other required resources) will be made fully available to perform all services to VCERA and provide VCERA's deliverables within required time frames. Segal will be readily accessible to VCERA's Administrator or a designee within one working day, and will be available for meetings within five working days of the request.

## Exhibit B – Fees Schedule

Segal's fees for the services detailed in Exhibit A are shown below. These fees are guaranteed over a three-year contract term. Adjustments in the fees will most likely be made after the third year.

### Fixed Fees for Services

Task	Cost per Service
Actuarial Valuation (includes one meeting)	\$35,000
STAR COLA Valuation	\$5,000
Review of June 30, 2002 Experience Analysis	\$12,000
June 30, 2005 Experience Analysis (includes one meeting)	\$20,000
Vested \$108.44 Supplemental Benefit Valuation	\$3,000
\$5,000 Death Benefit Valuation	\$4,000
General Consulting Services (includes two meetings)	\$12,000/ year

### Additional Services

Segal's hourly rates for consulting services not included above and for any additional services are as follows. For any such services, as appropriate, Segal will estimate the time charges required and receive VCERA approval before commencing the project. These rates are guaranteed for the first three years of the contract. For later years Segal will present a schedule of current rates for review by VCERA prior to the beginning of each year. These rates would go into effect only upon mutual agreement between VCERA and Segal.

Class of Personnel	Hourly Rate
Paul Angelo, Drew James Principal Actuaries	\$350
Ted Shively, Dave Bergerson Reviewing Actuaries	\$330
John Monroe, Primary Support Actuary	\$300
Senior Actuarial Analysts	\$160 - \$290
Actuarial Analysts	\$130 - \$155
Rod Crane, Compliance Consultant	\$330

**Proposal to Provide  
Actuarial and Consulting Services to**

**Ventura County Employees' Retirement Association  
(VCERA)**



**120 Montgomery Street, Suite 500  
San Francisco, CA 94104**

*December 2002*



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THE SEGAL COMPANY

120 Montgomery Street, Suite 600 San Francisco, CA 94104-4308

T 415.263.8200 F 415.263.8290 www.segalco.com

December 26, 2002

Mr. Van Perris, Administrator  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003

**Re: Ventura County Employees' Retirement Association –  
Proposal for Actuarial and Consulting Services**

Dear Mr. Perris:

We are pleased to submit this proposal to provide actuarial consulting services to the Ventura County Employees' Retirement Association (VCERA) in accordance with its Request for Proposal (RFP).

As a comprehensive benefits consulting and actuarial firm, The Segal Company is able and willing to provide the entire scope of requested services. We have assembled a team with the experience and diversity of retirement plan consulting that most closely matches the structure and needs of VCERA.

The Segal Company is dedicated to total client satisfaction and is the architect of responsive and creative solutions to our clients' benefit needs. In particular, we want to highlight our:

- **Commitment to Service:** Our well-recognized position as a benefits consulting firm ensures VCERA of highly qualified services and diverse consulting perspectives which we are able to draw upon from our other clients. In addition to meeting the technical requirements of this contract, we look forward to developing an excellent rapport with VCERA and staff to achieve the Association's goals.
- **Commitment to Quality:** Actuarial work requires complex calculations and high-level computer programming, as well as a sophisticated understanding of the client's environment and objectives. Our intensive and multi-layered quality review process not only checks the accuracy of the calculations, but also analyzes the results and recommendations to assure consistency with both client needs and standards of practice.

Benefits, Compensation and HR Consulting ATLANTA BOSTON CHICAGO CLEVELAND DENVER HARTFORD HOUSTON LOS ANGELES MINNEAPOLIS  
NEW ORLEANS NEW YORK PHILADELPHIA PHOENIX SAN FRANCISCO SEATTLE TORONTO WASHINGTON, DC



Multinational Group of Actuaries and Consultants AMSTERDAM BARCELONA GENEVA HAMBURG LONDON MELBOURNE MEXICO CITY OSLO PARIS

Mr. Van Perris, Administrator  
Ventura County Employees' Retirement Association  
**Proposal for VCERA Actuarial and Consulting Services**  
December 26, 2002  
Page 2

- **Commitment to Clarity:** Actuarial consulting often involves arcane technical issues, which nevertheless have definite policy implications. Our consultants are skilled in making the technical issues clear and accessible so that our clients can make informed and independent policy decisions. These communication skills are developed not only in our client assignments but also in our many seminars and presentations to California and national retirement associations.
- **Commitment to Dependability:** Many of the services we perform must be completed within a very short time frame. We will dedicate the staff and resources necessary to meet deadlines. The trust that is developed over time with our long-term clients is something we value and strive to reinforce.
- **Commitment to Innovation:** Technical competence is important, but we also strongly believe that our role as actuarial consultant will be to add value for VCERA. We will identify emerging issues and propose innovative solutions to assist VCERA in meeting its vision and operational goals.

#### **Format of Proposal**

For your ease of reference, we have arranged our proposal in sections consistent with the lettered items from the "Proposal Questionnaire" of the RFP (Part III). Here is our contact information

**The Segal Company, 120 Montgomery Street, Suite 500, San Francisco, CA 94104-4308**

**Primary Contact: Paul Angelo, FSA (415) 263-8273**

**Secondary Contact: Drew A. James, FSA (415) 263-8270**

Detailed resumes for our primary staff are included in Section F. A sample contract is in Section G. A short consulting work sample is included in Section H. We have included several sample Segal publications (Section I), along with our sample reports (Sections J and K).

The Segal Company would be privileged to serve as actuarial consultant to VCERA. Our proposal is intended to be fully responsive to the RFP. We would welcome the opportunity to meet with you to discuss our experience and qualifications in greater detail.

Sincerely,



Paul Angelo, FSA, EA, MAAA  
Vice President and Actuary



Drew A. James, FSA, EA, MAAA  
Consulting Actuary

PPA:jc  
Enclosures

cc: Cathie G. Eitelberg

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## Section A. – Organization and Background

### 1. *About Segal.*

Segal's National Office is located at:  
One Park Avenue  
New York, New York 10016-5895

Services to VCERA will be performed out of our San Francisco office:

120 Montgomery Street, Suite 500  
San Francisco, CA 94104  
Phone: (415) 263-8200  
Fax: (415) 263-8290

The Segal Company has over 750 employees. Our Board consists of one outside and the remaining inside directors. There are three primary market divisions (Public Sector, Corporate and Multiemployer/Collective Bargaining), all of which provide pension, health and welfare, compliance, technology and communications consulting. We have an affiliate firm, Segal Advisors, Inc., that provides investment consulting services.

Comprehensive services are provided in all our offices by consultants and actuaries with broad experience and extensive knowledge of the employee benefits field. In addition to our New York City office, we have offices in San Francisco, Los Angeles and throughout the United States and Canada:

*Atlanta*  
*Boston*  
*Chicago*  
*Cleveland*  
*Denver*  
*Edmonton*

*Hartford*  
*Houston*  
*Los Angeles*  
*Minneapolis*  
*New Orleans*  
*Phoenix*

*St. Louis*  
*San Francisco*  
*Seattle*  
*Toronto*  
*Washington, D.C.*

The San Francisco office currently has 50 employees, including 10 consultants, 13 health analysts, 6 compliance analysts, 2 health actuaries and 10 pension actuaries, plus national office and local support staff. Nine of our local employees are credentialed actuaries.

The Segal Company provides services in nearly all areas of human resource and benefits consulting. Our primary practices are Defined Benefit Actuarial and Consulting Services and Health Plan Analytic and Consulting Services. Our other services include:

- *Defined Contribution Plan Consulting Services*
- *Employee Communications Services*

- *Compensation Planning Services*
- *Flexible Benefit Plan Services*
- *Human Resources Consulting Services*
- *Administration and Technology Services*
- *Investment Performance Services (through our subsidiary, Segal Advisors)*

### *Our History*

In 1999, The Segal Company celebrated our 60th anniversary. As a private employee-owned actuarial and consulting firm, The Segal Company is a completely independent organization. Our independence allows us to provide totally unbiased consulting services for our clients.

Founded in 1939, early in the development of employee benefit plans in American industry, The Segal Company first conceived, designed and introduced many innovations that are now widely accepted benefit practices. The Segal Company's commitment to continued creativity is confirmed in our Statement of Values and Vision Statement.

### *Type of Business Entity and Ownership Structure of the Firm*

The Segal Company is an international corporation of employee benefit plan actuaries and consultants. Since its inception, the firm has been an independent employee-owned firm. The Segal Company is the business name of a group of companies that are wholly owned by a holding company, The Segal Group, Inc, which is incorporated in the State of Delaware. All stock issued by The Segal Group, Inc. is owned by the officers of the Company. The corporate headquarters for The Segal Group, Inc. is located at One Park Avenue, New York, NY 10016. Ownership or control has not changed in the past twenty-five years. We are committed to remaining an independent organization, and have no future plans that involve any changes of ownership or the ownership structure.

**2. *Are there any changes in ownership structure planned or anticipated in the next 24 months?***

No changes in ownership structure are planned or anticipated.

**3. *How many years has your firm provided actuarial services to public pension plans?***

Segal has served public pension plan clients for most, if not all, of its 63-year history.

4. *Number of public pension plan clients.*

Segal currently serves approximately 65 public pension plan clients. Following is a representative list of clients. Clients served by our San Francisco office are listed first, in bold type.

State	System Name	Number of Participants	Number of Years Retained	Scope of Services
<b>California</b>	<b>San Bernardino County Employees Retirement Association</b>	<b>25,000</b>	<b>&lt;1</b>	<b>Annual Valuations, Special projects</b>
<b>California</b>	<b>Los Angeles Water and Power Employees Retirement Plan</b>	<b>18,000</b>	<b>4</b>	<b>Annual Valuation</b>
<b>California</b>	<b>Los Angeles County Employees Retirement Association</b>	<b>128,000</b>	<b>4</b>	<b>Annual Audits, Special projects</b>
<b>Oregon</b>	<b>ATU/TRI-MET Pension Plan</b>	<b>2,700</b>	<b>12</b>	<b>Annual Valuation</b>
Michigan	State Retirement Systems (4)	536,000	9	Annual valuations
Missouri	University of Missouri	20,000	2	Annual Valuations
Missouri	St. Louis Retirement System	3,000	15	Annual Valuations
Nevada	Public Employees' Retirement System	76,000	22	Annual Valuations
Nevada	Judges' Retirement System	80	1	Annual Valuations
North Dakota	Retiree Health Insurance Credit Fund	15,000	8	Annual Valuations
North Dakota	Public Employees' Retirement System	15,000	20	Annual Valuations
North Dakota	Highway Patrolmen's Retirement System	185	20	Annual Valuations
North Dakota	Judges' Retirement System	70	20	Annual Valuations
Ohio	Police and Fire Pension Fund	50,000	2	Annual Valuations
Pennsylvania	Municipal Retirement System	10,000	14	Annual Valuations
Texas	Municipal Retirement System	110,000	5	Annual Valuations

**5. *List of five largest public pension clients.***

Our five largest clients (included on the list under 4., above) are:

- *Los Angeles County Employees' Retirement Association*
- *Texas Municipal Retirement System*
- *Public Employees' Retirement System of Nevada*
- *Michigan State Retirement Systems*
- *North Dakota Public Employees Retirement System*

**6. *Three actuarial accounts added and three actuarial accounts lost over the last two years.***

Three actuarial clients added are:

- *San Bernardino County Employees' Retirement Association*
- *Nevada Judges Retirement System*
- *Ohio Police and Fire Pension Fund*

Three actuarial clients lost are:

- *Santa Clara Valley Transportation Agency*
- *Employees' Retirement System of Hawaii*
- *El Paso County Retirement System*

**7. *Are there limits on the number of new clients we will accept? How will we manage growth of our list of clients?***

There are currently no formal limits on growing the number of Segal's clients. Segal maintains a strong commitment to growth, particularly in the public sector. We have developed "normal growth" staffing plans as well as contingency plans in the event that actual growth exceeds our expectations. However, before we submit a proposal for any new actuarial services, we consult with national and local leadership (including the local Actuarial Manager) to ensure that we can provide the prospective client with the high quality and responsive service they deserve.

8. *Has any company officer been involved in litigation relating to actuarial services during the last five years? Describe the level of errors and omissions coverage.*

With over 2,500 clients, the Segal Company is occasionally named as a party in litigation involving the performance of its services. The following is a description of litigation matters pending against The Segal Company:

- A. Frederic Breidenbach v. International Brotherhood of Electrical Workers Local 82 Joint Pension Fund: Union dissidents and participants in the Pension Plans are challenging various actions taken by the Trustees in 1984 (before The Segal Company was hired) and in 1989 (when Segal was the consultant) regarding the allocation and reallocation of funds between the defined benefit and defined contribution plans. It is alleged that Segal is a fiduciary, which is the basis for Segal's inclusion in the lawsuit. Segal contends that it acted as a consultant and not as a fiduciary, and has been actively defending itself. A settlement between the parties is being finalized. If the lawsuit is not settled, Segal will file a motion for summary judgment.
- B. Bretall v. Carlough: A participant in the Sheet Metal Workers National Pension Fund brought a lawsuit against the estates of two former Trustees of the Fund for actions taken in adopting a COLA benefit. The Segal Company had been the actuary and consultant to the Fund. Prior to the initiation of this lawsuit, Segal had entered into settlement discussions with the Fund. Segal and representatives of the Fund agreed upon a settlement, which required a bar order from the Court. In the interim, one of the defendants has brought Segal into the pending party through a third party complaint. We expect to resolve the matter in accordance with the settlement reached by the Fund.
- C. Burke, et al. v. Bodewes, et al: The current chair of the Board of Trustees of the Buffalo Carpenters Pension Fund and two named participants have filed a complaint in federal district court against current and former Trustees and The Segal Company alleging fiduciary breaches and other causes of action. The Segal Company was consultant and actuary to this Fund from approximately 1970 to 1999. We deny the allegations in the complaint and will vigorously defend our position that The Segal Company was not responsible for the Fund's financial problems."
- D. Randy Lang: Certain former Trustees of the Local 231-613-614 Welfare Fund alleged professional negligence on the part of Segal and the Fund's auditors. The complaint sought indemnification and contribution for the plaintiff's liability, if any, arising from allegations of breach of fiduciary duty asserted in an action commenced by the independent fiduciary of the Fund. A settlement was reached on an underlying action against the Trustees and the matter against Segal has been withdrawn. In a related matter, Silverman, an independent fiduciary appointed by a Federal Court Judge, initiated an action against 70 defendants alleging RICO

violations, and against Segal for one count of malpractice. The Silverman matter has been resolved subject to the approval of The Department of Labor.

Segal maintains \$5 million of errors and omissions insurance.

9. ***Segal's actuarial consulting specialties, strengths and limitations.***

- ***Stability and Independence*** - Founded in 1939, we have extensive experience in providing actuarial and consulting services to the state and local government retirement sector. Our Company is employee owned and independent of any financial, insurance or investment entity.
- ***Top Talent*** - We are qualified for this assignment and have assigned one of our top teams of public retirement system consultants. Your Supervising Actuaries, Paul Angelo and Drew James, have extensive and recent experience in public sector consulting on actuarial matters, including particular experience with California county retirement systems.
- ***Valuation System Resources*** - The Segal Company has designed and programmed its own software for all actuarial functions for many years. Our Actuarial Technology and Systems (ATS) department is comprised of a group of dedicated systems developers responsible for providing and supporting the Segal Company's actuarial valuation system. The state-of-the-art actuarial valuation system has been designed internally to maintain control and flexibility to allow for modifications to best meet the unique needs of our clients.
- ***Commitment to Quality and Service*** - Our internal quality control standards require a three-stage production and review process of actuarial work. Also, our chief actuary, Tom Levy, annually reviews the work of all of our actuarial departments.
- ***Clear and Innovative Communication*** - Not only do we write our reports in a manner that effectively convey technical material and concepts to the reader, but we can work with the Board to communicate impacts of the results of the valuation in various formats. In addition to our work in board and client meetings, our consultants hone their communication skills by serving frequently as speakers, lecturers and panelists, and by authoring articles and papers in trade publications.
- ***Exploring the Cutting-Edge*** - Public plans today are facing a number of challenges: interest in defined contribution plans, demographic shifts, cash flow issues, protection of the trust and assets, federal law compliance and communicating with an increasing number of constituencies, to name but a few. The Segal Company has recent consulting experience in all of these areas and we help our clients to anticipate future demands and opportunities. For example, we are currently working with 1937 Act system boards, attorneys and accountants to address the policy and accounting issues for crediting interest on reserves in years of reduced or negative earnings.



- ***Federal Legislation Monitoring*** - Through a combination of our National Public Sector Practice Leader, Cathie Eitelberg, our National Director of Public Sector Compliance, Roderick B. Crane, and our Legal and Research Division, we are able to help our public retirement clients remain up-to-date on current federal legislative activity affecting governmental retirement and deferred compensation plans. We actively work with the public retirement plan industry groups (listed below) to monitor and evaluate federal legislation.

**10. *Does Segal act as a fiduciary when providing actuarial services?***

Segal does not act as a fiduciary in conducting its actuarial services. We partner with the Association's fiduciaries to assist them in making proper and prudent decisions. Actuarial decisions are ultimately made by the Board of Retirement based upon our recommendations. We work with the Board to develop a clear understanding of their funding policies and objectives. With this information, we can educate the Board about available alternatives and make recommendations that we believe are most suitable for those policies and objectives.

**11. *What distinguishes Segal from its competitors?***

Briefly, our distinguishing competitive advantages are:

- Two highly experienced consulting actuaries assigned to VCERA
- Senior level actuaries who have prior working experience with VCERA
- Independence of ownership, resources and systems
- Industry standard valuation systems and quality control procedures
- National resources and local responsiveness
- National commitment to Public Sector Retirement Systems
- Substantial experience with all types of public retirement systems in California
- Leading edge research and expertise on excess earnings issues for 1937 Act systems
- Superior communication skills of both of your assigned consulting actuaries

We will elaborate on two of these advantages, Commitment to Public Sector and Quality Control.

***Leadership in the Public Sector***

The Segal Company has taken a leadership role in the employee benefits field, and particularly with regard to the public sector. We actively participate in many public retirement organizations including the following:

***National Associations***

- *The National Association of State Retirement Administrators*
- *National Council on Teacher Retirement*
- *Government Finance Officers Association*

- *State and Local Government Benefits Association*
- *National Association of Governmental Deferred Compensation Administrators*
- *National Association of Public Pension Attorneys*
- *Association of Private Pension and Welfare Plans*
- *Employee Benefit Research Institute*
- *The International Foundation of Employee Benefit Plans (IFEBP)*

#### *State Associations*

- *The California Association of Public Retirement Systems (CALAPRS)*
- *The State Association of County Retirement Systems (SACRS)*

Our Company's role in the review and development of public employee benefit programs has been widely recognized. Our officers and professionals are frequent speakers at national and regional conferences on public sector benefits, and are consulted by governments, educational institutions, and leading publications on various aspects of retirement systems and group insurance programs for public employees.

In particular your Supervising Actuaries, Paul Angelo and Drew James, are frequent speakers at conferences, workshops and seminars sponsored by SACRS, CALAPRS and the IFEBP. For example, Mr. Angelo recently addressed the SACRS conference in Anaheim, California on *Public Retirement Benefit Plan Design*, and the IFEBP conference in Hawaii on *The Political Aspects of Overfunding*. Mr. Angelo and Mr. James recently authored a pair of articles in the Public Retirement Journal on excess earnings policies and practices, and interest crediting and reserve accounting for 1937 Act systems. Copies of that article are included in Section I.

#### ***Quality Control Procedures***

Segal has a battery of quality control practices and enforcement policies that is second to none in our industry. We have various quality control policies and procedures for our different services and practices. Here are the three policies most relevant to the actuarial services we would provide to VCERA.

***Actuarial Department.*** Our internal quality control standards for require a three-stage production and review process for all major actuarial projects, including annual valuations and experience investigations. After basic production, all results receive a “detailed review” that specifically checks all computer programs, valuation summaries and reports. Then a senior actuary in the department performs a “final review” insuring that all procedures and checklists have been followed, as well as providing a fresh look to insure that our results are consistent with all external documents such as plan documents, summary booklet and financial reports. Each level of review is documented in “review notes” that become part of the ongoing documentation for each client.

Departmental quality procedures are detailed, thorough and rigorous. They include standardized file contents and organization, procedural checklists specific to the type of valuation and exhaustive individual “test life” requirements.

**Annual Quality Audits.** At least once each year our Chief Actuary performs a two-day audit of each actuarial department. About ten valuations are selected at random for detailed review to check that all department procedures have been followed. The audit also includes a review of the consulting advice contained in our reports. The results of the audits are discussed in detail with local actuarial manager, the office head, and the senior staff for the audited cases.

**Senior Review.** Every piece of client communication that leaves our office is reviewed by another consultant with expertise in the specific field who does not work on the assignment in question. This review focuses on the consulting information and presentation, and complements the technical review performed within the actuarial department.

## 12. *Potential Conflicts*

We are not aware of any potential conflicts that Segal would have in servicing VCERA.

## Section B. – Segal’s VCERA Team

### 1. *Principal Actuary and Support Staff*

Your Lead Actuary will be Paul Angelo, Vice President and Actuary. Mr. Angelo has a number of key areas of expertise and experience in public retirement consulting, including:

- *Mr. Angelo has consulted to many retirement systems, with a particular focus on plan design, asset valuation methods, and funding policies. He is the lead actuary for the San Bernardino County Employees’ Retirement Association and the Los Angeles Water and Power Employees Retirement Plan.*
- *Mr. Angelo has conducted actuarial audits of the Orange County Employees Retirement System and the Los Angeles Water and Power Employees Retirement Plan, and is the retained audit actuary for the Los Angeles County Employees Retirement System (LACERA).*
- *Mr. Angelo is currently consulting to LACERA on a review of their funding policies, with particular emphasis on the measurement and distribution of excess earnings.*
- *Mr. Angelo is currently consulting to Ventura County and its employee organizations on various retirement benefit issues by conducting educational meetings (with both the bargaining parties and the Board of Supervisors), carrying out funding projections under alternative benefit designs, working with the system actuary and administrator, and identifying related practices and experience at other county retirement systems.*

Mr. Angelo has been assigned primary responsibility for eight clients.

Your second Lead Actuary will be Drew James, Consulting Actuary. Mr. James is an experienced public sector consultant and actuary who has served as valuation actuary for several city and county retirement systems in California. He is the second supervising actuary for the San Bernardino County Employees’ Retirement Association. Some of Mr. James’ past assignments include:

- *Creation of a DROP program for City of Ventura employees*
- *Managing a major CalPERS study on the impact of IRC Section 415 and assisting CalPERS develop Section 415 testing software and replacement benefit plans.*
- *Actuarial consultant to the Select Commission on Judicial Retirement with the charge of developing a new retirement benefit structure for California Judges*
- *Actuarial consultant to the Los Angeles County Economy and Efficiency Commission to solve “pension spiking” problem*

Mr. James has been assigned secondary responsibility for three clients.

Full resumes for both Mr. Angelo and Mr. James resumes can be found in Section F. They both exceed the Standards for Supervising Actuaries specified in the California Government Code. In particular:

- A. Both Mr. Angelo and Mr. James are Members of the American Academy of Actuaries and Enrolled Actuaries under ERISA. In addition, they are each Fellows of the Society of Actuaries, the most rigorous credential for actuaries practicing in North America.
- B. Both Mr. Angelo and Mr. James have over 20 years of experience each in providing consulting and technical actuarial services to large retirement systems, including public retirement systems.
- C. Mr. Angelo has supervised actuarial valuation work and provided direct consulting services to the San Bernardino County Employees' Retirement Association (25,000 members, \$3 billion), Los Angeles County Employees' Retirement Association (128,000 members, \$30 billion), Orange County Employees' Retirement System (33,000 members, \$5.5 Billion) and the Los Angeles Department of Water and Power Retirement System (18,000 members, \$5.8 billion), as well as many others.
- D. Mr. James has supervised actuarial valuation work and provided direct consulting services to the San Bernardino County Employees' Retirement Association (25,000 members, \$3 billion), Contra Costa County Employees' Retirement Association (14,000 members, \$2.9 billion), Alameda County Employees' Retirement System (15,000 members, \$3.8 billion) and the Sacramento County Employees' Retirement System (16,000 members, \$3.8 billion), as well as many others.
- E. Both Mr. Angelo and Mr. James have testified before legislative and/or administrative bodies in support of actuarial positions and/or the principles used in valuing retirement systems or pricing legislation. Mr. Angelo has testified before the Minnesota state legislature regarding the funding of the Minnesota State Teachers Retirement System. Mr. James has testified before various California State Assembly and Senate Committees, the Montana State Legislature Subcommittee, the Ohio State Legislature Subcommittee and the California Judicial Council.
- F. In addition to appearing before legislative bodies, Segal Company actuaries, including Mr. Angelo and Mr. James, regularly appear before Boards of Supervisors, City Councils and (non-client) Boards of Retirement to make formal presentations on the principles used in valuing the system or pricing legislation. Mr. Angelo has made such presentations recently before the Oakland City Council and the Oakland Police and Fire Retirement System, as well as the Ventura County Board of Supervisors. Mr. James has presented before the Fresno City Council and various county Boards of Supervisors.

- G. Communications is a crucial aspect of the consulting actuarial business, one that is sometimes under-emphasized. Actuarial concepts can be obscure, and there is a difficult balance to be found between providing too much or too little detail. Both written reports and oral presentations should make the essential decision information and concepts clear and accessible. This can be especially important for a public retirement system, where the interested parties come from a variety of backgrounds with various levels of experience.
- H. Both Mr. Angelo and Mr. James have statewide and national reputations for their ability to make the sometimes arcane business of actuarial science accessible to lay persons and policy makers. One measure of this ability is their active roles as speakers and lecturers on retirement topics for public sector audiences. Another is the testimonials they regularly receive from their clients who "never really understood this actuarial stuff before".

For a client's perspective on our communication skills, we suggest you contact:

Ms. Barbara A. Journet  
Director - Human Resources Department  
County of Ventura  
800 S. Victoria Avenue  
Ventura, CA 93009  
(805) 654-2561

Mr. Keith B. Filegar  
President  
Service Employees International Union, Local 998 AFL-CIO, CLC  
2472 Eastman Avenue, Unit 30  
Ventura, CA 93003  
(805) 644-8291

Ms. Pat Wiegert  
Retirement Administrator  
Contra Costa County Employees' Retirement Association  
1355 Willow Way, Suite 221  
Concord, CA 94520  
(925) 646-5741

Mr. Richard Goss  
Administrator  
California Association of Public Retirement Systems  
P.O. Box 7223  
Auburn, CA 95604  
(916) 788-0757

In addition to our sample reports, we wished VCERA to see a sample of "day to day" actuarial communication. We have include in Section H of our proposal an actual consulting work sample prepared by Mr. Angelo for the Los Angeles County Employees' Retirement Association (LACERA). LACERA had requested independent advice regarding an extremely technical distinction between two variants of a particular actuarial funding method. This work sample is included not so much for its technical content as for its demonstration of how everyday examples can be used to explain even the most difficult and subtle actuarial concepts. Section I contains another technical communications example, the articles Mr. Angelo and Mr. James recently authored in the Public Retirement Journal on excess earnings policies and practices, and interest crediting and reserve accounting for 1937 Act systems.

#### *Other Personnel*

Your supervising actuaries will be Ted Shively, A.S.A. and Dave Bergerson, A.S.A., who will have primary responsibility for supervising the production and certification of our actuarial services.

Mr. Shively is an experienced public sector actuary, and recently served as valuation actuary for the State of Hawaii. Mr. Angelo and Mr. Shively will work together on any actuarial or valuation policy issues relative to our work for VCERA. Mr. Shively holds degrees in mathematics and business, and has been with the Segal Company for 18 years.

Mr. Bergerson is the manager of our San Francisco actuarial department, and serves as the supervising actuary on our work for two other major California public retirement systems. Mr. Bergerson holds a degree in mathematics, has 15 years of actuarial consulting experience, and has been with The Segal Company for five years

Your primary support actuary will be John Monroe. Mr. Monroe currently serves as primary support actuary for the Los Angeles Water and Power Employees' Retirement Plan and for the San Bernardino Employees' Retirement Association.

Compliance service will be provided by Rod Crane, J.D. of our Denver office. Mr. Crane has over 15 years of consulting experience, all with The Segal Company.

Full resumes for Messrs. Shively, Bergerson, Monroe and Crane may also be found in Section F.

#### *Statement of Availability to VCERA*

With the exception of Mr. Crane (who is in the Denver office) all of the services for VCERA will be provided by our San Francisco office. Segal's VCERA team (and other required resources) will be made fully available to perform all services to VCERA and provide VCERA's deliverables within required time frames.

2. *Number of Accounts Assigned to Segal Actuaries*

Segal does not have a formal process or formula for determining the number of accounts assigned to each actuary, since we find that different clients of comparable size can require varying degrees of attention and time commitment. Our office head works closely with each consulting actuary to monitor workload, including such considerations as the number and location of meetings during the year. A careful assessment is made to assure available capacity before a new client-consultant relationship is established.

Currently, Mr. Angelo is assigned as the primary consultant on eight accounts. Mr. James serves as the secondary consultant on three accounts. Both Mr. Angelo and Mr. James have ready capacity to serve VCERA.

3. *Turnover of Segal's Personnel*

Over the past three years Segal has experienced a turnover rate of approximately 3% per year.



## Section C. – Client References

1. Mr. Timothy Barrett, CFA  
Executive Director / Chief Investment Officer  
San Bernardino County Employees' Retirement Association  
348 W. Hospitality Lane, 3<sup>rd</sup> Floor  
San Bernardino, CA 92415-0014  
(909) 885-7980
2. Mr. Greg Rademacher, Assistant Executive Officer  
Los Angeles County Employees' Retirement Association  
300 North Lake Avenue  
Pasadena, CA 91101  
(808) 586-1735
3. Mr. Duamel Vellon, Retirement Plan Manager  
Los Angeles Water and Power Employees Retirement Plan  
111 N. Hope Street, Room 357  
Los Angeles, CA 90012  
(213) 367-1689

Please see page 12 for additional references.

## Section D – General Information

### 1. *Description of computer facilities*

We have chosen to provide a rather brief description of our computer equipment. More information can be provided, if necessary.

All of the computer hardware and software is owned by Segal. The hardware is located in the San Francisco Office.

*Hardware Systems.* Actuarial processing is performed on Dell personal computers utilizing Windows NT workstations connected to Novell file servers located on the local area network (LAN) in the local office where actuarial work is performed. Your services will be performed in the San Francisco office.

Each local office LAN is connected via a frame relay network to form the Segal Company's wide area network (WAN). The current system has been in place for many years and is constantly upgraded. For example, in 2001 we upgraded the speed of the WAN as well as optimizing its networking features. Most recently, all the PCs used by the actuaries were upgraded (replaced) in 2002.

*Software Systems.* The Segal Company has designed and programmed its own software for all actuarial functions for many years. The Actuarial Technology and Systems (ATS) department is comprised of a group of dedicated systems developers responsible for providing and supporting the Segal Company's actuarial valuation system. The state-of-the-art actuarial valuation system has been designed internally to maintain control and flexibility to allow for modifications to best meet the unique needs of our clients. The PC-based actuarial valuation system is comprised of the following major components:

- ***Segal Data Handler*** - interactive processing of the participant data to generate a unified database that becomes the single source for all actuarial processing needs.
- ***PC-MESVAL*** - a multi-decrement actuarial valuation program that produces a comprehensive set of liability calculations associated with a wide range of benefit plans. The modular structure of the program allows for improvements to be implemented with a high degree of ease, speed and accuracy.
- ***Costs and Report Generator*** - the set of demographic and liability calculations produced by PC-MESVAL are automatically imported into an integrated costs and report generator program. This program produces actuarial calculations associated with the liabilities to meet regulatory, legislative and client requirements. The results of these calculations are electronically linked to a report generator that creates the valuation report including tables and graphs.

- ***Actuarial Utility Programs*** - these user-friendly tools are readily available to the actuaries for use in performing various actuarial calculations such as Section 415 limitations, social security calculations and generating annuity values.

The PC-based version of the Segal Company's actuarial valuation system has been in place since 1988. We are constantly upgrading our software to keep up with legislative, regulatory and technological changes.

2. ***Sample Actuarial Reports***

We have included a sample experience study report in Section J and a sample actuarial valuation report in Section K.

3. ***Standard Contract***

We have included a copy of our standard contract in Section G.

## Section E. – Proposed Fees

Our fees for the tasks detailed in Section II.E. of our proposal are shown in the following table. We have shown the cost for each performance of the task. We understand that the contract term is open and that these tasks would be performed at various times over the term of the contract. These fees are guaranteed over a three-year contract term. Adjustments in the fees will most likely be made after the third year.

Task	Cost per Service
Actuarial Valuation (each year)	\$35,000
Investigation of Experience	20,000
STARCOLA Valuation (each year)	5,000
Vested \$108.44 Supplemental Benefit Valuation	3,000
\$5,000 Death Benefit Valuation	4,000

### Handling of June 30, 2002 Experience Analysis Results

Section II of the RFP requested that we address the handling of the June 30, 2002 experience analysis results in the valuation process. Ordinarily we prefer to incorporate experience study results into the valuation process as of the same date that the experience analysis period closes. For example, we would include the July 1, 1999 to June 30, 2002 experience analysis results into the June 30, 2002 actuarial valuation. We understand that the June 30, 2002 actuarial valuation will not use the June 30, 2002 experience study results.

Given that the first valuation under this contract would be as of June 30, 2003, we suggest that the Board have the new actuary review the June 30, 2002 experience analysis results prior to incorporating them into the June 30, 2003 actuarial valuation. This could probably be done at a fee of about 60% of the ordinary experience analysis charge.

### **Additional Services**

Our hourly rates for additional services are as follows. For any such services, we would estimate the time charges required and receive VCERA approval before commencing the project.

<u>Class of Personnel</u>	<u>Hourly Rate</u>
Paul Angelo, Drew James Lead Actuaries	\$350
Ted Shively, Dave Bergerson Supervising Actuaries	\$330
John Monroe, Primary Support Actuary	<del>\$280</del> 300 <sup>00</sup>
Senior Actuarial Analysts	\$160 - \$275
Actuarial Analysts	\$130 - \$155
Rod Crane, Compliance Consultant	\$330

The above rates are all-inclusive. The Segal Company does not charge or load for computer time or system usage, nor do we charge for clerical support.

These rates are guaranteed for the first three years of the contract. For later years we would present a schedule of our current rates for review by VCERA prior to the beginning of each year. These rates would go into effect only upon mutual agreement between VCERA and The Segal Company.

## Section F – Resumes

### LEAD ACTUARY

**PAUL ANGELO, F.S.A., E.A., M.A.A.A., F.C.A.**  
**Vice President and Actuary**

Paul Angelo is a Vice President and Actuary in the San Francisco office of the Segal Company, having joined the firm in January of 1998. Mr. Angelo has over twenty-two years of actuarial consulting experience, and is a Fellow of the Society of Actuaries and an ERISA Enrolled Actuary. He is also a Member of the American Academy of Actuaries and a Fellow of the Conference of Consulting Actuaries.

As a consulting actuary, Mr. Angelo's focus areas include the design, funding and administration of large defined benefit plans, including 1937 CERL Systems and other public retirement systems in California. His assignments for these systems have included actuarial audits, in-depth analyses of excess earnings distribution policies, the design of ad hoc supplemental COLAs, and consulting to bargaining parties on the design of a new tier.

Mr. Angelo as also has extensive experience with Taft-Hartley (joint labor/management trustees) and other collectively bargained plans. In addition to regular valuation and consulting assignments, his work with these plans has included numerous collective bargaining negotiations and arbitrations on matters of plan design and funding.

In addition to his consulting activities, Mr. Angelo is an active speaker on retirement topics. Mr. Angelo has made presentations to the national Enrolled Actuaries Meeting on many topics, including divorce settlements in pension plans and asset smoothing methods. His presentations for CALAPRS include the all day seminar on Pension Funding and Actuarial Valuations, and the new trustees' course presented by at Stanford University. In November 2000, Mr. Angelo addressed the IFEBP conference on the political aspects of overfunding. Mr. Angelo is also on the faculty of the IFEBP CAPP Program (Certificate of Achievement in Public Plan Policy).

Recent projects include:

- Review of funding, reserving and excess earnings distribution policy for a major county system.
- Review of asset valuation and reserving policies for a major California public utility.
- Consulting with bargaining parties to resolve plan design and funding issues that had lead to a recent work stoppage.
- Redesign of transit district negotiated plan based on coordinated consulting assignments from both labor and management.

## **LEAD ACTUARY**

### **DREW JAMES, F.S.A., E.A., M.A.A.A. Consulting Actuary**

Drew James is a consulting actuary in Segal's San Francisco office. He has more than 30 years experience in retirement, insurance, and health care benefits. He is a recognized expert in public retirement systems, including states, cities, counties, universities and public agencies. His assignments include those involving plan design, funding, financial reporting, administration, communications and actuarial valuations.

Mr. James has testified on actuarial issues before numerous government bodies, including various California and Montana legislative hearings, and meetings of numerous boards of supervisors, city councils, school boards and retirement boards. In this capacity, he has repeatedly demonstrated the capability to communicate complex actuarial principles and issues to wide audiences with a high degree of success. He was very heavily involved in the design and passage of SB65, which created the first actuarially funded retirement system for California judges.

Mr. James has served as actuarial consultant to several multi-billion dollar public retirement systems. Some of his relevant projects include:

- Creation of a DROP program for City of Fresno employees
- Managing a major CalPERS study on the impact of IRC Section 415 and assisting CalPERS develop Section 415 testing software and replacement benefit plans
- Actuarial consultant to the Select Commission on Judicial Retirement with the charge of developing a new retirement benefit structure for California Judges
- Actuarial consultant to the Los Angeles County Economy and Efficiency Commission to solve "pension spiking" problem

Drew joined Segal in March 2002 after eight years with William M. Mercer, Inc. Prior to that he spent 16 years with W F Corroon and its organizational predecessors. He graduated magna cum laude from San Francisco State University and is a Fellow of the Society of Actuaries, an ERISA Enrolled Actuary and a Member of the American Academy of Actuaries.

Drew has been a frequent a speaker at public retirement conferences (CALAPRS, SACRS, etc.) and various actuarial organizations. He has authored articles on GASB pension reporting proposals, the role of the actuary, and has co-authored an article on the PERS Section 415 Benefit Replacement Program adopted by the CalPERS Board of Administration. Drew also serves on the investment committee of the Sisters of St. Dominic's Retirement Fund.

### **SUPERVISING ACTUARY**

**THEODORE J. SHIVELY, A.S.A., E.A., M.A.A.A.**  
**Vice President and Actuary**

Mr. Shively joined The Segal Company's Chicago office in 1978. In 1984, he transferred to the San Francisco office where he worked until 1990. After working a few years at a property and casualty insurance company, Mr. Shively returned as an associate actuary in 1994.

Mr. Shively is a Phi Beta Kappa graduate of Michigan State University where he received a B.S. degree in mathematics. In addition, Mr. Shively received a M.B.A. degree from California State University at Hayward. He is an Associate of the Society of Actuaries, a Member of the American Academy of Actuaries and an Enrolled Actuary.

Mr. Shively recently served as valuation actuary to the State of Hawaii Employees Retirement System.

### **SUPERVISING ACTUARY**

**DAVE T. BERGERSON, A.S.A., M.A.A.A., E.A.**  
**Vice President and Actuary**

Mr. Bergerson joined The Segal Company in 1996, and currently serves as the actuarial manager in our San Francisco office. Mr. Bergerson has over fifteen years of actuarial consulting experience, and is an Associate of the Society of Actuaries and an ERISA Enrolled Actuary. He is also a Member of the American Academy of Actuaries.

Mr. Bergerson is a graduate of the University of Minnesota where he received a B.A. degree in mathematics. Mr. Bergerson currently serves as valuation actuary to the Los Angeles Water and Power Employees Retirement Plan and the audit actuary for the Los Angeles County Employees' Retirement Association.

### **PRIMARY SUPPORT ACTUARY**

**JOHN MONROE**  
**Actuarial Associate**

Mr. Monroe is a Senior Actuarial Analyst in the San Francisco office of the Segal Company, having joined the firm in April 1996.

Mr. Monroe currently serves as primary support actuary for the Los Angeles Water and Power Employees Retirement Plan. He recently served as the primary support actuary for the actuarial audit of the Orange County Employees Retirement System.

Mr. Monroe is a graduate of Oregon State University where he received a B.S. degree in mathematics.



## **COMPLIANCE CONSULTANT**

**RODERICK B. CRANE, J.D.**

**Vice President**

**National Government Compliance Director**

Mr. Crane is an attorney and an expert in the design and administration of public-sector retirement and savings plans including IRC §401 qualified defined benefit and defined contribution plans, §457 deferred compensation plans, §403(b) tax-sheltered annuities and §401(k) cash or deferred arrangements. Mr. Crane, before coming to The Segal Company, was counsel to the North Dakota Legislative Council's Committee on Public Employee Retirement Programs. Mr. Crane is also an expert on compliance with federal laws affecting governmental plans and serves in this capacity as the Company's National Government Compliance Director.

Mr. Crane is an active participant in the National Association of State Retirement Administrators, the National Association of Governmental Deferred Compensation Administrators, the National Association of Public Pension Plan Attorneys and the Government Finance Officers Association. He is a frequent speaker on public-sector retirement and deferred compensation issues, and has provided legislative testimony on numerous occasions. Most recently, he has authored two parts of the GFOA 's "Regulatory Compliance Guide" series: *Federal Health Care and Pension Laws Affecting State and Local Governments* and *Federal Workplace Laws Affecting Public-Sector Employee Benefit Programs*. He also recently presented a paper written for the Wharton School of Business – Pension Research Council titled *Federal Regulation and Taxation of Public Pension Plans*.

Mr. Crane received his B.A. degree in Economics from the University of North Dakota and his J.D. from the University of North Dakota School of Law. He has over 15 years of consulting experience, all of which have been with The Segal Company.

## Section I – Segal Publications

This Section includes the following:

- **The Public Retirement Journal, March 2002**  
Ver-r-r-y Interesting!  
1937 Act Interest Crediting and Reserve Accounting
- **The Public Retirement Journal, July/August 2002**  
Of Passing Interest  
Excess Earnings Principles and Practices Under the 1937 Act
- **Segal Public Sector Letter, December 2002**  
Reaping Rewards, The Benefits of Conducting Regular  
Reviews of Defined Contribution Plan Design and Service-  
Provider Performance.
- **Segal Public Sector Letter, February 2002**  
Providing Public Sector Services in a time of Change
- **The Segal Company Bulletin, September 2001**  
Public Sector Plan Issues in the Wake of the  
September 11 Tragedies
- **The Segal Company Public Sector Letter, November 2000**  
Disability Management

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

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July 16, 2012

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

**SUBJECT: RENEWAL OF PROFESSIONAL SERVICE CONTRACT WITH CMP & ASSOCIATES, INC.**

Dear Board Members:

Staff recommends approval of the attached contract with CMP & Associates, Inc. (Contractor), in an amount not to exceed \$225,000, retroactive for the period July 1, 2012 through June 30, 2013.

Background

The Retirement Data Base System (RDBS) was developed by the County of Ventura Information Technology Services Department in the 1980's, specifically for the Ventura County Employees' Retirement System, and maintains the data for the Active members. The Retirement Information System (RIS) was developed in 1997 and maintains the data for the Retirees. Ms. Viorica Lawson arrived in the latter part of the implementation period for RDBS, and was the developer of RIS. These systems both use Model 204 language and databases. While staff was able to locate another resource familiar with the Model 204 language and database structure and file structure, Ms. Lawson is the only vendor who is familiar with the current VCERA systems. Ms. Lawson is currently the sole employee of CMP & Associates.

Current Contract

VCERA has contracted with CMP & Associates, Inc. to provide those items as outlined in the Scope of Services (see attachment A). Historically, absent any special projects, the system has required 1,500 hours per year to maintain. No additional amount is included in the contract to address special projects, more specifically, no additional amount is included to assist with the data mapping, conversion, extraction, and testing for the new Pension Administration System (PAS) project. The primary reason is that Staff is currently assessing the resources required of VCERA to complete this component of the PAS project and how it will be implemented. Staff will return to your Board in September 2012 with an amendment, once a resource plan is completed and we have determined what will be required of the legacy system.

In addition, Staff has is recommending an increase in the hourly rate compensated of \$145 per hour to \$150 per hour, which would bring the rate within the range commensurate with other Information Technology consultants of comparable skill and experience. Funding for this contract is included in the fiscal year 2012-13 Budget.

Staff and contractor are projecting a phase out period for this contractor of approximately two years. Contractor has agreed to stay through the initial PAS implementation period.

I would be pleased to respond to any questions you may have on this matter at the July 16, 2012, Business Meeting.

Sincerely,



Donald C. Kendig, CPA  
Retirement Administrator

*My vision is for VCERA to be a model of excellence for public pension plans around the World.*

Attachment

## **PROFESSIONAL SERVICES CONTRACT**

### **PROJECT: VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SOFTWARE DEVELOPMENT AND MAINTENANCE**

This is a contract between the Ventura County Employees Retirement Association, hereinafter referred to as VCERA, and CMP & Associates, Inc., hereinafter referred to as CONTRACTOR. The parties hereto agree as follows:

#### **1. SCOPE OF WORK**

VCERA hereby retains CONTRACTOR to perform services as provided in Attachment A, "Scope of Work" and in Attachment B, "Schedule of Fees". Services provided hereunder shall be in accordance with the Ventura County Information Technology Services standardized processes and project management methodologies as amended from time to time, which is on file with the Information Technology Services Department. This contract shall take precedence over such processes and methodologies in case of conflicting provision; otherwise they shall be interpreted together.

#### **2. COMPENSATION**

Payment shall be made monthly upon presentation of three copies of an invoice to VCERA for work actually completed and accepted by VCERA's management according to Attachment B, "Schedule of Fees". Unless stated separately in Attachment B, all compensation hereunder shall include any and all out-of-pocket expenses.

#### **3. PERFORMANCE PERIOD**

This contract will be retroactive for the period July 1, 2012 through June 30, 2013. VCERA shall issue a suspension of the contract time when CONTRACTOR is delayed by VCERA.

#### **4. STATUS OF CONTRACTOR**

It is understood and agreed that CONTRACTOR is at all times an independent contractor and that no relationship of employer-employee exists between the parties hereto. CONTRACTOR will not be entitled to any benefits payable to employees of VCERA, included but not limited to overtime, retirement benefits, worker's compensation benefits, injury leave or other leave benefits. VCERA is not required to make any tax or benefit deductions from the compensation payable to CONTRACTOR under the provisions of this contract.

As an independent contractor, CONTRACTOR hereby holds VCERA harmless from any and all claims that may be made against VCERA based upon contention by any third party that an employer-employee relationship exists by reason of this contract.

It is further understood and agreed by the parties hereto that CONTRACTOR in the performance of its obligations hereby is subject to the control or direction of VCERA merely as to the result to be accomplished by the services hereunder agreed to be rendered and performed and not to the means and methods for accomplishing the results.

If, in the performance of this contract, any third persons are employed by CONTRACTOR, such persons shall be entirely and exclusively under direction, supervision and control of CONTRACTOR. All terms of employment, including hours, wages, working conditions, discipline, hiring and discharging or any other terms of employment or requirements of law, shall be determined by CONTRACTOR. VCERA shall have no right or authority over such persons or the terms of such employment, except as provided in this contract.

5. CONTRACT MONITORING

VCERA shall have the right to review the work being performed by the CONTRACTOR under this contract at any time during VCERA's usual working hours. Review, checking, approval or other action by VCERA shall not relieve CONTRACTOR of its responsibility for the accuracy and completeness of the work performed under this contract. This contract shall be administered by the VCERA's contract administrator or his authorized representative.

6. INSURANCE PROVISIONS

A. CONTRACTOR, at its sole cost and expense, will obtain and maintain in full force during the term of this contract, the following types of insurance:

1) Commercial General Liability "occurrence" coverage in the minimum amount of \$1,000,000 combined single limit (CSL) bodily injury and property damage each occurrence and \$2,000,000 aggregate, including personal injury, broad form property damage, products, completed operations, broad form blanket contractual and \$100,000 fire legal liability.

2) Worker's compensation coverage, in full compliance with California statutory requirements, for all employees of CONTRACTOR and Employer's Liability in the minimum amount of \$500,000.

B. All insurance required shall be primary coverage as respects VCERA and any insurance and self-insurance maintained by VCERA shall be in excess of CONTRACTOR'S insurance coverage and shall not contribute to it.

C. VCERA is to be notified immediately if any aggregate insurance limit is exceeded. Additional coverage must be purchased to meet requirements.

D. VCERA is to be named as Additional insured as respects work done by CONTRACTOR under the terms of this contract on all policies required, except Worker's Compensation.

E. CONTRACTOR agrees to waive all rights of subrogation against VCERA for loss arising directly or indirectly from the activities or work performed by CONTRACTOR under the terms of this agreement.

F. Policies shall not be cancelled, non-renewed or reduced in scope of coverage until after sixty (60) days written notice has been given to VCERA.

G. CONTRACTOR agrees to provide VCERA with the following insurance documents on or before the effective date of this contract:

- 1) Certificate of Insurance for all required coverages.
- 2) Additional insured endorsements.

Failure to provide these documents may be grounds for immediate termination or suspension of this contract.

It is the responsibility of CONTRACTOR to confirm that all terms and conditions of the insurance provisions are complied with by any and all subcontractors that CONTRACTOR may use for the completion of this contract.

## 7. INDEMNIFICATION AND HOLD HARMLESS

All activities and work covered by this contract will be at the risk of the CONTRACTOR alone. CONTRACTOR agrees to defend VCERA from and against all claims, lawsuits – whether against CONTRACTOR, VCERA or others – judgments, debts, demands and liability, including, without limitation, those arising from injuries or death of persons or for damages to property, arising directly or indirectly out of the obligations herein described and undertaken or out of operations conducted or subsidized in whole or in part by CONTRACTOR, save and except claims or litigation arising through the sole negligence or wrongdoing or sole willful misconduct of VCERA.

## 8. EQUAL OPPORTUNITY

CONTRACTOR will not discriminate against any employee, or against any applicant for such employment because of age, race, color, religion, physical handicap, ancestry, gender or national origin. This provision shall include, but not limited to, the following: employment, upgrading, demotion or transfer, recruitment and recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training including apprenticeship.

9. TERMINATION

Both parties retain the right to terminate this contract for any reason prior to completion by giving the other party in writing a 30-day notice. On completion or termination of contract, VCERA shall be entitled to immediate possession of, and CONTRACTOR shall furnish all deliverables for this particular project prior to any termination and VCERA shall pay any charges accumulated prior to such termination.

10. ADDENDA

VCERA may from time to time require changes in scope of the services required hereunder. Such changes, including any increase and decrease in the amount of CONTRACTOR'S compensation which are mutually agreed upon by and between VCERA and CONTRACTOR, shall be effective when incorporated in written amendments to this contract.

11. CONFLICT OF INTEREST

CONTRACTOR covenants that CONTRACTOR presently has no interest, including but not limited to, other projects and independent contracts, and shall not acquire such interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this contract. CONTRACTOR further covenants that in the performance of this contract, no person having such interest shall be employed or retained by CONTRACTOR under this contract.

12. CONFIDENTIALITY

Any reports, information, data, statistics, forms, procedures, studies and any other communication or form of knowledge given to or prepared or assembled by CONTRACTOR under this contract, which VCERA requests to be kept as confidential shall not be made available to any individual or organization by CONTRACTOR without the written approval of VCERA, except as authorized by law. CONTRACTOR shall insure that such confidential information be kept confidential by its employees and/or independent subcontractors.

13. NOTICES

All notices required under this contract shall be made in writing and addressed or delivered as follows:

TO VCERA: **Ventura County Employees Retirement Association**  
**1190 S. Victoria Avenue, Suite 200**  
**Ventura, CA 93003-6572**  
**Phone: 805.339.4250**



TO CONTRACTOR: **CMP & Associates, Inc.**  
**342 Windtree Avenue**  
**Newbury Park, CA 91320**  
**Phone: 805.795.0578**

Either party may, by written notice to the other, change its own mailing address.

14. MISCELLANEOUS

This contract supersedes all previous contracts, agreements, understandings and representations of any nature whatsoever, whether oral or written, and constitutes the entire understanding between the parties hereto.

CONTRACTOR is only authorized to access VCERA systems as identified in Attachment A, "Scope of Work", of this contract. Any unauthorized access to VCERA systems may constitute a breach of contract and may result in immediate termination of contract.

IN WITNESS WHEREOF, the parties hereto have executed this contract.

VCERA

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

CMP & ASSOCIATES, INC.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

## ATTACHMENT A

### SCOPE OF WORK

**PROJECT:**           **VENTURA COUNTY EMPLOYEES' RETIREMENT  
ASSOCIATION SOFTWARE DEVELOPEMT, MAINTENANCE  
AND OTHER TECHNICAL SERVICES**

**CONTRACTOR:**   **CMP & ASSOCIATES, INC.**

CONTRACTOR, will provide VCERA with software development and maintenance services as requested by VCERA, on a time and materials basis, for the period July 1, 2012 through June 30, 2013. This SCOPE OF WORK shall only cover the services provided by Viorica Lawson.

Specifically, the CONTRACTOR'S will work under the direction of the VCERA Technology Services Manager responsible for the VCERA systems and be responsible for analysis, design, coding and testing of software implementing customer requests.

**A). Maintenance and Support.** 1,500 hours will be allocated to maintenance and support which includes, but is not limited to:

- Maintain the Retirement Database System (RDBS) for active members which includes processing, validating, importing and updating of biweekly payroll updates from the County of Ventura and VRSD payroll systems, and performing program and file modifications.
- Maintain the Retirement Information System (RIS) Database for retired members and their beneficiaries, which includes processing, validating, importing and updating of monthly payroll from third party vendor, and perform program and file modifications.
- Generate and validate Quarterly filing with Employment Development Department.
- Produce Semi-annual Interest posting to include production, testing, validation, reporting, and posting of interest each December and June.
- Annual Actuarial Valuation (Segal and PARS). Create database environment to generate extract data required by the Actuary for the County of Ventura and VRSD. Assist in responding to Actuary questions regarding data.
- Maintain database for Annual Benefit Statements. Validate data requirements and modify programs to conform to new requirements. Produce data file based on vendor requirements.
- Produce member and retiree data as detailed in the request from external Auditors for the annual audit.
- Produce data and statistics as required for the Comprehensive Annual Financial Report.
- Complete the calendar year end process which includes validation and testing of RIS and RDBS data with the generation of form 1099R for each Retiree, Beneficiary or member

taking a refund or a death benefit. Produce extract file to be filed with the Internal Revenue Service and any amendments required.

- Produce extract files requested i.e., public, media, etc.
- Evaluate and make necessary changes to RDBS in order to accommodate any changes in the County of Ventura's payroll interface.

The total amount billed may not exceed the maximum contract in section 1 of Attachment B.

## ATTACHMENT B

### SCHEDULE OF FEES

**PROJECT: VENTURA COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
SOFTWARE DEVELOPEMT AND MAINTENANCE,**

**CONTRACTOR: CMP & ASSOCIATES, INC.  
TAX ID 77-0375973**

CONTRACTOR shall be reimbursed on a time and materials basis according to the following:

1. The hourly contracting rate shall be fixed at \$150.00 per hour for those Maintenance and Support activities bulleted in section A of Attachment A.
2. The total contract is not to exceed \$225,000.
3. No reimbursements for out of pocket expenses.
4. CONTRACTOR shall submit monthly invoices for hours worked in the following billing format:  
Contract Services for (provide specific date)  
 $(\text{Total Hours Billed}) \times \$(\text{hourly rate}) = \$(\text{Total Amount Billed})$
5. Payment terms are net 30 days from date of invoice.
6. VCERA shall send payments to:  
CMP & ASSOCIATES, INC.  
342 WINDTREE AVENUE  
NEWBURY PARK, CA 91320  
TEL: 805.795.0578
7. CONTRACTOR shall send monthly invoices to:  
VENTURA COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
1190 S. VICTORIA AVENUE, SUITE 200  
VENTURA, CA 93003-6572  
TEL: 805.339.4250

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

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

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July 16, 2012

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

**SUBJECT: AB 2664 AND AB 2668**

Dear Board Members:

Please find the attached chaptered AB 2664 and AB 2668.

AB 2664 (Assembly Public Employment, Retirement and Social Security Committee) allows the retirement boards of '37 Act retirement systems to adopt regulations allowing for the use and acceptance of a member's electronic signature with the same force and effect as a signed, valid original document.

It also authorizes LACERA to adjust retirement payments due to errors or omissions in the same manner as CalPERS.

Finally, it establishes the County Retirement System Dental Care Program (Program) to provide dental care benefits to county and district retirees, their survivors, and eligible dependents of '37 Act retirement systems that elect to offer the Program. The retiree would be responsible for the dental care premium and counties electing to participate in the Program may contract with a third party administrator to provide the dental care, similar to the current vision care program sponsored by SACRS. To insure that no vested rights are created, the bill specifies that the dental benefits may be revised or discontinued at any time.

AB 2668 (Assembly Committee on Banking and Finance) applies the provisions of existing law authorizing corporations to indemnify and purchase and maintain insurance on behalf of fiduciaries of employee benefit plans, to fiduciaries of a pension plan.

Trustee Goulet asked that this legislation be brought to your attention, and if the Board would like further action taken in relation to it, I would welcome your direction.

Sincerely,



Donald C. Kendig, CPA  
Retirement Administrator

*My vision is for VCERA to be a model of excellence for public pension plans around the World.*

Attachments

**Attachment 1**  
**AB 2664 Chaptered**

**Assembly Bill No. 2664**

\_\_\_\_\_

Passed the Assembly May 21, 2012

\_\_\_\_\_  
*Chief Clerk of the Assembly*

\_\_\_\_\_

Passed the Senate June 15, 2012

\_\_\_\_\_  
*Secretary of the Senate*

\_\_\_\_\_

This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2012, at \_\_\_\_\_ o'clock \_\_\_\_M.

\_\_\_\_\_  
*Private Secretary of the Governor*



## CHAPTER \_\_\_\_\_

An act to amend Section 31527 of, to add Sections 31540 and 31541 to, and to add Article 8.11 (commencing with Section 31699.20) to Chapter 3 of Part 3 of Division 4 of Title 3 of, the Government Code, relating to county employees' retirement.

## LEGISLATIVE COUNSEL'S DIGEST

AB 2664, Committee on Public Employees, Retirement and Social Security. County employees' retirement: electronic signatures.

The County Employees Retirement Law of 1937 provides a comprehensive set of benefits for county and district employees who are members of a retirement system subject to that law and establishes county retirement boards for the administration of benefits authorized under that law and authorizes each board to include specified provisions, by regulation, with respect to the administration of benefits.

This bill would permit a county retirement board to include a provision for the use and acceptance of electronic signatures, as specified, within the regulations.

This bill would also establish the County Retirement System Dental Care Program and authorize a retired member of a county retirement system to enroll in a dental program offered pursuant to those provisions, subject to meeting eligibility requirements and payment of premiums. The bill would authorize the board of retirement to contract with a 3rd-party administrator to provide dental care to the retired member, his or her survivors, and his or her eligible dependents. The bill would specify that those dental benefits could be revised or discontinued at any time.

The Public Employees' Retirement Law (PERL) vests the Board of Administration of the Public Employees' Retirement System with management and control of the system. PERL authorizes the board to adjust retirement payments due to errors or omissions, as specified.

This bill would similarly authorize a county retirement system in Los Angeles County to adjust retirement payments due to errors

or omissions using the same standards and period of limitations found in PERL.

*The people of the State of California do enact as follows:*

SECTION 1. Section 31527 of the Government Code is amended to read:

31527. In its regulations, the board may include the following provisions:

(a) From what warrants deductions of members' contributions shall be made.

(b) For a period of time longer than one year during which a member may redeposit in the retirement fund an amount equal to all of the accumulated normal contributions that he or she has withdrawn, plus regular interest thereon from the date of return to service.

(c) For a period of time longer than one year during which a member brought within the field of membership may pay into the retirement fund the amount equal to the contributions he or she would have made plus interest, if he or she had been a member from the date of its organization, or from the date of his or her entrance into service, whichever is later.

(d) For a withdrawal charge against a member who withdraws his or her accumulated contributions. The withdrawal charge shall not exceed the interest credited to the member subsequent to the effective date of the regulation.

(e) For the exemption or exclusion from membership as a peace officer member or as a safety member or from membership altogether, in the discretion of the board, of persons whose tenure is temporary, seasonal, intermittent, or for part time only, or persons whose compensation is fixed at a rate by the day or hour.

(f) For the periodic physical examination, at county expense, of safety members.

(g) The amount of additional deductions from the salaries or wages of members pursuant to Article 15.5 (commencing with Section 31841) or Article 16 (commencing with Section 31861). Such a provision may be adopted in anticipation of, and prior to Article 15.5 (commencing with Section 31841) or Article 16 (commencing with Section 31861) becoming operative in the particular county.

(h) The day upon which each person becomes a member of the association if it is to be other than the first day of the calendar month after his or her entrance into service. However, that day shall be no later than 12 weeks after his or her entrance into service, or the day upon which the member terminates service credited by the association, and that the day shall be no earlier than 12 weeks prior to the member's termination from employment.

(i) Notwithstanding any other law, for the use and acceptance of a document requiring a signature that is submitted by a member using an electronic signature, if the document and electronic signature are submitted using technology the board deems sufficient to ensure its integrity, security, and authenticity. A document submitted pursuant to the regulation shall be given the same force as a signed, valid original document.

SEC. 2. Section 31540 is added to the Government Code, to read:

31540. (a) The obligations of the retirement system to its members continue throughout their respective memberships, and the obligations of the retirement system to, and in respect to, retired members continue throughout the lives of the retired members, and thereafter until all obligations to the members' beneficiaries under optional settlements have been discharged. The obligations of the county or district to the retirement system with respect to members employed by them, respectively, continue throughout the memberships of the members, and the obligations of the county or district to the retirement system with respect to retired members formerly employed by them, respectively, continue until all of the obligations of the retirement system to those retired members have been discharged. The obligations of any member to the retirement system continue throughout his or her membership, and thereafter until all of the obligations of the retirement system to that member have been discharged.

(b) For the purposes of payments into or out of the retirement fund for adjustment of errors or omissions, the period of limitation of actions shall be three years, and shall be applied as follows:

(1) In cases in which the retirement system makes an erroneous payment to a member or beneficiary, the system's right to collect shall expire three years from the date of payment.

(2) In cases in which the retirement system owes money to a member or beneficiary, the period of limitation shall not apply.

(c) Notwithstanding subdivision (b), in cases in which payment is erroneous because of the death of the retired member or beneficiary or because of the remarriage of the beneficiary, the period of limitation shall be 10 years and that period shall commence with the discovery of the erroneous payment.

(d) Notwithstanding subdivision (b), if any payment has been made as a result of fraudulent reports for compensation made, or caused to be made, by a member for his or her own benefit, the period of limitation shall be 10 years and that period shall commence either from the date of payment or upon discovery of the fraudulent reporting, whichever date is later.

(e) The board shall determine the applicability of the period of limitation in any case, and its determination with respect to the running of any period of limitation shall be conclusive and binding for purposes of correcting the error or omission.

(f) This section shall apply only to a county of the first class as described in Section 28020.

SEC. 3. Section 31541 is added to the Government Code, to read:

31541. (a) Subject to subdivisions (c) and (d), the board may, in its discretion and upon any terms it deems just, correct the errors or omissions of any active or retired member, or any beneficiary of an active or retired member, if all of the following facts exist:

(1) The request, claim, or demand to correct the error or omission is made by the party seeking correction within a reasonable time after discovery of the right to make the correction, which in no case shall exceed six months after discovery of this right.

(2) The error or omission was the result of mistake, inadvertence, surprise, or excusable neglect, as each of those terms is used in Section 473 of the Code of Civil Procedure.

(3) The correction will not provide the party seeking correction with a status, right, or obligation not otherwise available under this part.

Failure by a member or beneficiary to make the inquiry that would be made by a reasonable person in like or similar circumstances does not constitute an "error or omission" correctable under this section.

(b) Subject to subdivisions (c) and (d), the board shall correct all actions taken as a result of errors or omissions of the county or district, or this system.

(c) The duty and power of the board to correct mistakes, as provided in this section, shall terminate upon the expiration of obligations of this system to the party seeking correction of the error or omission, as those obligations are defined by Section 31540.

(d) The party seeking correction of an error or omission pursuant to this section has the burden of presenting documentation or other evidence to the board establishing the right to correction pursuant to subdivisions (a) and (b).

(e) Corrections of errors or omissions pursuant to this section shall be such that the status, rights, and obligations of all parties described in subdivisions (a) and (b) are adjusted to be the same as they would have been if the act that would have been taken, but for the error or omission, was taken at the proper time. However, notwithstanding any other provision of this section, corrections made pursuant to this section shall adjust the status, rights, and obligations of all parties described in subdivisions (a) and (b) as of the time that the correction actually takes place if the board finds any of the following:

(1) That the correction cannot be performed in a retroactive manner.

(2) That, even if the correction can be performed in a retroactive manner, the status, rights, and obligations of all of the parties described in subdivisions (a) and (b) cannot be adjusted to be the same, as they would have been if the error or omission had not occurred.

(3) That the purposes of this chapter will not be effectuated if the correction is performed in a retroactive manner.

(f) This section shall apply only to a county of the first class as described in Section 28020.

SEC. 4. Article 8.11 (commencing with Section 31699.20) is added to Chapter 3 of Part 3 of Division 4 of Title 3 of the Government Code, to read:

Article 8.11. Dental Care

31699.20. This article shall be known and may be cited as the County Retirement System Dental Care Program.

31699.21. A retired member of a county retirement system covered by this chapter may enroll in a dental care program offered pursuant to this article, subject to meeting the eligibility requirements established for the program.

31699.22. A retired member who elects to participate in the program shall be solely responsible for the payment of premiums.

31699.23. The benefits in this article are in addition to any other benefits provided in this chapter.

31699.24. The board of retirement may contract with a third-party administrator to provide dental care to the retired member, his or her survivors, and his or her eligible dependents.

31699.25. The provision of dental benefits in accordance with this article may be revised or discontinued at any time.

Approved \_\_\_\_\_, 2012

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*Governor*

**Attachment 2**  
AB 2668 Chaptered



**Assembly Bill No. 2668**

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Passed the Assembly April 23, 2012

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*Chief Clerk of the Assembly*

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Passed the Senate June 18, 2012

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*Secretary of the Senate*

\_\_\_\_\_

This bill was received by the Governor this \_\_\_\_ day  
of \_\_\_\_\_, 2012, at \_\_\_\_ o'clock \_\_\_\_M.

\_\_\_\_\_  
*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to amend Sections 5238, 7237, 9246, and 12377 of the Corporations Code, relating to corporate agents.

## LEGISLATIVE COUNSEL'S DIGEST

AB 2668, Committee on Banking and Finance. Corporate agents: indemnification.

Existing law authorizes a nonprofit public benefit corporation, mutual benefit corporation, religious corporation, and consumer cooperative corporation to indemnify its agents, as defined, in proceedings, as defined. Existing law provides that the authority of those corporations to so indemnify their agents does not apply to any proceeding against any trustee, investment manager or other fiduciary of an employee benefit plan. Existing law authorizes all corporations, and the corporations described above specifically, to indemnify and purchase and maintain insurance on behalf of a fiduciary of specified employee benefit plans, trusts, or provisions for directors, officers, employees, and persons providing services to the corporation or its affiliates.

This bill would apply the above provisions, instead, to a fiduciary of a pension, deferred compensation, saving, thrift or other retirement, incentive or benefit plan, trust or provision for any or all of the corporation's directors, officers, employees, and persons providing services to the corporation or any of its subsidiary or related or affiliated corporations. The bill would provide cross-references, as specified.

*The people of the State of California do enact as follows:*

SECTION 1. Section 5238 of the Corporations Code is amended to read:

5238. (a) For the purposes of this section, "agent" means any person who is or was a director, officer, employee or other agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a director, officer, employee or agent

of a foreign or domestic corporation that was a predecessor corporation of the corporation or of another enterprise at the request of the predecessor corporation; “proceeding” means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and “expenses” includes without limitation attorneys’ fees and any expenses of establishing a right to indemnification under subdivision (d) or paragraph (3) of subdivision (e).

(b) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the corporation to procure a judgment in its favor, an action brought under Section 5233, or an action brought by the Attorney General or a person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust) by reason of the fact that the person is or was an agent of the corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with the proceeding if the person acted in good faith and in a manner the person reasonably believed to be in the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of the person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the corporation or that the person had reasonable cause to believe that the person’s conduct was unlawful.

(c) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action by or in the right of the corporation, or brought under Section 5233, or brought by the Attorney General or a person granted relator status by the Attorney General for breach of duty relating to assets held in charitable trust, to procure a judgment in its favor by reason of the fact that the person is or was an agent of the corporation, against expenses actually and reasonably incurred by the person in connection with the defense or settlement of the action if the person acted in good faith, in a manner the person believed to be in the best interests of the corporation and with such care, including reasonable inquiry,

as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this subdivision:

(1) In respect of any claim, issue or matter as to which the person shall have been adjudged to be liable to the corporation in the performance of the person's duty to the corporation, unless and only to the extent that the court in which the proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for the expenses which the court shall determine;

(2) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

(3) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval unless it is settled with the approval of the Attorney General.

(d) To the extent that an agent of a corporation has been successful on the merits in defense of any proceeding referred to in subdivision (b) or (c) or in defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

(e) Except as provided in subdivision (d), any indemnification under this section shall be made by the corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in subdivision (b) or (c), by:

(1) A majority vote of a quorum consisting of directors who are not parties to the proceeding;

(2) Approval of the members (Section 5034), with the persons to be indemnified not being entitled to vote thereon; or

(3) The court in which the proceeding is or was pending upon application made by the corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not the application by the agent, attorney, or other person is opposed by the corporation.

(f) Expenses incurred in defending any proceeding may be advanced by the corporation prior to the final disposition of the proceeding upon receipt of an undertaking by or on behalf of the

agent to repay the amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this section. The provisions of subdivision (a) of Section 5236 do not apply to advances made pursuant to this subdivision.

(g) No provision made by a corporation to indemnify its or its subsidiary's directors or officers for the defense of any proceeding, whether contained in the articles, bylaws, a resolution of members or directors, an agreement or otherwise, shall be valid unless consistent with this section. Nothing contained in this section shall affect any right to indemnification to which persons other than the directors and officers may be entitled by contract or otherwise.

(h) No indemnification or advance shall be made under this section, except as provided in subdivision (d) or paragraph (3) of subdivision (e), in any circumstance where it appears:

(1) That it would be inconsistent with a provision of the articles, bylaws, a resolution of the members or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(2) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

(i) A corporation shall have power to purchase and maintain insurance on behalf of any agent of the corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the corporation would have the power to indemnify the agent against that liability under the provisions of this section; provided, however, that a corporation shall have no power to purchase and maintain that insurance to indemnify any agent of the corporation for a violation of Section 5233.

(j) This section does not apply to any proceeding against any trustee, investment manager, or other fiduciary of a pension, deferred compensation, saving, thrift, or other retirement, incentive, or benefit plan, trust, or provision for any or all of the corporation's directors, officers, employees, and persons providing services to the corporation or any of its subsidiary or related or affiliated corporations, in that person's capacity as such, even though the person may also be an agent as defined in subdivision (a) of the employer corporation. A corporation shall have power to indemnify

the trustee, investment manager or other fiduciary to the extent permitted by subdivision (f) of Section 5140.

SEC. 2. Section 7237 of the Corporations Code is amended to read:

7237. (a) For the purposes of this section, “agent” means any person who is or was a director, officer, employee or other agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a director, officer, employee or agent of a foreign or domestic corporation that was a predecessor corporation of the corporation or of another enterprise at the request of the predecessor corporation; “proceeding” means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and “expenses” includes without limitation attorneys’ fees and any expenses of establishing a right to indemnification under subdivision (d) or paragraph (3) of subdivision (e).

(b) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the corporation to procure a judgment in its favor, an action brought under Section 5233 of Part 2 (commencing with Section 5110) made applicable pursuant to Section 7238, or an action brought by the Attorney General or a person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust) by reason of the fact that the person is or was an agent of the corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with the proceeding if the person acted in good faith and in a manner the person reasonably believed to be in the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of the person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the corporation or that the person had reasonable cause to believe that the person’s conduct was unlawful.

(c) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action by or in the right of the corporation, or brought under Section 5233 of Part 2 (commencing with Section 5110) made applicable pursuant to Section 7238, or brought by the Attorney General or a person granted relator status by the Attorney General for breach of duty relating to assets held in charitable trust, to procure a judgment in its favor by reason of the fact that the person is or was an agent of the corporation, against expenses actually and reasonably incurred by the person in connection with the defense or settlement of the action if the person acted in good faith, in a manner the person believed to be in the best interests of the corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this subdivision:

(1) In respect of any claim, issue or matter as to which the person shall have been adjudged to be liable to the corporation in the performance of the person's duty to the corporation, unless and only to the extent that the court in which the proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for the expenses which the court shall determine;

(2) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

(3) Of expenses incurred in defending a threatened or pending action that is settled or otherwise disposed of without court approval unless the action concerns assets held in charitable trust and is settled with the approval of the Attorney General.

(d) To the extent that an agent of a corporation has been successful on the merits in defense of any proceeding referred to in subdivision (b) or (c) or in defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

(e) Except as provided in subdivision (d), any indemnification under this section shall be made by the corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because

the agent has met the applicable standard of conduct set forth in subdivision (b) or (c), by:

(1) A majority vote of a quorum consisting of directors who are not parties to the proceeding;

(2) Approval of the members (Section 5034), with the persons to be indemnified not being entitled to vote thereon; or

(3) The court in which the proceeding is or was pending upon application made by the corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not the application by the agent, attorney or other person is opposed by the corporation.

(f) Expenses incurred in defending any proceeding may be advanced by the corporation prior to the final disposition of the proceeding upon receipt of an undertaking by or on behalf of the agent to repay the amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this section. The provisions of subdivision (a) of Section 7235 do not apply to advances made pursuant to this subdivision.

(g) No provision made by a corporation to indemnify its or its subsidiary's directors or officers for the defense of any proceeding, whether contained in the articles, bylaws, a resolution of members or directors, an agreement or otherwise, shall be valid unless consistent with this section. Nothing contained in this section shall affect any right to indemnification to which persons other than the directors and officers may be entitled by contract or otherwise.

(h) No indemnification or advance shall be made under this section, except as provided in subdivision (d) or paragraph (3) of subdivision (e), in any circumstance where it appears:

(1) That it would be inconsistent with a provision of the articles, bylaws, a resolution of the members or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(2) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

(i) A corporation shall have power to purchase and maintain insurance on behalf of any agent of the corporation against any liability asserted against or incurred by the agent in that capacity or arising out of the agent's status as such whether or not the



corporation would have the power to indemnify the agent against that liability under the provisions of this section.

(j) This section does not apply to any proceeding against any trustee, investment manager, or other fiduciary of a pension, deferred compensation, saving, thrift, or other retirement, incentive, or benefit plan, trust, or provision for any or all of the corporation's directors, officers, employees, and persons providing services to the corporation or any of its subsidiary or related or affiliated corporations, in that person's capacity as such, even though the person may also be an agent as defined in subdivision (a) of the employer corporation. A corporation shall have power to indemnify the trustee, investment manager or other fiduciary to the extent permitted by subdivision (e) of Section 7140.

SEC. 3. Section 9246 of the Corporations Code is amended to read:

9246. (a) For the purposes of this section, "agent" means any person who is or was a director, officer, employee or other agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, or was a director, officer, employee, or agent of a foreign or domestic corporation which was a predecessor corporation of the corporation or of another enterprise at the request of that predecessor corporation; "proceeding" means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative or investigative; and "expenses" includes without limitation attorneys' fees and any expenses of establishing a right to indemnification under subdivision (d) or paragraph (3) of subdivision (e).

(b) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the corporation to procure a judgment in its favor, an action brought under Section 9243, or an action brought by the Attorney General pursuant to Section 9230) by reason of the fact that the person is or was an agent of the corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with the proceeding if the person acted in good faith and in a manner the person believed to be in the best interests of the corporation and, in the case of a criminal

proceeding, had no reasonable cause to believe the conduct of the person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person believed to be in the best interests of the corporation or that the person had reasonable cause to believe that the person's conduct was unlawful.

(c) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action by or in the right of the corporation, or brought under Section 9243, or brought by the Attorney General pursuant to Section 9230, to procure a judgment in its favor by reason of the fact that the person is or was an agent of the corporation, against expenses actually and reasonably incurred by the person in connection with the defense or settlement of the action if the person acted in good faith, in a manner in which the person believed to be in the best interests of the corporation and with that care, including reasonable inquiry, as an ordinary prudent person in a like position would use under similar circumstances. No indemnification shall be made under this subdivision:

(1) In respect of any claim, issue, or matter as to which the person shall have been adjudged to be liable to the corporation in the performance of the person's duty to the corporation, unless and only to the extent that the court in which the proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for the expenses which the court shall determine;

(2) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

(3) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval unless it is settled with the approval of the Attorney General.

(d) To the extent that an agent of a corporation has been successful on the merits in defense of any proceeding referred to in subdivision (b) or (c) or in defense of any claim, issue or matter

therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

(e) Except as provided in subdivision (d), any indemnification under this section shall be made by the corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in either subdivision (b) or (c) by:

(1) A majority vote of a quorum consisting of directors who are not parties to the proceeding;

(2) Approval of the members (Section 5034), with the persons to be indemnified not being entitled to vote thereon; or

(3) The court in which the proceeding is or was pending upon application made by the corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not the application by the agent, attorney, or other person is opposed by the corporation.

(f) Expenses incurred in defending any proceeding may be advanced by the corporation prior to the final disposition of the proceeding upon receipt of an undertaking by or on behalf of the agent to repay the amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this section.

(g) No provision made by a corporation to indemnify its or its subsidiary's directors or officers for the defense of any proceeding, whether contained in the articles, bylaws, a resolution of members or directors, an agreement or otherwise, shall be valid unless consistent with this section. Nothing contained in this section shall affect any right to indemnification to which persons other than the directors and officers may be entitled by contract or otherwise.

(h) No indemnification or advance shall be made under this section, except as provided in subdivision (d) or paragraph (3) of subdivision (e), in any circumstance where it appears that:

(1) It would be inconsistent with a provision of the articles, bylaws, a resolution of the members or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(2) It would be inconsistent with any condition expressly imposed by a court in approving a settlement.

(i) A corporation shall have power to purchase and maintain insurance on behalf of any agent of the corporation against any liability asserted against or incurred by the agent in that capacity or arising out of the agent's status as such whether or not the corporation would have the power to indemnify the agent against that liability under the provisions of this section; provided, however, that a corporation shall have no power to purchase and maintain insurance to indemnify any agent of the corporation for a violation of Section 9243.

(j) This section does not apply to any proceeding against any trustee, investment manager, or other fiduciary of a pension, deferred compensation, saving, thrift, or other retirement, incentive, or benefit plan, trust, or provision for any or all of the corporation's directors, officers, employees, and persons providing services to the corporation or any of its subsidiary or related or affiliated corporations, in the person's capacity as such, even though the person may also be an agent as defined in subdivision (a) of the employer corporation. A corporation shall have power to indemnify the trustee, investment manager or other fiduciary to the extent permitted by subdivision (f) of Section 9140.

SEC. 4. Section 12377 of the Corporations Code is amended to read:

12377. (a) For the purposes of this section, "agent" means any person who is or was a director, officer, employee or other agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a director, officer, employee or agent of a foreign or domestic corporation which was a predecessor corporation of the corporation or of another enterprise at the request of the predecessor corporation; "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and "expenses" includes without limitation attorneys' fees and any expenses of establishing a right to indemnification under subdivision (d) or paragraph (3) of subdivision (e).

(b) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any

proceeding (other than an action by or in the right of the corporation to procure a judgment in its favor) by reason of the fact that the person is or was an agent of the corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with the proceeding if the person acted in good faith and in a manner the person reasonably believed to be in the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of the person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner that the person reasonably believed to be in the best interests of the corporation or that the person had reasonable cause to believe that the person's conduct was unlawful.

(c) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action by or in the right of the corporation, to procure a judgment in its favor by reason of the fact that the person is or was an agent of the corporation, against expenses actually and reasonably incurred by the person in connection with the defense or settlement of the action if the person acted in good faith, in a manner the person believed to be in the best interests of the corporation and with that care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this subdivision:

(1) In respect of any claim, issue or matter as to which the person shall have been adjudged to be liable to the corporation in the performance of the person's duty to the corporation, unless and only to the extent that the court in which the proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for the expenses which the court shall determine;

(2) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

(3) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval.

(d) To the extent that an agent of a corporation has been successful on the merits in defense of any proceeding referred to in subdivision (b) or (c) or in defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

(e) Except as provided in subdivision (d), any indemnification under this section shall be made by the corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in subdivision (b) or (c), by:

(1) A majority vote of a quorum consisting of directors who are not parties to the proceeding;

(2) Approval of the members (Section 12224), with the persons to be indemnified not being entitled to vote thereon; or

(3) The court in which the proceeding is or was pending upon application made by the corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not the application by the agent, attorney or other person is opposed by the corporation.

(f) Expenses incurred in defending any proceeding may be advanced by the corporation prior to the final disposition of the proceeding upon receipt of an undertaking by or on behalf of the agent to repay the amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this section.

(g) No provision made by a corporation to indemnify its or its subsidiary's directors or officers for the defense of any proceeding, whether contained in the articles, bylaws, a resolution of members or directors, an agreement or otherwise, shall be valid unless consistent with this section. Nothing contained in this section shall affect any right to indemnification to which persons other than the directors and officers may be entitled by contract or otherwise.

(h) No indemnification or advance shall be made under this section, except as provided in subdivision (d) or paragraph (3) of subdivision (e), in any circumstance where it appears:

(1) That it would be inconsistent with a provision of the articles, bylaws, a resolution of the members or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other

amounts were paid, which prohibits or otherwise limits indemnification; or

(2) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

(i) A corporation shall have power to purchase and maintain insurance on behalf of any agent of the corporation against any liability asserted against or incurred by the agent in that capacity or arising out of the agent's status as such whether or not the corporation would have the power to indemnify the agent against that liability under the provisions of this section.

(j) This section does not apply to any proceeding against any trustee, investment manager, or other fiduciary of a pension, deferred compensation, saving, thrift, or other retirement, incentive, or benefit plan, trust, or provision for any or all of the corporation's directors, officers, employees, and persons providing services to the corporation or any of its subsidiary or related or affiliated corporations, in the person's capacity as such, even though the person may also be an agent as defined in subdivision (a) of the employer corporation. A corporation shall have power to indemnify the trustee, investment manager or other fiduciary to the extent permitted by subdivision (e) of Section 12320.

Approved \_\_\_\_\_, 2012

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*Governor*



# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

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July 16, 2012

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

**SUBJECT: REQUEST TO ATTEND OPAL'S INVESTMENT TRENDS SUMMIT,  
SEPTEMBER 12-14, 2012**

Dear Board Members:

Please find the attached agenda to Opal's Investment Trends Summit, to be held on September 12-14, 2012 in Santa Barbara, CA. The conference is free to attendees, however, would cost \$100 per day (or \$300 per attendee) should VCERA decide to pay for conference costs.

I have received interest in attendance from Trustees Goulet, T. Johnston, Towner, and Wilson.

Please consider a motion authorizing attendance for the interested trustees listed above and any additional trustee that comes forward seeking authorization to attend.

I would be delighted to answer any questions you may have.

Sincerely,



Donald C. Kendig, CPA  
Retirement Administrator

*My vision is for VCERA to be a model of excellence for public pension plans around the World.*

Attachment

**Attachment 1**  
**Investment Trends Summit Agenda**  
**September 12-14, 2012**



**WEDNESDAY, September 12, 2012**

8:00 am	<b>GOLF TOURNAMENT</b>
11:00 am	<b>Exhibit Setup</b>
12:30 pm	<b>Registration Opens</b>
1:30 pm	<b>Opening Remarks</b>
1:40 pm – 2:00 pm	<b>STANDALONE</b>
2:00 pm – 3:00 pm	<p><b>RECAPPING INVESTMENT THEMES: CHALLENGES INVESTORS ARE NOW FACING</b></p> <ul style="list-style-type: none"> <li>• Changes in 2012</li> <li>• Near term future of the US economy</li> <li>• What returns are expected?</li> <li>• Understanding and adapting to the evolving landscape of pension funding</li> <li>• What role should investment banks or fund managers have in dispensing strategic asset allocation advice to institutional investors</li> <li>• Government reform, impact of pending legislation</li> </ul> <p>Moderator:  <b>Gregory Brothers, Senior Vice President &amp; Chief Financial Officer, SOUTH TEXAS COLLEGE OF LAW (HOUSTON)</b></p> <p>Panelists:  <b>Thomas Barrett, CIO, BERGENDAHL HOLDINGS (SFO)</b>  <b>Stewart Darrell, CFA, Family Investment Officer, GENSPRING FAMILY OFFICES</b>  <b>Harry Griffin, Trustee, SAN ANTONIO FIRE AND POLICE PENSION FUND</b>  <b>David Underwood, CFA, Asst. Chief Investment Officer, ARIZONA STATE RETIREMENT SYSTEM</b></p>
3:00 pm – 4:00 pm	<p><b>IDENTIFYING PROMISING INVESTMENT OPPORTUNITIES FOR INSTITUTIONAL INVESTORS</b></p> <ul style="list-style-type: none"> <li>• Economic Outlook</li> <li>• Best Practices in Maximizing Fund Returns</li> <li>• How alternatives diversify a portfolio</li> <li>• Where is the growth in alternatives</li> <li>• Top asset classes</li> </ul> <p>Moderator:  <b>Lee Schneider, Trustee, LEUKEMIA &amp; LYMPHOMA SOCIETY</b></p> <p>Panelists:</p>

	<b>TBA, IMC ASSET MANAGEMENT</b>
4:00 pm – 4:15 pm	<b>REFRESHMENT BREAK</b>
4:15 pm – 5:15 pm	<p><b>THE ROLE OF HEDGE FUNDS/FUND OF FUNDS</b></p> <ul style="list-style-type: none"> <li>• Regulatory issues</li> <li>• How to differentiate your fund?</li> <li>• What investors need to know about current opportunities in hedge funds</li> <li>• SEC influence</li> <li>• New expectations for hedge fund managers</li> <li>• What risks should public funds be aware of?</li> <li>• Management fees</li> <li>• Should your fund invest directly or through fund-of-funds?</li> <li>• Changing economics for hedge fund managers</li> <li>• How will hedge funds fit into an institutional investor's portfolio</li> <li>• Which hedge fund strategies will thrive in the current market environment?</li> </ul> <p>Moderator:  <b>Don Stracke, CFA, Senior Consultant, NEPC, LLC</b></p> <p>Panelists:</p>
5:15 pm – 6:00 pm	<p><b>PRACTICAL ANALYSIS OF ASSET ALLOCATION STRATEGIES</b></p> <ul style="list-style-type: none"> <li>• Allocation trends</li> <li>• Tactical Asset Allocation</li> <li>• Investing in alternatives: how much of your portfolio is the right amount?</li> <li>• The role of hedge funds in asset allocations</li> <li>• What new asset classes are worth considering?</li> <li>• Incorporating alternative strategies within traditional strategies</li> <li>• Determining the optimal investment mix</li> </ul> <p>Moderator:  <b>Melissa Lee, Portfolio Manager, WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY</b></p> <p>Panelists:  <b>Brad Miller, President, PENINSULA FAMILY OFFICE (SFO)</b></p>
6:00 pm – 7:00 pm	<p><b>COCKTAIL RECEPTION</b></p> <p>Sponsored By:</p>

**THURSDAY, September 13, 2012**

8:30 am	<b>Breakfast Buffet</b>
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8:30 am – 9:15 am	<p align="center"><b>PRIVATE CLOSED DOOR BREAKFAST</b>  <b>For Institutional Investors, Plan Sponsors &amp; Consultants Only</b></p> <p>Facilitators :  <b>Gerald Garrett, Trustee, OKLAHOMA FIREFIGHTERS PENSION &amp; RETIREMENT SYSTEM</b>  <b>Adam Frankel, Vice Chairman, DELRAY BEACH POLICE &amp; FIRE RETIREMENT</b></p>
9:15 am – 9:20 am	<b>Co-Chair Welcoming Remarks</b>
9:20 am – 9:40 am	<b>STANDALONE</b>
9:40 am – 10:00 am	<b>STANDALONE</b>
10:00 am – 11:00 am	<p><b>INVESTMENT STYLES AND STRATEGIES</b></p> <ul style="list-style-type: none"> <li>• The changing face of global investing</li> <li>• Responding to a rebounding economy</li> <li>• Opportunities in distressed investing</li> <li>• What are the best strategies for the future</li> <li>• Equity investing</li> </ul> <p>Moderator:  <b>Sharath Sury, Executive Director, SIFIRM, Adjunct Professor of Economics, UNIVERSITY OF CALIFORNIA, Board Member, SANTA CLARA SHERIFF'S SAB</b></p> <p>Panelist:</p>
11:00 am – 11:15 am	<b>REFRESHMENT BREAK</b>
11:15 am – 12:15 pm	<p><b>LATEST TRENDS AND FORECASTS IN REAL ESTATE INVESTING</b></p> <ul style="list-style-type: none"> <li>• Property values</li> <li>• Commercial/Residential</li> <li>• How Do You Determine Your Allocation to Real Estate?</li> <li>• Is Real Estate Part of the Alternatives or an Asset Class on its Own?</li> <li>• Buying distressed debt</li> </ul> <p>Moderator:  <b>Jim Mastandrea, Director and Chairman of the Nominating Committee, CLEVELAND STATE UNIVERSITY FOUNDATION BOARD</b></p> <p>Panelists:</p>
12:15 pm – 1:00 pm	<p><b>PRIVATE EQUITY</b></p> <ul style="list-style-type: none"> <li>• Private equity market in China</li> <li>• Shrinking discounts in the secondaries space</li> <li>• Co-investment deal flow</li> <li>• Is venture capital dead?</li> <li>• Negotiating terms and conditions</li> <li>• Importance of exit strategies</li> <li>• Where do we go from here?</li> </ul>

	<p>Moderator:  <b>Jason Scharfman, Managing Partner, CORGENTUM CONSULTING, LLC</b></p> <p>Panelists:  <b>TBA, SAIL CAPITAL PARTNERS</b></p>
1:00 pm – 2:30 pm	LUNCHEON
2:30 pm – 3:30 pm	<p><b>REAL ASSET INVESTING</b></p> <ul style="list-style-type: none"> <li>• How do real assets fit into a portfolio?</li> <li>• Infrastructure</li> <li>• Environmental and ecological infrastructure</li> <li>• Water</li> <li>• Master Limited Partnerships (MLPS)</li> <li>• Oil and Gas Investing</li> <li>• Renewable energy and intelligent grid investment opportunities</li> <li>• What are the real return characteristics of Real assets?</li> <li>• Direct vs. Indirect Investments</li> <li>• Risks involved</li> <li>• Diversifying with Agriculture</li> </ul> <p>Moderator:  <b>Sunil Pandya, Trustee, MONTGOMERY COUNTY EMPLOYEES RETIREMENT SYSTEM</b></p> <p>Panelists:  <b>Abel Mojica, Head of Corporate Development, TORTOISE CAPITAL ADVISORS</b>  <b>Craig Lewis, Executive Director, CLEAN COALITION</b></p>
3:30 pm – 4:30 pm	<p><b>THE GLOBAL OUTLOOK &amp; STATE OF EMERGING MARKETS</b></p> <ul style="list-style-type: none"> <li>• Which sectors present the greatest risk and what are the risk factors specific to these markets and other Emerging Markets</li> <li>• Which emerging market will be the best performer in 2012</li> <li>• Benefits of Diversifying into Emerging and Frontier Markets</li> <li>• Africa – The New Frontier</li> <li>• Investing in BRIC economies</li> </ul> <p>Moderator:  <b>Reynolds Williams, Vice Chairman, SOUTH CAROLINA RETIREMENT SYSTEM</b></p> <p>Panelists:</p>
4:30 pm – 5:15 pm	<p><b>MANAGER SELECTION</b></p> <ul style="list-style-type: none"> <li>• Manager Selection Risk Factors</li> <li>• Detecting Manager Fraud</li> <li>• Qualitative screening and due diligence</li> <li>• What are the key determinants when selecting a manager</li> <li>• Working with a consultant during the manager selection process</li> <li>• What to look for when selecting a manager?</li> </ul>

	<ul style="list-style-type: none"> <li>• Defining and managing investment manager styles</li> <li>• What are the most effective quantitative and qualitative methods for selecting managers?</li> <li>• Is it possible to consistently choose managers that surpasses the benchmark; if so what is the secret?</li> </ul> <p>Moderator: <b>Marina Batliwalla, FSA CFA, Principal, MERCER</b></p> <p>Panelists: <b>William J. Raver, Managing Director, ALBAN ROW INVESTMENTS, LLC (SFO)</b> <b>Rob Santos, Director, SALEM PARTNERS WEALTH MANAGEMENT (MFO)</b></p>
5:15 pm – 6:15 pm	<p style="text-align: center;"><b>COCKTAIL RECEPTION</b></p> <p style="text-align: center;">Sponsored by:</p>

**FRIDAY, September 14, 2012**

8:30 am	<b>Breakfast Buffet</b>
9:00 am – 10:00 am	<p><b>CHANGING REGULATORY ENVIRONMENT</b></p> <ul style="list-style-type: none"> <li>• Domestic and offshore</li> <li>• Regulating hedge funds</li> <li>• Avoiding fraud</li> <li>• Allocating to new asset classes</li> <li>• Corporate governance</li> <li>• Due diligence considerations</li> <li>• New disclosure &amp; liability</li> </ul> <p>Moderator: <b>John Shostack, Trustee, CHICAGO PARK EMPLOYEES' ANNUITY AND BENEFIT FUND</b></p> <p>Panelists: <b>James Love, Assistant City Attorney, CITY OF BIRMINGHAM, AL</b> <b>Mark Patrick Flaherty, General Counsel, PENNSYLVANIA STATE ASSOCIATION OF COUNTY CONTROLLERS</b> <b>Steve Bukovac, Fund Administrative Manager, AUTOMOBILE MECHANICS LOCAL #701 BENEFIT FUNDS</b> <b>Gary Stiles, Chairman, FULTON (GA) COUNTY EMPLOYEES RETIREMENT SYSTEM</b></p>
10:00 am – 11:00 am	<p><b>INVESTOR/CONSULTANTS ROUNDTABLE Q &amp; A:</b></p> <p>Moderator:</p>

	<p><b>Patricia (Patti) Haffner, Vice President, Consultant, ASSET CONSULTING GROUP</b></p> <p>Panelists:</p> <p><b>Mika Buffington, Principal/Consultant, MEKETA INVESTMENT GROUP</b>  <b>Margaret Dannunzio, Managing Member, GOLDENGROVE LLC (MFO)</b>  <b>S. Tyler Edelstein, Managing Partner &amp; Chief Investment Officer, OCEAN ENDOWMENT PARTNERS, LLC</b>  <b>Andy Lower, Executive Director, THE ELEOS FOUNDATION</b></p>
11:00 am – 12:00 pm	<p><b>ONGOING EDUCATION FOR PLAN FIDUCIARIES AND PARTICIPANTS</b></p> <ul style="list-style-type: none"> <li>• Understanding Your Fiduciary Responsibilities</li> <li>• Creating a Fiduciary Ethics Policy</li> <li>• What constitutes "Conflicts of Interest"</li> <li>• Preparing Participants for the Contemporary American Retirement System</li> <li>• Participant PR Campaigns for Retirement Plans</li> <li>• Hosting Pre-Retirement Workshops for Plan Participants</li> </ul> <p>Moderator:</p> <p><b>Shawn Wells, Trustee, CITY OF SOUTHFIELD</b></p> <p>Panelists:</p> <p><b>Stephen Viederman, Finance Committee, CHRISTOPHER REYNOLDS FOUNDATION</b>  <b>Larry Mahle, Trustee, CITY OF ATLANTA FIREFIGHTER'S PENSION FUND</b>  <b>Michael Hermanson, Pension &amp; Benefits Administrator, TUCSON SUPPLEMENTAL RETIREMENT SYSTEM</b></p>
12:00 pm	<b>CLOSING REMARKS/CONFERENCE CONCLUDES</b>

**CURRENT 2012 PARTICIPANTS INCLUDE**

**Sunil Pandya, Trustee, MONTGOMERY COUNTY EMPLOYEES RETIREMENT SYSTEM**  
**Chris Fragakis, Trustee, WEST PALM BEACH POLICE PENSION FUND**  
**Gerald Garrett, Trustee, OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM**  
**Brad Miller, President, PENINSULA FAMILY OFFICE (SFO)**  
**Stephen Conte, Managing Director, MASSEY, QUICK & CO., LLC (MFO)**  
**Don Stracke, CFA, Senior Consultant, NEPC, LLC**  
**Mika Buffington, Principal/Consultant, MEKETA INVESTMENT GROUP**  
**Jason Scharfman, Managing Partner, CORGENTUM CONSULTING, LLC**  
**Casey Wamsley, Consultant, ARNERICH MASSENA**  
**Stephen Viederman, Finance Committee, CHRISTOPHER REYNOLDS FOUNDATION**  
**Howard Freedland, Managing Partner, HARPER, FOSTER FAMILY ADVISORY (MFO)**  
**Anne Foster Freedland, Principal, HARPER, FOSTER FAMILY ADVISORY (MFO)**  
**Marina Batliwalla, FSA CFA, Principal, MERCER**  
**Jim Mastandrea, Director and Chairman of the Nominating Committee, CLEVELAND STATE UNIVERSITY FOUNDATION BOARD**  
**Ned Doubleday, Managing Director, CERTIS CAPITAL MANAGEMENT (SFO)**  
**William J. Raver, Managing Director, ALBAN ROW INVESTMENTS, LLC (SFO)**



Linda C. Mack, President and Founder, MACK INTERNATIONAL, LLC  
 Talia Witkowski, Associate, THE NELSON CENTER FOR EMOTIONAL HEALING  
 Shawn O'Shaughnessy, Investment Executive, ALVERY BARTLETT GROUP  
 Dean Crombie, Trustee, NEW HAMPSHIRE RETIREMENT SYSTEM  
 Adam Frankel, Vice Chairman, DELRAY BEACH POLICE & FIRE RETIREMENT  
 Kelen Evans, Chairman, ATLANTA FIREFIGHTERS PENSION FUND  
 Kelly McKale, Consultant, ALBOURNE AMERICA LLC  
 Will Buividas, Trustee, CITY OF PHOENIX POLICE PENSION BOARD  
 Lee Schneider, Trustee, LEUKEMIA & LYMPHOMA SOCIETY  
 Carl Gilmore, President, OAKLAND MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM  
 Ursula Ruland, Controller, SANTA BARBARA CITY COLLEGE FOUNDATION  
 Vanessa Patterson, Director of Finance and Administration, SANTA BARBARA CITY COLLEGE FOUNDATION  
 Joseph Julian, Consultant, MONTECITO ADVISORS (SFO)  
 Jim Hoover, Trustee, ELIZABETHTOWN COLLEGE  
 David Young, Founder & CIO, ANFIELD (MFO)  
 Reynolds Williams, Vice Chairman, SOUTH CAROLINA RETIREMENT SYSTEM  
 Steve Gumins, Managing Director, ATHENS CAPITAL MANAGEMENT LLC (SFO)  
 Eileen Alden, Senior Portfolio Manager, ASCENT PRIVATE CAPITAL MANAGEMENT (MFO)  
 Julie Zakarias, Principal, GENFI FAMILY & FIDUCIARY SERVICES (MFO)  
 Lynne Ehrlich McAuley, Senior Fiduciary Compliance Consultant, FIDUCIARY PLAN GOVERNANCE  
 Rob Santos, Director, SALEM PARTNERS WEALTH MANAGEMENT (MFO)  
 John Shostack, Trustee, CHICAGO PARK EMPLOYEES' ANNUITY AND BENEFIT FUND  
 Melissa Lee, Portfolio Manager, WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY  
 Patricia (Patti) Haffner, Vice President, Consultant, ASSET CONSULTING GROUP  
 Harvey Miller, Trustee, THE JUDITH ROTHSCHILD FOUNDATION  
 Steve Frambes, Managing Partner, JACKSON CONSULTING GROUP  
 Craig Lewis, Executive Director, CLEAN COALITION  
 Larry Mahle, Trustee, CITY OF ATLANTA FIREFIGHTER'S PENSION FUND  
 Margaret Dannunzio, Managing Member, GOLDENGROVE LLC (MFO)  
 Gary O'bannon, Trustee, KANSAS CITY (MO) EMPLOYEES RETIREMENT SYSTEM David Underwood, CFA, Asst. Chief Investment Officer, ARIZONA STATE RETIREMENT SYSTEM  
 Karl Slovin, President, MIDWEST HOLDINGS, LLC (SFO)  
 Dan Owens, Trustee, HOLYOKE CONTRIBUTORY RETIREMENT  
 Jonathan Horelick, Consultant, DENIAD AND COMPANY  
 Sharath Sury, Executive Director, SIFIRM, Adjunct Professor of Economics, UNIVERSITY OF CALIFORNIA, Board Member, SANTA CLARA SHERIFF'S SAB  
 Michael Hermanson, Pension & Benefits Administrator, TUCSON SUPPLEMENTAL RETIREMENT SYSTEM  
 Jay Rogers, Executive Director, BERGENDAHL HOLDINGS (SFO)  
 James Love, Assistant City Attorney, CITY OF BIRMINGHAM, AL  
 Mark Patrick Flaherty, General Counsel, PENNSYLVANIA STATE ASSOCIATION OF COUNTY CONTROLLERS  
 Bob Wacker, President, Chief Investment Officer, CAL POLY INSTITUTE OF TECHNOLOGY  
 Dexter Cunningham, Trustee, CITY OF BIRMINGHAM FIREMEN'S AND POLICEMEN'S SUPPLEMENTAL PENSION SYSTEM  
 Thomas Barrett, CIO, BERGENDAHL HOLDINGS (SFO)  
 Steve Bukovac, Fund Administrative Manager, AUTOMOBILE MECHANICS LOCAL #701 BENEFIT FUNDS  
 Lily Cavanagh, Treasurer, REDFORD (MI) POLICE & FIREMEN RETIREMENT

Dimitry Mindlin, President, CDI ADVISORS LLC  
Patrick Gleeson, CEO, MEYER FAMILY ENTERPRISES (SFO)  
Gary Stiles, Chairman, FULTON (GA) COUNTY EMPLOYEES RETIREMENT SYSTEM  
Alex Cole, CEO, PRESTON WEALTH MANAGEMENT (MFO)  
Greg Mattingly, Managing Director, PRESTON WEALTH MANAGEMENT (MFO)  
Stewart Darrell, CFA, Family Investment Officer, GENSPRING FAMILY OFFICES  
Harry Griffin, Trustee, SAN ANTONIO FIRE AND POLICE PENSION FUND  
Prakash L Dheeriyaa Ph.D., Professor of Finance, CALIFORNIA STATE UNIVERSITY-  
DOMINGUEZ HILLS  
Michael Mahjobi , Director of Alternative Portfolios , AMG FAMILY OFFICE GROUP (MFO)  
Patricia Soldano, President, GENSPRING FAMILY OFFICES (MFO)  
Russell Charvonja, Investment Committee, CALIFORNIA MASONIC FOUNDATION  
S. Tyler Edelstein, Managing Partner & Chief Investment Officer, OCEAN ENDOWMENT  
PARTNERS, LLC  
Allan Bentkowski, Investment Manager, TUCSON SUPPLEMENTAL RETIREMENT SYSTEM  
James Maloney, Trustee, CHICAGO POLICEMEN'S ANNUITY AND BENEFIT FUND  
Gregory Brothers, Senior Vice President & Chief Financial Officer, SOUTH TEXAS COLLEGE OF  
LAW (HOUSTON)  
Shawn Wells, Trustee, CITY OF SOUTHFIELD  
S. Tyler Edelstein, Managing Partner & Chief Investment Officer, OCEAN ENDOWMENT  
PARTNERS, LLC  
David McConico, Chairman, CITY OF AURORA GENERAL EMPLOYEES' RETIREMENT  
PLAN  
Kiran Jethwa, Managing Partner, FUMASE, LLC  
Tom Bertelsen, CFO, DOMINICAN SISTERS  
Andy Lower, Executive Director, THE ELEOS FOUNDATION  
James Kottage, Chairman, NEW HAVEN POLICE AND FIRE RETIREMENT  
John McGee, Advisor, RESOURCE MANAGEMENT, INC.  
Fred Biro, Trustee, ONTARIO MUNICIPAL EMPLOYEES RETIREMENT SYSTEM

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

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July 16, 2012

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

## **SUBJECT: QUARTERLY RETIREMENT ADMINISTRATOR REPORT**

Dear Board Members:

VCERA's Monitoring and Reporting policy provides for "as needed reporting" from the Administrator as to any pertinent administrative items. In addition, VCERA's Chair Charter provides for a quarterly review of Administrator travel and other expenses. This quarterly report will serve to satisfy the Chair's Charter and provide a forum for presenting pertinent administrative matters that have not already been reported separately during the quarter.

Report items include 1.) travel, training, and other expenses since the last report, 2.) key meetings, 3.) press/media communications, 4.) any items the Administrator has been asked to report back to the Board on, 5.) the Pension Administration System (PAS) project, and 6.) other items of interest.

### 1.) Travel, Training, and Other Expenses Since the Last Report

This section outlines VCERA sponsored training and travel since the last report, along with a very brief summary of what was covered.

- April 10-11, 2012: Pension Bridge, San Francisco, CA at a cost of \$855.39 inclusive of registration at \$179, travel, and lodging. I met Art Goulet at the conference, and carpooled with a trustee from the Santa Barbara Employees' Retirement System. The two day conference covered 1.) a macroeconomic view by Peter Schiff that was less than positive, 2.) risk management practices utilized by a panel of investment consultants, 3.) protecting portfolios from periods of financial stress by tail risk hedging and turning recurring risk patterns into opportunities, 4.) constructing a portfolio asset allocation from a risk based approach, 5.) status of unfunded liabilities in the U.S. and the real issue with liability swings in relation to payroll, 6.) liability driven investing, 7.) fixed income risks and trends, 8.) currency and currency alpha, 9.) Commodities, 10.) emerging markets overseas, 11.) emerging manager programs, 12.) risk parity revisited by NEPC Chairman Richard Charlton, 13.) real estate, 14.)

infrastructure and Master Limited Partnerships (MLPs), 15.) hedge funds, 16.) distressed debt, 17.) credit and lending strategies, 18) Secondaries, 19.) private equity, and 20.) an insightful CIO roundtable on what keeps them up (volatility) and what gets them out of bed (all of the challenges facing DB plans and investing).

- May 8-10, 2012: SACRS Spring Conference, Lake Tahoe, CA at a cost of \$1,165.34 inclusive of registration at \$120, travel, and lodging. I was in attendance from Tuesday afternoon until Thursday afternoon, and during the two complete days, I received 1.) training on how to handle political pressures and complex investment vehicles, 2.) U.S. and European Market updates, 3.) an update on California politics, 4.) a briefing on hiring/retention/succession issues and strategies, 5.) overviews on real asset strategies in water and master limited partnerships (natural gas pipelines), 6.) improved news on the new GASB funding pronouncements, and 7.) a great exchange of ideas between Retirement Administrators during the round table meeting.
- May 29 – 31, 2012: Hewitt ennisknupp Site Visit and Client Conference, Chicago, IL at a cost of \$1,610.34 inclusive of conference fees at \$500, travel, and lodging. A separate report on the results of the due diligence has been presented to the Board, as well as a review of the conference contents. I attended the Overview of Institutional Investing, Public Funds: Trustees as Generalists or Specialists, George Will's talk, The Pension Risk Challenge – The Evolution of Dynamic Investment Policies, Medium Term Views (and how to apply them), Go Big or Go Home (related to alternatives), and Delegated Pension Risk Management.
- June 22, 2012: CALAPRS Administrators Roundtable, San Jose, CA at a cost of \$669.66 inclusive of registration at \$75, travel, and lodging. The meeting covered various investment office paradigms, presented by Don Stracke of NEPC; retiree health care strategies, presented by members of AON Hewitt; the effective use of surveillance for disability claim investigations, presented by Tim Harper of Frasco Investigative Services, and a Sacramento Update, presented by Joe Ackler of Ackler & Associates. Briefly, the investment office paradigms included a.) within the Treasury department, b.) outsource all investment operations, c.) compliance and reporting investment office, d.) full investment department, e.) full investment office with outsourced CIO, and f.) joint power authority. In addition to the agenda items, Paul Angelo of Segal was in attendance to discuss the Contra Costa issue with COLAs and benefit calculations and how that could affect the majority of attendees. I also got the opportunity to ask Mr. Rademacher, of LACERA, why the Association pulled out of the SACRS IRS tax determination collaborative.

**2. Key Meetings**

This section outlines any key meetings I have had.

- April 12, 2012: Met with the Personnel Committee to discuss 12 month review criteria, 6 month review criteria, floating schedules to accommodate mid year start dates, and an updated policy proposal.
- April 12, 2012: Met with Chris Johnston regarding introductions and priorities.
- April 16, 2012: Met with Paul Angelo and John Monroe of Segal to discuss Segal's relationship with VCERA and the various actuarial reports and work performed on a recurring basis.
- April 17, 2012: Met with Jeff from Pantheon to learn more about our Secondaries relationship.
- April 20, 2012: Met with Anthony Freitas and Prentice NG of BlackRock to discuss current relationship, active management capabilities, and other services available to VCERA.
- April 27, 2012: Met with Ben Lazarus of The Clifton Group to review and refine Clifton's cash management relationship resulting in a Board proposal at the June Business meeting.
- May 1, 2012: Met with Stephanie Lord of Loomis Sayles to receive an overview of the services that Loomis is providing and what its full capabilities are.
- May 2, 2012: Met with Michael Powers, Ventura County CEO, for a more formal introduction, County overview and review of priorities.
- May 2, 2012: Met with members of WP Global Partners, Art Goulet, and Russ Charvonja regarding their firm.
- May 4, 2012: Met with Mark Shevitz, representing Sprucegrove, for an introduction and overview of the services provided.
- May 22, 2012: Met with Kathleen Wilson to explain the effect of the Board's adoption of the non-economic assumptions.
- June 6 & 11, 2012: Met with Tracy Towner regarding introductions, priorities, and the budget.
- June 7, 2012: Met with County IT to discuss the telephone system and charges, and the Information Technology charges.
- June 11, 2012: Met with Supervisor Bennett for introductions and priorities.
- June 14, 2012: Met with Leroy Smith of County Counsel for introductions and background.
- June 27, 2012: Met with Supervisor Zaragoza for introductions and priorities.

**3. Press/Media Communications**

This section outlines any communications I have had with the media.

- April 17, 2012: Gar Chung of Financial Investment News regarding K2's termination, and HEK's due diligence.
- April 17, 2012: Landry Haarmann of Mandate Wire regarding K2's termination, asset liability study in May, random miss reported mandates for index and global managers, and HEK's due diligence item.

- April 26, 2012: Kristie Brewer of HFMWeek regarding K2's termination and the plan for the capital after liquidation.
- May 15, 2012: Dawn Lim of the Money Management Letter regarding Tim Thonis' departure, the appointment of a new Retirement Administrator, VCERA's Private Equity Allocation, and VCERA's transition in lead consultant.
- May 16 & 22, 2012: Kathleen Wilson of the Ventura County Star regarding the Actuarial items of April 16 and May 21, 2012.
- May 22, 2012: Landry Haarmann of Mandate Wire regarding the May 21, 2012 investment items.
- May 22, 2012: Dawn Lim of the Money Management Letter regarding the new asset allocation and Tim Thonis' departure and the appointment of a new Retirement Administrator.
- May 25, 2012: Gar Chung of Financial Investment News regarding asset allocation changes.
- June 19, 2012: Landry Haarmann of Mandate Wire regarding the June 18, 2012 investment items.
- June 19, 2012: Dawn Lim of the Money Management Letter regarding the June 18, 2012 investment items.

A pattern is emerging whereby I am called by a few investment reporters for an investment update after our Board meetings. Given the routine nature of their calls, I will not separately identify them in future quarterly reports, instead focusing on media inquiries of a unique or politically sensitive nature.

#### 4. Reports Back to the Board

- Auditor-Controller Commitment: Stable. No Update at this time.
- HEK Due Diligence: A site visit was completed on May 29, 2012 and the Board received a full report at the June 18, 2012 Board meeting. Item closed.
- BlackRock: Agreement signed. Transition Completed. Item closed. A separate transition report will be issued by Hewitt Ennisknupp.
- Benefit Estimate Status Report: At the July 2, 2012 Board meeting, due to concerns regarding the turnaround time of member inquiries, the Board directed staff to report quarterly on the status of benefit estimate requests. Presently, the status of estimate requests can be summarized as follows.

	1 month	2 months	3 months	4 months	5 months +	
As of	0 - 29 days	30 - 59 days	60 - 89 days	90 - 119 days	120+ days	Total
June 25, 2012	24	32	44	34	9	143

As more history is accumulated, I will add charts to show progress towards our goal of completing benefit estimate requests within 4 to 6 weeks.

- IRS Tax Determination: Contacted Gregg Rademacher of LACERA for an update and legal reference. Currently establishing a relationship with Don Wellington, Partner, of Steptoe Johnson LLP.

5. The Pension Administration System (PAS) project

- I approved the data conversion strategy document within the anticipated timeframe and Vitech is currently on track with its milestones.
- Linea and staff have prepared a PAS project update covering what has been accomplished during the first 100 days and what is still needed for success.
- A large project timeline will be prepared for the Board and kept in the Boardroom to remind everyone of where we have proceeded from, where we are, and where we are headed.

6. Other Items of Interest

- The benefits reception area is complete.
- The Board will be transitioning to a paperless agenda process over the next couple meetings. September's Board meetings will have simple black and white hardcopies and staff will discontinue providing hardcopies starting in October, unless directed otherwise.
- I will be out of the office from August 13, 2012 to August 17, 2012.
- Henry will be out of the office from July 23, 2012 to August 3, 2012.

I would be happy to respond to any questions you may have on this matter.

Sincerely,



Donald C. Kendig, CPA  
Retirement Administrator

*My vision is for VCERA to be a model of excellence for public pension plans around the World.*



entura County Employees' Retirement Association

# **2012-13 BUSINESS PLAN**

## **Mission**

The Ventura County Employees' Retirement Association (VCERA) is committed to providing retirement, death and disability benefits to our members and their beneficiaries in an accurate and timely manner. VCERA shall strive to project a positive image by the delivery of services to our members, their beneficiaries and all other stakeholders, in a courteous and professional manner.

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
1190 SOUTH VICTORIA AVENUE, SUITE 200  
VENTURA, CA 93003**

*A model of excellence for public pension plans around the world.*



### **Introduction**

On June 5, 2003 the Board of Retirement adopted a Business Planning Policy (Policy) and on June 18, 2012 confirmed the Policy's relevance and appropriateness. The objective of the policy is to provide broad guidance, to the Board of Retirement (Board) and Retirement Administrator in regards to the complex environment in which VCERA operates and the myriad of risks VCERA faces, which could impact its operations.

The Policy establishes a framework for identifying and managing operational risks through a formal review. The Policy requires that staff identify (a) the broad categories of risk that may impact VCERA (b) potential risks within each of those categories, (c) potential means to address those risks, and (d) an assessment of the extent to which action has been taken to address each risk.

At the beginning of each fiscal year, the Retirement Administrator will review and update the business planning framework and the Business Plan, and present them to the Board for discussion along with a status report on the prior year's Business Plan.

The 2012-13 Business Plan, at a minimum, will provide the Board with an assessment of VCERA's risks from a business perspective, and a list of the top 2 – 3 priority initiatives to be undertaken to address VCERA's most significant areas of risk, along with an estimated timeline for completing the priority initiatives, the parties responsible for completing the initiatives, and the resources necessary to undertake the initiatives.

Given the extended vacancy of the Retirement Administrator position no plan was adopted for 2011-12 and a status report will not be provided. In addition, additional work will be required of the new Retirement Administrator to fully develop the business planning framework and more completely list potential business risks, related mitigation measures, and the efforts VCERA has taken to mitigate them.

### **VCERA Risk Assessment Framework**

The framework of VCERA's business plan entails an identification of the broad categories of risk that affect VCERA's delivery of the promised benefits to plan members and their beneficiaries. Broad categories of risk include Funding, Investment, Benefit Administration, Technology, Staffing, Board Governance, Compliance and Financial. In addition to the broad categories of risk, the framework identifies, and will identify more completely over time, the significant risks within each category, potential means to mitigate each risk, and an assessment of the extent to which VCERA has already mitigated each risk.

Once the risks fully identified and assessed in the framework, a list of the top 2 – 3 priority initiatives is given to address them. The initiatives will include the time frame for taking action based on the priority established as well as the resources required.

An example of the framework is below. Also the first category, Funding, has a listing of the means to mitigate the risks and an assessment of the extent to which VCERA has already mitigated each risk. Further work will be needed to fully assess the remaining risks. What is provided below is a good starting point for initial Board discussion and direction for the new Retirement Administrator. Also, clear priority initiatives can be drawn from the list as presently provided.

**Category: Example**

1) [Significant Risk]

- a) [Unable to Mitigate, or External and Internal Factors and Mitigation Measure Taken or Proposed]

**Category: Funding (Contributions and Contribution Levels)**

1) Actuarial Assumptions

- a) Non-Economic Assumptions based upon past experience and recommendations by VCERA actuary. Mitigation measures include spreading the impact of the cost increase over a period of time. Outside mitigation measures include Plan Sponsor policies and procedures for employee screening, work safety, and salary changes. The VCERA Board of Retirement understands that improving longevity will continue to increase the cost of existing benefits for the foreseeable future and is managing the expectations of the plan sponsors and public. Further, the Board has taken actions to spread the cost increases of recent experience over three years smoothing the financial impact on the plan sponsors.
- b) Economic Assumptions based upon recommendations by VCERA actuary after a review of VCERA's asset allocation. Mitigation measures include spreading in the cost impact of the changes, adjusting asset allocations, and considering long term trends in asset returns and inflation. The Board has taken action to reduce the 8.0% assumed rate of return to 7.75% in response to further evidence that the inflation assumption needs to be adjusted down. Further, the Board has taken actions to spread the cost increase of the reduction over three years smoothing the financial impact on the plan sponsors.

2) Collective Bargaining Benefit Changes

- a) Funding levels and contribution levels are affected by changes negotiated to employee salaries and benefits. Mitigation measures include performing full actuarial valuations of proposed benefit changes. This risk is external to the control of VCERA in the sense that the Plan Sponsors are responsible for negotiating changes in benefits. VCERA can assist in mitigating the risk by insisting that thorough actuarial estimates are performed for any contemplated benefit changes and can provide negotiating teams with clear and objective information regarding the effects of any proposed changes.

- 3) Early Retirement Incentives
  - a) Early retirement incentives create an unfunded liability and temporary increase in funding/contributions requirements that are intended to be offset by corollary decreases in sponsor payroll costs. Mitigation measures include performing full actuarial valuations prior to the offer of such incentives and prefunding the resulting liabilities. As with benefit changes, VCERA can assist in mitigating the risk by insisting that thorough actuarial estimates are performed for any potential incentives contemplated. VCERA can also require shorter amortization periods for the funding of early retirement incentives.
- 4) Sponsor Hardships
  - a) While remote, it is not unheard of Sponsors declaring bankruptcy or not being able to pay. Mitigation measures include as much long range planning as possible, consideration of all smoothing options, and the fortitude to collect the full contributions when the sponsor has the ability to pay. VCERA has weighed numerous options for amortization periods and smoothing methodologies to ensure accurate and reasonable cost/contribution projections. VCERA's efforts were codified in its Actuarial Funding Policy adopted on May 21, 2012.

**Category: Investment (Asset Valuations, Returns, Policy Compliance)**

- 1) Fluctuations in Market Volatility and Asset Correlations
- 2) Diversification/Efficient Frontier
- 3) Fees
- 4) Manager Failures
- 5) Manager Fraud
- 6) Liquidity
- 7) Passive Rebalancing
- 8) Tactical/Active Rebalancing
- 9) Asset Returns Above/Below Assumed Rate of Return
- 10) Investment Policy Compliance and Monitoring
- 11) Performance Assessment
- 12) Evolving Asset Allocations and Investment Trends
- 13) Missed Opportunities
- 14) Adequate and Appropriate Oversight
- 15) Adequate and Appropriate Exploration

**Category: Benefit Administration (Benefit Delivery)**

- 1) Monthly Retiree Benefit Payments
- 2) Timely and Accurate Responses to Member Inquiries
- 3) Timely and Accurate Responses to Public Record Requests
- 4) Timely and Accurate Retirements
- 5) Timely and Accurate Death Benefit Delivery
- 6) Timely and Just Disability Determinations
- 7) Timely and Accurate Benefit Estimates
- 8) Timely and Accurate Service Purchase Agreements
- 9) Data Security and Privacy
- 10) Conformance with Benefit Provisions
- 11) Numerous Tiers and Benefit Options

**Category: Technology**

- 1) County Payroll System Changes
- 2) Pension Systems Obsolescence (Model 204 Mainframe)
- 3) ADP Payroll System Obsolescence and Upgrades
- 4) Key Programmer ("Key Man") Dependencies
- 5) Disaster Recovery/Business Continuity
- 6) New System Implementation (PAS Project Management)
- 7) Network Connectivity (computer to computer, peer to peer)
- 8) File Server Storage (Access and Backups)
- 9) Email Connectivity
- 10) Internet Connectivity
- 11) Website Availability
- 12) Remote Technological Assistance

**Category: Staffing (People, Policies, and Performance)**

- 1) Vacancies
- 2) Experience Levels
- 3) Efficiency (Learning Curves)
- 4) Adequate and Appropriate Numbers
- 5) Adequate and Appropriate Skills
- 6) Adequate and Appropriate Space
- 7) Adequate and Appropriate Training
- 8) Staff Turnover & Burnout
- 9) Succession Planning
- 10) Staff Conflicts (Staff to Staff, Staff to Member, Staff to Stakeholder)
- 11) Performance and Productivity Issues
- 12) Adequate and Appropriate Personnel Policies
- 13) Office Safety and Security

**Category: Board Governance (Oversight, Policy, Fiduciary Responsibility)**

- 1) Experience Levels
- 2) Adequate and Appropriate Training
- 3) Turnover
- 4) Conflicts
- 5) Alignment of Expectations
- 6) Adequate and Appropriate Policies
- 7) Adherence to Policies
- 8) Breaches of Fiduciary Duty

**Category: Compliance (Legal and Financial)**

- 1) IRS Tax Determination
- 2) State Legislative Changes
- 3) Federal Legislative Changes
- 4) Voter Initiatives
- 5) Financial Accounting Standards Board (FASB) or Governmental Accounting Standards Board (GASB) Change to Reporting Requirements
- 6) State or Federal Tax reporting Requirements

**Category: Financial (Reporting and Internal Controls)**

- 1) Adequate and Appropriate Internal Controls
- 2) Separation of Duties
- 3) Timely and Accurate Reporting
- 4) Errors and Omissions
- 5) Adequate and Appropriate Record Keeping
- 6) Adequate and Appropriate Record Storage

**Priority Initiative List**

To best allocate limited resources, effort is spent to determine which risks are most likely, most preventable, and most severe. Not all risks will materialize, not all risks are preventable or controllable, and not all risks are insurmountable or significant.

As a reminder, the 2012-13 Business Plan, at a minimum, will provide the Board with 1.) an assessment of VCERA's risks from a business perspective; 2.) a list of the top 2 - 3 priority initiatives to be undertaken to address VCERA's most significant areas of risk, along with an estimated timeline for completing the priority initiatives, the parties responsible for completing the initiatives, and the resources necessary to undertake the initiatives.

This is not a strategic plan scoping out long range priorities. This is a plan to avoid a failure of operations during the 2012-13 fiscal year. Below are the top 2 priority initiatives proposed for the 2012-13 fiscal year.

**Priority Initiative 1: Pension Administration System (PAS) Replacement**

In addition to the high risk of implementing a major system replacement, focusing on the successful progression of the 3 year pension administration system project addresses a number of other corollary risks:

- 1) Pension Systems Obsolescence (Model 204 Mainframe)
- 2) Key Programmer ("Key Woman") Dependencies
- 3) Monthly Retiree Benefit Payments
- 4) Timely and Accurate Retirements

The legacy technology is obsolete and programmers and operators of the technology are starting to leave the market, making support more difficult to find. Our system programmer, and operator, is the key person producing the annual 1099's and importing the bi-weekly Auditor-Controller payroll data keeping the employee and employer contribution data current so that benefit staff can provide accurate retirements, benefits, and benefit estimates.

When our number one obligation is paying the promised benefits, the PAS that supports that obligation is of the utmost importance, obviously due to catastrophic consequences of potential failure. Currently, the obsolete technology and key person dependency risks are what is making this the number one priority initiative.

Timeline: The PAS replacement will take at least three years to successfully complete if not longer. Similar migrations from the Ventura County Model 204 Mainframe system are slated for initial 5 year time frames, by comparison. If VCERA is successful, it will not be the last agency on the Mainframe and will not experience the pressure with being last, bearing all of the costs, and experiencing the pressure to "flip the switch".

The coming year will be the most resource intensive and most costly portion of the project, and will involve efforts to extract and translate the historic data into the new system language, along with efforts to chart the project and develop initial deliverables.

Resources: At present, we have a commitment from the key person to support the routine data processing for the next three years; however, we have been unable to secure a firm commitment to participate in the data conversion process.

Legacy system failure is unlikely, unless something unforeseeable happens to our Key Programmer. Our PAS replacement project's greatest risks are delays and expense overruns as the reality of the time and resources involved eclipses the initial optimistic estimates. Delays and costs greater than originally estimated is not pleasant but not considered a failure as long as they are justified and reasonable.

Separate quarterly PAS updates will be provided to the Board on the PAS replacement project. Initial internal resources earmarked for it are two fixed term benefit specialists and one information technology professional; however, additional staff resources will be needed and the separate reporting will document the specifics. In addition VCERA signed a contract with Vitech for project implementation at \$3,500,000 and Linea for project support at \$2,063,134.80. No cost estimates were provided at the start of the project for data conversion as they were unknown at the time. Presently, staff estimates a range of \$500,000 to \$1,000,000 is to be expected for the data conversion portion of the project.

### **Priority Initiative 2: Staffing (People, Policies, and Performance)**

The PAS takes top priority due to the fact that no matter the staffing, if it fails, VCERA would have a serious problem; however, adequate staffing is a very close second because mistakes start being made when staff is new, inexperienced, has no guiding policies, lacks training, and is spread too thin leading to burnout and turnover. Small mistakes are survivable, but the propensity for mistakes of all shapes and sizes make this a very important initiative to address due to the potential for very substantial failures. Failure in this category could be considered a death from 1,000 cuts. Maintaining staffing could be akin to the Nations deferred maintenance of its infrastructure. With the lack of regular and proper maintenance, the cost of repairs and failure can mushroom. VCERA has deferred maintenance.

VCERA lost three key employees and the brain-trust must be rebuilt, which will take time and resources. Further, deferred maintenance in the form of no succession planning, cross training, or internal operating policies or procedures left staff with very little support for the bumpy road ahead. The Retirement Administrator was filled on

March 5, 2012 and the Operations Manager was filled approximately one month after and the Benefits Manager was filled approximately one month after.

There is so much that needs to be done for staffing, it will take several years to fully recover and train for optimal performance. What is proposed for 2012-13 is the addition of an accounting officer and an administrative assistant, which will move VCERA closer to adequate staffing levels. Also, four vacancies are being actively recruited for, staff members are receiving monthly training, and policies and procedures are being gradually drafted and reviewed.

Timeline: Staff intends to fill a benefit specialist position and a program assistant position by October 2012, and an accounting officer position and an administrative assistant position by December 2012. New hires will receive intensive training over the subsequent 6 to 9 months. Staff will be reviewing spacing options and the impact of the PAS replacement project on space, as well as operations. The beneficial effects of these efforts will take a while to be fully felt.

Resources: As mentioned previously the Board approved the addition of two positions. Training by experienced staff will take away from their ability to perform normal duties to their full capacities; however, no significant additional resources will required. Additional resources are sought for investment activities; however, critical service deliverables trump superior earnings opportunities, and as critical needs become met, equally important, yet less critical needs will be pursued more fervently.

### Conclusion

Additional priority initiatives are worth mentioning. Benefit administration and benefit delivery is critical, however, it will naturally improve with improved staffing. Also efforts on the PAS replacement project will help to ensure the key deliverable of pension payments continues to be met. Investments, are sizable, given the shear dollars involved; however, investments are more stable and have a number of external parties overseeing them. Improvements can be made, which, could earn substantial returns on the effort and resources devoted; however, critical operational risks with potentially dire consequences (the down side) take priority over the potential for substantial upside investment returns.

This is an initial business planning document prepared by a new Retirement Administrator. The Plan will continue to grow and develop along with the growth and development of the new Retirement Administrator. Continued guidance by the Board is both desired and necessary for this healthy growth.

The Retirement Administrator welcomes input on all aspects of the initial business plan.

# **VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

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

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

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July 16, 2012

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

## **SUBJECT: PENSION ADMINISTRATION SYSTEM (PAS) PROJECT UPDATE**

Dear Board Members:

Staff and Linea recommend your Board receive and file this PAS project update and take the following actions for the project:

1. Approve Detailed Implementation Plan (Attachment B of the Vitech Systems Inc. Agreement);
2. Approve the proposed quarterly reporting format, and
3. Establish a 10% contingency for the PAS project

### **Background and Discussion:**

At the February 27, 2012, Board Meeting, the Board executed two contracts, one with Vitech Systems Inc. (Vitech) to purchase the V3 pension software, for implementation services, and subsequently a hosted services agreement; and a contract with Linea Solutions, Inc. (Linea) to provide project management and other consulting services. Not requested at this meeting were any data conversion resources required of VCERA as it was not known at this time what would be required of VCERA and how it would be resourced by VCERA. However, staff stated that they would return to your Board after the initial launch phase (defined as the first 100 days of the project). During this launch phase, Vitech, Linea and VCERA would develop a detailed project implementation timeline and Vitech would have an opportunity to review the legacy data and work with Linea and VCERA to determine the level of effort required to extract and convert the legacy data into the new system database.

The PAS project kicked off on March 12, 2012, with the initial launch phase completed in late June 2012. The project team has agreed to a project timeline to complete the PAS project and has identified the resources required of VCERA with respect to the data conversion effort.



## **Detailed Implementation Plan**

The detailed implementation plan, Attachment B of this letter, will be incorporated into Vitech's Agreement also as Attachment B. The revised plan differs from the plan initially proposed to VCERA through the RFP process. Vitech's initial project plan estimated a 33 month project duration. The revised detailed implementation plan's overall duration is now approximately 40 months. The primary reason for the change in duration is VCERA's limitation in providing sufficient dedicated staff resources to the project. The initial RFP planned for three to six staff full time equivalents (FTE's) for the project, depending on the phase. Vitech, Linea, and VCERA performed a detailed examination of every project task item, and VCERA management considered available staff, including staff's skills and experience, and concluded that only three full-time equivalents were available for the first eighteen months of the project, increasing to five staff members for the remainder of the project. The primary reason for the delay is due to the time required to train the recently hired staff to become proficient in retirement operations.

As a result, Vitech and Linea determined that this change would add seven months to the duration of the project. Vitech and Linea have both agreed, at no additional cost, to adjust their respective agreements in order to accommodate the revised detailed implementation plan. This represents a substantial concession to VCERA on the part of Vitech and Linea, because both have contractual language in their respective agreements that are tied to the previous 33 month schedule. Any delay beyond 40 months will result in additional costs. Vitech and Linea will submit no-cost change orders to memorialize the change in duration and Vitech will submit an amended milestone payment schedule. These amendments will be reflected in the next quarterly PAS report.

## **Proposed Quarterly Reporting Format**

Please find the proposed quarterly status report under Attachment D of this letter. We will be discussing its format at the Board meeting and soliciting Trustee input.

## **Contingency Budget**

Staff is also requesting that the Board establish a 10% project contingency budget. It is customary for I.T. projects of the size of PAS to have a contingency budget to account for unexpected costs over the course of the implementation. Staff is not proposing any change to the reporting process: the Board would still authorize all change orders over \$25,000 and will review all change orders in the quarterly reports.

## **Additional Data Conversion Services**

As discussed in the February 27, 2012, Board letter, the conversion of data from the legacy system is a critical component of the project, and therefore staff requested time to work with Vitech and Linea to assess the resources required for data conversion prior to making a recommendation to the Board. The Board may recall that Vitech has been

allocated up to 3,500 hours to assist with data conversion. These hours will be used to map the legacy data to the V3 tables, to upload the data from the staging tables to Vitech's internal system, to analyze and test the data, and to finally populate V3 with the data. VCERA has a significant role in data conversion that Vitech is unable to fulfill, mainly because Vitech does not have knowledge of VCERA's legacy systems, legacy data, or the legacy programming language. VCERA's responsibility is to extract the data from RDBS and the other legacy systems, to transmit the data to the staging tables, and to cleanse and transform the data. Please see Attachment C for more details regarding Vitech and VCERA's roles and responsibilities for the data conversion.

Over the last three months, Vitech has worked with Linea and Staff and analyzed VCERA's legacy data and produced a data strategy document. This document outlines the approach and details what will be required of VCERA. Staff is in the process of assessing how to best resource VCERA's responsibilities, which include extracting data from the legacy systems, cleansing and preparing the data for Vitech. One risk is that VCERA currently contracts with a sole outside vendor for the maintenance and support of the existing legacy system. In order to meet the revised deadline, the sole resource would not be able to maintain the existing system and provide the necessary resources to extract, convert, stage and cleanse the data that will be required in the new system. Vitech will be able to provide significant assistance, but Vitech's technical resources cannot fully account for the gap in VCERA's resources. Linea is not contracted to assist with the technical aspects of the conversion.

In anticipation of these resource constraints and to identify the external skilled resources available in the market, VCERA issued a Request for Quote (RFQ) in June. Three vendors who have expertise in retirement system data conversions responded to the RFQ. These vendors have specialized data conversion experience and a series of tools for data conversion projects. They would provide on-site resources to assist VCERA in extracting, transforming, and cleansing the data prior to transmission to Vitech. The RFQ's ranged from a low of approximately \$220,000 to as high as \$700,000, with years in business ranging from 1 to 19 years. Two had experience working with Vitech's software.

More time is needed to review the RFQ responses and determine how to best fill the data conversion gap. Staff will return to your Board in September with a resource plan that outlines the cost and identifies the technical resources required.

We would be pleased to respond to any questions you may have on this letter.

Sincerely,



DONALD KENDIG  
Retirement Administrator



BRIAN COLKER  
Linea Solutions, Inc.

Attachments

**ATTACHMENT A**

ID	Task Name	2012							2013												2014												2015					
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
1	Rollout 1 – RDBS Replacement																																					
2	Segment A – Entity Management & Contributions																																					
3	Detailed Design Sprints																																					
4	Data Conversion Mapping Specifications																																					
5	Test Activities																																					
6	Segment B – SCP, Participant Accounts, DRO																																					
7	Detailed Design Sprints																																					
8	Data Conversion Mapping Specifications																																					
9	Test Activities																																					
10	Segment C – Reports, Funds Management, Statements, Yr End, Actuarial																																					
11	Detailed Design Sprints																																					
12	Test Activities																																					
13	Segment D – Documents, Reports, Workflows, Admin																																					
14	Detailed Design Sprints																																					
15	Test Activities																																					
16	Segment E – VCHRP Import																																					
17	Detailed Design Sprints																																					
18	Data Conversion Mapping Specifications																																					
19	Test Activities																																					
20	Data Conversion Runs																																					
21	User Acceptance Testing (UAT)																																					
22	Training																																					
23	Cutover to Production																																					
24	Parallel Testing																																					
25	Rollout 2 – RIS Replacement																																					
26	Segment A – Pension – Estimates, Application & Processing																																					
27	Detailed Design Sprints																																					
28	Data Conversion Mapping Specifications																																					
29	Test Activities																																					
30	Segment B – Disbursements & Payroll Deductions, COLA, 1099, Adjustments																																					
31	Detailed Design Sprints																																					
32	Data Conversion Mapping Specifications																																					
33	Test Activities																																					
34	Segment C – Pension - Disability and Death																																					
35	Detailed Design Sprints																																					
36	Data Conversion Mapping Specifications																																					
37	Test Activities																																					
38	Segment D – Imaging, Workflows, Funds Management, Documents, Reporting, Admin, General																																					
39	Detailed Design Sprints																																					
40	Test Activities																																					
41	Data Conversion Runs																																					
42	User Acceptance Testing (UAT)																																					
43	Training																																					
44	Cutover to Production																																					
45	Parallel Testing																																					
46	Rollout 3 – Member Portal																																					
47	Detailed Design Sprints																																					
48	Test Activities																																					
49	User Acceptance Testing (UAT)																																					
50	Training																																					
51	Cutover to Production																																					

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
**7/16/2012**

ID	Task Name	Predecessors	Duration	Start	Finish
1	<b>VCERA PAS Master Project Plan</b>		<b>852 d</b>	<b>Mon 3/12/12</b>	<b>Tue 6/16/15</b>
2	<b>Project Management Support</b>		<b>841 d</b>	<b>Tue 3/27/12</b>	<b>Tue 6/16/15</b>
3	<b>Bi-Weekly Status Report / Meeting</b>		<b>841 d</b>	<b>Tue 3/27/12</b>	<b>Tue 6/16/15</b>
89	<b>Rollout Planning (Launch &amp; Infrastructure)</b>		<b>90 d</b>	<b>Mon 3/12/12</b>	<b>Fri 7/13/12</b>
90	<b>Project Setup Sub-Phase</b>		<b>80 d</b>	<b>Mon 3/12/12</b>	<b>Fri 6/29/12</b>
91	<b>Pre-Project Activities</b>		<b>0 d</b>	<b>Mon 3/12/12</b>	<b>Mon 3/12/12</b>
92	V3 Software License Delivery	98SS	0 d	Mon 3/12/12	Mon 3/12/12
93	V3 Project Commencement Date	92	0 d	Mon 3/12/12	Mon 3/12/12
94	Prepare for Data Conversion kickoff meeting		0 d	Mon 3/12/12	Mon 3/12/12
95	Prepare for Infrastructure/Hosting kickoff meeting		0 d	Mon 3/12/12	Mon 3/12/12
96	V3 Management Kickoff Presentation		0 d	Mon 3/12/12	Mon 3/12/12
97	<b>Project Kick-Off Meeting &amp; Presentation</b>		<b>21 d</b>	<b>Mon 3/12/12</b>	<b>Mon 4/9/12</b>
98	Proposal - Account Team Transition		10 d	Mon 3/12/12	Fri 3/23/12
99	Finalize Objectives, Outline	98SS+5 d	10 d	Mon 3/19/12	Fri 3/30/12
100	Prepare Kick-Off Presentation	99	5 d	Mon 4/2/12	Fri 4/6/12
101	Prepare V3 Demo for Kick-Off Meeting	99	5 d	Mon 4/2/12	Fri 4/6/12
102	Confirm Logistics (Setup, Audience)	101FF	1 d	Fri 4/6/12	Fri 4/6/12
103	Conduct All Staff Kick-off Meeting	100,101	1 d	Mon 4/9/12	Mon 4/9/12
104	<b>Detailed Implementation Plan</b>		<b>55 d</b>	<b>Mon 4/16/12</b>	<b>Fri 6/29/12</b>
105	Develop Detailed Project Plan	153SS	40 d	Mon 4/16/12	Fri 6/8/12
106	Provide VCERA Iterative Walkthroughs as Warranted	105	5 d	Mon 6/11/12	Fri 6/15/12
107	Deliver Detailed Project Plan	106	1 d	Mon 6/18/12	Mon 6/18/12
108	VCERA Review of Detailed Project Plan	106SS	15 d	Mon 6/11/12	Fri 6/29/12
109	Obtain Sign-off / Detailed Implementation Plan Approved	108	0 d	Fri 6/29/12	Fri 6/29/12
110	<b>Project Charter</b>		<b>22 d</b>	<b>Mon 3/12/12</b>	<b>Tue 4/10/12</b>
111	Develop Document		11 d	Mon 3/12/12	Mon 3/26/12
112	Provide VCERA Iterative Draft Walkthroughs as Warranted	111FF	3 d	Thu 3/22/12	Mon 3/26/12
113	Deliver the Project Charter	112	0 d	Mon 3/26/12	Mon 3/26/12
114	VCERA Review of the Project Charter	113	5 d	Tue 3/27/12	Mon 4/2/12
115	Linea addresses comments from VCERA and Vitech Review	114	5 d	Tue 4/3/12	Mon 4/9/12
116	Final VCERA Review (walkthrough of comments)	115	1 d	Tue 4/10/12	Tue 4/10/12
117	Obtain Sign-off	116	0 d	Tue 4/10/12	Tue 4/10/12
118	<b>Discovery &amp; Detailed Rollout Planning</b>		<b>80 d</b>	<b>Mon 3/12/12</b>	<b>Fri 6/29/12</b>
119	<b>Discovery</b>		<b>66 d</b>	<b>Mon 3/12/12</b>	<b>Mon 6/11/12</b>
120	<b>Vitech Team Training &amp; Preparation</b>		<b>20 d</b>	<b>Mon 3/12/12</b>	<b>Fri 4/6/12</b>
121	Proposal - Account Team Transition		10 d	Mon 3/12/12	Fri 3/23/12
122	Review RFP Materials		20 d	Mon 3/12/12	Fri 4/6/12
123	Gather VCERA Discovery Materials		20 d	Mon 3/12/12	Fri 4/6/12
124	<b>V3 Foundational Questionnaire</b>		<b>30 d</b>	<b>Mon 4/23/12</b>	<b>Fri 6/1/12</b>
125	Prepare Foundational Analysis Questionnaires	150SS+10 d	25 d	Mon 4/23/12	Fri 5/25/12
126	Distribute Foundational Analysis questionnaire to VCERA Constituent Groups	125	0 d	Fri 5/25/12	Fri 5/25/12

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
**7/16/2012**

ID	Task Name	Predecessors	Duration	Start	Finish
127	Review Foundational Analysis questionnaire results	126	5 d	Mon 5/28/12	Fri 6/1/12
128	<b>Discovery Shadow Sessions</b>		<b>17 d</b>	<b>Mon 3/12/12</b>	<b>Tue 4/3/12</b>
129	Conduct Shadow Sessions with VCERA Users	123SS	15 d	Mon 3/12/12	Fri 3/30/12
130	Develop Meeting Minutes for Shadow Sessions	129SS+2 d	15 d	Wed 3/14/12	Tue 4/3/12
131	<b>Technical Discovery</b>		<b>65 d</b>	<b>Tue 3/13/12</b>	<b>Mon 6/11/12</b>
132	<b>Data Conversion</b>		<b>65 d</b>	<b>Tue 3/13/12</b>	<b>Mon 6/11/12</b>
133	Conduct Kickoff Meeting	94FS+1 d	1 d	Tue 3/13/12	Tue 3/13/12
134	Document results of meeting	133	4 d	Wed 3/14/12	Mon 3/19/12
135	Conduct weekly Data Conversion Discovery Meetings, as needed	133	55 d	Wed 3/14/12	Tue 5/29/12
136	<b>Data Conversion Strategy</b>		<b>29 d</b>	<b>Wed 5/2/12</b>	<b>Mon 6/11/12</b>
137	Create initial draft of Data Conversion Strategy Document	135FS-20 d	23 d	Wed 5/2/12	Fri 6/1/12
138	Review Data Conversion Strategy Document	137	5 d	Mon 6/4/12	Fri 6/8/12
139	Update Data Conversion Strategy Document Based on Review	138SS+1 d	5 d	Tue 6/5/12	Mon 6/11/12
140	Approve Data Conversion Strategy Document	139	0 d	Mon 6/11/12	Mon 6/11/12
141	<b>Infrastructure - Hosting</b>		<b>29 d</b>	<b>Tue 3/13/12</b>	<b>Fri 4/20/12</b>
142	Conduct Kickoff Meeting	95FS+1 d	1 d	Tue 3/13/12	Tue 3/13/12
143	Document results of meeting	142	3 d	Wed 3/14/12	Fri 3/16/12
144	Conduct Hosting Discovery Meetings, as needed	143	25 d	Mon 3/19/12	Fri 4/20/12
145	<b>Detailed Rollout Planning Sessions</b>		<b>73 d</b>	<b>Tue 3/13/12</b>	<b>Thu 6/21/12</b>
146	<b>Rollout Planning Meeting Schedule &amp; Kickoff</b>		<b>10 d</b>	<b>Tue 3/13/12</b>	<b>Mon 3/26/12</b>
147	Create Rollout Planning Meeting/Topic Schedule	91FS+1 d	9 d	Tue 3/13/12	Fri 3/23/12
148	Create VCERA V3 OOB Instance for Rollout Planning Sessions	147FF	3 d	Wed 3/21/12	Fri 3/23/12
149	Provide Rollout Planning Overview Session to Orient Members	147	1 d	Mon 3/26/12	Mon 3/26/12
150	<b>Rollout Planning - Requirements Review Sessions</b>		<b>40 d</b>	<b>Mon 4/9/12</b>	<b>Fri 6/1/12</b>
151	Review Discovery Materials	123	5 d	Mon 4/9/12	Fri 4/13/12
152	Prepare for Rollout Planning / Requirement Review Sessions	151SS	5 d	Mon 4/9/12	Fri 4/13/12
153	<b>Conduct Rollout Planning / Requirement Review Session(s)</b>	<b>151,152</b>	<b>35 d</b>	<b>Mon 4/16/12</b>	<b>Fri 6/1/12</b>
154	New Member Enrollment		35 d	Mon 4/16/12	Fri 6/1/12
155	Member Information Change		35 d	Mon 4/16/12	Fri 6/1/12
156	Reciprocity Processing		35 d	Mon 4/16/12	Fri 6/1/12
157	VCHRP Import / Active Processing		35 d	Mon 4/16/12	Fri 6/1/12
158	Member Account Adjustments		35 d	Mon 4/16/12	Fri 6/1/12
159	Accounting & Reporting		35 d	Mon 4/16/12	Fri 6/1/12
160	Interest Posting		35 d	Mon 4/16/12	Fri 6/1/12
161	Termination		35 d	Mon 4/16/12	Fri 6/1/12
162	Purchase of Service Credit		35 d	Mon 4/16/12	Fri 6/1/12
163	Retirement Process - FAC		35 d	Mon 4/16/12	Fri 6/1/12
164	Retirement-Service and Age		35 d	Mon 4/16/12	Fri 6/1/12
165	Retirement-General Process		35 d	Mon 4/16/12	Fri 6/1/12
166	Benefit Estimates		35 d	Mon 4/16/12	Fri 6/1/12
167	Disability		35 d	Mon 4/16/12	Fri 6/1/12

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
**7/16/2012**

ID	Task Name	Predecessors	Duration	Start	Finish
168	Active Death Processing		35 d	Mon 4/16/12	Fri 6/1/12
169	Retired Death Processing		35 d	Mon 4/16/12	Fri 6/1/12
170	DRO Processing		35 d	Mon 4/16/12	Fri 6/1/12
171	Retiree Payroll		35 d	Mon 4/16/12	Fri 6/1/12
172	Healthcare and Insurance		35 d	Mon 4/16/12	Fri 6/1/12
173	Comp Limits / 415B		35 d	Mon 4/16/12	Fri 6/1/12
174	COLA Granting		35 d	Mon 4/16/12	Fri 6/1/12
175	1099R Processing		35 d	Mon 4/16/12	Fri 6/1/12
176	Actuarial Extract		35 d	Mon 4/16/12	Fri 6/1/12
177	Interfaces (Tech. Requirements)		35 d	Mon 4/16/12	Fri 6/1/12
178	Member Correspondence		35 d	Mon 4/16/12	Fri 6/1/12
179	General Reporting (Tech. Requirement)		35 d	Mon 4/16/12	Fri 6/1/12
180	Board Reporting		35 d	Mon 4/16/12	Fri 6/1/12
181	Annual Member Statements		35 d	Mon 4/16/12	Fri 6/1/12
182	Workflow		35 d	Mon 4/16/12	Fri 6/1/12
183	Member Counseling and Seminars		35 d	Mon 4/16/12	Fri 6/1/12
184	Security (Tech. Requirements)		35 d	Mon 4/16/12	Fri 6/1/12
185	Application Administration (Tech. Requirements)		35 d	Mon 4/16/12	Fri 6/1/12
186	General System Parameter Updates		35 d	Mon 4/16/12	Fri 6/1/12
187	Batch Processing		35 d	Mon 4/16/12	Fri 6/1/12
188	Year-end Processing		35 d	Mon 4/16/12	Fri 6/1/12
189	Member Portal		35 d	Mon 4/16/12	Fri 6/1/12
190	V3 Imaging (EDMS Integration - Tech. Req.)		35 d	Mon 4/16/12	Fri 6/1/12
191	Develop Rollout Planning Session Meeting Minutes		35 d	Mon 4/16/12	Fri 6/1/12
192	<b>Rollout Planning - Additional Sessions, If Needed</b>	<b>153</b>	<b>14 d</b>	<b>Mon 6/4/12</b>	<b>Thu 6/21/12</b>
193	Review Additional Materials/Requirements discovered		2 d	Mon 6/4/12	Tue 6/5/12
194	Prepare for Rollout Planning / Requirement Review Sessions		2 d	Mon 6/4/12	Tue 6/5/12
195	Conduct Rollout Planning / Requirement Review Session(s)	194	10 d	Wed 6/6/12	Tue 6/19/12
196	Develop Rollout Planning Session Meeting Minutes	195FF+2 d	12 d	Wed 6/6/12	Thu 6/21/12
197	Update RTM	196FF	12 d	Wed 6/6/12	Thu 6/21/12
198	<b>Requirement Tracibility Matrix (RTM)</b>		<b>70 d</b>	<b>Mon 3/26/12</b>	<b>Fri 6/29/12</b>
199	Create initial RTM based on RFP	152FF	15 d	Mon 3/26/12	Fri 4/13/12
200	<b>RTM Document</b>		<b>55 d</b>	<b>Mon 4/16/12</b>	<b>Fri 6/29/12</b>
201	Update RTM based on the HLD sessions	153SS	35 d	Mon 4/16/12	Fri 6/1/12
202	VCERA Review of RTM	201SS	35 d	Mon 4/16/12	Fri 6/1/12
203	Vitech addresses comments from VCERA Review	202	15 d	Mon 6/4/12	Fri 6/22/12
204	Final VCERA Review	203	5 d	Mon 6/25/12	Fri 6/29/12
205	Obtain Sign-off	204	0 d	Fri 6/29/12	Fri 6/29/12
206	<b>V3 Baseline Application Configuration &amp; Demonstration</b>		<b>30 d</b>	<b>Mon 6/4/12</b>	<b>Fri 7/13/12</b>
207	Define High Level Scenario List for Demonstration	145FS-14 d	10 d	Mon 6/4/12	Fri 6/15/12
208	Review High Level Scenario List with VCERA	207	5 d	Mon 6/18/12	Fri 6/22/12

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
**7/16/2012**

ID	Task Name	Predecessors	Duration	Start	Finish
209	Create VCERA-V3 Spec Mappings (Vitech - Internal)	208SS	10 d	Mon 6/18/12	Fri 6/29/12
210	Configure V3 Application	207SS	25 d	Mon 6/4/12	Fri 7/6/12
211	Prepare for Demonstration	210FF	10 d	Mon 6/25/12	Fri 7/6/12
212	Prepare Detailed Agendas (Scenario details)	211FF	10 d	Mon 6/25/12	Fri 7/6/12
213	Conduct Baseline Application Demonstration	210,211,212	5 d	Mon 7/9/12	Fri 7/13/12
214	Obtain Sign-off	213	0 d	Fri 7/13/12	Fri 7/13/12
215	V3 Baseline Application Configuration & Demonstration Complete	206	0 d	Fri 7/13/12	Fri 7/13/12
216	<b>QA Infrastructure - Hosting</b>		<b>20 d</b>	<b>Mon 4/23/12</b>	<b>Fri 5/18/12</b>
217	<b>QA Hardware and Software Installed and Configured</b>		<b>20 d</b>	<b>Mon 4/23/12</b>	<b>Fri 5/18/12</b>
218	Verify milestone deliverables	141	2 d	Mon 4/23/12	Tue 4/24/12
219	Verify environment requirements	218	2 d	Wed 4/25/12	Thu 4/26/12
220	Verify access requirements	219	2 d	Fri 4/27/12	Mon 4/30/12
221	Verify hardware and 3rd party software requirements for any components residing at VCERA	220	2 d	Tue 5/1/12	Wed 5/2/12
222	Place orders for HW and SW	221	1 d	Thu 5/3/12	Thu 5/3/12
223	Create Cloud QA Application Environment	222	3 d	Fri 5/4/12	Tue 5/8/12
224	Install baseline V3 application and database in Cloud	223	3 d	Wed 5/9/12	Fri 5/11/12
225	Perform internal test of V3 application	224	1 d	Mon 5/14/12	Mon 5/14/12
226	Establish site to site tunnel - VCERA and Vitech	223	3 d	Wed 5/9/12	Fri 5/11/12
227	Install Hardware and 3rd Party Software at VCERA	226	2 d	Mon 5/14/12	Tue 5/15/12
228	Perform End-to-End (E2E) Test	227	3 d	Wed 5/16/12	Fri 5/18/12
229	VCERA Acceptance of QA Infrastructure	228	0 d	Fri 5/18/12	Fri 5/18/12
230	QA Infrastructure Complete	229	0 d	Fri 5/18/12	Fri 5/18/12
231	Rollout Planning Complete	215	0 d	Fri 7/13/12	Fri 7/13/12
232	<b>Rollout 1 - World, Employer Reporting, Service Credit Purchase, RDBS Replacement</b>	<b>205FS+5 d</b>	<b>342 d</b>	<b>Mon 7/9/12</b>	<b>Tue 10/29/13</b>
233	<b>Project Test Planning</b>		<b>20 d</b>	<b>Mon 7/9/12</b>	<b>Fri 8/3/12</b>
234	Develop Document		10 d	Mon 7/9/12	Fri 7/20/12
235	Provide VCERA Iterative Draft Walkthroughs as Warranted	234	1 d	Mon 7/23/12	Mon 7/23/12
236	Formal Submission of Deliverable	235	0 d	Mon 7/23/12	Mon 7/23/12
237	VCERA Review of Deliverable	236	4 d	Tue 7/24/12	Fri 7/27/12
238	Linea addresses comments from VCERA Review	237	5 d	Mon 7/30/12	Fri 8/3/12
239	Obtain Sign-off	238	0 d	Fri 8/3/12	Fri 8/3/12
240	<b>Segment A (Entity Management and Contributions)</b>		<b>105 d</b>	<b>Mon 7/9/12</b>	<b>Fri 11/30/12</b>
241	<b>Track - Entity Management</b>		<b>70 d</b>	<b>Mon 7/9/12</b>	<b>Fri 10/12/12</b>
242	<b>Sprint 1 - New Member Enrollment</b>		<b>31 d</b>	<b>Mon 7/9/12</b>	<b>Mon 8/20/12</b>
243	<b>Sprint Preparation</b>		<b>5 d</b>	<b>Mon 7/9/12</b>	<b>Fri 7/13/12</b>
244	Review Sprint Guidelines		1 d	Mon 7/9/12	Mon 7/9/12
245	Review Rollout Planning Materials		3 d	Mon 7/9/12	Wed 7/11/12
246	Resource Planning		1 d	Mon 7/9/12	Mon 7/9/12
247	<b>Discovery Materials / Business Samples</b>		<b>5 d</b>	<b>Mon 7/9/12</b>	<b>Fri 7/13/12</b>
248	Create Business Samples		5 d	Mon 7/9/12	Fri 7/13/12

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
**7/16/2012**

ID	Task Name	Predecessors	Duration	Start	Finish
249	Create Discovery Materials		5 d	Mon 7/9/12	Fri 7/13/12
250	<b>Sprint Execution</b>	<b>243</b>	<b>20 d</b>	<b>Mon 7/16/12</b>	<b>Fri 8/10/12</b>
251	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Mon 7/16/12</b>	<b>Tue 7/24/12</b>
252	Analyze / Confirm Business Requirements		6 d	Mon 7/16/12	Mon 7/23/12
253	Perform Configuration	252SS	6 d	Mon 7/16/12	Mon 7/23/12
254	Perform Preliminary Testing	253FF	6 d	Mon 7/16/12	Mon 7/23/12
255	Deploy software for Structured Walkthrough	254	1 d	Tue 7/24/12	Tue 7/24/12
256	Perform First Structured Walkthrough	255FF	1 d	Tue 7/24/12	Tue 7/24/12
257	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Wed 7/25/12</b>	<b>Wed 8/1/12</b>
258	Analyze / Confirm Business Requirements	256	6 d	Wed 7/25/12	Wed 8/1/12
259	Perform Configuration	258SS	6 d	Wed 7/25/12	Wed 8/1/12
260	Perform Preliminary Testing	259FF	5 d	Thu 7/26/12	Wed 8/1/12
261	Perform Structured Walkthroughs	260FF	5 d	Thu 7/26/12	Wed 8/1/12
262	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Thu 8/2/12</b>	<b>Thu 8/9/12</b>
263	Perform Sprint Checkpoint	261	1 d	Thu 8/2/12	Thu 8/2/12
264	Create Verification Test Scenarios	263SS	5 d	Thu 8/2/12	Wed 8/8/12
265	Perform Configuration	261	5 d	Thu 8/2/12	Wed 8/8/12
266	Perform Preliminary Testing	265FF	4 d	Fri 8/3/12	Wed 8/8/12
267	Deploy software for Structured Walkthrough	266	1 d	Thu 8/9/12	Thu 8/9/12
268	Perform Final Structured Walkthrough	267FF	1 d	Thu 8/9/12	Thu 8/9/12
269	Deploy Application for Verification Testing	268	1 d	Fri 8/10/12	Fri 8/10/12
270	<b>Verification Testing</b>		<b>10 d</b>	<b>Tue 8/7/12</b>	<b>Mon 8/20/12</b>
271	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Tue 8/7/12</b>	<b>Mon 8/20/12</b>
272	Execute and Validate Test Cases / Results	269FS-5 d	10 d	Tue 8/7/12	Mon 8/20/12
273	<b>Configuration</b>		<b>10 d</b>	<b>Tue 8/7/12</b>	<b>Mon 8/20/12</b>
274	Update V3 Solution	272FF	10 d	Tue 8/7/12	Mon 8/20/12
275	Create Verification Testing Certified	272FF	1 d	Mon 8/20/12	Mon 8/20/12
276	Deliver Draft Solution Design Document	272FF	1 d	Mon 8/20/12	Mon 8/20/12
277	<b>Sprint 2 - Member Information Changes</b>	<b>205FS+15 d</b>	<b>40 d</b>	<b>Mon 7/23/12</b>	<b>Fri 9/14/12</b>
278	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 7/23/12</b>	<b>Fri 8/10/12</b>
279	Review Sprint Guidelines		3 d	Mon 7/23/12	Wed 7/25/12
280	Resource Planning		3 d	Mon 7/23/12	Wed 7/25/12
281	Review Rollout Planning Materials		3 d	Mon 7/23/12	Wed 7/25/12
282	Sprint Backlog Review - Prior Sprint		3 d	Mon 7/23/12	Wed 7/25/12
283	Prior Sprint Retrospective		3 d	Mon 7/23/12	Wed 7/25/12
284	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 7/23/12</b>	<b>Fri 8/10/12</b>
285	Create Business Samples		15 d	Mon 7/23/12	Fri 8/10/12
286	Create Discovery Materials		15 d	Mon 7/23/12	Fri 8/10/12
287	<b>Sprint Execution</b>	<b>278</b>	<b>20 d</b>	<b>Mon 8/13/12</b>	<b>Fri 9/7/12</b>
288	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Mon 8/13/12</b>	<b>Tue 8/21/12</b>
289	Analyze / Confirm Business Requirements		6 d	Mon 8/13/12	Mon 8/20/12



**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
**7/16/2012**

ID	Task Name	Predecessors	Duration	Start	Finish
290	Perform Configuration	289SS	6 d	Mon 8/13/12	Mon 8/20/12
291	Perform Preliminary Testing	290FF	6 d	Mon 8/13/12	Mon 8/20/12
292	Deploy software for Structured Walkthrough	291	1 d	Tue 8/21/12	Tue 8/21/12
293	Perform First Structured Walkthrough	292FF	1 d	Tue 8/21/12	Tue 8/21/12
294	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Wed 8/22/12</b>	<b>Wed 8/29/12</b>
295	Analyze / Confirm Business Requirements	293	6 d	Wed 8/22/12	Wed 8/29/12
296	Perform Configuration	295SS	6 d	Wed 8/22/12	Wed 8/29/12
297	Perform Preliminary Testing	296FF	5 d	Thu 8/23/12	Wed 8/29/12
298	Perform Structured Walkthroughs	297FF	5 d	Thu 8/23/12	Wed 8/29/12
299	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Thu 8/30/12</b>	<b>Thu 9/6/12</b>
300	Perform Sprint Checkpoint	298	1 d	Thu 8/30/12	Thu 8/30/12
301	Create Verification Test Scenarios	300SS	4 d	Thu 8/30/12	Tue 9/4/12
302	Perform Configuration	298	5 d	Thu 8/30/12	Wed 9/5/12
303	Perform Preliminary Testing	302FF	5 d	Thu 8/30/12	Wed 9/5/12
304	Deploy software for Structured Walkthrough	303	1 d	Thu 9/6/12	Thu 9/6/12
305	Perform Final Structured Walkthrough	304FF	1 d	Thu 9/6/12	Thu 9/6/12
306	Deploy Application for Verification Testing	305	1 d	Fri 9/7/12	Fri 9/7/12
307	<b>Verification Testing</b>		<b>10 d</b>	<b>Mon 9/3/12</b>	<b>Fri 9/14/12</b>
308	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 9/3/12</b>	<b>Fri 9/14/12</b>
309	Execute and Validate Test Cases / Results	306FS-5 d	10 d	Mon 9/3/12	Fri 9/14/12
310	<b>Configuration</b>		<b>10 d</b>	<b>Mon 9/3/12</b>	<b>Fri 9/14/12</b>
311	Update V3 Solution	309FF	10 d	Mon 9/3/12	Fri 9/14/12
312	Create Verification Testing Certified	309FF	1 d	Fri 9/14/12	Fri 9/14/12
313	Deliver Draft Solution Design Document	309FF	1 d	Fri 9/14/12	Fri 9/14/12
314	<b>Sprint 3 - Reciprocity Processing</b>	<b>205FS+25 d</b>	<b>40 d</b>	<b>Mon 8/6/12</b>	<b>Fri 9/28/12</b>
315	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 8/6/12</b>	<b>Fri 8/24/12</b>
316	Review Sprint Guidelines		3 d	Mon 8/6/12	Wed 8/8/12
317	Resource Planning		3 d	Mon 8/6/12	Wed 8/8/12
318	Review Rollout Planning Materials		3 d	Mon 8/6/12	Wed 8/8/12
319	Sprint Backlog Review - Prior Sprint		3 d	Mon 8/6/12	Wed 8/8/12
320	Prior Sprint Retrospective		3 d	Mon 8/6/12	Wed 8/8/12
321	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 8/6/12</b>	<b>Fri 8/24/12</b>
322	Create Business Samples		15 d	Mon 8/6/12	Fri 8/24/12
323	Create Discovery Materials		15 d	Mon 8/6/12	Fri 8/24/12
324	<b>Sprint Execution</b>	<b>315</b>	<b>20 d</b>	<b>Mon 8/27/12</b>	<b>Fri 9/21/12</b>
325	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Mon 8/27/12</b>	<b>Tue 9/4/12</b>
326	Analyze / Confirm Business Requirements		6 d	Mon 8/27/12	Mon 9/3/12
327	Perform Configuration	326SS	6 d	Mon 8/27/12	Mon 9/3/12
328	Perform Preliminary Testing	327FF	6 d	Mon 8/27/12	Mon 9/3/12
329	Deploy software for Structured Walkthrough	328	1 d	Tue 9/4/12	Tue 9/4/12
330	Perform First Structured Walkthrough	329FF	1 d	Tue 9/4/12	Tue 9/4/12

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
331	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Wed 9/5/12</b>	<b>Wed 9/12/12</b>
332	Analyze / Confirm Business Requirements	330	6 d	Wed 9/5/12	Wed 9/12/12
333	Perform Configuration	332SS	6 d	Wed 9/5/12	Wed 9/12/12
334	Perform Preliminary Testing	333FF	5 d	Thu 9/6/12	Wed 9/12/12
335	Perform Structured Walkthroughs	334FF	5 d	Thu 9/6/12	Wed 9/12/12
336	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Thu 9/13/12</b>	<b>Thu 9/20/12</b>
337	Perform Sprint Checkpoint	335	1 d	Thu 9/13/12	Thu 9/13/12
338	Create Verification Test Scenarios	337SS	4 d	Thu 9/13/12	Tue 9/18/12
339	Perform Configuration	335	5 d	Thu 9/13/12	Wed 9/19/12
340	Perform Preliminary Testing	339FF	5 d	Thu 9/13/12	Wed 9/19/12
341	Deploy software for Structured Walkthrough	340	1 d	Thu 9/20/12	Thu 9/20/12
342	Perform Final Structured Walkthrough	341FF	1 d	Thu 9/20/12	Thu 9/20/12
343	Deploy Application for Verification Testing	342	1 d	Fri 9/21/12	Fri 9/21/12
344	<b>Verification Testing</b>		<b>10 d</b>	<b>Mon 9/17/12</b>	<b>Fri 9/28/12</b>
345	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 9/17/12</b>	<b>Fri 9/28/12</b>
346	Execute and Validate Test Cases / Results	343FS-5 d	10 d	Mon 9/17/12	Fri 9/28/12
347	<b>Configuration</b>		<b>10 d</b>	<b>Mon 9/17/12</b>	<b>Fri 9/28/12</b>
348	Update V3 Solution	346FF	10 d	Mon 9/17/12	Fri 9/28/12
349	Create Verification Testing Certified	346FF	1 d	Fri 9/28/12	Fri 9/28/12
350	Deliver Draft Solution Design Document	346FF	1 d	Fri 9/28/12	Fri 9/28/12
351	<b>Sprint 4 - Member Counseling and Seminars</b>	<b>205FS+35 d</b>	<b>40 d</b>	<b>Mon 8/20/12</b>	<b>Fri 10/12/12</b>
352	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 8/20/12</b>	<b>Fri 9/7/12</b>
353	Review Sprint Guidelines		3 d	Mon 8/20/12	Wed 8/22/12
354	Resource Planning		3 d	Mon 8/20/12	Wed 8/22/12
355	Review Rollout Planning Materials		3 d	Mon 8/20/12	Wed 8/22/12
356	Sprint Backlog Review - Prior Sprint		3 d	Mon 8/20/12	Wed 8/22/12
357	Prior Sprint Retrospective		3 d	Mon 8/20/12	Wed 8/22/12
358	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 8/20/12</b>	<b>Fri 9/7/12</b>
359	Create Business Samples		15 d	Mon 8/20/12	Fri 9/7/12
360	Create Discovery Materials		15 d	Mon 8/20/12	Fri 9/7/12
361	<b>Sprint Execution</b>	<b>352</b>	<b>20 d</b>	<b>Mon 9/10/12</b>	<b>Fri 10/5/12</b>
362	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Mon 9/10/12</b>	<b>Tue 9/18/12</b>
363	Analyze / Confirm Business Requirements		6 d	Mon 9/10/12	Mon 9/17/12
364	Perform Configuration	363SS	6 d	Mon 9/10/12	Mon 9/17/12
365	Perform Preliminary Testing	364FF	6 d	Mon 9/10/12	Mon 9/17/12
366	Deploy software for Structured Walkthrough	365	1 d	Tue 9/18/12	Tue 9/18/12
367	Perform First Structured Walkthrough	366FF	1 d	Tue 9/18/12	Tue 9/18/12
368	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Wed 9/19/12</b>	<b>Wed 9/26/12</b>
369	Analyze / Confirm Business Requirements	367	6 d	Wed 9/19/12	Wed 9/26/12
370	Perform Configuration	369SS	6 d	Wed 9/19/12	Wed 9/26/12
371	Perform Preliminary Testing	370FF	5 d	Thu 9/20/12	Wed 9/26/12

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
372	Perform Structured Walkthroughs	371FF	5 d	Thu 9/20/12	Wed 9/26/12
373	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Thu 9/27/12</b>	<b>Thu 10/4/12</b>
374	Perform Sprint Checkpoint	372	1 d	Thu 9/27/12	Thu 9/27/12
375	Create Verification Test Scenarios	374SS	4 d	Thu 9/27/12	Tue 10/2/12
376	Perform Configuration	372	5 d	Thu 9/27/12	Wed 10/3/12
377	Perform Preliminary Testing	376FF	5 d	Thu 9/27/12	Wed 10/3/12
378	Deploy software for Structured Walkthrough	377	1 d	Thu 10/4/12	Thu 10/4/12
379	Perform Final Structured Walkthrough	378FF	1 d	Thu 10/4/12	Thu 10/4/12
380	Deploy Application for Verification Testing	379	1 d	Fri 10/5/12	Fri 10/5/12
381	<b>Verification Testing</b>		<b>10 d</b>	<b>Mon 10/1/12</b>	<b>Fri 10/12/12</b>
382	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 10/1/12</b>	<b>Fri 10/12/12</b>
383	Execute and Validate Test Cases / Results	380FS-5 d	10 d	Mon 10/1/12	Fri 10/12/12
384	<b>Configuration</b>		<b>10 d</b>	<b>Mon 10/1/12</b>	<b>Fri 10/12/12</b>
385	Update V3 Solution	383FF	10 d	Mon 10/1/12	Fri 10/12/12
386	Create Verification Testing Certified	383FF	1 d	Fri 10/12/12	Fri 10/12/12
387	Deliver Draft Solution Design Document	383FF	1 d	Fri 10/12/12	Fri 10/12/12
388	<b>Data Conversion Mapping Specifications</b>		<b>50 d</b>	<b>Mon 8/6/12</b>	<b>Fri 10/12/12</b>
389	Conduct Data Mapping & Transformation Logic Meetings	351FF	50 d	Mon 8/6/12	Fri 10/12/12
390	Develop Data Mapping & Transformation documents	389SS	50 d	Mon 8/6/12	Fri 10/12/12
391	Update Data Mapping & Transformation documents based on Sessions	390SS	50 d	Mon 8/6/12	Fri 10/12/12
392	Review / Approve Data Mapping & Transformation documents	391SS	50 d	Mon 8/6/12	Fri 10/12/12
393	<b>Validation Testing Preparation</b>	<b>242SS+20 d</b>	<b>50 d</b>	<b>Mon 8/6/12</b>	<b>Fri 10/12/12</b>
394	<b>Configuration</b>		<b>30 d</b>	<b>Mon 8/6/12</b>	<b>Fri 9/14/12</b>
395	Perform Configuration		30 d	Mon 8/6/12	Fri 9/14/12
396	Perform Preliminary Testing	395FF	30 d	Mon 8/6/12	Fri 9/14/12
397	Deploy Application for Validation Testing	396FF	1 d	Fri 9/14/12	Fri 9/14/12
398	<b>Test Preparation</b>	<b>394</b>	<b>15 d</b>	<b>Mon 9/17/12</b>	<b>Fri 10/5/12</b>
399	Create Validation Test Cases		15 d	Mon 9/17/12	Fri 10/5/12
400	Complete Test Data Setup		15 d	Mon 9/17/12	Fri 10/5/12
401	<b>Solution Design Document</b>		<b>30 d</b>	<b>Mon 9/3/12</b>	<b>Fri 10/12/12</b>
402	Create Solution Design Document	398FF+5 d	30 d	Mon 9/3/12	Fri 10/12/12
403	<b>Track - Contributions</b>		<b>50 d</b>	<b>Mon 9/3/12</b>	<b>Fri 11/9/12</b>
404	<b>Sprint 1 - Member Account Adjustments</b>	<b>205FS+45 d</b>	<b>40 d</b>	<b>Mon 9/3/12</b>	<b>Fri 10/26/12</b>
405	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 9/3/12</b>	<b>Fri 9/21/12</b>
406	Review Sprint Guidelines		3 d	Mon 9/3/12	Wed 9/5/12
407	Resource Planning		3 d	Mon 9/3/12	Wed 9/5/12
408	Review Rollout Planning Materials		3 d	Mon 9/3/12	Wed 9/5/12
409	Sprint Backlog Review - Prior Sprint		3 d	Mon 9/3/12	Wed 9/5/12
410	Prior Sprint Retrospective		3 d	Mon 9/3/12	Wed 9/5/12
411	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 9/3/12</b>	<b>Fri 9/21/12</b>
412	Create Business Samples		15 d	Mon 9/3/12	Fri 9/21/12

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
413	Create Discovery Materials		15 d	Mon 9/3/12	Fri 9/21/12
414	<b>Sprint Execution</b>	<b>405</b>	<b>20 d</b>	<b>Mon 9/24/12</b>	<b>Fri 10/19/12</b>
415	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Mon 9/24/12</b>	<b>Tue 10/2/12</b>
416	Analyze / Confirm Business Requirements		6 d	Mon 9/24/12	Mon 10/1/12
417	Perform Configuration	416SS	6 d	Mon 9/24/12	Mon 10/1/12
418	Perform Preliminary Testing	417FF	6 d	Mon 9/24/12	Mon 10/1/12
419	Deploy software for Structured Walkthrough	418	1 d	Tue 10/2/12	Tue 10/2/12
420	Perform First Structured Walkthrough	419FF	1 d	Tue 10/2/12	Tue 10/2/12
421	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Wed 10/3/12</b>	<b>Wed 10/10/12</b>
422	Analyze / Confirm Business Requirements	420	6 d	Wed 10/3/12	Wed 10/10/12
423	Perform Configuration	422SS	6 d	Wed 10/3/12	Wed 10/10/12
424	Perform Preliminary Testing	423FF	5 d	Thu 10/4/12	Wed 10/10/12
425	Perform Structured Walkthroughs	424FF	5 d	Thu 10/4/12	Wed 10/10/12
426	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Thu 10/11/12</b>	<b>Thu 10/18/12</b>
427	Perform Sprint Checkpoint	425	1 d	Thu 10/11/12	Thu 10/11/12
428	Create Verification Test Scenarios	427SS	4 d	Thu 10/11/12	Tue 10/16/12
429	Perform Configuration	425	5 d	Thu 10/11/12	Wed 10/17/12
430	Perform Preliminary Testing	429FF	5 d	Thu 10/11/12	Wed 10/17/12
431	Deploy software for Structured Walkthrough	430	1 d	Thu 10/18/12	Thu 10/18/12
432	Perform Final Structured Walkthrough	431FF	1 d	Thu 10/18/12	Thu 10/18/12
433	Deploy Application for Verification Testing	432	1 d	Fri 10/19/12	Fri 10/19/12
434	<b>Verification Testing</b>		<b>10 d</b>	<b>Mon 10/15/12</b>	<b>Fri 10/26/12</b>
435	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 10/15/12</b>	<b>Fri 10/26/12</b>
436	Execute and Validate Test Cases / Results	433FS-5 d	10 d	Mon 10/15/12	Fri 10/26/12
437	<b>Configuration</b>		<b>10 d</b>	<b>Mon 10/15/12</b>	<b>Fri 10/26/12</b>
438	Update V3 Solution	436FF	10 d	Mon 10/15/12	Fri 10/26/12
439	Create Verification Testing Certified	436FF	1 d	Fri 10/26/12	Fri 10/26/12
440	Deliver Draft Solution Design Document	436FF	1 d	Fri 10/26/12	Fri 10/26/12
441	<b>Data Conversion Mapping Specifications</b>		<b>30 d</b>	<b>Mon 9/17/12</b>	<b>Fri 10/26/12</b>
442	Conduct Data Mapping & Transformation Logic Meetings	404FF	30 d	Mon 9/17/12	Fri 10/26/12
443	Develop Data Mapping & Transformation documents	442SS	30 d	Mon 9/17/12	Fri 10/26/12
444	Update Data Mapping & Transformation documents based on Sessions	443SS	30 d	Mon 9/17/12	Fri 10/26/12
445	Review / Approve Data Mapping & Transformation documents	444SS	30 d	Mon 9/17/12	Fri 10/26/12
446	<b>Validation Testing Preparation</b>	<b>404SS+10 d</b>	<b>40 d</b>	<b>Mon 9/17/12</b>	<b>Fri 11/9/12</b>
447	<b>Configuration</b>		<b>20 d</b>	<b>Mon 9/17/12</b>	<b>Fri 10/12/12</b>
448	Perform Configuration		20 d	Mon 9/17/12	Fri 10/12/12
449	Perform Preliminary Testing	448FF	20 d	Mon 9/17/12	Fri 10/12/12
450	Deploy Application for Validation Testing	449FF	1 d	Fri 10/12/12	Fri 10/12/12
451	<b>Test Preparation</b>	<b>447</b>	<b>15 d</b>	<b>Mon 10/15/12</b>	<b>Fri 11/2/12</b>
452	Create Validation Test Cases		15 d	Mon 10/15/12	Fri 11/2/12
453	Complete Test Data Setup		15 d	Mon 10/15/12	Fri 11/2/12

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
454	<b>Solution Design Document</b>		<b>20 d</b>	<b>Mon 10/15/12</b>	<b>Fri 11/9/12</b>
455	Create Solution Design Document	451FF+5 d	20 d	Mon 10/15/12	Fri 11/9/12
456	<b>Test Creation</b>	<b>242SS</b>	<b>90 d</b>	<b>Mon 7/9/12</b>	<b>Fri 11/9/12</b>
457	Create test documentation for the Segment		88 d	Mon 7/9/12	Wed 11/7/12
458	<b>Validation Testing</b>	<b>446,393</b>	<b>15 d</b>	<b>Mon 11/12/12</b>	<b>Fri 11/30/12</b>
459	Train team on Validation procedures		1 d	Mon 11/12/12	Mon 11/12/12
460	Perform Validation Testing	459SS	15 d	Mon 11/12/12	Fri 11/30/12
461	Document Validation Results	460FF	15 d	Mon 11/12/12	Fri 11/30/12
462	Validation Testing Complete	461FF	0 d	Fri 11/30/12	Fri 11/30/12
463	<b>Segment B (SCP, Participant Accounts, DRO)</b>		<b>80 d</b>	<b>Mon 10/1/12</b>	<b>Fri 1/18/13</b>
464	<b>Track - SCP / Participant Accounts / DRO</b>		<b>65 d</b>	<b>Mon 10/1/12</b>	<b>Fri 12/28/12</b>
465	<b>Sprint 1 - Interest Posting</b>	<b>205FS+65 d</b>	<b>40 d</b>	<b>Mon 10/1/12</b>	<b>Fri 11/23/12</b>
466	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 10/1/12</b>	<b>Fri 10/19/12</b>
467	Review Sprint Guidelines		3 d	Mon 10/1/12	Wed 10/3/12
468	Resource Planning		3 d	Mon 10/1/12	Wed 10/3/12
469	Review Rollout Planning Materials		3 d	Mon 10/1/12	Wed 10/3/12
470	Sprint Backlog Review - Prior Sprint		3 d	Mon 10/1/12	Wed 10/3/12
471	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 10/1/12</b>	<b>Fri 10/19/12</b>
472	Create Business Samples		15 d	Mon 10/1/12	Fri 10/19/12
473	Create Discovery Materials		15 d	Mon 10/1/12	Fri 10/19/12
474	<b>Sprint Execution</b>	<b>466</b>	<b>20 d</b>	<b>Mon 10/22/12</b>	<b>Fri 11/16/12</b>
475	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Mon 10/22/12</b>	<b>Tue 10/30/12</b>
476	Analyze / Confirm Business Requirements		6 d	Mon 10/22/12	Mon 10/29/12
477	Perform Configuration	476SS	6 d	Mon 10/22/12	Mon 10/29/12
478	Perform Preliminary Testing	477FF	6 d	Mon 10/22/12	Mon 10/29/12
479	Deploy software for Structured Walkthrough	478	1 d	Tue 10/30/12	Tue 10/30/12
480	Perform First Structured Walkthrough	479FF	1 d	Tue 10/30/12	Tue 10/30/12
481	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Wed 10/31/12</b>	<b>Wed 11/7/12</b>
482	Analyze / Confirm Business Requirements	480	6 d	Wed 10/31/12	Wed 11/7/12
483	Perform Configuration	482SS	6 d	Wed 10/31/12	Wed 11/7/12
484	Perform Preliminary Testing	483FF	5 d	Thu 11/1/12	Wed 11/7/12
485	Perform Structured Walkthroughs	484FF	5 d	Thu 11/1/12	Wed 11/7/12
486	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Thu 11/8/12</b>	<b>Thu 11/15/12</b>
487	Perform Sprint Checkpoint	485	1 d	Thu 11/8/12	Thu 11/8/12
488	Create Verification Test Scenarios	487SS	4 d	Thu 11/8/12	Tue 11/13/12
489	Perform Configuration	485	5 d	Thu 11/8/12	Wed 11/14/12
490	Perform Preliminary Testing	489FF	5 d	Thu 11/8/12	Wed 11/14/12
491	Deploy software for Structured Walkthrough	490	1 d	Thu 11/15/12	Thu 11/15/12
492	Perform Final Structured Walkthrough	491FF	1 d	Thu 11/15/12	Thu 11/15/12
493	Deploy Application for Verification Testing	492	1 d	Fri 11/16/12	Fri 11/16/12
494	<b>Verification Testing</b>		<b>10 d</b>	<b>Mon 11/12/12</b>	<b>Fri 11/23/12</b>

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ID	Task Name	Predecessors	Duration	Start	Finish
495	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 11/12/12</b>	<b>Fri 11/23/12</b>
496	Execute and Validate Test Cases / Results	493FS-5 d	10 d	Mon 11/12/12	Fri 11/23/12
497	<b>Configuration</b>		<b>10 d</b>	<b>Mon 11/12/12</b>	<b>Fri 11/23/12</b>
498	Update V3 Solution	496FF	10 d	Mon 11/12/12	Fri 11/23/12
499	Create Verification Testing Certified	496FF	1 d	Fri 11/23/12	Fri 11/23/12
500	Deliver Draft Solution Design Document	496FF	1 d	Fri 11/23/12	Fri 11/23/12
501	<b>Sprint 2 - Termination</b>	<b>205FS+75 d</b>	<b>40 d</b>	<b>Mon 10/15/12</b>	<b>Fri 12/7/12</b>
502	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 10/15/12</b>	<b>Fri 11/2/12</b>
503	Review Sprint Guidelines		3 d	Mon 10/15/12	Wed 10/17/12
504	Resource Planning		3 d	Mon 10/15/12	Wed 10/17/12
505	Review Rollout Planning Materials		3 d	Mon 10/15/12	Wed 10/17/12
506	Sprint Backlog Review - Prior Sprint		3 d	Mon 10/15/12	Wed 10/17/12
507	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 10/15/12</b>	<b>Fri 11/2/12</b>
508	Create Business Samples		15 d	Mon 10/15/12	Fri 11/2/12
509	Create Discovery Materials		15 d	Mon 10/15/12	Fri 11/2/12
510	<b>Sprint Execution</b>	<b>502</b>	<b>20 d</b>	<b>Mon 11/5/12</b>	<b>Fri 11/30/12</b>
511	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Mon 11/5/12</b>	<b>Tue 11/13/12</b>
512	Analyze / Confirm Business Requirements		6 d	Mon 11/5/12	Mon 11/12/12
513	Perform Configuration	512SS	6 d	Mon 11/5/12	Mon 11/12/12
514	Perform Preliminary Testing	513FF	6 d	Mon 11/5/12	Mon 11/12/12
515	Deploy software for Structured Walkthrough	514	1 d	Tue 11/13/12	Tue 11/13/12
516	Perform First Structured Walkthrough	515FF	1 d	Tue 11/13/12	Tue 11/13/12
517	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Wed 11/14/12</b>	<b>Wed 11/21/12</b>
518	Analyze / Confirm Business Requirements	516	6 d	Wed 11/14/12	Wed 11/21/12
519	Perform Configuration	518SS	6 d	Wed 11/14/12	Wed 11/21/12
520	Perform Preliminary Testing	519FF	5 d	Thu 11/15/12	Wed 11/21/12
521	Perform Structured Walkthroughs	520FF	5 d	Thu 11/15/12	Wed 11/21/12
522	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Thu 11/22/12</b>	<b>Thu 11/29/12</b>
523	Perform Sprint Checkpoint	521	1 d	Thu 11/22/12	Thu 11/22/12
524	Create Verification Test Scenarios	523SS	4 d	Thu 11/22/12	Tue 11/27/12
525	Perform Configuration	521	5 d	Thu 11/22/12	Wed 11/28/12
526	Perform Preliminary Testing	525FF	5 d	Thu 11/22/12	Wed 11/28/12
527	Deploy software for Structured Walkthrough	526	1 d	Thu 11/29/12	Thu 11/29/12
528	Perform Final Structured Walkthrough	527FF	1 d	Thu 11/29/12	Thu 11/29/12
529	Deploy Application for Verification Testing	528	1 d	Fri 11/30/12	Fri 11/30/12
530	<b>Verification Testing</b>		<b>10 d</b>	<b>Mon 11/26/12</b>	<b>Fri 12/7/12</b>
531	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 11/26/12</b>	<b>Fri 12/7/12</b>
532	Execute and Validate Test Cases / Results	529FS-5 d	10 d	Mon 11/26/12	Fri 12/7/12
533	<b>Configuration</b>		<b>10 d</b>	<b>Mon 11/26/12</b>	<b>Fri 12/7/12</b>
534	Update V3 Solution	532FF	10 d	Mon 11/26/12	Fri 12/7/12
535	Create Verification Testing Certified	532FF	1 d	Fri 12/7/12	Fri 12/7/12

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
536	Deliver Draft Solution Design Document	532FF	1 d	Fri 12/7/12	Fri 12/7/12
537	<b>Sprint 3 - Purchase of Service Credit</b>	<b>205FS+85 d</b>	<b>40 d</b>	<b>Mon 10/29/12</b>	<b>Fri 12/21/12</b>
538	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 10/29/12</b>	<b>Fri 11/16/12</b>
539	Review Sprint Guidelines		3 d	Mon 10/29/12	Wed 10/31/12
540	Resource Planning		3 d	Mon 10/29/12	Wed 10/31/12
541	Review Rollout Planning Materials		3 d	Mon 10/29/12	Wed 10/31/12
542	Sprint Backlog Review - Prior Sprint		3 d	Mon 10/29/12	Wed 10/31/12
543	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 10/29/12</b>	<b>Fri 11/16/12</b>
544	Create Business Samples		15 d	Mon 10/29/12	Fri 11/16/12
545	Create Discovery Materials		15 d	Mon 10/29/12	Fri 11/16/12
546	<b>Sprint Execution</b>	<b>538</b>	<b>20 d</b>	<b>Mon 11/19/12</b>	<b>Fri 12/14/12</b>
547	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Mon 11/19/12</b>	<b>Tue 11/27/12</b>
548	Analyze / Confirm Business Requirements		6 d	Mon 11/19/12	Mon 11/26/12
549	Perform Configuration	548SS	6 d	Mon 11/19/12	Mon 11/26/12
550	Perform Preliminary Testing	549FF	6 d	Mon 11/19/12	Mon 11/26/12
551	Deploy software for Structured Walkthrough	550	1 d	Tue 11/27/12	Tue 11/27/12
552	Perform First Structured Walkthrough	551FF	1 d	Tue 11/27/12	Tue 11/27/12
553	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Wed 11/28/12</b>	<b>Wed 12/5/12</b>
554	Analyze / Confirm Business Requirements	552	6 d	Wed 11/28/12	Wed 12/5/12
555	Perform Configuration	554SS	6 d	Wed 11/28/12	Wed 12/5/12
556	Perform Preliminary Testing	555FF	5 d	Thu 11/29/12	Wed 12/5/12
557	Perform Structured Walkthroughs	556FF	5 d	Thu 11/29/12	Wed 12/5/12
558	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Thu 12/6/12</b>	<b>Thu 12/13/12</b>
559	Perform Sprint Checkpoint	557	1 d	Thu 12/6/12	Thu 12/6/12
560	Create Verification Test Scenarios	559SS	4 d	Thu 12/6/12	Tue 12/11/12
561	Perform Configuration	557	5 d	Thu 12/6/12	Wed 12/12/12
562	Perform Preliminary Testing	561FF	5 d	Thu 12/6/12	Wed 12/12/12
563	Deploy software for Structured Walkthrough	562	1 d	Thu 12/13/12	Thu 12/13/12
564	Perform Final Structured Walkthrough	563FF	1 d	Thu 12/13/12	Thu 12/13/12
565	Deploy Application for Verification Testing	564	1 d	Fri 12/14/12	Fri 12/14/12
566	<b>Verification Testing</b>		<b>10 d</b>	<b>Mon 12/10/12</b>	<b>Fri 12/21/12</b>
567	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 12/10/12</b>	<b>Fri 12/21/12</b>
568	Execute and Validate Test Cases / Results	565FS-5 d	10 d	Mon 12/10/12	Fri 12/21/12
569	<b>Configuration</b>		<b>10 d</b>	<b>Mon 12/10/12</b>	<b>Fri 12/21/12</b>
570	Update V3 Solution	568FF	10 d	Mon 12/10/12	Fri 12/21/12
571	Create Verification Testing Certified	568FF	1 d	Fri 12/21/12	Fri 12/21/12
572	Deliver Draft Solution Design Document	568FF	1 d	Fri 12/21/12	Fri 12/21/12
573	<b>Sprint 4 - DRO Processing</b>	<b>205FS+95 d</b>	<b>35 d</b>	<b>Mon 11/12/12</b>	<b>Fri 12/28/12</b>
574	<b>Sprint Preparation</b>		<b>5 d</b>	<b>Mon 11/12/12</b>	<b>Fri 11/16/12</b>
575	Review Sprint Guidelines		1 d	Mon 11/12/12	Mon 11/12/12
576	Review Rollout Planning Materials		3 d	Mon 11/12/12	Wed 11/14/12

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
577	Resource Planning		1 d	Mon 11/12/12	Mon 11/12/12
578	<b>Discovery Materials / Business Samples</b>		<b>5 d</b>	<b>Mon 11/12/12</b>	<b>Fri 11/16/12</b>
579	Create Business Samples		5 d	Mon 11/12/12	Fri 11/16/12
580	Create Discovery Materials		5 d	Mon 11/12/12	Fri 11/16/12
581	<b>Sprint Execution</b>	<b>574</b>	<b>20 d</b>	<b>Mon 11/19/12</b>	<b>Fri 12/14/12</b>
582	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Mon 11/19/12</b>	<b>Tue 11/27/12</b>
583	Analyze / Confirm Business Requirements		6 d	Mon 11/19/12	Mon 11/26/12
584	Perform Configuration	583SS	6 d	Mon 11/19/12	Mon 11/26/12
585	Perform Preliminary Testing	584FF	6 d	Mon 11/19/12	Mon 11/26/12
586	Deploy software for Structured Walkthrough	585	1 d	Tue 11/27/12	Tue 11/27/12
587	Perform First Structured Walkthrough	586FF	1 d	Tue 11/27/12	Tue 11/27/12
588	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Wed 11/28/12</b>	<b>Wed 12/5/12</b>
589	Analyze / Confirm Business Requirements	587	6 d	Wed 11/28/12	Wed 12/5/12
590	Perform Configuration	589SS	6 d	Wed 11/28/12	Wed 12/5/12
591	Perform Preliminary Testing	590FF	5 d	Thu 11/29/12	Wed 12/5/12
592	Perform Structured Walkthroughs	591FF	5 d	Thu 11/29/12	Wed 12/5/12
593	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Thu 12/6/12</b>	<b>Thu 12/13/12</b>
594	Perform Sprint Checkpoint	592	1 d	Thu 12/6/12	Thu 12/6/12
595	Create Verification Test Scenarios	594SS	5 d	Thu 12/6/12	Wed 12/12/12
596	Perform Configuration	592	5 d	Thu 12/6/12	Wed 12/12/12
597	Perform Preliminary Testing	596FF	4 d	Fri 12/7/12	Wed 12/12/12
598	Deploy software for Structured Walkthrough	597	1 d	Thu 12/13/12	Thu 12/13/12
599	Perform Final Structured Walkthrough	598FF	1 d	Thu 12/13/12	Thu 12/13/12
600	Deploy Application for Verification Testing	599	1 d	Fri 12/14/12	Fri 12/14/12
601	<b>Verification Testing</b>	<b>581</b>	<b>10 d</b>	<b>Mon 12/17/12</b>	<b>Fri 12/28/12</b>
602	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 12/17/12</b>	<b>Fri 12/28/12</b>
603	Execute and Validate Test Cases / Results	600	10 d	Mon 12/17/12	Fri 12/28/12
604	<b>Configuration</b>		<b>10 d</b>	<b>Mon 12/17/12</b>	<b>Fri 12/28/12</b>
605	Update V3 Solution	603FF	10 d	Mon 12/17/12	Fri 12/28/12
606	Create Verification Testing Certified	603FF	1 d	Fri 12/28/12	Fri 12/28/12
607	Deliver Draft Solution Design Document	603FF	1 d	Fri 12/28/12	Fri 12/28/12
608	<b>Data Conversion Mapping Specifications</b>		<b>50 d</b>	<b>Mon 10/22/12</b>	<b>Fri 12/28/12</b>
609	Conduct Data Mapping & Transformation Logic Meetings	573FF	50 d	Mon 10/22/12	Fri 12/28/12
610	Develop Data Mapping & Transformation documents	609SS	50 d	Mon 10/22/12	Fri 12/28/12
611	Update Data Mapping & Transformation documents based on Sessions	610SS	50 d	Mon 10/22/12	Fri 12/28/12
612	Review / Approve Data Mapping & Transformation documents	611SS	50 d	Mon 10/22/12	Fri 12/28/12
613	<b>Validation Testing Preparation</b>	<b>465SS+15 d</b>	<b>50 d</b>	<b>Mon 10/22/12</b>	<b>Fri 12/28/12</b>
614	<b>Configuration</b>		<b>30 d</b>	<b>Mon 10/22/12</b>	<b>Fri 11/30/12</b>
615	Perform Configuration		30 d	Mon 10/22/12	Fri 11/30/12
616	Perform Preliminary Testing	615FF	30 d	Mon 10/22/12	Fri 11/30/12
617	Deploy Application for Validation Testing	616FF	1 d	Fri 11/30/12	Fri 11/30/12



**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
618	<b>Test Preparation</b>	<b>614</b>	<b>15 d</b>	<b>Mon 12/3/12</b>	<b>Fri 12/21/12</b>
619	Create Validation Test Cases		15 d	Mon 12/3/12	Fri 12/21/12
620	Complete Test Data Setup		15 d	Mon 12/3/12	Fri 12/21/12
621	<b>Solution Design Document</b>		<b>30 d</b>	<b>Mon 11/19/12</b>	<b>Fri 12/28/12</b>
622	Create Solution Design Document	618FF+5 d	30 d	Mon 11/19/12	Fri 12/28/12
623	<b>Test Creation</b>	<b>465SS</b>	<b>65 d</b>	<b>Mon 10/1/12</b>	<b>Fri 12/28/12</b>
624	Create test documentation for the Segment		65 d	Mon 10/1/12	Fri 12/28/12
625	<b>Validation Testing</b>	<b>464</b>	<b>15 d</b>	<b>Mon 12/31/12</b>	<b>Fri 1/18/13</b>
626	Train team on Validation procedures		1 d	Mon 12/31/12	Mon 12/31/12
627	Perform Validation Testing	626SS	15 d	Mon 12/31/12	Fri 1/18/13
628	Document Validation Results	627FF	15 d	Mon 12/31/12	Fri 1/18/13
629	Validation Testing Complete	628FF	0 d	Fri 1/18/13	Fri 1/18/13
630	<b>Segment C (Reports, Funds Management, Statements, Yr End, Actuarial)</b>		<b>85 d</b>	<b>Mon 12/17/12</b>	<b>Fri 4/12/13</b>
631	<b>Track - Funds Management, Statements</b>		<b>70 d</b>	<b>Mon 12/17/12</b>	<b>Fri 3/22/13</b>
632	<b>Sprint 1 - Annual Member Statements</b>	<b>205FS+120 d</b>	<b>35 d</b>	<b>Mon 12/17/12</b>	<b>Fri 2/1/13</b>
633	<b>Sprint Preparation</b>		<b>5 d</b>	<b>Mon 12/17/12</b>	<b>Fri 12/21/12</b>
634	Review Sprint Guidelines		1 d	Mon 12/17/12	Mon 12/17/12
635	Resource Planning		3 d	Mon 12/17/12	Wed 12/19/12
636	Review Rollout Planning Materials		1 d	Mon 12/17/12	Mon 12/17/12
637	<b>Discovery Materials / Business Samples</b>		<b>5 d</b>	<b>Mon 12/17/12</b>	<b>Fri 12/21/12</b>
638	Create Business Samples		5 d	Mon 12/17/12	Fri 12/21/12
639	Create Discovery Materials		5 d	Mon 12/17/12	Fri 12/21/12
640	<b>Sprint Execution</b>	<b>633</b>	<b>20 d</b>	<b>Mon 12/24/12</b>	<b>Fri 1/18/13</b>
641	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Mon 12/24/12</b>	<b>Tue 1/1/13</b>
642	Analyze / Confirm Business Requirements		6 d	Mon 12/24/12	Mon 12/31/12
643	Perform Configuration	642SS	6 d	Mon 12/24/12	Mon 12/31/12
644	Perform Preliminary Testing	643FF	6 d	Mon 12/24/12	Mon 12/31/12
645	Deploy software for Structured Walkthrough	644	1 d	Tue 1/1/13	Tue 1/1/13
646	Perform First Structured Walkthrough	645FF	1 d	Tue 1/1/13	Tue 1/1/13
647	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Wed 1/2/13</b>	<b>Wed 1/9/13</b>
648	Analyze / Confirm Business Requirements	646	6 d	Wed 1/2/13	Wed 1/9/13
649	Perform Configuration	648SS	6 d	Wed 1/2/13	Wed 1/9/13
650	Perform Preliminary Testing	649FF	5 d	Thu 1/3/13	Wed 1/9/13
651	Perform Structured Walkthroughs	650FF	5 d	Thu 1/3/13	Wed 1/9/13
652	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Thu 1/10/13</b>	<b>Thu 1/17/13</b>
653	Perform Sprint Checkpoint	651	1 d	Thu 1/10/13	Thu 1/10/13
654	Create Verification Test Scenarios	653SS	4 d	Thu 1/10/13	Tue 1/15/13
655	Perform Configuration	651	5 d	Thu 1/10/13	Wed 1/16/13
656	Perform Preliminary Testing	655FF	5 d	Thu 1/10/13	Wed 1/16/13
657	Deploy software for Structured Walkthrough	656	1 d	Thu 1/17/13	Thu 1/17/13
658	Perform Final Structured Walkthrough	657FF	1 d	Thu 1/17/13	Thu 1/17/13

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ID	Task Name	Predecessors	Duration	Start	Finish
659	Deploy Application for Verification Testing	658	1 d	Fri 1/18/13	Fri 1/18/13
660	<b>Verification Testing</b>	<b>640</b>	<b>10 d</b>	<b>Mon 1/21/13</b>	<b>Fri 2/1/13</b>
661	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 1/21/13</b>	<b>Fri 2/1/13</b>
662	Execute and Validate Test Cases / Results	659	10 d	Mon 1/21/13	Fri 2/1/13
663	<b>Configuration</b>		<b>10 d</b>	<b>Mon 1/21/13</b>	<b>Fri 2/1/13</b>
664	Update V3 Solution	662FF	10 d	Mon 1/21/13	Fri 2/1/13
665	Create Verification Testing Certified	662FF	1 d	Fri 2/1/13	Fri 2/1/13
666	Deliver Draft Solution Design Document	662FF	1 d	Fri 2/1/13	Fri 2/1/13
667	<b>Sprint 2 - Accounting and Reporting</b>	<b>205FS+140 d</b>	<b>45 d</b>	<b>Mon 1/14/13</b>	<b>Fri 3/15/13</b>
668	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 1/14/13</b>	<b>Fri 2/1/13</b>
669	Review Sprint Guidelines		3 d	Mon 1/14/13	Wed 1/16/13
670	Resource Planning		3 d	Mon 1/14/13	Wed 1/16/13
671	Review Rollout Planning Materials		3 d	Mon 1/14/13	Wed 1/16/13
672	Sprint Backlog Review - Prior Sprint		3 d	Mon 1/14/13	Wed 1/16/13
673	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 1/14/13</b>	<b>Fri 2/1/13</b>
674	Create Business Samples		15 d	Mon 1/14/13	Fri 2/1/13
675	Create Discovery Materials		15 d	Mon 1/14/13	Fri 2/1/13
676	<b>Sprint Execution</b>	<b>668</b>	<b>20 d</b>	<b>Mon 2/4/13</b>	<b>Fri 3/1/13</b>
677	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Mon 2/4/13</b>	<b>Tue 2/12/13</b>
678	Analyze / Confirm Business Requirements		6 d	Mon 2/4/13	Mon 2/11/13
679	Perform Configuration	678SS	6 d	Mon 2/4/13	Mon 2/11/13
680	Perform Preliminary Testing	679FF	6 d	Mon 2/4/13	Mon 2/11/13
681	Deploy software for Structured Walkthrough	680	1 d	Tue 2/12/13	Tue 2/12/13
682	Perform First Structured Walkthrough	681FF	1 d	Tue 2/12/13	Tue 2/12/13
683	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Wed 2/13/13</b>	<b>Wed 2/20/13</b>
684	Analyze / Confirm Business Requirements	682	6 d	Wed 2/13/13	Wed 2/20/13
685	Perform Configuration	684SS	6 d	Wed 2/13/13	Wed 2/20/13
686	Perform Preliminary Testing	685FF	5 d	Thu 2/14/13	Wed 2/20/13
687	Perform Structured Walkthroughs	686FF	5 d	Thu 2/14/13	Wed 2/20/13
688	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Thu 2/21/13</b>	<b>Thu 2/28/13</b>
689	Perform Sprint Checkpoint	687	1 d	Thu 2/21/13	Thu 2/21/13
690	Create Verification Test Scenarios	689SS	4 d	Thu 2/21/13	Tue 2/26/13
691	Perform Configuration	687	5 d	Thu 2/21/13	Wed 2/27/13
692	Perform Preliminary Testing	691FF	5 d	Thu 2/21/13	Wed 2/27/13
693	Deploy software for Structured Walkthrough	692	1 d	Thu 2/28/13	Thu 2/28/13
694	Perform Final Structured Walkthrough	693FF	1 d	Thu 2/28/13	Thu 2/28/13
695	Deploy Application for Verification Testing	694	1 d	Fri 3/1/13	Fri 3/1/13
696	<b>Verification Testing</b>	<b>676</b>	<b>10 d</b>	<b>Mon 3/4/13</b>	<b>Fri 3/15/13</b>
697	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 3/4/13</b>	<b>Fri 3/15/13</b>
698	Execute and Validate Test Cases / Results	695	10 d	Mon 3/4/13	Fri 3/15/13
699	<b>Configuration</b>		<b>10 d</b>	<b>Mon 3/4/13</b>	<b>Fri 3/15/13</b>

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ID	Task Name	Predecessors	Duration	Start	Finish
700	Update V3 Solution	698FF	10 d	Mon 3/4/13	Fri 3/15/13
701	Create Verification Testing Certified	698FF	1 d	Fri 3/15/13	Fri 3/15/13
702	Deliver Draft Solution Design Document	698FF	1 d	Fri 3/15/13	Fri 3/15/13
703	<b>Validation Testing Preparation</b>	<b>632SS+20 d</b>	<b>50 d</b>	<b>Mon 1/14/13</b>	<b>Fri 3/22/13</b>
704	<b>Configuration</b>		<b>30 d</b>	<b>Mon 1/14/13</b>	<b>Fri 2/22/13</b>
705	Perform Configuration		30 d	Mon 1/14/13	Fri 2/22/13
706	Perform Preliminary Testing	705FF	30 d	Mon 1/14/13	Fri 2/22/13
707	Deploy Application for Validation Testing	706FF	1 d	Fri 2/22/13	Fri 2/22/13
708	<b>Test Preparation</b>	<b>704</b>	<b>15 d</b>	<b>Mon 2/25/13</b>	<b>Fri 3/15/13</b>
709	Create Validation Test Cases		15 d	Mon 2/25/13	Fri 3/15/13
710	Complete Test Data Setup		15 d	Mon 2/25/13	Fri 3/15/13
711	<b>Solution Design Document</b>		<b>30 d</b>	<b>Mon 2/11/13</b>	<b>Fri 3/22/13</b>
712	Create Solution Design Document	708FF+5 d	30 d	Mon 2/11/13	Fri 3/22/13
713	<b>Track - Actuarial Extract, Year End-Processing</b>		<b>70 d</b>	<b>Mon 12/17/12</b>	<b>Fri 3/22/13</b>
714	<b>Sprint 1 - Actuarial Extract</b>	<b>205FS+120 d</b>	<b>35 d</b>	<b>Mon 12/17/12</b>	<b>Fri 2/1/13</b>
715	<b>Sprint Preparation</b>		<b>5 d</b>	<b>Mon 12/17/12</b>	<b>Fri 12/21/12</b>
716	Review Sprint Guidelines		1 d	Mon 12/17/12	Mon 12/17/12
717	Resource Planning		3 d	Mon 12/17/12	Wed 12/19/12
718	Review Rollout Planning Materials		1 d	Mon 12/17/12	Mon 12/17/12
719	<b>Discovery Materials / Business Samples</b>		<b>5 d</b>	<b>Mon 12/17/12</b>	<b>Fri 12/21/12</b>
720	Create Business Samples		5 d	Mon 12/17/12	Fri 12/21/12
721	Create Discovery Materials		5 d	Mon 12/17/12	Fri 12/21/12
722	<b>Sprint Execution</b>	<b>715</b>	<b>20 d</b>	<b>Mon 12/24/12</b>	<b>Fri 1/18/13</b>
723	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Mon 12/24/12</b>	<b>Tue 1/1/13</b>
724	Analyze / Confirm Business Requirements		6 d	Mon 12/24/12	Mon 12/31/12
725	Perform Configuration	724SS	6 d	Mon 12/24/12	Mon 12/31/12
726	Perform Preliminary Testing	725FF	6 d	Mon 12/24/12	Mon 12/31/12
727	Deploy software for Structured Walkthrough	726	1 d	Tue 1/1/13	Tue 1/1/13
728	Perform First Structured Walkthrough	727FF	1 d	Tue 1/1/13	Tue 1/1/13
729	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Wed 1/2/13</b>	<b>Wed 1/9/13</b>
730	Analyze / Confirm Business Requirements	728	6 d	Wed 1/2/13	Wed 1/9/13
731	Perform Configuration	730SS	6 d	Wed 1/2/13	Wed 1/9/13
732	Perform Preliminary Testing	731FF	5 d	Thu 1/3/13	Wed 1/9/13
733	Perform Structured Walkthroughs	732FF	5 d	Thu 1/3/13	Wed 1/9/13
734	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Thu 1/10/13</b>	<b>Thu 1/17/13</b>
735	Perform Sprint Checkpoint	733	1 d	Thu 1/10/13	Thu 1/10/13
736	Create Verification Test Scenarios	735SS	4 d	Thu 1/10/13	Tue 1/15/13
737	Perform Configuration	733	5 d	Thu 1/10/13	Wed 1/16/13
738	Perform Preliminary Testing	737FF	5 d	Thu 1/10/13	Wed 1/16/13
739	Deploy software for Structured Walkthrough	738	1 d	Thu 1/17/13	Thu 1/17/13
740	Perform Final Structured Walkthrough	739FF	1 d	Thu 1/17/13	Thu 1/17/13

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
741	Deploy Application for Verification Testing	740	1 d	Fri 1/18/13	Fri 1/18/13
742	<b>Verification Testing</b>	<b>722</b>	<b>10 d</b>	<b>Mon 1/21/13</b>	<b>Fri 2/1/13</b>
743	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 1/21/13</b>	<b>Fri 2/1/13</b>
744	Execute and Validate Test Cases / Results	741	10 d	Mon 1/21/13	Fri 2/1/13
745	<b>Configuration</b>		<b>10 d</b>	<b>Mon 1/21/13</b>	<b>Fri 2/1/13</b>
746	Update V3 Solution	744FF	10 d	Mon 1/21/13	Fri 2/1/13
747	Create Verification Testing Certified	744FF	1 d	Fri 2/1/13	Fri 2/1/13
748	Deliver Draft Solution Design Document	744FF	1 d	Fri 2/1/13	Fri 2/1/13
749	<b>Sprint 2 - Year End Processing</b>	<b>205FS+140 d</b>	<b>45 d</b>	<b>Mon 1/14/13</b>	<b>Fri 3/15/13</b>
750	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 1/14/13</b>	<b>Fri 2/1/13</b>
751	Review Sprint Guidelines		3 d	Mon 1/14/13	Wed 1/16/13
752	Resource Planning		3 d	Mon 1/14/13	Wed 1/16/13
753	Review Rollout Planning Materials		3 d	Mon 1/14/13	Wed 1/16/13
754	Sprint Backlog Review - Prior Sprint		3 d	Mon 1/14/13	Wed 1/16/13
755	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 1/14/13</b>	<b>Fri 2/1/13</b>
756	Create Business Samples		15 d	Mon 1/14/13	Fri 2/1/13
757	Create Discovery Materials		15 d	Mon 1/14/13	Fri 2/1/13
758	<b>Sprint Execution</b>	<b>750</b>	<b>20 d</b>	<b>Mon 2/4/13</b>	<b>Fri 3/1/13</b>
759	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Mon 2/4/13</b>	<b>Tue 2/12/13</b>
760	Analyze / Confirm Business Requirements		6 d	Mon 2/4/13	Mon 2/11/13
761	Perform Configuration	760SS	6 d	Mon 2/4/13	Mon 2/11/13
762	Perform Preliminary Testing	761FF	6 d	Mon 2/4/13	Mon 2/11/13
763	Deploy software for Structured Walkthrough	762	1 d	Tue 2/12/13	Tue 2/12/13
764	Perform First Structured Walkthrough	763FF	1 d	Tue 2/12/13	Tue 2/12/13
765	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Wed 2/13/13</b>	<b>Wed 2/20/13</b>
766	Analyze / Confirm Business Requirements	764	6 d	Wed 2/13/13	Wed 2/20/13
767	Perform Configuration	766SS	6 d	Wed 2/13/13	Wed 2/20/13
768	Perform Preliminary Testing	767FF	5 d	Thu 2/14/13	Wed 2/20/13
769	Perform Structured Walkthroughs	768FF	5 d	Thu 2/14/13	Wed 2/20/13
770	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Thu 2/21/13</b>	<b>Thu 2/28/13</b>
771	Perform Sprint Checkpoint	769	1 d	Thu 2/21/13	Thu 2/21/13
772	Create Verification Test Scenarios	771SS	4 d	Thu 2/21/13	Tue 2/26/13
773	Perform Configuration	769	5 d	Thu 2/21/13	Wed 2/27/13
774	Perform Preliminary Testing	773FF	5 d	Thu 2/21/13	Wed 2/27/13
775	Deploy software for Structured Walkthrough	774	1 d	Thu 2/28/13	Thu 2/28/13
776	Perform Final Structured Walkthrough	775FF	1 d	Thu 2/28/13	Thu 2/28/13
777	Deploy Application for Verification Testing	776	1 d	Fri 3/1/13	Fri 3/1/13
778	<b>Verification Testing</b>	<b>758</b>	<b>10 d</b>	<b>Mon 3/4/13</b>	<b>Fri 3/15/13</b>
779	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 3/4/13</b>	<b>Fri 3/15/13</b>
780	Execute and Validate Test Cases / Results	777	10 d	Mon 3/4/13	Fri 3/15/13
781	<b>Configuration</b>		<b>10 d</b>	<b>Mon 3/4/13</b>	<b>Fri 3/15/13</b>

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
782	Update V3 Solution	780FF	10 d	Mon 3/4/13	Fri 3/15/13
783	Create Verification Testing Certified	780FF	1 d	Fri 3/15/13	Fri 3/15/13
784	Deliver Draft Solution Design Document	780FF	1 d	Fri 3/15/13	Fri 3/15/13
785	<b>Validation Testing Preparation</b>	<b>714SS+20 d</b>	<b>50 d</b>	<b>Mon 1/14/13</b>	<b>Fri 3/22/13</b>
786	<b>Configuration</b>		<b>30 d</b>	<b>Mon 1/14/13</b>	<b>Fri 2/22/13</b>
787	Perform Configuration		30 d	Mon 1/14/13	Fri 2/22/13
788	Perform Preliminary Testing	787FF	30 d	Mon 1/14/13	Fri 2/22/13
789	Deploy Application for Validation Testing	788FF	1 d	Fri 2/22/13	Fri 2/22/13
790	<b>Test Preparation</b>	<b>786</b>	<b>15 d</b>	<b>Mon 2/25/13</b>	<b>Fri 3/15/13</b>
791	Create Validation Test Cases		15 d	Mon 2/25/13	Fri 3/15/13
792	Complete Test Data Setup		15 d	Mon 2/25/13	Fri 3/15/13
793	<b>Solution Design Document</b>		<b>30 d</b>	<b>Mon 2/11/13</b>	<b>Fri 3/22/13</b>
794	Create Solution Design Document	790FF+5 d	30 d	Mon 2/11/13	Fri 3/22/13
795	<b>Test Creation</b>	<b>632SS</b>	<b>70 d</b>	<b>Mon 12/17/12</b>	<b>Fri 3/22/13</b>
796	Create test documentation for the Segment		70 d	Mon 12/17/12	Fri 3/22/13
797	<b>Validation Testing</b>	<b>703,785</b>	<b>15 d</b>	<b>Mon 3/25/13</b>	<b>Fri 4/12/13</b>
798	Train team on Validation procedures		1 d	Mon 3/25/13	Mon 3/25/13
799	Perform Validation Testing	798SS	15 d	Mon 3/25/13	Fri 4/12/13
800	Document Validation Results	799FF	15 d	Mon 3/25/13	Fri 4/12/13
801	Validation Testing Complete	800FF	0 d	Fri 4/12/13	Fri 4/12/13
802	<b>Segment D (Workflows, Admin, Documents, Reporting)</b>		<b>85 d</b>	<b>Mon 2/11/13</b>	<b>Fri 6/7/13</b>
803	<b>Track - Workflow / Admin</b>		<b>70 d</b>	<b>Mon 2/11/13</b>	<b>Fri 5/17/13</b>
804	<b>Sprint 1 - Workflow</b>	<b>205FS+160 d</b>	<b>45 d</b>	<b>Mon 2/11/13</b>	<b>Fri 4/12/13</b>
805	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 2/11/13</b>	<b>Fri 3/1/13</b>
806	Review Sprint Guidelines		3 d	Mon 2/11/13	Wed 2/13/13
807	Resource Planning		3 d	Mon 2/11/13	Wed 2/13/13
808	Review Rollout Planning Materials		3 d	Mon 2/11/13	Wed 2/13/13
809	Sprint Backlog Review - Prior Sprint		3 d	Mon 2/11/13	Wed 2/13/13
810	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 2/11/13</b>	<b>Fri 3/1/13</b>
811	Create Business Samples		15 d	Mon 2/11/13	Fri 3/1/13
812	Create Discovery Materials		15 d	Mon 2/11/13	Fri 3/1/13
813	<b>Sprint Execution</b>	<b>805</b>	<b>20 d</b>	<b>Mon 3/4/13</b>	<b>Fri 3/29/13</b>
814	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Mon 3/4/13</b>	<b>Tue 3/12/13</b>
815	Analyze / Confirm Business Requirements		6 d	Mon 3/4/13	Mon 3/11/13
816	Perform Configuration	815SS	6 d	Mon 3/4/13	Mon 3/11/13
817	Perform Preliminary Testing	816FF	6 d	Mon 3/4/13	Mon 3/11/13
818	Deploy software for Structured Walkthrough	817	1 d	Tue 3/12/13	Tue 3/12/13
819	Perform First Structured Walkthrough	818FF	1 d	Tue 3/12/13	Tue 3/12/13
820	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Wed 3/13/13</b>	<b>Wed 3/20/13</b>
821	Analyze / Confirm Business Requirements	819	6 d	Wed 3/13/13	Wed 3/20/13
822	Perform Configuration	821SS	6 d	Wed 3/13/13	Wed 3/20/13

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ID	Task Name	Predecessors	Duration	Start	Finish
823	Perform Preliminary Testing	822FF	5 d	Thu 3/14/13	Wed 3/20/13
824	Perform Structured Walkthroughs	823FF	5 d	Thu 3/14/13	Wed 3/20/13
825	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Thu 3/21/13</b>	<b>Thu 3/28/13</b>
826	Perform Sprint Checkpoint	824	1 d	Thu 3/21/13	Thu 3/21/13
827	Create Verification Test Scenarios	826SS	4 d	Thu 3/21/13	Tue 3/26/13
828	Perform Configuration	824	5 d	Thu 3/21/13	Wed 3/27/13
829	Perform Preliminary Testing	828FF	5 d	Thu 3/21/13	Wed 3/27/13
830	Deploy software for Structured Walkthrough	829	1 d	Thu 3/28/13	Thu 3/28/13
831	Perform Final Structured Walkthrough	830FF	1 d	Thu 3/28/13	Thu 3/28/13
832	Deploy Application for Verification Testing	831	1 d	Fri 3/29/13	Fri 3/29/13
833	<b>Verification Testing</b>	<b>813</b>	<b>10 d</b>	<b>Mon 4/1/13</b>	<b>Fri 4/12/13</b>
834	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 4/1/13</b>	<b>Fri 4/12/13</b>
835	Execute and Validate Test Cases / Results	832	10 d	Mon 4/1/13	Fri 4/12/13
836	<b>Configuration</b>		<b>10 d</b>	<b>Mon 4/1/13</b>	<b>Fri 4/12/13</b>
837	Update V3 Solution	835FF	10 d	Mon 4/1/13	Fri 4/12/13
838	Create Verification Testing Certified	835FF	1 d	Fri 4/12/13	Fri 4/12/13
839	Deliver Draft Solution Design Document	835FF	1 d	Fri 4/12/13	Fri 4/12/13
840	<b>Sprint 2 - General System Parameter Updates</b>	<b>205FS+180 d</b>	<b>45 d</b>	<b>Mon 3/11/13</b>	<b>Fri 5/10/13</b>
841	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 3/11/13</b>	<b>Fri 3/29/13</b>
842	Review Sprint Guidelines		3 d	Mon 3/11/13	Wed 3/13/13
843	Resource Planning		3 d	Mon 3/11/13	Wed 3/13/13
844	Review Rollout Planning Materials		3 d	Mon 3/11/13	Wed 3/13/13
845	Sprint Backlog Review - Prior Sprint		3 d	Mon 3/11/13	Wed 3/13/13
846	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 3/11/13</b>	<b>Fri 3/29/13</b>
847	Create Business Samples		15 d	Mon 3/11/13	Fri 3/29/13
848	Create Discovery Materials		15 d	Mon 3/11/13	Fri 3/29/13
849	<b>Sprint Execution</b>	<b>841</b>	<b>20 d</b>	<b>Mon 4/1/13</b>	<b>Fri 4/26/13</b>
850	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Mon 4/1/13</b>	<b>Tue 4/9/13</b>
851	Analyze / Confirm Business Requirements		6 d	Mon 4/1/13	Mon 4/8/13
852	Perform Configuration	851SS	6 d	Mon 4/1/13	Mon 4/8/13
853	Perform Preliminary Testing	852FF	6 d	Mon 4/1/13	Mon 4/8/13
854	Deploy software for Structured Walkthrough	853	1 d	Tue 4/9/13	Tue 4/9/13
855	Perform First Structured Walkthrough	854FF	1 d	Tue 4/9/13	Tue 4/9/13
856	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Wed 4/10/13</b>	<b>Wed 4/17/13</b>
857	Analyze / Confirm Business Requirements	855	6 d	Wed 4/10/13	Wed 4/17/13
858	Perform Configuration	857SS	6 d	Wed 4/10/13	Wed 4/17/13
859	Perform Preliminary Testing	858FF	5 d	Thu 4/11/13	Wed 4/17/13
860	Perform Structured Walkthroughs	859FF	5 d	Thu 4/11/13	Wed 4/17/13
861	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Thu 4/18/13</b>	<b>Thu 4/25/13</b>
862	Perform Sprint Checkpoint	860	1 d	Thu 4/18/13	Thu 4/18/13
863	Create Verification Test Scenarios	862SS	4 d	Thu 4/18/13	Tue 4/23/13

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ID	Task Name	Predecessors	Duration	Start	Finish
864	Perform Configuration	860	5 d	Thu 4/18/13	Wed 4/24/13
865	Perform Preliminary Testing	864FF	5 d	Thu 4/18/13	Wed 4/24/13
866	Deploy software for Structured Walkthrough	865	1 d	Thu 4/25/13	Thu 4/25/13
867	Perform Final Structured Walkthrough	866FF	1 d	Thu 4/25/13	Thu 4/25/13
868	Deploy Application for Verification Testing	867	1 d	Fri 4/26/13	Fri 4/26/13
869	<b>Verification Testing</b>	<b>849</b>	<b>10 d</b>	<b>Mon 4/29/13</b>	<b>Fri 5/10/13</b>
870	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 4/29/13</b>	<b>Fri 5/10/13</b>
871	Execute and Validate Test Cases / Results	868	10 d	Mon 4/29/13	Fri 5/10/13
872	<b>Configuration</b>		<b>10 d</b>	<b>Mon 4/29/13</b>	<b>Fri 5/10/13</b>
873	Update V3 Solution	871FF	10 d	Mon 4/29/13	Fri 5/10/13
874	Create Verification Testing Certified	871FF	1 d	Fri 5/10/13	Fri 5/10/13
875	Deliver Draft Solution Design Document	871FF	1 d	Fri 5/10/13	Fri 5/10/13
876	<b>Validation Testing Preparation</b>	<b>804SS+20 d</b>	<b>50 d</b>	<b>Mon 3/11/13</b>	<b>Fri 5/17/13</b>
877	<b>Configuration</b>		<b>30 d</b>	<b>Mon 3/11/13</b>	<b>Fri 4/19/13</b>
878	Perform Configuration		30 d	Mon 3/11/13	Fri 4/19/13
879	Perform Preliminary Testing	878FF	30 d	Mon 3/11/13	Fri 4/19/13
880	Deploy Application for Validation Testing	879FF	1 d	Fri 4/19/13	Fri 4/19/13
881	<b>Test Preparation</b>	<b>877</b>	<b>15 d</b>	<b>Mon 4/22/13</b>	<b>Fri 5/10/13</b>
882	Create Validation Test Cases		15 d	Mon 4/22/13	Fri 5/10/13
883	Complete Test Data Setup		15 d	Mon 4/22/13	Fri 5/10/13
884	<b>Solution Design Document</b>		<b>30 d</b>	<b>Mon 4/8/13</b>	<b>Fri 5/17/13</b>
885	Create Solution Design Document	881FF+5 d	30 d	Mon 4/8/13	Fri 5/17/13
886	<b>Track - Documents &amp; Reporting</b>		<b>70 d</b>	<b>Mon 2/11/13</b>	<b>Fri 5/17/13</b>
887	<b>Sprint 1 - Member Correspondence / Documents</b>	<b>205FS+160 d</b>	<b>45 d</b>	<b>Mon 2/11/13</b>	<b>Fri 4/12/13</b>
888	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 2/11/13</b>	<b>Fri 3/1/13</b>
889	Review Sprint Guidelines		3 d	Mon 2/11/13	Wed 2/13/13
890	Resource Planning		3 d	Mon 2/11/13	Wed 2/13/13
891	Review Rollout Planning Materials		3 d	Mon 2/11/13	Wed 2/13/13
892	Sprint Backlog Review - Prior Sprint		3 d	Mon 2/11/13	Wed 2/13/13
893	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 2/11/13</b>	<b>Fri 3/1/13</b>
894	Create Business Samples		15 d	Mon 2/11/13	Fri 3/1/13
895	Create Discovery Materials		15 d	Mon 2/11/13	Fri 3/1/13
896	<b>Sprint Execution</b>	<b>888</b>	<b>20 d</b>	<b>Mon 3/4/13</b>	<b>Fri 3/29/13</b>
897	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Mon 3/4/13</b>	<b>Tue 3/12/13</b>
898	Analyze / Confirm Business Requirements		6 d	Mon 3/4/13	Mon 3/11/13
899	Perform Configuration	898SS	6 d	Mon 3/4/13	Mon 3/11/13
900	Perform Preliminary Testing	899FF	6 d	Mon 3/4/13	Mon 3/11/13
901	Deploy software for Structured Walkthrough	900	1 d	Tue 3/12/13	Tue 3/12/13
902	Perform First Structured Walkthrough	901FF	1 d	Tue 3/12/13	Tue 3/12/13
903	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Wed 3/13/13</b>	<b>Wed 3/20/13</b>
904	Analyze / Confirm Business Requirements	902	6 d	Wed 3/13/13	Wed 3/20/13

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ID	Task Name	Predecessors	Duration	Start	Finish
905	Perform Configuration	904SS	6 d	Wed 3/13/13	Wed 3/20/13
906	Perform Preliminary Testing	905FF	5 d	Thu 3/14/13	Wed 3/20/13
907	Perform Structured Walkthroughs	906FF	5 d	Thu 3/14/13	Wed 3/20/13
908	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Thu 3/21/13</b>	<b>Thu 3/28/13</b>
909	Perform Sprint Checkpoint	907	1 d	Thu 3/21/13	Thu 3/21/13
910	Create Verification Test Scenarios	909SS	4 d	Thu 3/21/13	Tue 3/26/13
911	Perform Configuration	907	5 d	Thu 3/21/13	Wed 3/27/13
912	Perform Preliminary Testing	911FF	5 d	Thu 3/21/13	Wed 3/27/13
913	Deploy software for Structured Walkthrough	912	1 d	Thu 3/28/13	Thu 3/28/13
914	Perform Final Structured Walkthrough	913FF	1 d	Thu 3/28/13	Thu 3/28/13
915	Deploy Application for Verification Testing	914	1 d	Fri 3/29/13	Fri 3/29/13
916	<b>Verification Testing</b>	<b>896</b>	<b>10 d</b>	<b>Mon 4/1/13</b>	<b>Fri 4/12/13</b>
917	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 4/1/13</b>	<b>Fri 4/12/13</b>
918	Execute and Validate Test Cases / Results	915	10 d	Mon 4/1/13	Fri 4/12/13
919	<b>Configuration</b>		<b>10 d</b>	<b>Mon 4/1/13</b>	<b>Fri 4/12/13</b>
920	Update V3 Solution	918FF	10 d	Mon 4/1/13	Fri 4/12/13
921	Create Verification Testing Certified	918FF	1 d	Fri 4/12/13	Fri 4/12/13
922	Deliver Draft Solution Design Document	918FF	1 d	Fri 4/12/13	Fri 4/12/13
923	<b>Sprint 2 - Reporting &amp; Board Reporting</b>	<b>205FS+180 d</b>	<b>45 d</b>	<b>Mon 3/11/13</b>	<b>Fri 5/10/13</b>
924	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 3/11/13</b>	<b>Fri 3/29/13</b>
925	Review Sprint Guidelines		3 d	Mon 3/11/13	Wed 3/13/13
926	Resource Planning		3 d	Mon 3/11/13	Wed 3/13/13
927	Review Rollout Planning Materials		3 d	Mon 3/11/13	Wed 3/13/13
928	Sprint Backlog Review - Prior Sprint		3 d	Mon 3/11/13	Wed 3/13/13
929	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 3/11/13</b>	<b>Fri 3/29/13</b>
930	Create Business Samples		15 d	Mon 3/11/13	Fri 3/29/13
931	Create Discovery Materials		15 d	Mon 3/11/13	Fri 3/29/13
932	<b>Sprint Execution</b>	<b>924</b>	<b>20 d</b>	<b>Mon 4/1/13</b>	<b>Fri 4/26/13</b>
933	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Mon 4/1/13</b>	<b>Tue 4/9/13</b>
934	Analyze / Confirm Business Requirements		6 d	Mon 4/1/13	Mon 4/8/13
935	Perform Configuration	934SS	6 d	Mon 4/1/13	Mon 4/8/13
936	Perform Preliminary Testing	935FF	6 d	Mon 4/1/13	Mon 4/8/13
937	Deploy software for Structured Walkthrough	936	1 d	Tue 4/9/13	Tue 4/9/13
938	Perform First Structured Walkthrough	937FF	1 d	Tue 4/9/13	Tue 4/9/13
939	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Wed 4/10/13</b>	<b>Wed 4/17/13</b>
940	Analyze / Confirm Business Requirements	938	6 d	Wed 4/10/13	Wed 4/17/13
941	Perform Configuration	940SS	6 d	Wed 4/10/13	Wed 4/17/13
942	Perform Preliminary Testing	941FF	5 d	Thu 4/11/13	Wed 4/17/13
943	Perform Structured Walkthroughs	942FF	5 d	Thu 4/11/13	Wed 4/17/13
944	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Thu 4/18/13</b>	<b>Thu 4/25/13</b>
945	Perform Sprint Checkpoint	943	1 d	Thu 4/18/13	Thu 4/18/13



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ID	Task Name	Predecessors	Duration	Start	Finish
946	Create Verification Test Scenarios	945SS	4 d	Thu 4/18/13	Tue 4/23/13
947	Perform Configuration	943	5 d	Thu 4/18/13	Wed 4/24/13
948	Perform Preliminary Testing	947FF	5 d	Thu 4/18/13	Wed 4/24/13
949	Deploy software for Structured Walkthrough	948	1 d	Thu 4/25/13	Thu 4/25/13
950	Perform Final Structured Walkthrough	949FF	1 d	Thu 4/25/13	Thu 4/25/13
951	Deploy Application for Verification Testing	950	1 d	Fri 4/26/13	Fri 4/26/13
952	<b>Verification Testing</b>	<b>932</b>	<b>10 d</b>	<b>Mon 4/29/13</b>	<b>Fri 5/10/13</b>
953	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 4/29/13</b>	<b>Fri 5/10/13</b>
954	Execute and Validate Test Cases / Results	951	10 d	Mon 4/29/13	Fri 5/10/13
955	<b>Configuration</b>		<b>10 d</b>	<b>Mon 4/29/13</b>	<b>Fri 5/10/13</b>
956	Update V3 Solution	954FF	10 d	Mon 4/29/13	Fri 5/10/13
957	Create Verification Testing Certified	954FF	1 d	Fri 5/10/13	Fri 5/10/13
958	Deliver Draft Solution Design Document	954FF	1 d	Fri 5/10/13	Fri 5/10/13
959	<b>Validation Testing Preparation</b>	<b>887SS+20 d</b>	<b>50 d</b>	<b>Mon 3/11/13</b>	<b>Fri 5/17/13</b>
960	<b>Configuration</b>		<b>30 d</b>	<b>Mon 3/11/13</b>	<b>Fri 4/19/13</b>
961	Perform Configuration		30 d	Mon 3/11/13	Fri 4/19/13
962	Perform Preliminary Testing	961FF	30 d	Mon 3/11/13	Fri 4/19/13
963	Deploy Application for Validation Testing	962FF	1 d	Fri 4/19/13	Fri 4/19/13
964	<b>Test Preparation</b>	<b>960</b>	<b>15 d</b>	<b>Mon 4/22/13</b>	<b>Fri 5/10/13</b>
965	Create Validation Test Cases		15 d	Mon 4/22/13	Fri 5/10/13
966	Complete Test Data Setup		15 d	Mon 4/22/13	Fri 5/10/13
967	<b>Solution Design Document</b>		<b>30 d</b>	<b>Mon 4/8/13</b>	<b>Fri 5/17/13</b>
968	Create Solution Design Document	964FF+5 d	30 d	Mon 4/8/13	Fri 5/17/13
969	<b>Test Creation</b>		<b>70 d</b>	<b>Mon 2/11/13</b>	<b>Fri 5/17/13</b>
970	Create test documentation for the Segment	804SS	70 d	Mon 2/11/13	Fri 5/17/13
971	<b>Validation Testing</b>	<b>876,959</b>	<b>15 d</b>	<b>Mon 5/20/13</b>	<b>Fri 6/7/13</b>
972	Train team on Validation procedures		1 d	Mon 5/20/13	Mon 5/20/13
973	Perform Validation Testing	972SS	15 d	Mon 5/20/13	Fri 6/7/13
974	Document Validation Results	973FF	15 d	Mon 5/20/13	Fri 6/7/13
975	Validation Testing Complete	974FF	0 d	Fri 6/7/13	Fri 6/7/13
976	<b>Segment E (VCHRP Import)</b>		<b>215 d</b>	<b>Mon 7/9/12</b>	<b>Fri 5/3/13</b>
977	<b>Track - VCHRP Import / Active Processing</b>		<b>200 d</b>	<b>Mon 7/9/12</b>	<b>Fri 4/12/13</b>
978	<b>Sprint 1 - VCHRP Import / Active Processing</b>		<b>200 d</b>	<b>Mon 7/9/12</b>	<b>Fri 4/12/13</b>
979	<b>Sprint Preparation</b>		<b>10 d</b>	<b>Mon 7/9/12</b>	<b>Fri 7/20/12</b>
980	Review Sprint Guidelines		3 d	Mon 7/9/12	Wed 7/11/12
981	Resource Planning		3 d	Mon 7/9/12	Wed 7/11/12
982	Review Rollout Planning Materials		3 d	Mon 7/9/12	Wed 7/11/12
983	Sprint Backlog Review - Prior Sprint		3 d	Mon 7/9/12	Wed 7/11/12
984	Prior Sprint Retrospective		3 d	Mon 7/9/12	Wed 7/11/12
985	<b>Discovery Materials / Business Samples</b>		<b>10 d</b>	<b>Mon 7/9/12</b>	<b>Fri 7/20/12</b>
986	Create Business Samples		10 d	Mon 7/9/12	Fri 7/20/12

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
987	Create Discovery Materials		10 d	Mon 7/9/12	Fri 7/20/12
988	<b>Sprint Execution</b>	<b>979</b>	<b>190 d</b>	<b>Mon 7/23/12</b>	<b>Fri 4/12/13</b>
989	<b>Design / Build / Verify Iterations</b>		<b>190 d</b>	<b>Mon 7/23/12</b>	<b>Fri 4/12/13</b>
990	Analyze / Confirm Business Requirements		190 d	Mon 7/23/12	Fri 4/12/13
991	Perform Configuration / Development	990SS	190 d	Mon 7/23/12	Fri 4/12/13
992	Perform Preliminary Testing	991FF	140 d	Mon 10/1/12	Fri 4/12/13
993	<b>Verification Testing</b>	<b>979</b>	<b>190 d</b>	<b>Mon 7/23/12</b>	<b>Fri 4/12/13</b>
994	<b>Test and Evaluate</b>		<b>190 d</b>	<b>Mon 7/23/12</b>	<b>Fri 4/12/13</b>
995	Execute and Validate Test Cases / Results		190 d	Mon 7/23/12	Fri 4/12/13
996	<b>Configuration</b>		<b>190 d</b>	<b>Mon 7/23/12</b>	<b>Fri 4/12/13</b>
997	Update V3 Solution	995FF	190 d	Mon 7/23/12	Fri 4/12/13
998	Create Verification Testing Certified	995FF	1 d	Fri 4/12/13	Fri 4/12/13
999	<b>Data Conversion Mapping Specifications</b>		<b>175 d</b>	<b>Mon 8/13/12</b>	<b>Fri 4/12/13</b>
1000	Conduct Data Mapping & Transformation Logic Meetings	978FF	175 d	Mon 8/13/12	Fri 4/12/13
1001	Develop Data Mapping & Transformation documents	1000SS	175 d	Mon 8/13/12	Fri 4/12/13
1002	Update Data Mapping & Transformation documents based on Sessions	1001SS	175 d	Mon 8/13/12	Fri 4/12/13
1003	Review / Approve Data Mapping & Transformation documents	1002SS	175 d	Mon 8/13/12	Fri 4/12/13
1004	<b>Validation Testing</b>	<b>978</b>	<b>15 d</b>	<b>Mon 4/15/13</b>	<b>Fri 5/3/13</b>
1005	Train team on Validation procedures		1 d	Mon 4/15/13	Mon 4/15/13
1006	Perform Validation Testing	1005SS	15 d	Mon 4/15/13	Fri 5/3/13
1007	Document Validation Results	1006FF	15 d	Mon 4/15/13	Fri 5/3/13
1008	Validation Testing Complete	1007FF	0 d	Fri 5/3/13	Fri 5/3/13
1009	<b>QA/Dev Data Conversion Runs</b>		<b>165 d</b>	<b>Mon 10/15/12</b>	<b>Fri 5/31/13</b>
1010	<b>World</b>	<b>388</b>	<b>50 d</b>	<b>Mon 10/15/12</b>	<b>Fri 12/21/12</b>
1011	Legacy Extract Development		50 d	Mon 10/15/12	Fri 12/21/12
1012	V3 Configuration and Target DB Development	1011SS	50 d	Mon 10/15/12	Fri 12/21/12
1013	<b>Contributions</b>	<b>441</b>	<b>50 d</b>	<b>Mon 10/29/12</b>	<b>Fri 1/4/13</b>
1014	Legacy Extract Development		50 d	Mon 10/29/12	Fri 1/4/13
1015	V3 Configuration and Target DB Development	1014SS	50 d	Mon 10/29/12	Fri 1/4/13
1016	<b>Purchase of Service Credit (SCP)</b>	<b>608</b>	<b>50 d</b>	<b>Mon 12/31/12</b>	<b>Fri 3/8/13</b>
1017	Legacy Extract Development		50 d	Mon 12/31/12	Fri 3/8/13
1018	V3 Configuration and Target DB Development	1017SS	50 d	Mon 12/31/12	Fri 3/8/13
1019	<b>Participant Accounts</b>	<b>608</b>	<b>50 d</b>	<b>Mon 12/31/12</b>	<b>Fri 3/8/13</b>
1020	Legacy Extract Development		50 d	Mon 12/31/12	Fri 3/8/13
1021	V3 Configuration and Target DB Development	1020SS	50 d	Mon 12/31/12	Fri 3/8/13
1022	<b>Court Orders</b>	<b>608</b>	<b>50 d</b>	<b>Mon 12/31/12</b>	<b>Fri 3/8/13</b>
1023	Legacy Extract Development		50 d	Mon 12/31/12	Fri 3/8/13
1024	V3 Configuration and Target DB Development	1023SS	50 d	Mon 12/31/12	Fri 3/8/13
1025	<b>Conversion Cycle Testing</b>		<b>155 d</b>	<b>Mon 10/29/12</b>	<b>Fri 5/31/13</b>
1026	Cycle 1 Testing - World (Member) Data	1010SS+10 d	20 d	Mon 10/29/12	Fri 11/23/12
1027	Cycle 2 Testing - World (Beneficiary, Employer, OIP)	1026	20 d	Mon 11/26/12	Fri 12/21/12

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ID	Task Name	Predecessors	Duration	Start	Finish
1028	Cycle 3 Testing - Contributions	1013SS+30 d	20 d	Mon 12/10/12	Fri 1/4/13
1029	Cycle 4 Testing - Part Accts, Court Orders, SCP	1016SS	70 d	Mon 12/31/12	Fri 4/5/13
1030	Cycle 5 Testing - World, Contributions, Part Accts, Court Orders, SCP	1029	40 d	Mon 4/8/13	Fri 5/31/13
1031	QA/Dev Data Conversion Runs completed	1030	0 d	Fri 5/31/13	Fri 5/31/13
1032	<b>PRD Infrastructure - Hosting</b>	<b>802FS-20 d</b>	<b>20 d</b>	<b>Mon 5/13/13</b>	<b>Fri 6/7/13</b>
1033	Verify milestone deliverables		2 d	Mon 5/13/13	Tue 5/14/13
1034	Verify environment requirements	1033	2 d	Wed 5/15/13	Thu 5/16/13
1035	Verify access requirements	1034	2 d	Fri 5/17/13	Mon 5/20/13
1036	Verify hardware and 3rd party software requirements for any components residing at VCERA	1035	2 d	Tue 5/21/13	Wed 5/22/13
1037	Place orders for HW and SW	1036	1 d	Thu 5/23/13	Thu 5/23/13
1038	Create Cloud QA Application Environment	1037	3 d	Fri 5/24/13	Tue 5/28/13
1039	Install baseline V3 application and database in Cloud	1038	3 d	Wed 5/29/13	Fri 5/31/13
1040	Perform internal test of V3 application	1039	1 d	Mon 6/3/13	Mon 6/3/13
1041	Establish site to site tunnel - VCERA and Vitech	1038	3 d	Wed 5/29/13	Fri 5/31/13
1042	Install Hardware and 3rd Party Software at VCERA	1041	2 d	Mon 6/3/13	Tue 6/4/13
1043	Perform End-to-End (E2E) Test	1042	3 d	Wed 6/5/13	Fri 6/7/13
1044	VCERA Acceptance of Production Infrastructure	1043	0 d	Fri 6/7/13	Fri 6/7/13
1045	<b>Deployment Phase</b>	<b>802</b>	<b>102 d</b>	<b>Mon 6/10/13</b>	<b>Tue 10/29/13</b>
1046	<b>Rollout 1 User Acceptance Testing (UAT)</b>		<b>75 d</b>	<b>Mon 6/10/13</b>	<b>Fri 9/20/13</b>
1047	Prepare UAT environment		10 d	Mon 6/10/13	Fri 6/21/13
1048	Convert data into the UAT instance	1032	10 d	Mon 6/10/13	Fri 6/21/13
1049	Train team on UAT procedures	1048	5 d	Mon 6/24/13	Fri 6/28/13
1050	Conduct UAT Sessions	1049	60 d	Mon 7/1/13	Fri 9/20/13
1051	Document UAT Results	1050FF	60 d	Mon 7/1/13	Fri 9/20/13
1052	UAT Complete	1051	0 d	Fri 9/20/13	Fri 9/20/13
1053	<b>Training and Documentation Sub-Phase</b>		<b>61 d</b>	<b>Wed 7/24/13</b>	<b>Thu 10/17/13</b>
1054	<b>Documentation Guides</b>		<b>50 d</b>	<b>Thu 8/8/13</b>	<b>Thu 10/17/13</b>
1055	Confirm scope and list of guides to be developed	1067SF	5 d	Thu 8/8/13	Thu 8/15/13
1056	<b>User Documentation</b>		<b>20 d</b>	<b>Thu 9/5/13</b>	<b>Thu 10/3/13</b>
1057	<b>User Manual</b>		<b>15 d</b>	<b>Thu 9/5/13</b>	<b>Thu 9/26/13</b>
1058	Develop Initial Draft Document	1059SF	10 d	Thu 9/5/13	Thu 9/19/13
1059	Deliver to VCERA for Initial Review	1060SF	0 d	Thu 9/19/13	Thu 9/19/13
1060	Update Document based on VCERA Review	1061SF	5 d	Thu 9/19/13	Thu 9/26/13
1061	Deliver Final Document to VCERA	1137SS-20 d	0 d	Thu 9/26/13	Thu 9/26/13
1062	<b>User Manual On-line Help Facility</b>		<b>13 d</b>	<b>Mon 9/16/13</b>	<b>Thu 10/3/13</b>
1063	Create HTML Pages from Manual	1058FF	3 d	Mon 9/16/13	Thu 9/19/13
1064	Deliver to VCERA for Initial Review	1065SF	0 d	Mon 9/30/13	Mon 9/30/13
1065	Update HTML based on VCERA Review	1066SF	3 d	Mon 9/30/13	Thu 10/3/13
1066	Deliver Final HTML to VCERA	1137SS-15 d	0 d	Thu 10/3/13	Thu 10/3/13
1067	<b>Administrative and System Documentation</b>		<b>45 d</b>	<b>Thu 8/15/13</b>	<b>Thu 10/17/13</b>
1068	<b>General System Administration Documentation</b>		<b>15 d</b>	<b>Thu 8/15/13</b>	<b>Thu 9/5/13</b>

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ID	Task Name	Predecessors	Duration	Start	Finish
1069	Develop Initial Draft Document	1070SF	10 d	Thu 8/15/13	Thu 8/29/13
1070	Deliver to VCERA for Initial Review	1071SF	0 d	Thu 8/29/13	Thu 8/29/13
1071	Update Document based on VCERA Review	1072SF	5 d	Thu 8/29/13	Thu 9/5/13
1072	Deliver Final Document to VCERA	1073SF	0 d	Thu 9/5/13	Thu 9/5/13
1073	<b>General System Configuration Documentation</b>		<b>15 d</b>	<b>Thu 9/5/13</b>	<b>Thu 9/26/13</b>
1074	Develop Initial Draft Document	1075SF	10 d	Thu 9/5/13	Thu 9/19/13
1075	Deliver to VCERA for Initial Review	1076SF	0 d	Thu 9/19/13	Thu 9/19/13
1076	Update Document based on VCERA Review	1077SF	5 d	Thu 9/19/13	Thu 9/26/13
1077	Deliver Final Document to VCERA	1078SF	0 d	Thu 9/26/13	Thu 9/26/13
1078	<b>System Maintenance and Operations Documentation</b>		<b>15 d</b>	<b>Thu 9/26/13</b>	<b>Thu 10/17/13</b>
1079	Develop Initial Draft Document	1080SF	10 d	Thu 9/26/13	Thu 10/10/13
1080	Deliver to VCERA for Initial Review	1081SF	0 d	Thu 10/10/13	Thu 10/10/13
1081	Update Document based on VCERA Review	1082SF	5 d	Thu 10/10/13	Thu 10/17/13
1082	Deliver Final Document to VCERA	1137SS-5 d	0 d	Thu 10/17/13	Thu 10/17/13
1083	<b>Train-the-Trainer</b>		<b>43 d</b>	<b>Wed 7/24/13</b>	<b>Fri 9/20/13</b>
1084	<b>Training Plan</b>		<b>14 d</b>	<b>Wed 7/24/13</b>	<b>Tue 8/13/13</b>
1085	Develop Materials	1086SF	5 d	Wed 7/24/13	Wed 7/31/13
1086	Formal Submission of Materials	1087SF	0 d	Wed 7/31/13	Wed 7/31/13
1087	VCERA Review of Materials	1088SF	5 d	Wed 7/31/13	Wed 8/7/13
1088	Vitech addresses comments from VCERA Review	1089SF	3 d	Wed 8/7/13	Mon 8/12/13
1089	Final VCERA Review (walkthrough of comments)	1090SF	1 d	Mon 8/12/13	Tue 8/13/13
1090	Obtain Sign-off	1091SF	0 d	Tue 8/13/13	Tue 8/13/13
1091	<b>User Training</b>		<b>29 d</b>	<b>Tue 8/13/13</b>	<b>Fri 9/20/13</b>
1092	<b>General User Training</b>		<b>29 d</b>	<b>Tue 8/13/13</b>	<b>Fri 9/20/13</b>
1093	<b>Training Materials</b>		<b>14 d</b>	<b>Tue 8/13/13</b>	<b>Mon 9/2/13</b>
1094	Develop Materials	1095SF	5 d	Tue 8/13/13	Tue 8/20/13
1095	VCERA Review of Materials	1096SF	5 d	Tue 8/20/13	Tue 8/27/13
1096	Vitech addresses comments from VCERA Review	1097SF	3 d	Tue 8/27/13	Fri 8/30/13
1097	Final VCERA Review (walkthrough of comments)	1098SF	1 d	Fri 8/30/13	Mon 9/2/13
1098	Obtain Sign-off	1101SF	0 d	Mon 9/2/13	Mon 9/2/13
1099	<b>Training Classes</b>		<b>17 d</b>	<b>Thu 8/29/13</b>	<b>Fri 9/20/13</b>
1100	Prepare Training environment	1101SF	2 d	Thu 8/29/13	Mon 9/2/13
1101	Conduct Training Classes	1052FS-15 d	15 d	Mon 9/2/13	Fri 9/20/13
1102	Training Evaluation	1101	0 d	Fri 9/20/13	Fri 9/20/13
1103	<b>Technical Staff Training</b>		<b>29 d</b>	<b>Tue 8/13/13</b>	<b>Fri 9/20/13</b>
1104	<b>V3 System Training</b>		<b>29 d</b>	<b>Tue 8/13/13</b>	<b>Fri 9/20/13</b>
1105	<b>Training Materials</b>		<b>14 d</b>	<b>Tue 8/13/13</b>	<b>Mon 9/2/13</b>
1106	Develop Materials	1107SF	5 d	Tue 8/13/13	Tue 8/20/13
1107	VCERA Review of Materials	1108SF	5 d	Tue 8/20/13	Tue 8/27/13
1108	Vitech addresses comments from VCERA Review	1109SF	3 d	Tue 8/27/13	Fri 8/30/13
1109	Final VCERA Review (walkthrough of comments)	1110SF	1 d	Fri 8/30/13	Mon 9/2/13

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ID	Task Name	Predecessors	Duration	Start	Finish
1110	Obtain Sign-off	1112SF	0 d	Mon 9/2/13	Mon 9/2/13
1111	<b>Training Classes</b>		<b>15 d</b>	<b>Mon 9/2/13</b>	<b>Fri 9/20/13</b>
1112	Conduct Training Classes	1052FS-15 d	15 d	Mon 9/2/13	Fri 9/20/13
1113	Training Evaluation	1112	0 d	Fri 9/20/13	Fri 9/20/13
1114	<b>End User Training</b>		<b>20 d</b>	<b>Mon 9/16/13</b>	<b>Fri 10/11/13</b>
1115	Develop Schedule	1083FS-5 d	5 d	Mon 9/16/13	Fri 9/20/13
1116	Conduct Training Classes	1115	15 d	Mon 9/23/13	Fri 10/11/13
1117	Training Evaluation	1116	0 d	Fri 10/11/13	Fri 10/11/13
1118	<b>Parallel Test Plan</b>	<b>1046</b>	<b>20 d</b>	<b>Mon 9/23/13</b>	<b>Fri 10/18/13</b>
1119	Develop Document		10 d	Mon 9/23/13	Fri 10/4/13
1120	Provide VCERA Iterative Draft Walkthroughs as Warranted	1119	1 d	Mon 10/7/13	Mon 10/7/13
1121	Formal Submission of Deliverable	1120	0 d	Mon 10/7/13	Mon 10/7/13
1122	VCERA Review of Deliverable	1121	4 d	Tue 10/8/13	Fri 10/11/13
1123	Linea addresses comments from VCERA Review	1122	5 d	Mon 10/14/13	Fri 10/18/13
1124	Obtain Sign-off	1123	0 d	Fri 10/18/13	Fri 10/18/13
1125	<b>Rollout Sub-Phase</b>		<b>32 d</b>	<b>Mon 9/16/13</b>	<b>Tue 10/29/13</b>
1126	<b>Live Production System</b>		<b>32 d</b>	<b>Mon 9/16/13</b>	<b>Tue 10/29/13</b>
1127	<b>Cutover Plan</b>	<b>1052FS-5 d</b>	<b>28 d</b>	<b>Mon 9/16/13</b>	<b>Wed 10/23/13</b>
1128	Develop Document		10 d	Mon 9/16/13	Fri 9/27/13
1129	Provide VCERA Iterative Draft Walkthroughs as Warranted	1128	5 d	Mon 9/30/13	Fri 10/4/13
1130	Formal Submission of Deliverable	1129	0 d	Fri 10/4/13	Fri 10/4/13
1131	VCERA Review of Deliverable	1130	5 d	Mon 10/7/13	Fri 10/11/13
1132	Vitech addresses comments from VCERA Review	1131	5 d	Mon 10/14/13	Fri 10/18/13
1133	Final VCERA Review (walkthrough of comments)	1132	3 d	Mon 10/21/13	Wed 10/23/13
1134	Obtain Sign-off	1133	0 d	Wed 10/23/13	Wed 10/23/13
1135	Rollout accepted for Production	1134	0 d	Wed 10/23/13	Wed 10/23/13
1136	<b>Production Environment</b>	<b>1134</b>	<b>4 d</b>	<b>Thu 10/24/13</b>	<b>Tue 10/29/13</b>
1137	Prepare Production Environment		2 d	Thu 10/24/13	Fri 10/25/13
1138	Create Conversion Files from Legacy System	1137SS	2 d	Thu 10/24/13	Fri 10/25/13
1139	Migrate Application to Production Environment	1138	1 d	Mon 10/28/13	Mon 10/28/13
1140	Load System Parameter Tables	1139SS	1 d	Mon 10/28/13	Mon 10/28/13
1141	Convert Data into Production Environment	1139SS	1 d	Mon 10/28/13	Mon 10/28/13
1142	Validate Data Loads	1141	1 d	Tue 10/29/13	Tue 10/29/13
1143	Live Production System	1126	0 d	Tue 10/29/13	Tue 10/29/13
1144	Deployment Phase Complete	1126	0 d	Tue 10/29/13	Tue 10/29/13
1145	Rollout 1 Complete	1126	0 d	Tue 10/29/13	Tue 10/29/13
1146	<b>Rollout 2 - Benefit Processing, Disbursements, Tax Reporting, Adjustments, RIS Replacement</b>		<b>375 d</b>	<b>Mon 9/23/13</b>	<b>Fri 2/27/15</b>
1147	<b>Parallel Testing for Rollout 1</b>	<b>1143</b>	<b>20 d</b>	<b>Wed 10/30/13</b>	<b>Tue 11/26/13</b>
1148	Train team on parallel testing procedures		1 d	Wed 10/30/13	Wed 10/30/13
1149	Perform Parallel Testing	1148	19 d	Thu 10/31/13	Tue 11/26/13
1150	Document Test Results	1149FF	19 d	Thu 10/31/13	Tue 11/26/13

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ID	Task Name	Predecessors	Duration	Start	Finish
1151	<b>Segment A (Pension - Estimates, Application &amp; Processing)</b>		<b>120 d</b>	<b>Mon 9/23/13</b>	<b>Fri 3/7/14</b>
1152	<b>Track - Pension - Estimates, Application &amp; Processing</b>		<b>105 d</b>	<b>Mon 9/23/13</b>	<b>Fri 2/14/14</b>
1153	<b>Sprint 1 - Benefit Estimates</b>	<b>205FS+320 d</b>	<b>35 d</b>	<b>Mon 9/23/13</b>	<b>Fri 11/8/13</b>
1154	<b>Sprint Preparation</b>		<b>5 d</b>	<b>Mon 9/23/13</b>	<b>Fri 9/27/13</b>
1155	Review Sprint Guidelines		1 d	Mon 9/23/13	Mon 9/23/13
1156	Review Rollout Planning Materials		3 d	Mon 9/23/13	Wed 9/25/13
1157	Resource Planning		1 d	Mon 9/23/13	Mon 9/23/13
1158	<b>Discovery Materials / Business Samples</b>		<b>5 d</b>	<b>Mon 9/23/13</b>	<b>Fri 9/27/13</b>
1159	Create Business Samples		5 d	Mon 9/23/13	Fri 9/27/13
1160	Create Discovery Materials		5 d	Mon 9/23/13	Fri 9/27/13
1161	<b>Sprint Execution</b>	<b>1154</b>	<b>20 d</b>	<b>Mon 9/30/13</b>	<b>Fri 10/25/13</b>
1162	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Mon 9/30/13</b>	<b>Tue 10/8/13</b>
1163	Analyze / Confirm Business Requirements		6 d	Mon 9/30/13	Mon 10/7/13
1164	Perform Configuration	1163SS	6 d	Mon 9/30/13	Mon 10/7/13
1165	Perform Preliminary Testing	1164FF	6 d	Mon 9/30/13	Mon 10/7/13
1166	Deploy software for Structured Walkthrough	1165	1 d	Tue 10/8/13	Tue 10/8/13
1167	Perform First Structured Walkthrough	1166FF	1 d	Tue 10/8/13	Tue 10/8/13
1168	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Wed 10/9/13</b>	<b>Wed 10/16/13</b>
1169	Analyze / Confirm Business Requirements	1167	6 d	Wed 10/9/13	Wed 10/16/13
1170	Perform Configuration	1169SS	6 d	Wed 10/9/13	Wed 10/16/13
1171	Perform Preliminary Testing	1170FF	5 d	Thu 10/10/13	Wed 10/16/13
1172	Perform Structured Walkthroughs	1171FF	5 d	Thu 10/10/13	Wed 10/16/13
1173	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Thu 10/17/13</b>	<b>Thu 10/24/13</b>
1174	Perform Sprint Checkpoint	1172	1 d	Thu 10/17/13	Thu 10/17/13
1175	Create Verification Test Scenarios	1174SS	5 d	Thu 10/17/13	Wed 10/23/13
1176	Perform Configuration	1172	5 d	Thu 10/17/13	Wed 10/23/13
1177	Perform Preliminary Testing	1176FF	4 d	Fri 10/18/13	Wed 10/23/13
1178	Deploy software for Structured Walkthrough	1177	1 d	Thu 10/24/13	Thu 10/24/13
1179	Perform Final Structured Walkthrough	1178FF	1 d	Thu 10/24/13	Thu 10/24/13
1180	Deploy Application for Verification Testing	1179	1 d	Fri 10/25/13	Fri 10/25/13
1181	<b>Verification Testing</b>	<b>1161</b>	<b>10 d</b>	<b>Mon 10/28/13</b>	<b>Fri 11/8/13</b>
1182	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 10/28/13</b>	<b>Fri 11/8/13</b>
1183	Execute and Validate Test Cases / Results	1180	10 d	Mon 10/28/13	Fri 11/8/13
1184	<b>Configuration</b>		<b>10 d</b>	<b>Mon 10/28/13</b>	<b>Fri 11/8/13</b>
1185	Update V3 Solution	1183FF	10 d	Mon 10/28/13	Fri 11/8/13
1186	Create Verification Testing Certified	1183FF	1 d	Fri 11/8/13	Fri 11/8/13
1187	Deliver Draft Solution Design Document	1183FF	1 d	Fri 11/8/13	Fri 11/8/13
1188	<b>Sprint 2 - Retirement Process - FAC</b>	<b>205FS+340 d</b>	<b>39 d</b>	<b>Mon 10/21/13</b>	<b>Thu 12/12/13</b>
1189	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 10/21/13</b>	<b>Fri 11/8/13</b>
1190	Review Sprint Guidelines		3 d	Mon 10/21/13	Wed 10/23/13
1191	Resource Planning		3 d	Mon 10/21/13	Wed 10/23/13

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
1192	Review Rollout Planning Materials		3 d	Mon 10/21/13	Wed 10/23/13
1193	Sprint Backlog Review - Prior Sprint		3 d	Mon 10/21/13	Wed 10/23/13
1194	Prior Sprint Retrospective		3 d	Mon 10/21/13	Wed 10/23/13
1195	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 10/21/13</b>	<b>Fri 11/8/13</b>
1196	Create Business Samples		15 d	Mon 10/21/13	Fri 11/8/13
1197	Create Discovery Materials		15 d	Mon 10/21/13	Fri 11/8/13
1198	<b>Sprint Execution</b>	<b>1189FS-3 d</b>	<b>20 d</b>	<b>Wed 11/6/13</b>	<b>Tue 12/3/13</b>
1199	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Wed 11/6/13</b>	<b>Thu 11/14/13</b>
1200	Analyze / Confirm Business Requirements		6 d	Wed 11/6/13	Wed 11/13/13
1201	Perform Configuration	1200SS	6 d	Wed 11/6/13	Wed 11/13/13
1202	Perform Preliminary Testing	1201FF	6 d	Wed 11/6/13	Wed 11/13/13
1203	Deploy software for Structured Walkthrough	1202	1 d	Thu 11/14/13	Thu 11/14/13
1204	Perform First Structured Walkthrough	1203FF	1 d	Thu 11/14/13	Thu 11/14/13
1205	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Fri 11/15/13</b>	<b>Fri 11/22/13</b>
1206	Analyze / Confirm Business Requirements	1204	6 d	Fri 11/15/13	Fri 11/22/13
1207	Perform Configuration	1206SS	6 d	Fri 11/15/13	Fri 11/22/13
1208	Perform Preliminary Testing	1207FF	5 d	Mon 11/18/13	Fri 11/22/13
1209	Perform Structured Walkthroughs	1208FF	5 d	Mon 11/18/13	Fri 11/22/13
1210	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Mon 11/25/13</b>	<b>Mon 12/2/13</b>
1211	Perform Sprint Checkpoint	1209	1 d	Mon 11/25/13	Mon 11/25/13
1212	Create Verification Test Scenarios	1211SS	4 d	Mon 11/25/13	Thu 11/28/13
1213	Perform Configuration	1209	5 d	Mon 11/25/13	Fri 11/29/13
1214	Perform Preliminary Testing	1213FF	5 d	Mon 11/25/13	Fri 11/29/13
1215	Deploy software for Structured Walkthrough	1214	1 d	Mon 12/2/13	Mon 12/2/13
1216	Perform Final Structured Walkthrough	1215FF	1 d	Mon 12/2/13	Mon 12/2/13
1217	Deploy Application for Verification Testing	1216	1 d	Tue 12/3/13	Tue 12/3/13
1218	<b>Verification Testing</b>		<b>10 d</b>	<b>Fri 11/29/13</b>	<b>Thu 12/12/13</b>
1219	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Fri 11/29/13</b>	<b>Thu 12/12/13</b>
1220	Execute and Validate Test Cases / Results	1198FS-3 d	10 d	Fri 11/29/13	Thu 12/12/13
1221	<b>Configuration</b>		<b>10 d</b>	<b>Fri 11/29/13</b>	<b>Thu 12/12/13</b>
1222	Update V3 Solution	1220FF	10 d	Fri 11/29/13	Thu 12/12/13
1223	Create Verification Testing Certified	1220FF	1 d	Thu 12/12/13	Thu 12/12/13
1224	Deliver Draft Solution Design Document	1220FF	1 d	Thu 12/12/13	Thu 12/12/13
1225	<b>Sprint 3 - Retirement-Service and Age</b>	<b>205FS+360 d</b>	<b>39 d</b>	<b>Mon 11/18/13</b>	<b>Thu 1/9/14</b>
1226	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 11/18/13</b>	<b>Fri 12/6/13</b>
1227	Review Sprint Guidelines		3 d	Mon 11/18/13	Wed 11/20/13
1228	Resource Planning		3 d	Mon 11/18/13	Wed 11/20/13
1229	Review Rollout Planning Materials		3 d	Mon 11/18/13	Wed 11/20/13
1230	Sprint Backlog Review - Prior Sprint		3 d	Mon 11/18/13	Wed 11/20/13
1231	Prior Sprint Retrospective		3 d	Mon 11/18/13	Wed 11/20/13
1232	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 11/18/13</b>	<b>Fri 12/6/13</b>

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
1233	Create Business Samples		15 d	Mon 11/18/13	Fri 12/6/13
1234	Create Discovery Materials		15 d	Mon 11/18/13	Fri 12/6/13
1235	<b>Sprint Execution</b>	<b>1226FS-3 d</b>	<b>20 d</b>	<b>Wed 12/4/13</b>	<b>Tue 12/31/13</b>
1236	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Wed 12/4/13</b>	<b>Thu 12/12/13</b>
1237	Analyze / Confirm Business Requirements		6 d	Wed 12/4/13	Wed 12/11/13
1238	Perform Configuration	1237SS	6 d	Wed 12/4/13	Wed 12/11/13
1239	Perform Preliminary Testing	1238FF	6 d	Wed 12/4/13	Wed 12/11/13
1240	Deploy software for Structured Walkthrough	1239	1 d	Thu 12/12/13	Thu 12/12/13
1241	Perform First Structured Walkthrough	1240FF	1 d	Thu 12/12/13	Thu 12/12/13
1242	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Fri 12/13/13</b>	<b>Fri 12/20/13</b>
1243	Analyze / Confirm Business Requirements	1241	6 d	Fri 12/13/13	Fri 12/20/13
1244	Perform Configuration	1243SS	6 d	Fri 12/13/13	Fri 12/20/13
1245	Perform Preliminary Testing	1244FF	5 d	Mon 12/16/13	Fri 12/20/13
1246	Perform Structured Walkthroughs	1245FF	5 d	Mon 12/16/13	Fri 12/20/13
1247	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Mon 12/23/13</b>	<b>Mon 12/30/13</b>
1248	Perform Sprint Checkpoint	1246	1 d	Mon 12/23/13	Mon 12/23/13
1249	Create Verification Test Scenarios	1248SS	4 d	Mon 12/23/13	Thu 12/26/13
1250	Perform Configuration	1246	5 d	Mon 12/23/13	Fri 12/27/13
1251	Perform Preliminary Testing	1250FF	5 d	Mon 12/23/13	Fri 12/27/13
1252	Deploy software for Structured Walkthrough	1251	1 d	Mon 12/30/13	Mon 12/30/13
1253	Perform Final Structured Walkthrough	1252FF	1 d	Mon 12/30/13	Mon 12/30/13
1254	Deploy Application for Verification Testing	1253	1 d	Tue 12/31/13	Tue 12/31/13
1255	<b>Verification Testing</b>		<b>10 d</b>	<b>Fri 12/27/13</b>	<b>Thu 1/9/14</b>
1256	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Fri 12/27/13</b>	<b>Thu 1/9/14</b>
1257	Execute and Validate Test Cases / Results	1235FS-3 d	10 d	Fri 12/27/13	Thu 1/9/14
1258	<b>Configuration</b>		<b>10 d</b>	<b>Fri 12/27/13</b>	<b>Thu 1/9/14</b>
1259	Update V3 Solution	1257FF	10 d	Fri 12/27/13	Thu 1/9/14
1260	Create Verification Testing Certified	1257FF	1 d	Thu 1/9/14	Thu 1/9/14
1261	Deliver Draft Solution Design Document	1257FF	1 d	Thu 1/9/14	Thu 1/9/14
1262	<b>Sprint 4 - Retirement-General Process</b>	<b>205FS+380 d</b>	<b>39 d</b>	<b>Mon 12/16/13</b>	<b>Thu 2/6/14</b>
1263	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 12/16/13</b>	<b>Fri 1/3/14</b>
1264	Review Sprint Guidelines		3 d	Mon 12/16/13	Wed 12/18/13
1265	Resource Planning		3 d	Mon 12/16/13	Wed 12/18/13
1266	Review Rollout Planning Materials		3 d	Mon 12/16/13	Wed 12/18/13
1267	Sprint Backlog Review - Prior Sprint		3 d	Mon 12/16/13	Wed 12/18/13
1268	Prior Sprint Retrospective		3 d	Mon 12/16/13	Wed 12/18/13
1269	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 12/16/13</b>	<b>Fri 1/3/14</b>
1270	Create Business Samples		15 d	Mon 12/16/13	Fri 1/3/14
1271	Create Discovery Materials		15 d	Mon 12/16/13	Fri 1/3/14
1272	<b>Sprint Execution</b>	<b>1263FS-3 d</b>	<b>20 d</b>	<b>Wed 1/1/14</b>	<b>Tue 1/28/14</b>
1273	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Wed 1/1/14</b>	<b>Thu 1/9/14</b>



**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
1274	Analyze / Confirm Business Requirements		6 d	Wed 1/1/14	Wed 1/8/14
1275	Perform Configuration	1274SS	6 d	Wed 1/1/14	Wed 1/8/14
1276	Perform Preliminary Testing	1275FF	6 d	Wed 1/1/14	Wed 1/8/14
1277	Deploy software for Structured Walkthrough	1276	1 d	Thu 1/9/14	Thu 1/9/14
1278	Perform First Structured Walkthrough	1277FF	1 d	Thu 1/9/14	Thu 1/9/14
1279	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Fri 1/10/14</b>	<b>Fri 1/17/14</b>
1280	Analyze / Confirm Business Requirements	1278	6 d	Fri 1/10/14	Fri 1/17/14
1281	Perform Configuration	1280SS	6 d	Fri 1/10/14	Fri 1/17/14
1282	Perform Preliminary Testing	1281FF	5 d	Mon 1/13/14	Fri 1/17/14
1283	Perform Structured Walkthroughs	1282FF	5 d	Mon 1/13/14	Fri 1/17/14
1284	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Mon 1/20/14</b>	<b>Mon 1/27/14</b>
1285	Perform Sprint Checkpoint	1283	1 d	Mon 1/20/14	Mon 1/20/14
1286	Create Verification Test Scenarios	1285SS	4 d	Mon 1/20/14	Thu 1/23/14
1287	Perform Configuration	1283	5 d	Mon 1/20/14	Fri 1/24/14
1288	Perform Preliminary Testing	1287FF	5 d	Mon 1/20/14	Fri 1/24/14
1289	Deploy software for Structured Walkthrough	1288	1 d	Mon 1/27/14	Mon 1/27/14
1290	Perform Final Structured Walkthrough	1289FF	1 d	Mon 1/27/14	Mon 1/27/14
1291	Deploy Application for Verification Testing	1290	1 d	Tue 1/28/14	Tue 1/28/14
1292	<b>Verification Testing</b>		<b>10 d</b>	<b>Fri 1/24/14</b>	<b>Thu 2/6/14</b>
1293	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Fri 1/24/14</b>	<b>Thu 2/6/14</b>
1294	Execute and Validate Test Cases / Results	1272FS-3 d	10 d	Fri 1/24/14	Thu 2/6/14
1295	<b>Configuration</b>		<b>10 d</b>	<b>Fri 1/24/14</b>	<b>Thu 2/6/14</b>
1296	Update V3 Solution	1294FF	10 d	Fri 1/24/14	Thu 2/6/14
1297	Create Verification Testing Certified	1294FF	1 d	Thu 2/6/14	Thu 2/6/14
1298	Deliver Draft Solution Design Document	1294FF	1 d	Thu 2/6/14	Thu 2/6/14
1299	<b>Data Conversion Mapping Specifications</b>		<b>60 d</b>	<b>Fri 11/15/13</b>	<b>Thu 2/6/14</b>
1300	Conduct Data Mapping & Transformation Logic Meetings	1262FF	60 d	Fri 11/15/13	Thu 2/6/14
1301	Develop Data Mapping & Transformation documents	1300SS	60 d	Fri 11/15/13	Thu 2/6/14
1302	Update Data Mapping & Transformation documents based on Sessions	1301SS	60 d	Fri 11/15/13	Thu 2/6/14
1303	Review / Approve Data Mapping & Transformation documents	1302SS	60 d	Fri 11/15/13	Thu 2/6/14
1304	<b>Validation Testing Preparation</b>	<b>1153SS+45 d</b>	<b>60 d</b>	<b>Mon 11/25/13</b>	<b>Fri 2/14/14</b>
1305	<b>Configuration</b>		<b>35 d</b>	<b>Mon 11/25/13</b>	<b>Fri 1/10/14</b>
1306	Perform Configuration		35 d	Mon 11/25/13	Fri 1/10/14
1307	Perform Preliminary Testing	1306FF	35 d	Mon 11/25/13	Fri 1/10/14
1308	Deploy Application for Validation Testing	1307FF	1 d	Fri 1/10/14	Fri 1/10/14
1309	<b>Test Preparation</b>	<b>1305</b>	<b>20 d</b>	<b>Mon 1/13/14</b>	<b>Fri 2/7/14</b>
1310	Create Validation Test Cases		20 d	Mon 1/13/14	Fri 2/7/14
1311	Complete Test Data Setup		20 d	Mon 1/13/14	Fri 2/7/14
1312	<b>Solution Design Document</b>		<b>35 d</b>	<b>Mon 12/30/13</b>	<b>Fri 2/14/14</b>
1313	Create Solution Design Document	1309FF+5 d	35 d	Mon 12/30/13	Fri 2/14/14
1314	<b>Test Creation</b>		<b>105 d</b>	<b>Mon 9/23/13</b>	<b>Fri 2/14/14</b>

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
1315	Create test documentation for the Segment	1153SS	105 d	Mon 9/23/13	Fri 2/14/14
1316	<b>Validation Testing</b>	<b>1304</b>	<b>15 d</b>	<b>Mon 2/17/14</b>	<b>Fri 3/7/14</b>
1317	Train team on Validation procedures		1 d	Mon 2/17/14	Mon 2/17/14
1318	Perform Validation Testing	1317SS	15 d	Mon 2/17/14	Fri 3/7/14
1319	Document Validation Results	1318FF	15 d	Mon 2/17/14	Fri 3/7/14
1320	Validation Testing Complete	1319FF	0 d	Fri 3/7/14	Fri 3/7/14
1321	<b>Segment B (Disbursements &amp; Payroll Deductions, COLA, 1099, Adjustments)</b>		<b>155 d</b>	<b>Mon 11/18/13</b>	<b>Fri 6/20/14</b>
1322	<b>Track - Disbursements &amp; Payroll Deductions, COLA, 1099, Adjustments</b>		<b>140 d</b>	<b>Mon 11/18/13</b>	<b>Fri 5/30/14</b>
1323	<b>Sprint 1 - Retiree Payroll</b>	<b>205FS+360 d</b>	<b>35 d</b>	<b>Mon 11/18/13</b>	<b>Fri 1/3/14</b>
1324	<b>Sprint Preparation</b>		<b>5 d</b>	<b>Mon 11/18/13</b>	<b>Fri 11/22/13</b>
1325	Review Sprint Guidelines		1 d	Mon 11/18/13	Mon 11/18/13
1326	Review Rollout Planning Materials		3 d	Mon 11/18/13	Wed 11/20/13
1327	Resource Planning		1 d	Mon 11/18/13	Mon 11/18/13
1328	<b>Discovery Materials / Business Samples</b>		<b>5 d</b>	<b>Mon 11/18/13</b>	<b>Fri 11/22/13</b>
1329	Create Business Samples		5 d	Mon 11/18/13	Fri 11/22/13
1330	Create Discovery Materials		5 d	Mon 11/18/13	Fri 11/22/13
1331	<b>Sprint Execution</b>	<b>1324</b>	<b>20 d</b>	<b>Mon 11/25/13</b>	<b>Fri 12/20/13</b>
1332	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Mon 11/25/13</b>	<b>Tue 12/3/13</b>
1333	Analyze / Confirm Business Requirements		6 d	Mon 11/25/13	Mon 12/2/13
1334	Perform Configuration	1333SS	6 d	Mon 11/25/13	Mon 12/2/13
1335	Perform Preliminary Testing	1334FF	6 d	Mon 11/25/13	Mon 12/2/13
1336	Deploy software for Structured Walkthrough	1335	1 d	Tue 12/3/13	Tue 12/3/13
1337	Perform First Structured Walkthrough	1336FF	1 d	Tue 12/3/13	Tue 12/3/13
1338	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Wed 12/4/13</b>	<b>Wed 12/11/13</b>
1339	Analyze / Confirm Business Requirements	1337	6 d	Wed 12/4/13	Wed 12/11/13
1340	Perform Configuration	1339SS	6 d	Wed 12/4/13	Wed 12/11/13
1341	Perform Preliminary Testing	1340FF	5 d	Thu 12/5/13	Wed 12/11/13
1342	Perform Structured Walkthroughs	1341FF	5 d	Thu 12/5/13	Wed 12/11/13
1343	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Thu 12/12/13</b>	<b>Thu 12/19/13</b>
1344	Perform Sprint Checkpoint	1342	1 d	Thu 12/12/13	Thu 12/12/13
1345	Create Verification Test Scenarios	1344SS	5 d	Thu 12/12/13	Wed 12/18/13
1346	Perform Configuration	1342	5 d	Thu 12/12/13	Wed 12/18/13
1347	Perform Preliminary Testing	1346FF	4 d	Fri 12/13/13	Wed 12/18/13
1348	Deploy software for Structured Walkthrough	1347	1 d	Thu 12/19/13	Thu 12/19/13
1349	Perform Final Structured Walkthrough	1348FF	1 d	Thu 12/19/13	Thu 12/19/13
1350	Deploy Application for Verification Testing	1349	1 d	Fri 12/20/13	Fri 12/20/13
1351	<b>Verification Testing</b>	<b>1331</b>	<b>10 d</b>	<b>Mon 12/23/13</b>	<b>Fri 1/3/14</b>
1352	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 12/23/13</b>	<b>Fri 1/3/14</b>
1353	Execute and Validate Test Cases / Results	1350	10 d	Mon 12/23/13	Fri 1/3/14
1354	<b>Configuration</b>		<b>10 d</b>	<b>Mon 12/23/13</b>	<b>Fri 1/3/14</b>
1355	Update V3 Solution	1353FF	10 d	Mon 12/23/13	Fri 1/3/14

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
1356	Create Verification Testing Certified	1353FF	1 d	Fri 1/3/14	Fri 1/3/14
1357	Deliver Draft Solution Design Document	1353FF	1 d	Fri 1/3/14	Fri 1/3/14
1358	<b>Sprint 2 - Healthcare and Insurance</b>	<b>205FS+380 d</b>	<b>39 d</b>	<b>Mon 12/16/13</b>	<b>Thu 2/6/14</b>
1359	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 12/16/13</b>	<b>Fri 1/3/14</b>
1360	Review Sprint Guidelines		3 d	Mon 12/16/13	Wed 12/18/13
1361	Resource Planning		3 d	Mon 12/16/13	Wed 12/18/13
1362	Review Rollout Planning Materials		3 d	Mon 12/16/13	Wed 12/18/13
1363	Sprint Backlog Review - Prior Sprint		3 d	Mon 12/16/13	Wed 12/18/13
1364	Prior Sprint Retrospective		3 d	Mon 12/16/13	Wed 12/18/13
1365	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 12/16/13</b>	<b>Fri 1/3/14</b>
1366	Create Business Samples		15 d	Mon 12/16/13	Fri 1/3/14
1367	Create Discovery Materials		15 d	Mon 12/16/13	Fri 1/3/14
1368	<b>Sprint Execution</b>	<b>1359FS-3 d</b>	<b>20 d</b>	<b>Wed 1/1/14</b>	<b>Tue 1/28/14</b>
1369	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Wed 1/1/14</b>	<b>Thu 1/9/14</b>
1370	Analyze / Confirm Business Requirements		6 d	Wed 1/1/14	Wed 1/8/14
1371	Perform Configuration	1370SS	6 d	Wed 1/1/14	Wed 1/8/14
1372	Perform Preliminary Testing	1371FF	6 d	Wed 1/1/14	Wed 1/8/14
1373	Deploy software for Structured Walkthrough	1372	1 d	Thu 1/9/14	Thu 1/9/14
1374	Perform First Structured Walkthrough	1373FF	1 d	Thu 1/9/14	Thu 1/9/14
1375	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Fri 1/10/14</b>	<b>Fri 1/17/14</b>
1376	Analyze / Confirm Business Requirements	1374	6 d	Fri 1/10/14	Fri 1/17/14
1377	Perform Configuration	1376SS	6 d	Fri 1/10/14	Fri 1/17/14
1378	Perform Preliminary Testing	1377FF	5 d	Mon 1/13/14	Fri 1/17/14
1379	Perform Structured Walkthroughs	1378FF	5 d	Mon 1/13/14	Fri 1/17/14
1380	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Mon 1/20/14</b>	<b>Mon 1/27/14</b>
1381	Perform Sprint Checkpoint	1379	1 d	Mon 1/20/14	Mon 1/20/14
1382	Create Verification Test Scenarios	1381SS	4 d	Mon 1/20/14	Thu 1/23/14
1383	Perform Configuration	1379	5 d	Mon 1/20/14	Fri 1/24/14
1384	Perform Preliminary Testing	1383FF	5 d	Mon 1/20/14	Fri 1/24/14
1385	Deploy software for Structured Walkthrough	1384	1 d	Mon 1/27/14	Mon 1/27/14
1386	Perform Final Structured Walkthrough	1385FF	1 d	Mon 1/27/14	Mon 1/27/14
1387	Deploy Application for Verification Testing	1386	1 d	Tue 1/28/14	Tue 1/28/14
1388	<b>Verification Testing</b>		<b>10 d</b>	<b>Fri 1/24/14</b>	<b>Thu 2/6/14</b>
1389	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Fri 1/24/14</b>	<b>Thu 2/6/14</b>
1390	Execute and Validate Test Cases / Results	1368FS-3 d	10 d	Fri 1/24/14	Thu 2/6/14
1391	<b>Configuration</b>		<b>10 d</b>	<b>Fri 1/24/14</b>	<b>Thu 2/6/14</b>
1392	Update V3 Solution	1390FF	10 d	Fri 1/24/14	Thu 2/6/14
1393	Create Verification Testing Certified	1390FF	1 d	Thu 2/6/14	Thu 2/6/14
1394	Deliver Draft Solution Design Document	1390FF	1 d	Thu 2/6/14	Thu 2/6/14
1395	<b>Sprint 3 - COLA Granting</b>	<b>205FS+400 d</b>	<b>39 d</b>	<b>Mon 1/13/14</b>	<b>Thu 3/6/14</b>
1396	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 1/13/14</b>	<b>Fri 1/31/14</b>

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
1397	Review Sprint Guidelines		3 d	Mon 1/13/14	Wed 1/15/14
1398	Resource Planning		3 d	Mon 1/13/14	Wed 1/15/14
1399	Review Rollout Planning Materials		3 d	Mon 1/13/14	Wed 1/15/14
1400	Sprint Backlog Review - Prior Sprint		3 d	Mon 1/13/14	Wed 1/15/14
1401	Prior Sprint Retrospective		3 d	Mon 1/13/14	Wed 1/15/14
1402	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 1/13/14</b>	<b>Fri 1/31/14</b>
1403	Create Business Samples		15 d	Mon 1/13/14	Fri 1/31/14
1404	Create Discovery Materials		15 d	Mon 1/13/14	Fri 1/31/14
1405	<b>Sprint Execution</b>	<b>1396FS-3 d</b>	<b>20 d</b>	<b>Wed 1/29/14</b>	<b>Tue 2/25/14</b>
1406	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Wed 1/29/14</b>	<b>Thu 2/6/14</b>
1407	Analyze / Confirm Business Requirements		6 d	Wed 1/29/14	Wed 2/5/14
1408	Perform Configuration	1407SS	6 d	Wed 1/29/14	Wed 2/5/14
1409	Perform Preliminary Testing	1408FF	6 d	Wed 1/29/14	Wed 2/5/14
1410	Deploy software for Structured Walkthrough	1409	1 d	Thu 2/6/14	Thu 2/6/14
1411	Perform First Structured Walkthrough	1410FF	1 d	Thu 2/6/14	Thu 2/6/14
1412	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Fri 2/7/14</b>	<b>Fri 2/14/14</b>
1413	Analyze / Confirm Business Requirements	1411	6 d	Fri 2/7/14	Fri 2/14/14
1414	Perform Configuration	1413SS	6 d	Fri 2/7/14	Fri 2/14/14
1415	Perform Preliminary Testing	1414FF	5 d	Mon 2/10/14	Fri 2/14/14
1416	Perform Structured Walkthroughs	1415FF	5 d	Mon 2/10/14	Fri 2/14/14
1417	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Mon 2/17/14</b>	<b>Mon 2/24/14</b>
1418	Perform Sprint Checkpoint	1416	1 d	Mon 2/17/14	Mon 2/17/14
1419	Create Verification Test Scenarios	1418SS	4 d	Mon 2/17/14	Thu 2/20/14
1420	Perform Configuration	1416	5 d	Mon 2/17/14	Fri 2/21/14
1421	Perform Preliminary Testing	1420FF	5 d	Mon 2/17/14	Fri 2/21/14
1422	Deploy software for Structured Walkthrough	1421	1 d	Mon 2/24/14	Mon 2/24/14
1423	Perform Final Structured Walkthrough	1422FF	1 d	Mon 2/24/14	Mon 2/24/14
1424	Deploy Application for Verification Testing	1423	1 d	Tue 2/25/14	Tue 2/25/14
1425	<b>Verification Testing</b>		<b>10 d</b>	<b>Fri 2/21/14</b>	<b>Thu 3/6/14</b>
1426	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Fri 2/21/14</b>	<b>Thu 3/6/14</b>
1427	Execute and Validate Test Cases / Results	1405FS-3 d	10 d	Fri 2/21/14	Thu 3/6/14
1428	<b>Configuration</b>		<b>10 d</b>	<b>Fri 2/21/14</b>	<b>Thu 3/6/14</b>
1429	Update V3 Solution	1427FF	10 d	Fri 2/21/14	Thu 3/6/14
1430	Create Verification Testing Certified	1427FF	1 d	Thu 3/6/14	Thu 3/6/14
1431	Deliver Draft Solution Design Document	1427FF	1 d	Thu 3/6/14	Thu 3/6/14
1432	<b>Sprint 4 - 1099R Processing</b>	<b>205FS+420 d</b>	<b>39 d</b>	<b>Mon 2/10/14</b>	<b>Thu 4/3/14</b>
1433	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 2/10/14</b>	<b>Fri 2/28/14</b>
1434	Review Sprint Guidelines		3 d	Mon 2/10/14	Wed 2/12/14
1435	Resource Planning		3 d	Mon 2/10/14	Wed 2/12/14
1436	Review Rollout Planning Materials		3 d	Mon 2/10/14	Wed 2/12/14
1437	Sprint Backlog Review - Prior Sprint		3 d	Mon 2/10/14	Wed 2/12/14

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ID	Task Name	Predecessors	Duration	Start	Finish
1438	Prior Sprint Retrospective		3 d	Mon 2/10/14	Wed 2/12/14
1439	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 2/10/14</b>	<b>Fri 2/28/14</b>
1440	Create Business Samples		15 d	Mon 2/10/14	Fri 2/28/14
1441	Create Discovery Materials		15 d	Mon 2/10/14	Fri 2/28/14
1442	<b>Sprint Execution</b>	<b>1433FS-3 d</b>	<b>20 d</b>	<b>Wed 2/26/14</b>	<b>Tue 3/25/14</b>
1443	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Wed 2/26/14</b>	<b>Thu 3/6/14</b>
1444	Analyze / Confirm Business Requirements		6 d	Wed 2/26/14	Wed 3/5/14
1445	Perform Configuration	1444SS	6 d	Wed 2/26/14	Wed 3/5/14
1446	Perform Preliminary Testing	1445FF	6 d	Wed 2/26/14	Wed 3/5/14
1447	Deploy software for Structured Walkthrough	1446	1 d	Thu 3/6/14	Thu 3/6/14
1448	Perform First Structured Walkthrough	1447FF	1 d	Thu 3/6/14	Thu 3/6/14
1449	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Fri 3/7/14</b>	<b>Fri 3/14/14</b>
1450	Analyze / Confirm Business Requirements	1448	6 d	Fri 3/7/14	Fri 3/14/14
1451	Perform Configuration	1450SS	6 d	Fri 3/7/14	Fri 3/14/14
1452	Perform Preliminary Testing	1451FF	5 d	Mon 3/10/14	Fri 3/14/14
1453	Perform Structured Walkthroughs	1452FF	5 d	Mon 3/10/14	Fri 3/14/14
1454	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Mon 3/17/14</b>	<b>Mon 3/24/14</b>
1455	Perform Sprint Checkpoint	1453	1 d	Mon 3/17/14	Mon 3/17/14
1456	Create Verification Test Scenarios	1455SS	4 d	Mon 3/17/14	Thu 3/20/14
1457	Perform Configuration	1453	5 d	Mon 3/17/14	Fri 3/21/14
1458	Perform Preliminary Testing	1457FF	5 d	Mon 3/17/14	Fri 3/21/14
1459	Deploy software for Structured Walkthrough	1458	1 d	Mon 3/24/14	Mon 3/24/14
1460	Perform Final Structured Walkthrough	1459FF	1 d	Mon 3/24/14	Mon 3/24/14
1461	Deploy Application for Verification Testing	1460	1 d	Tue 3/25/14	Tue 3/25/14
1462	<b>Verification Testing</b>		<b>10 d</b>	<b>Fri 3/21/14</b>	<b>Thu 4/3/14</b>
1463	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Fri 3/21/14</b>	<b>Thu 4/3/14</b>
1464	Execute and Validate Test Cases / Results	1442FS-3 d	10 d	Fri 3/21/14	Thu 4/3/14
1465	<b>Configuration</b>		<b>10 d</b>	<b>Fri 3/21/14</b>	<b>Thu 4/3/14</b>
1466	Update V3 Solution	1464FF	10 d	Fri 3/21/14	Thu 4/3/14
1467	Create Verification Testing Certified	1464FF	1 d	Thu 4/3/14	Thu 4/3/14
1468	Deliver Draft Solution Design Document	1464FF	1 d	Thu 4/3/14	Thu 4/3/14
1469	<b>Sprint 5 - Member Account Adjustments</b>	<b>205FS+440 d</b>	<b>39 d</b>	<b>Mon 3/10/14</b>	<b>Thu 5/1/14</b>
1470	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 3/10/14</b>	<b>Fri 3/28/14</b>
1471	Review Sprint Guidelines		3 d	Mon 3/10/14	Wed 3/12/14
1472	Resource Planning		3 d	Mon 3/10/14	Wed 3/12/14
1473	Review Rollout Planning Materials		3 d	Mon 3/10/14	Wed 3/12/14
1474	Sprint Backlog Review - Prior Sprint		3 d	Mon 3/10/14	Wed 3/12/14
1475	Prior Sprint Retrospective		3 d	Mon 3/10/14	Wed 3/12/14
1476	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 3/10/14</b>	<b>Fri 3/28/14</b>
1477	Create Business Samples		15 d	Mon 3/10/14	Fri 3/28/14
1478	Create Discovery Materials		15 d	Mon 3/10/14	Fri 3/28/14

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ID	Task Name	Predecessors	Duration	Start	Finish
1479	<b>Sprint Execution</b>	1470FS-3 d	20 d	Wed 3/26/14	Tue 4/22/14
1480	<b>First Structured Walkthrough</b>		7 d	Wed 3/26/14	Thu 4/3/14
1481	Analyze / Confirm Business Requirements		6 d	Wed 3/26/14	Wed 4/2/14
1482	Perform Configuration	1481SS	6 d	Wed 3/26/14	Wed 4/2/14
1483	Perform Preliminary Testing	1482FF	6 d	Wed 3/26/14	Wed 4/2/14
1484	Deploy software for Structured Walkthrough	1483	1 d	Thu 4/3/14	Thu 4/3/14
1485	Perform First Structured Walkthrough	1484FF	1 d	Thu 4/3/14	Thu 4/3/14
1486	<b>Design / Build / Verify Iterations</b>		6 d	Fri 4/4/14	Fri 4/11/14
1487	Analyze / Confirm Business Requirements	1485	6 d	Fri 4/4/14	Fri 4/11/14
1488	Perform Configuration	1487SS	6 d	Fri 4/4/14	Fri 4/11/14
1489	Perform Preliminary Testing	1488FF	5 d	Mon 4/7/14	Fri 4/11/14
1490	Perform Structured Walkthroughs	1489FF	5 d	Mon 4/7/14	Fri 4/11/14
1491	<b>Final Structured Walkthrough</b>		6 d	Mon 4/14/14	Mon 4/21/14
1492	Perform Sprint Checkpoint	1490	1 d	Mon 4/14/14	Mon 4/14/14
1493	Create Verification Test Scenarios	1492SS	4 d	Mon 4/14/14	Thu 4/17/14
1494	Perform Configuration	1490	5 d	Mon 4/14/14	Fri 4/18/14
1495	Perform Preliminary Testing	1494FF	5 d	Mon 4/14/14	Fri 4/18/14
1496	Deploy software for Structured Walkthrough	1495	1 d	Mon 4/21/14	Mon 4/21/14
1497	Perform Final Structured Walkthrough	1496FF	1 d	Mon 4/21/14	Mon 4/21/14
1498	Deploy Application for Verification Testing	1497	1 d	Tue 4/22/14	Tue 4/22/14
1499	<b>Verification Testing</b>		10 d	Fri 4/18/14	Thu 5/1/14
1500	<b>Test and Evaluate</b>		10 d	Fri 4/18/14	Thu 5/1/14
1501	Execute and Validate Test Cases / Results	1479FS-3 d	10 d	Fri 4/18/14	Thu 5/1/14
1502	<b>Configuration</b>		10 d	Fri 4/18/14	Thu 5/1/14
1503	Update V3 Solution	1501FF	10 d	Fri 4/18/14	Thu 5/1/14
1504	Create Verification Testing Certified	1501FF	1 d	Thu 5/1/14	Thu 5/1/14
1505	Deliver Draft Solution Design Document	1501FF	1 d	Thu 5/1/14	Thu 5/1/14
1506	<b>Sprint 6 - Year-end Processing</b>	205FS+460 d	39 d	Mon 4/7/14	Thu 5/29/14
1507	<b>Sprint Preparation</b>		15 d	Mon 4/7/14	Fri 4/25/14
1508	Review Sprint Guidelines		3 d	Mon 4/7/14	Wed 4/9/14
1509	Resource Planning		3 d	Mon 4/7/14	Wed 4/9/14
1510	Review Rollout Planning Materials		3 d	Mon 4/7/14	Wed 4/9/14
1511	Sprint Backlog Review - Prior Sprint		3 d	Mon 4/7/14	Wed 4/9/14
1512	Prior Sprint Retrospective		3 d	Mon 4/7/14	Wed 4/9/14
1513	<b>Discovery Materials / Business Samples</b>		15 d	Mon 4/7/14	Fri 4/25/14
1514	Create Business Samples		15 d	Mon 4/7/14	Fri 4/25/14
1515	Create Discovery Materials		15 d	Mon 4/7/14	Fri 4/25/14
1516	<b>Sprint Execution</b>	1507FS-3 d	20 d	Wed 4/23/14	Tue 5/20/14
1517	<b>First Structured Walkthrough</b>		7 d	Wed 4/23/14	Thu 5/1/14
1518	Analyze / Confirm Business Requirements		6 d	Wed 4/23/14	Wed 4/30/14
1519	Perform Configuration	1518SS	6 d	Wed 4/23/14	Wed 4/30/14

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ID	Task Name	Predecessors	Duration	Start	Finish
1520	Perform Preliminary Testing	1519FF	6 d	Wed 4/23/14	Wed 4/30/14
1521	Deploy software for Structured Walkthrough	1520	1 d	Thu 5/1/14	Thu 5/1/14
1522	Perform First Structured Walkthrough	1521FF	1 d	Thu 5/1/14	Thu 5/1/14
1523	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Fri 5/2/14</b>	<b>Fri 5/9/14</b>
1524	Analyze / Confirm Business Requirements	1522	6 d	Fri 5/2/14	Fri 5/9/14
1525	Perform Configuration	1524SS	6 d	Fri 5/2/14	Fri 5/9/14
1526	Perform Preliminary Testing	1525FF	5 d	Mon 5/5/14	Fri 5/9/14
1527	Perform Structured Walkthroughs	1526FF	5 d	Mon 5/5/14	Fri 5/9/14
1528	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Mon 5/12/14</b>	<b>Mon 5/19/14</b>
1529	Perform Sprint Checkpoint	1527	1 d	Mon 5/12/14	Mon 5/12/14
1530	Create Verification Test Scenarios	1529SS	4 d	Mon 5/12/14	Thu 5/15/14
1531	Perform Configuration	1527	5 d	Mon 5/12/14	Fri 5/16/14
1532	Perform Preliminary Testing	1531FF	5 d	Mon 5/12/14	Fri 5/16/14
1533	Deploy software for Structured Walkthrough	1532	1 d	Mon 5/19/14	Mon 5/19/14
1534	Perform Final Structured Walkthrough	1533FF	1 d	Mon 5/19/14	Mon 5/19/14
1535	Deploy Application for Verification Testing	1534	1 d	Tue 5/20/14	Tue 5/20/14
1536	<b>Verification Testing</b>		<b>10 d</b>	<b>Fri 5/16/14</b>	<b>Thu 5/29/14</b>
1537	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Fri 5/16/14</b>	<b>Thu 5/29/14</b>
1538	Execute and Validate Test Cases / Results	1516FS-3 d	10 d	Fri 5/16/14	Thu 5/29/14
1539	<b>Configuration</b>		<b>10 d</b>	<b>Fri 5/16/14</b>	<b>Thu 5/29/14</b>
1540	Update V3 Solution	1538FF	10 d	Fri 5/16/14	Thu 5/29/14
1541	Create Verification Testing Certified	1538FF	1 d	Thu 5/29/14	Thu 5/29/14
1542	Deliver Draft Solution Design Document	1538FF	1 d	Thu 5/29/14	Thu 5/29/14
1543	<b>Data Conversion Mapping Specifications</b>		<b>50 d</b>	<b>Fri 3/21/14</b>	<b>Thu 5/29/14</b>
1544	Conduct Data Mapping & Transformation Logic Meetings	1506FF	50 d	Fri 3/21/14	Thu 5/29/14
1545	Develop Data Mapping & Transformation documents	1544SS	50 d	Fri 3/21/14	Thu 5/29/14
1546	Update Data Mapping & Transformation documents based on Sessions	1545SS	50 d	Fri 3/21/14	Thu 5/29/14
1547	Review / Approve Data Mapping & Transformation documents	1546SS	50 d	Fri 3/21/14	Thu 5/29/14
1548	<b>Validation Testing Preparation</b>	<b>1323SS+100 c</b>	<b>40 d</b>	<b>Mon 4/7/14</b>	<b>Fri 5/30/14</b>
1549	<b>Configuration</b>		<b>20 d</b>	<b>Mon 4/7/14</b>	<b>Fri 5/2/14</b>
1550	Perform Configuration		20 d	Mon 4/7/14	Fri 5/2/14
1551	Perform Preliminary Testing	1550FF	20 d	Mon 4/7/14	Fri 5/2/14
1552	Deploy Application for Validation Testing	1551FF	1 d	Fri 5/2/14	Fri 5/2/14
1553	<b>Test Preparation</b>	<b>1549</b>	<b>15 d</b>	<b>Mon 5/5/14</b>	<b>Fri 5/23/14</b>
1554	Create Validation Test Cases		15 d	Mon 5/5/14	Fri 5/23/14
1555	Complete Test Data Setup		15 d	Mon 5/5/14	Fri 5/23/14
1556	<b>Solution Design Document</b>		<b>20 d</b>	<b>Mon 5/5/14</b>	<b>Fri 5/30/14</b>
1557	Create Solution Design Document	1553FF+5 d	20 d	Mon 5/5/14	Fri 5/30/14
1558	<b>Test Creation</b>		<b>140 d</b>	<b>Mon 11/18/13</b>	<b>Fri 5/30/14</b>
1559	Create test documentation for the Segment	1323SS	140 d	Mon 11/18/13	Fri 5/30/14
1560	<b>Validation Testing</b>	<b>1548</b>	<b>15 d</b>	<b>Mon 6/2/14</b>	<b>Fri 6/20/14</b>

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ID	Task Name	Predecessors	Duration	Start	Finish
1561	Train team on Validation procedures		1 d	Mon 6/2/14	Mon 6/2/14
1562	Perform Validation Testing	1561SS	15 d	Mon 6/2/14	Fri 6/20/14
1563	Document Validation Results	1562FF	15 d	Mon 6/2/14	Fri 6/20/14
1564	Validation Testing Complete	1563FF	0 d	Fri 6/20/14	Fri 6/20/14
1565	<b>Segment C (Pension - Disability and Death)</b>		<b>100 d</b>	<b>Mon 1/13/14</b>	<b>Fri 5/30/14</b>
1566	<b>Track - Pension - Disability and Death</b>		<b>85 d</b>	<b>Mon 1/13/14</b>	<b>Fri 5/9/14</b>
1567	<b>Sprint 1 - Disability</b>	<b>205FS+400 d</b>	<b>39 d</b>	<b>Mon 1/13/14</b>	<b>Thu 3/6/14</b>
1568	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 1/13/14</b>	<b>Fri 1/31/14</b>
1569	Review Sprint Guidelines		3 d	Mon 1/13/14	Wed 1/15/14
1570	Resource Planning		3 d	Mon 1/13/14	Wed 1/15/14
1571	Review Rollout Planning Materials		3 d	Mon 1/13/14	Wed 1/15/14
1572	Sprint Backlog Review - Prior Sprint		3 d	Mon 1/13/14	Wed 1/15/14
1573	Prior Sprint Retrospective		3 d	Mon 1/13/14	Wed 1/15/14
1574	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 1/13/14</b>	<b>Fri 1/31/14</b>
1575	Create Business Samples		15 d	Mon 1/13/14	Fri 1/31/14
1576	Create Discovery Materials		15 d	Mon 1/13/14	Fri 1/31/14
1577	<b>Sprint Execution</b>	<b>1568FS-3 d</b>	<b>20 d</b>	<b>Wed 1/29/14</b>	<b>Tue 2/25/14</b>
1578	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Wed 1/29/14</b>	<b>Thu 2/6/14</b>
1579	Analyze / Confirm Business Requirements		6 d	Wed 1/29/14	Wed 2/5/14
1580	Perform Configuration	1579SS	6 d	Wed 1/29/14	Wed 2/5/14
1581	Perform Preliminary Testing	1580FF	6 d	Wed 1/29/14	Wed 2/5/14
1582	Deploy software for Structured Walkthrough	1581	1 d	Thu 2/6/14	Thu 2/6/14
1583	Perform First Structured Walkthrough	1582FF	1 d	Thu 2/6/14	Thu 2/6/14
1584	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Fri 2/7/14</b>	<b>Fri 2/14/14</b>
1585	Analyze / Confirm Business Requirements	1583	6 d	Fri 2/7/14	Fri 2/14/14
1586	Perform Configuration	1585SS	6 d	Fri 2/7/14	Fri 2/14/14
1587	Perform Preliminary Testing	1586FF	5 d	Mon 2/10/14	Fri 2/14/14
1588	Perform Structured Walkthroughs	1587FF	5 d	Mon 2/10/14	Fri 2/14/14
1589	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Mon 2/17/14</b>	<b>Mon 2/24/14</b>
1590	Perform Sprint Checkpoint	1588	1 d	Mon 2/17/14	Mon 2/17/14
1591	Create Verification Test Scenarios	1590SS	4 d	Mon 2/17/14	Thu 2/20/14
1592	Perform Configuration	1588	5 d	Mon 2/17/14	Fri 2/21/14
1593	Perform Preliminary Testing	1592FF	5 d	Mon 2/17/14	Fri 2/21/14
1594	Deploy software for Structured Walkthrough	1593	1 d	Mon 2/24/14	Mon 2/24/14
1595	Perform Final Structured Walkthrough	1594FF	1 d	Mon 2/24/14	Mon 2/24/14
1596	Deploy Application for Verification Testing	1595	1 d	Tue 2/25/14	Tue 2/25/14
1597	<b>Verification Testing</b>		<b>10 d</b>	<b>Fri 2/21/14</b>	<b>Thu 3/6/14</b>
1598	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Fri 2/21/14</b>	<b>Thu 3/6/14</b>
1599	Execute and Validate Test Cases / Results	1577FS-3 d	10 d	Fri 2/21/14	Thu 3/6/14
1600	<b>Configuration</b>		<b>10 d</b>	<b>Fri 2/21/14</b>	<b>Thu 3/6/14</b>
1601	Update V3 Solution	1599FF	10 d	Fri 2/21/14	Thu 3/6/14



**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
1602	Create Verification Testing Certified	1599FF	1 d	Thu 3/6/14	Thu 3/6/14
1603	Deliver Draft Solution Design Document	1599FF	1 d	Thu 3/6/14	Thu 3/6/14
1604	<b>Sprint 2 - Active Death Processing</b>	<b>205FS+420 d</b>	<b>39 d</b>	<b>Mon 2/10/14</b>	<b>Thu 4/3/14</b>
1605	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 2/10/14</b>	<b>Fri 2/28/14</b>
1606	Review Sprint Guidelines		3 d	Mon 2/10/14	Wed 2/12/14
1607	Resource Planning		3 d	Mon 2/10/14	Wed 2/12/14
1608	Review Rollout Planning Materials		3 d	Mon 2/10/14	Wed 2/12/14
1609	Sprint Backlog Review - Prior Sprint		3 d	Mon 2/10/14	Wed 2/12/14
1610	Prior Sprint Retrospective		3 d	Mon 2/10/14	Wed 2/12/14
1611	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 2/10/14</b>	<b>Fri 2/28/14</b>
1612	Create Business Samples		15 d	Mon 2/10/14	Fri 2/28/14
1613	Create Discovery Materials		15 d	Mon 2/10/14	Fri 2/28/14
1614	<b>Sprint Execution</b>	<b>1605FS-3 d</b>	<b>20 d</b>	<b>Wed 2/26/14</b>	<b>Tue 3/25/14</b>
1615	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Wed 2/26/14</b>	<b>Thu 3/6/14</b>
1616	Analyze / Confirm Business Requirements		6 d	Wed 2/26/14	Wed 3/5/14
1617	Perform Configuration	1616SS	6 d	Wed 2/26/14	Wed 3/5/14
1618	Perform Preliminary Testing	1617FF	6 d	Wed 2/26/14	Wed 3/5/14
1619	Deploy software for Structured Walkthrough	1618	1 d	Thu 3/6/14	Thu 3/6/14
1620	Perform First Structured Walkthrough	1619FF	1 d	Thu 3/6/14	Thu 3/6/14
1621	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Fri 3/7/14</b>	<b>Fri 3/14/14</b>
1622	Analyze / Confirm Business Requirements	1620	6 d	Fri 3/7/14	Fri 3/14/14
1623	Perform Configuration	1622SS	6 d	Fri 3/7/14	Fri 3/14/14
1624	Perform Preliminary Testing	1623FF	5 d	Mon 3/10/14	Fri 3/14/14
1625	Perform Structured Walkthroughs	1624FF	5 d	Mon 3/10/14	Fri 3/14/14
1626	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Mon 3/17/14</b>	<b>Mon 3/24/14</b>
1627	Perform Sprint Checkpoint	1625	1 d	Mon 3/17/14	Mon 3/17/14
1628	Create Verification Test Scenarios	1627SS	4 d	Mon 3/17/14	Thu 3/20/14
1629	Perform Configuration	1625	5 d	Mon 3/17/14	Fri 3/21/14
1630	Perform Preliminary Testing	1629FF	5 d	Mon 3/17/14	Fri 3/21/14
1631	Deploy software for Structured Walkthrough	1630	1 d	Mon 3/24/14	Mon 3/24/14
1632	Perform Final Structured Walkthrough	1631FF	1 d	Mon 3/24/14	Mon 3/24/14
1633	Deploy Application for Verification Testing	1632	1 d	Tue 3/25/14	Tue 3/25/14
1634	<b>Verification Testing</b>		<b>10 d</b>	<b>Fri 3/21/14</b>	<b>Thu 4/3/14</b>
1635	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Fri 3/21/14</b>	<b>Thu 4/3/14</b>
1636	Execute and Validate Test Cases / Results	1614FS-3 d	10 d	Fri 3/21/14	Thu 4/3/14
1637	<b>Configuration</b>		<b>10 d</b>	<b>Fri 3/21/14</b>	<b>Thu 4/3/14</b>
1638	Update V3 Solution	1636FF	10 d	Fri 3/21/14	Thu 4/3/14
1639	Create Verification Testing Certified	1636FF	1 d	Thu 4/3/14	Thu 4/3/14
1640	Deliver Draft Solution Design Document	1636FF	1 d	Thu 4/3/14	Thu 4/3/14
1641	<b>Sprint 3 - Retired Death Processing</b>	<b>205FS+440 d</b>	<b>39 d</b>	<b>Mon 3/10/14</b>	<b>Thu 5/1/14</b>
1642	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 3/10/14</b>	<b>Fri 3/28/14</b>

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
1643	Review Sprint Guidelines		3 d	Mon 3/10/14	Wed 3/12/14
1644	Resource Planning		3 d	Mon 3/10/14	Wed 3/12/14
1645	Review Rollout Planning Materials		3 d	Mon 3/10/14	Wed 3/12/14
1646	Sprint Backlog Review - Prior Sprint		3 d	Mon 3/10/14	Wed 3/12/14
1647	Prior Sprint Retrospective		3 d	Mon 3/10/14	Wed 3/12/14
1648	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 3/10/14</b>	<b>Fri 3/28/14</b>
1649	Create Business Samples		15 d	Mon 3/10/14	Fri 3/28/14
1650	Create Discovery Materials		15 d	Mon 3/10/14	Fri 3/28/14
1651	<b>Sprint Execution</b>	<b>1642FS-3 d</b>	<b>20 d</b>	<b>Wed 3/26/14</b>	<b>Tue 4/22/14</b>
1652	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Wed 3/26/14</b>	<b>Thu 4/3/14</b>
1653	Analyze / Confirm Business Requirements		6 d	Wed 3/26/14	Wed 4/2/14
1654	Perform Configuration	1653SS	6 d	Wed 3/26/14	Wed 4/2/14
1655	Perform Preliminary Testing	1654FF	6 d	Wed 3/26/14	Wed 4/2/14
1656	Deploy software for Structured Walkthrough	1655	1 d	Thu 4/3/14	Thu 4/3/14
1657	Perform First Structured Walkthrough	1656FF	1 d	Thu 4/3/14	Thu 4/3/14
1658	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Fri 4/4/14</b>	<b>Fri 4/11/14</b>
1659	Analyze / Confirm Business Requirements	1657	6 d	Fri 4/4/14	Fri 4/11/14
1660	Perform Configuration	1659SS	6 d	Fri 4/4/14	Fri 4/11/14
1661	Perform Preliminary Testing	1660FF	5 d	Mon 4/7/14	Fri 4/11/14
1662	Perform Structured Walkthroughs	1661FF	5 d	Mon 4/7/14	Fri 4/11/14
1663	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Mon 4/14/14</b>	<b>Mon 4/21/14</b>
1664	Perform Sprint Checkpoint	1662	1 d	Mon 4/14/14	Mon 4/14/14
1665	Create Verification Test Scenarios	1664SS	4 d	Mon 4/14/14	Thu 4/17/14
1666	Perform Configuration	1662	5 d	Mon 4/14/14	Fri 4/18/14
1667	Perform Preliminary Testing	1666FF	5 d	Mon 4/14/14	Fri 4/18/14
1668	Deploy software for Structured Walkthrough	1667	1 d	Mon 4/21/14	Mon 4/21/14
1669	Perform Final Structured Walkthrough	1668FF	1 d	Mon 4/21/14	Mon 4/21/14
1670	Deploy Application for Verification Testing	1669	1 d	Tue 4/22/14	Tue 4/22/14
1671	<b>Verification Testing</b>		<b>10 d</b>	<b>Fri 4/18/14</b>	<b>Thu 5/1/14</b>
1672	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Fri 4/18/14</b>	<b>Thu 5/1/14</b>
1673	Execute and Validate Test Cases / Results	1651FS-3 d	10 d	Fri 4/18/14	Thu 5/1/14
1674	<b>Configuration</b>		<b>10 d</b>	<b>Fri 4/18/14</b>	<b>Thu 5/1/14</b>
1675	Update V3 Solution	1673FF	10 d	Fri 4/18/14	Thu 5/1/14
1676	Create Verification Testing Certified	1673FF	1 d	Thu 5/1/14	Thu 5/1/14
1677	Deliver Draft Solution Design Document	1673FF	1 d	Thu 5/1/14	Thu 5/1/14
1678	<b>Data Conversion Mapping Specifications</b>		<b>60 d</b>	<b>Fri 2/7/14</b>	<b>Thu 5/1/14</b>
1679	Conduct Data Mapping & Transformation Logic Meetings	1641FF	60 d	Fri 2/7/14	Thu 5/1/14
1680	Develop Data Mapping & Transformation documents	1679SS	60 d	Fri 2/7/14	Thu 5/1/14
1681	Update Data Mapping & Transformation documents based on Sessions	1680SS	60 d	Fri 2/7/14	Thu 5/1/14
1682	Review / Approve Data Mapping & Transformation documents	1681SS	60 d	Fri 2/7/14	Thu 5/1/14
1683	<b>Validation Testing Preparation</b>	<b>1567SS+45 d</b>	<b>40 d</b>	<b>Mon 3/17/14</b>	<b>Fri 5/9/14</b>

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ID	Task Name	Predecessors	Duration	Start	Finish
1684	<b>Configuration</b>		<b>20 d</b>	<b>Mon 3/17/14</b>	<b>Fri 4/11/14</b>
1685	Perform Configuration		20 d	Mon 3/17/14	Fri 4/11/14
1686	Perform Preliminary Testing	1685FF	20 d	Mon 3/17/14	Fri 4/11/14
1687	Deploy Application for Validation Testing	1686FF	1 d	Fri 4/11/14	Fri 4/11/14
1688	<b>Test Preparation</b>	<b>1684</b>	<b>15 d</b>	<b>Mon 4/14/14</b>	<b>Fri 5/2/14</b>
1689	Create Validation Test Cases		15 d	Mon 4/14/14	Fri 5/2/14
1690	Complete Test Data Setup		15 d	Mon 4/14/14	Fri 5/2/14
1691	<b>Solution Design Document</b>		<b>20 d</b>	<b>Mon 4/14/14</b>	<b>Fri 5/9/14</b>
1692	Create Solution Design Document	1688FF+5 d	20 d	Mon 4/14/14	Fri 5/9/14
1693	<b>Test Creation</b>		<b>85 d</b>	<b>Mon 1/13/14</b>	<b>Fri 5/9/14</b>
1694	Create test documentation for the Segment	1567SS	85 d	Mon 1/13/14	Fri 5/9/14
1695	<b>Validation Testing</b>	<b>1683</b>	<b>15 d</b>	<b>Mon 5/12/14</b>	<b>Fri 5/30/14</b>
1696	Train team on Validation procedures		1 d	Mon 5/12/14	Mon 5/12/14
1697	Perform Validation Testing	1696SS	15 d	Mon 5/12/14	Fri 5/30/14
1698	Document Validation Results	1697FF	15 d	Mon 5/12/14	Fri 5/30/14
1699	Validation Testing Complete	1698FF	0 d	Fri 5/30/14	Fri 5/30/14
1700	<b>Segment D (Imaging, Workflows, Funds Management, Documents, Reporting, Admin, General)</b>		<b>160 d</b>	<b>Mon 3/10/14</b>	<b>Fri 10/17/14</b>
1701	<b>Track - Imaging, Workflows</b>		<b>70 d</b>	<b>Mon 3/10/14</b>	<b>Fri 6/13/14</b>
1702	<b>Sprint 1 - V3 Imaging</b>	<b>205FS+440 d</b>	<b>35 d</b>	<b>Mon 3/10/14</b>	<b>Fri 4/25/14</b>
1703	<b>Sprint Preparation</b>		<b>5 d</b>	<b>Mon 3/10/14</b>	<b>Fri 3/14/14</b>
1704	Review Sprint Guidelines		1 d	Mon 3/10/14	Mon 3/10/14
1705	Resource Planning		3 d	Mon 3/10/14	Wed 3/12/14
1706	Review Rollout Planning Materials		1 d	Mon 3/10/14	Mon 3/10/14
1707	<b>Discovery Materials / Business Samples</b>		<b>5 d</b>	<b>Mon 3/10/14</b>	<b>Fri 3/14/14</b>
1708	Create Business Samples		5 d	Mon 3/10/14	Fri 3/14/14
1709	Create Discovery Materials		5 d	Mon 3/10/14	Fri 3/14/14
1710	<b>Sprint Execution</b>	<b>1703</b>	<b>20 d</b>	<b>Mon 3/17/14</b>	<b>Fri 4/11/14</b>
1711	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Mon 3/17/14</b>	<b>Tue 3/25/14</b>
1712	Analyze / Confirm Business Requirements		6 d	Mon 3/17/14	Mon 3/24/14
1713	Perform Configuration	1712SS	6 d	Mon 3/17/14	Mon 3/24/14
1714	Perform Preliminary Testing	1713FF	6 d	Mon 3/17/14	Mon 3/24/14
1715	Deploy software for Structured Walkthrough	1714	1 d	Tue 3/25/14	Tue 3/25/14
1716	Perform First Structured Walkthrough	1715FF	1 d	Tue 3/25/14	Tue 3/25/14
1717	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Wed 3/26/14</b>	<b>Wed 4/2/14</b>
1718	Analyze / Confirm Business Requirements	1716	6 d	Wed 3/26/14	Wed 4/2/14
1719	Perform Configuration	1718SS	6 d	Wed 3/26/14	Wed 4/2/14
1720	Perform Preliminary Testing	1719FF	5 d	Thu 3/27/14	Wed 4/2/14
1721	Perform Structured Walkthroughs	1720FF	5 d	Thu 3/27/14	Wed 4/2/14
1722	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Thu 4/3/14</b>	<b>Thu 4/10/14</b>
1723	Perform Sprint Checkpoint	1721	1 d	Thu 4/3/14	Thu 4/3/14

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ID	Task Name	Predecessors	Duration	Start	Finish
1724	Create Verification Test Scenarios	1723SS	4 d	Thu 4/3/14	Tue 4/8/14
1725	Perform Configuration	1721	5 d	Thu 4/3/14	Wed 4/9/14
1726	Perform Preliminary Testing	1725FF	5 d	Thu 4/3/14	Wed 4/9/14
1727	Deploy software for Structured Walkthrough	1726	1 d	Thu 4/10/14	Thu 4/10/14
1728	Perform Final Structured Walkthrough	1727FF	1 d	Thu 4/10/14	Thu 4/10/14
1729	Deploy Application for Verification Testing	1728	1 d	Fri 4/11/14	Fri 4/11/14
1730	<b>Verification Testing</b>	<b>1710</b>	<b>10 d</b>	<b>Mon 4/14/14</b>	<b>Fri 4/25/14</b>
1731	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 4/14/14</b>	<b>Fri 4/25/14</b>
1732	Execute and Validate Test Cases / Results	1729	10 d	Mon 4/14/14	Fri 4/25/14
1733	<b>Configuration</b>		<b>10 d</b>	<b>Mon 4/14/14</b>	<b>Fri 4/25/14</b>
1734	Update V3 Solution	1732FF	10 d	Mon 4/14/14	Fri 4/25/14
1735	Create Verification Testing Certified	1732FF	1 d	Fri 4/25/14	Fri 4/25/14
1736	Deliver Draft Solution Design Document	1732FF	1 d	Fri 4/25/14	Fri 4/25/14
1737	<b>Sprint 2 - Imaging (Technical Specifications)</b>	<b>205FS+450 d</b>	<b>45 d</b>	<b>Mon 3/24/14</b>	<b>Fri 5/23/14</b>
1738	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 3/24/14</b>	<b>Fri 4/11/14</b>
1739	Review Sprint Guidelines		3 d	Mon 3/24/14	Wed 3/26/14
1740	Resource Planning		3 d	Mon 3/24/14	Wed 3/26/14
1741	Review Rollout Planning Materials		3 d	Mon 3/24/14	Wed 3/26/14
1742	Sprint Backlog Review - Prior Sprint		3 d	Mon 3/24/14	Wed 3/26/14
1743	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 3/24/14</b>	<b>Fri 4/11/14</b>
1744	Create Business Samples		15 d	Mon 3/24/14	Fri 4/11/14
1745	Create Discovery Materials		15 d	Mon 3/24/14	Fri 4/11/14
1746	<b>Sprint Execution</b>	<b>1738</b>	<b>20 d</b>	<b>Mon 4/14/14</b>	<b>Fri 5/9/14</b>
1747	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Mon 4/14/14</b>	<b>Tue 4/22/14</b>
1748	Analyze / Confirm Business Requirements		6 d	Mon 4/14/14	Mon 4/21/14
1749	Perform Configuration	1748SS	6 d	Mon 4/14/14	Mon 4/21/14
1750	Perform Preliminary Testing	1749FF	6 d	Mon 4/14/14	Mon 4/21/14
1751	Deploy software for Structured Walkthrough	1750	1 d	Tue 4/22/14	Tue 4/22/14
1752	Perform First Structured Walkthrough	1751FF	1 d	Tue 4/22/14	Tue 4/22/14
1753	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Wed 4/23/14</b>	<b>Wed 4/30/14</b>
1754	Analyze / Confirm Business Requirements	1752	6 d	Wed 4/23/14	Wed 4/30/14
1755	Perform Configuration	1754SS	6 d	Wed 4/23/14	Wed 4/30/14
1756	Perform Preliminary Testing	1755FF	5 d	Thu 4/24/14	Wed 4/30/14
1757	Perform Structured Walkthroughs	1756FF	5 d	Thu 4/24/14	Wed 4/30/14
1758	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Thu 5/1/14</b>	<b>Thu 5/8/14</b>
1759	Perform Sprint Checkpoint	1757	1 d	Thu 5/1/14	Thu 5/1/14
1760	Create Verification Test Scenarios	1759SS	4 d	Thu 5/1/14	Tue 5/6/14
1761	Perform Configuration	1757	5 d	Thu 5/1/14	Wed 5/7/14
1762	Perform Preliminary Testing	1761FF	5 d	Thu 5/1/14	Wed 5/7/14
1763	Deploy software for Structured Walkthrough	1762	1 d	Thu 5/8/14	Thu 5/8/14
1764	Perform Final Structured Walkthrough	1763FF	1 d	Thu 5/8/14	Thu 5/8/14

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ID	Task Name	Predecessors	Duration	Start	Finish
1765	Deploy Application for Verification Testing	1764	1 d	Fri 5/9/14	Fri 5/9/14
1766	<b>Verification Testing</b>	<b>1746</b>	<b>10 d</b>	<b>Mon 5/12/14</b>	<b>Fri 5/23/14</b>
1767	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 5/12/14</b>	<b>Fri 5/23/14</b>
1768	Execute and Validate Test Cases / Results	1765	10 d	Mon 5/12/14	Fri 5/23/14
1769	<b>Configuration</b>		<b>10 d</b>	<b>Mon 5/12/14</b>	<b>Fri 5/23/14</b>
1770	Update V3 Solution	1768FF	10 d	Mon 5/12/14	Fri 5/23/14
1771	Create Verification Testing Certified	1768FF	1 d	Fri 5/23/14	Fri 5/23/14
1772	Deliver Draft Solution Design Document	1768FF	1 d	Fri 5/23/14	Fri 5/23/14
1773	<b>Sprint 3 - Workflow</b>	<b>205FS+460 d</b>	<b>45 d</b>	<b>Mon 4/7/14</b>	<b>Fri 6/6/14</b>
1774	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 4/7/14</b>	<b>Fri 4/25/14</b>
1775	Review Sprint Guidelines		3 d	Mon 4/7/14	Wed 4/9/14
1776	Resource Planning		3 d	Mon 4/7/14	Wed 4/9/14
1777	Review Rollout Planning Materials		3 d	Mon 4/7/14	Wed 4/9/14
1778	Sprint Backlog Review - Prior Sprint		3 d	Mon 4/7/14	Wed 4/9/14
1779	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 4/7/14</b>	<b>Fri 4/25/14</b>
1780	Create Business Samples		15 d	Mon 4/7/14	Fri 4/25/14
1781	Create Discovery Materials		15 d	Mon 4/7/14	Fri 4/25/14
1782	<b>Sprint Execution</b>	<b>1774</b>	<b>20 d</b>	<b>Mon 4/28/14</b>	<b>Fri 5/23/14</b>
1783	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Mon 4/28/14</b>	<b>Tue 5/6/14</b>
1784	Analyze / Confirm Business Requirements		6 d	Mon 4/28/14	Mon 5/5/14
1785	Perform Configuration	1784SS	6 d	Mon 4/28/14	Mon 5/5/14
1786	Perform Preliminary Testing	1785FF	6 d	Mon 4/28/14	Mon 5/5/14
1787	Deploy software for Structured Walkthrough	1786	1 d	Tue 5/6/14	Tue 5/6/14
1788	Perform First Structured Walkthrough	1787FF	1 d	Tue 5/6/14	Tue 5/6/14
1789	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Wed 5/7/14</b>	<b>Wed 5/14/14</b>
1790	Analyze / Confirm Business Requirements	1788	6 d	Wed 5/7/14	Wed 5/14/14
1791	Perform Configuration	1790SS	6 d	Wed 5/7/14	Wed 5/14/14
1792	Perform Preliminary Testing	1791FF	5 d	Thu 5/8/14	Wed 5/14/14
1793	Perform Structured Walkthroughs	1792FF	5 d	Thu 5/8/14	Wed 5/14/14
1794	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Thu 5/15/14</b>	<b>Thu 5/22/14</b>
1795	Perform Sprint Checkpoint	1793	1 d	Thu 5/15/14	Thu 5/15/14
1796	Create Verification Test Scenarios	1795SS	4 d	Thu 5/15/14	Tue 5/20/14
1797	Perform Configuration	1793	5 d	Thu 5/15/14	Wed 5/21/14
1798	Perform Preliminary Testing	1797FF	5 d	Thu 5/15/14	Wed 5/21/14
1799	Deploy software for Structured Walkthrough	1798	1 d	Thu 5/22/14	Thu 5/22/14
1800	Perform Final Structured Walkthrough	1799FF	1 d	Thu 5/22/14	Thu 5/22/14
1801	Deploy Application for Verification Testing	1800	1 d	Fri 5/23/14	Fri 5/23/14
1802	<b>Verification Testing</b>	<b>1782</b>	<b>10 d</b>	<b>Mon 5/26/14</b>	<b>Fri 6/6/14</b>
1803	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 5/26/14</b>	<b>Fri 6/6/14</b>
1804	Execute and Validate Test Cases / Results	1801	10 d	Mon 5/26/14	Fri 6/6/14
1805	<b>Configuration</b>		<b>10 d</b>	<b>Mon 5/26/14</b>	<b>Fri 6/6/14</b>

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
1806	Update V3 Solution	1804FF	10 d	Mon 5/26/14	Fri 6/6/14
1807	Create Verification Testing Certified	1804FF	1 d	Fri 6/6/14	Fri 6/6/14
1808	Deliver Draft Solution Design Document	1804FF	1 d	Fri 6/6/14	Fri 6/6/14
1809	<b>Data Conversion Mapping Specifications</b>		<b>40 d</b>	<b>Mon 3/31/14</b>	<b>Fri 5/23/14</b>
1810	Conduct Data Mapping & Transformation Logic Meetings	1737FF	40 d	Mon 3/31/14	Fri 5/23/14
1811	Develop Data Mapping & Transformation documents	1810SS	40 d	Mon 3/31/14	Fri 5/23/14
1812	Update Data Mapping & Transformation documents based on Sessions	1811SS	40 d	Mon 3/31/14	Fri 5/23/14
1813	Review / Approve Data Mapping & Transformation documents	1812SS	40 d	Mon 3/31/14	Fri 5/23/14
1814	<b>Validation Testing Preparation</b>	<b>1702SS+30 d</b>	<b>40 d</b>	<b>Mon 4/21/14</b>	<b>Fri 6/13/14</b>
1815	<b>Configuration</b>		<b>20 d</b>	<b>Mon 4/21/14</b>	<b>Fri 5/16/14</b>
1816	Perform Configuration		20 d	Mon 4/21/14	Fri 5/16/14
1817	Perform Preliminary Testing	1816FF	20 d	Mon 4/21/14	Fri 5/16/14
1818	Deploy Application for Validation Testing	1817FF	1 d	Fri 5/16/14	Fri 5/16/14
1819	<b>Test Preparation</b>	<b>1815</b>	<b>15 d</b>	<b>Mon 5/19/14</b>	<b>Fri 6/6/14</b>
1820	Create Validation Test Cases		15 d	Mon 5/19/14	Fri 6/6/14
1821	Complete Test Data Setup		15 d	Mon 5/19/14	Fri 6/6/14
1822	<b>Solution Design Document</b>		<b>20 d</b>	<b>Mon 5/19/14</b>	<b>Fri 6/13/14</b>
1823	Create Solution Design Document	1819FF+5 d	20 d	Mon 5/19/14	Fri 6/13/14
1824	<b>Track - Funds Management, Reporting, Admin, General</b>		<b>105 d</b>	<b>Mon 5/5/14</b>	<b>Fri 9/26/14</b>
1825	<b>Sprint 1 - Annual Statements</b>	<b>205FS+480 d</b>	<b>35 d</b>	<b>Mon 5/5/14</b>	<b>Fri 6/20/14</b>
1826	<b>Sprint Preparation</b>		<b>5 d</b>	<b>Mon 5/5/14</b>	<b>Fri 5/9/14</b>
1827	Review Sprint Guidelines		1 d	Mon 5/5/14	Mon 5/5/14
1828	Review Rollout Planning Materials		3 d	Mon 5/5/14	Wed 5/7/14
1829	Resource Planning		1 d	Mon 5/5/14	Mon 5/5/14
1830	<b>Discovery Materials / Business Samples</b>		<b>5 d</b>	<b>Mon 5/5/14</b>	<b>Fri 5/9/14</b>
1831	Create Business Samples		5 d	Mon 5/5/14	Fri 5/9/14
1832	Create Discovery Materials		5 d	Mon 5/5/14	Fri 5/9/14
1833	<b>Sprint Execution</b>	<b>1826</b>	<b>20 d</b>	<b>Mon 5/12/14</b>	<b>Fri 6/6/14</b>
1834	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Mon 5/12/14</b>	<b>Tue 5/20/14</b>
1835	Analyze / Confirm Business Requirements		6 d	Mon 5/12/14	Mon 5/19/14
1836	Perform Configuration	1835SS	6 d	Mon 5/12/14	Mon 5/19/14
1837	Perform Preliminary Testing	1836FF	6 d	Mon 5/12/14	Mon 5/19/14
1838	Deploy software for Structured Walkthrough	1837	1 d	Tue 5/20/14	Tue 5/20/14
1839	Perform First Structured Walkthrough	1838FF	1 d	Tue 5/20/14	Tue 5/20/14
1840	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Wed 5/21/14</b>	<b>Wed 5/28/14</b>
1841	Analyze / Confirm Business Requirements	1839	6 d	Wed 5/21/14	Wed 5/28/14
1842	Perform Configuration	1841SS	6 d	Wed 5/21/14	Wed 5/28/14
1843	Perform Preliminary Testing	1842FF	5 d	Thu 5/22/14	Wed 5/28/14
1844	Perform Structured Walkthroughs	1843FF	5 d	Thu 5/22/14	Wed 5/28/14
1845	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Thu 5/29/14</b>	<b>Thu 6/5/14</b>
1846	Perform Sprint Checkpoint	1844	1 d	Thu 5/29/14	Thu 5/29/14

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ID	Task Name	Predecessors	Duration	Start	Finish
1847	Create Verification Test Scenarios	1846SS	5 d	Thu 5/29/14	Wed 6/4/14
1848	Perform Configuration	1844	5 d	Thu 5/29/14	Wed 6/4/14
1849	Perform Preliminary Testing	1848FF	4 d	Fri 5/30/14	Wed 6/4/14
1850	Deploy software for Structured Walkthrough	1849	1 d	Thu 6/5/14	Thu 6/5/14
1851	Perform Final Structured Walkthrough	1850FF	1 d	Thu 6/5/14	Thu 6/5/14
1852	Deploy Application for Verification Testing	1851	1 d	Fri 6/6/14	Fri 6/6/14
1853	<b>Verification Testing</b>	<b>1833</b>	<b>10 d</b>	<b>Mon 6/9/14</b>	<b>Fri 6/20/14</b>
1854	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 6/9/14</b>	<b>Fri 6/20/14</b>
1855	Execute and Validate Test Cases / Results	1852	10 d	Mon 6/9/14	Fri 6/20/14
1856	<b>Configuration</b>		<b>10 d</b>	<b>Mon 6/9/14</b>	<b>Fri 6/20/14</b>
1857	Update V3 Solution	1855FF	10 d	Mon 6/9/14	Fri 6/20/14
1858	Create Verification Testing Certified	1855FF	1 d	Fri 6/20/14	Fri 6/20/14
1859	Deliver Draft Solution Design Document	1855FF	1 d	Fri 6/20/14	Fri 6/20/14
1860	<b>Sprint 2 - Accounting &amp; Reporting</b>	<b>205FS+490 d</b>	<b>39 d</b>	<b>Mon 5/19/14</b>	<b>Thu 7/10/14</b>
1861	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 5/19/14</b>	<b>Fri 6/6/14</b>
1862	Review Sprint Guidelines		3 d	Mon 5/19/14	Wed 5/21/14
1863	Resource Planning		3 d	Mon 5/19/14	Wed 5/21/14
1864	Review Rollout Planning Materials		3 d	Mon 5/19/14	Wed 5/21/14
1865	Sprint Backlog Review - Prior Sprint		3 d	Mon 5/19/14	Wed 5/21/14
1866	Prior Sprint Retrospective		3 d	Mon 5/19/14	Wed 5/21/14
1867	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 5/19/14</b>	<b>Fri 6/6/14</b>
1868	Create Business Samples		15 d	Mon 5/19/14	Fri 6/6/14
1869	Create Discovery Materials		15 d	Mon 5/19/14	Fri 6/6/14
1870	<b>Sprint Execution</b>	<b>1861FS-3 d</b>	<b>20 d</b>	<b>Wed 6/4/14</b>	<b>Tue 7/1/14</b>
1871	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Wed 6/4/14</b>	<b>Thu 6/12/14</b>
1872	Analyze / Confirm Business Requirements		6 d	Wed 6/4/14	Wed 6/11/14
1873	Perform Configuration	1872SS	6 d	Wed 6/4/14	Wed 6/11/14
1874	Perform Preliminary Testing	1873FF	6 d	Wed 6/4/14	Wed 6/11/14
1875	Deploy software for Structured Walkthrough	1874	1 d	Thu 6/12/14	Thu 6/12/14
1876	Perform First Structured Walkthrough	1875FF	1 d	Thu 6/12/14	Thu 6/12/14
1877	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Fri 6/13/14</b>	<b>Fri 6/20/14</b>
1878	Analyze / Confirm Business Requirements	1876	6 d	Fri 6/13/14	Fri 6/20/14
1879	Perform Configuration	1878SS	6 d	Fri 6/13/14	Fri 6/20/14
1880	Perform Preliminary Testing	1879FF	5 d	Mon 6/16/14	Fri 6/20/14
1881	Perform Structured Walkthroughs	1880FF	5 d	Mon 6/16/14	Fri 6/20/14
1882	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Mon 6/23/14</b>	<b>Mon 6/30/14</b>
1883	Perform Sprint Checkpoint	1881	1 d	Mon 6/23/14	Mon 6/23/14
1884	Create Verification Test Scenarios	1883SS	4 d	Mon 6/23/14	Thu 6/26/14
1885	Perform Configuration	1881	5 d	Mon 6/23/14	Fri 6/27/14
1886	Perform Preliminary Testing	1885FF	5 d	Mon 6/23/14	Fri 6/27/14
1887	Deploy software for Structured Walkthrough	1886	1 d	Mon 6/30/14	Mon 6/30/14

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ID	Task Name	Predecessors	Duration	Start	Finish
1888	Perform Final Structured Walkthrough	1887FF	1 d	Mon 6/30/14	Mon 6/30/14
1889	Deploy Application for Verification Testing	1888	1 d	Tue 7/1/14	Tue 7/1/14
1890	<b>Verification Testing</b>		<b>10 d</b>	<b>Fri 6/27/14</b>	<b>Thu 7/10/14</b>
1891	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Fri 6/27/14</b>	<b>Thu 7/10/14</b>
1892	Execute and Validate Test Cases / Results	1870FS-3 d	10 d	Fri 6/27/14	Thu 7/10/14
1893	<b>Configuration</b>		<b>10 d</b>	<b>Fri 6/27/14</b>	<b>Thu 7/10/14</b>
1894	Update V3 Solution	1892FF	10 d	Fri 6/27/14	Thu 7/10/14
1895	Create Verification Testing Certified	1892FF	1 d	Thu 7/10/14	Thu 7/10/14
1896	Deliver Draft Solution Design Document	1892FF	1 d	Thu 7/10/14	Thu 7/10/14
1897	<b>Sprint 3 - Actuarial Extract</b>	<b>205FS+500 d</b>	<b>39 d</b>	<b>Mon 6/2/14</b>	<b>Thu 7/24/14</b>
1898	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 6/2/14</b>	<b>Fri 6/20/14</b>
1899	Review Sprint Guidelines		3 d	Mon 6/2/14	Wed 6/4/14
1900	Resource Planning		3 d	Mon 6/2/14	Wed 6/4/14
1901	Review Rollout Planning Materials		3 d	Mon 6/2/14	Wed 6/4/14
1902	Sprint Backlog Review - Prior Sprint		3 d	Mon 6/2/14	Wed 6/4/14
1903	Prior Sprint Retrospective		3 d	Mon 6/2/14	Wed 6/4/14
1904	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 6/2/14</b>	<b>Fri 6/20/14</b>
1905	Create Business Samples		15 d	Mon 6/2/14	Fri 6/20/14
1906	Create Discovery Materials		15 d	Mon 6/2/14	Fri 6/20/14
1907	<b>Sprint Execution</b>	<b>1898FS-3 d</b>	<b>20 d</b>	<b>Wed 6/18/14</b>	<b>Tue 7/15/14</b>
1908	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Wed 6/18/14</b>	<b>Thu 6/26/14</b>
1909	Analyze / Confirm Business Requirements		6 d	Wed 6/18/14	Wed 6/25/14
1910	Perform Configuration	1909SS	6 d	Wed 6/18/14	Wed 6/25/14
1911	Perform Preliminary Testing	1910FF	6 d	Wed 6/18/14	Wed 6/25/14
1912	Deploy software for Structured Walkthrough	1911	1 d	Thu 6/26/14	Thu 6/26/14
1913	Perform First Structured Walkthrough	1912FF	1 d	Thu 6/26/14	Thu 6/26/14
1914	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Fri 6/27/14</b>	<b>Fri 7/4/14</b>
1915	Analyze / Confirm Business Requirements	1913	6 d	Fri 6/27/14	Fri 7/4/14
1916	Perform Configuration	1915SS	6 d	Fri 6/27/14	Fri 7/4/14
1917	Perform Preliminary Testing	1916FF	5 d	Mon 6/30/14	Fri 7/4/14
1918	Perform Structured Walkthroughs	1917FF	5 d	Mon 6/30/14	Fri 7/4/14
1919	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Mon 7/7/14</b>	<b>Mon 7/14/14</b>
1920	Perform Sprint Checkpoint	1918	1 d	Mon 7/7/14	Mon 7/7/14
1921	Create Verification Test Scenarios	1920SS	4 d	Mon 7/7/14	Thu 7/10/14
1922	Perform Configuration	1918	5 d	Mon 7/7/14	Fri 7/11/14
1923	Perform Preliminary Testing	1922FF	5 d	Mon 7/7/14	Fri 7/11/14
1924	Deploy software for Structured Walkthrough	1923	1 d	Mon 7/14/14	Mon 7/14/14
1925	Perform Final Structured Walkthrough	1924FF	1 d	Mon 7/14/14	Mon 7/14/14
1926	Deploy Application for Verification Testing	1925	1 d	Tue 7/15/14	Tue 7/15/14
1927	<b>Verification Testing</b>		<b>10 d</b>	<b>Fri 7/11/14</b>	<b>Thu 7/24/14</b>
1928	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Fri 7/11/14</b>	<b>Thu 7/24/14</b>



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ID	Task Name	Predecessors	Duration	Start	Finish
1929	Execute and Validate Test Cases / Results	1907FS-3 d	10 d	Fri 7/11/14	Thu 7/24/14
1930	<b>Configuration</b>		<b>10 d</b>	<b>Fri 7/11/14</b>	<b>Thu 7/24/14</b>
1931	Update V3 Solution	1929FF	10 d	Fri 7/11/14	Thu 7/24/14
1932	Create Verification Testing Certified	1929FF	1 d	Thu 7/24/14	Thu 7/24/14
1933	Deliver Draft Solution Design Document	1929FF	1 d	Thu 7/24/14	Thu 7/24/14
1934	<b>Sprint 4 - General System Parameter Updates</b>	<b>205FS+510 d</b>	<b>39 d</b>	<b>Mon 6/16/14</b>	<b>Thu 8/7/14</b>
1935	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 6/16/14</b>	<b>Fri 7/4/14</b>
1936	Review Sprint Guidelines		3 d	Mon 6/16/14	Wed 6/18/14
1937	Resource Planning		3 d	Mon 6/16/14	Wed 6/18/14
1938	Review Rollout Planning Materials		3 d	Mon 6/16/14	Wed 6/18/14
1939	Sprint Backlog Review - Prior Sprint		3 d	Mon 6/16/14	Wed 6/18/14
1940	Prior Sprint Retrospective		3 d	Mon 6/16/14	Wed 6/18/14
1941	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 6/16/14</b>	<b>Fri 7/4/14</b>
1942	Create Business Samples		15 d	Mon 6/16/14	Fri 7/4/14
1943	Create Discovery Materials		15 d	Mon 6/16/14	Fri 7/4/14
1944	<b>Sprint Execution</b>	<b>1935FS-3 d</b>	<b>20 d</b>	<b>Wed 7/2/14</b>	<b>Tue 7/29/14</b>
1945	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Wed 7/2/14</b>	<b>Thu 7/10/14</b>
1946	Analyze / Confirm Business Requirements		6 d	Wed 7/2/14	Wed 7/9/14
1947	Perform Configuration	1946SS	6 d	Wed 7/2/14	Wed 7/9/14
1948	Perform Preliminary Testing	1947FF	6 d	Wed 7/2/14	Wed 7/9/14
1949	Deploy software for Structured Walkthrough	1948	1 d	Thu 7/10/14	Thu 7/10/14
1950	Perform First Structured Walkthrough	1949FF	1 d	Thu 7/10/14	Thu 7/10/14
1951	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Fri 7/11/14</b>	<b>Fri 7/18/14</b>
1952	Analyze / Confirm Business Requirements	1950	6 d	Fri 7/11/14	Fri 7/18/14
1953	Perform Configuration	1952SS	6 d	Fri 7/11/14	Fri 7/18/14
1954	Perform Preliminary Testing	1953FF	5 d	Mon 7/14/14	Fri 7/18/14
1955	Perform Structured Walkthroughs	1954FF	5 d	Mon 7/14/14	Fri 7/18/14
1956	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Mon 7/21/14</b>	<b>Mon 7/28/14</b>
1957	Perform Sprint Checkpoint	1955	1 d	Mon 7/21/14	Mon 7/21/14
1958	Create Verification Test Scenarios	1957SS	4 d	Mon 7/21/14	Thu 7/24/14
1959	Perform Configuration	1955	5 d	Mon 7/21/14	Fri 7/25/14
1960	Perform Preliminary Testing	1959FF	5 d	Mon 7/21/14	Fri 7/25/14
1961	Deploy software for Structured Walkthrough	1960	1 d	Mon 7/28/14	Mon 7/28/14
1962	Perform Final Structured Walkthrough	1961FF	1 d	Mon 7/28/14	Mon 7/28/14
1963	Deploy Application for Verification Testing	1962	1 d	Tue 7/29/14	Tue 7/29/14
1964	<b>Verification Testing</b>		<b>10 d</b>	<b>Fri 7/25/14</b>	<b>Thu 8/7/14</b>
1965	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Fri 7/25/14</b>	<b>Thu 8/7/14</b>
1966	Execute and Validate Test Cases / Results	1944FS-3 d	10 d	Fri 7/25/14	Thu 8/7/14
1967	<b>Configuration</b>		<b>10 d</b>	<b>Fri 7/25/14</b>	<b>Thu 8/7/14</b>
1968	Update V3 Solution	1966FF	10 d	Fri 7/25/14	Thu 8/7/14
1969	Create Verification Testing Certified	1966FF	1 d	Thu 8/7/14	Thu 8/7/14

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ID	Task Name	Predecessors	Duration	Start	Finish
1970	Deliver Draft Solution Design Document	1966FF	1 d	Thu 8/7/14	Thu 8/7/14
1971	<b>Sprint 5 - Member Correspondence</b>	205FS+520 d	39 d	Mon 6/30/14	Thu 8/21/14
1972	<b>Sprint Preparation</b>		15 d	Mon 6/30/14	Fri 7/18/14
1973	Review Sprint Guidelines		3 d	Mon 6/30/14	Wed 7/2/14
1974	Resource Planning		3 d	Mon 6/30/14	Wed 7/2/14
1975	Review Rollout Planning Materials		3 d	Mon 6/30/14	Wed 7/2/14
1976	Sprint Backlog Review - Prior Sprint		3 d	Mon 6/30/14	Wed 7/2/14
1977	Prior Sprint Retrospective		3 d	Mon 6/30/14	Wed 7/2/14
1978	<b>Discovery Materials / Business Samples</b>		15 d	Mon 6/30/14	Fri 7/18/14
1979	Create Business Samples		15 d	Mon 6/30/14	Fri 7/18/14
1980	Create Discovery Materials		15 d	Mon 6/30/14	Fri 7/18/14
1981	<b>Sprint Execution</b>	1972FS-3 d	20 d	Wed 7/16/14	Tue 8/12/14
1982	<b>First Structured Walkthrough</b>		7 d	Wed 7/16/14	Thu 7/24/14
1983	Analyze / Confirm Business Requirements		6 d	Wed 7/16/14	Wed 7/23/14
1984	Perform Configuration	1983SS	6 d	Wed 7/16/14	Wed 7/23/14
1985	Perform Preliminary Testing	1984FF	6 d	Wed 7/16/14	Wed 7/23/14
1986	Deploy software for Structured Walkthrough	1985	1 d	Thu 7/24/14	Thu 7/24/14
1987	Perform First Structured Walkthrough	1986FF	1 d	Thu 7/24/14	Thu 7/24/14
1988	<b>Design / Build / Verify Iterations</b>		6 d	Fri 7/25/14	Fri 8/1/14
1989	Analyze / Confirm Business Requirements	1987	6 d	Fri 7/25/14	Fri 8/1/14
1990	Perform Configuration	1989SS	6 d	Fri 7/25/14	Fri 8/1/14
1991	Perform Preliminary Testing	1990FF	5 d	Mon 7/28/14	Fri 8/1/14
1992	Perform Structured Walkthroughs	1991FF	5 d	Mon 7/28/14	Fri 8/1/14
1993	<b>Final Structured Walkthrough</b>		6 d	Mon 8/4/14	Mon 8/11/14
1994	Perform Sprint Checkpoint	1992	1 d	Mon 8/4/14	Mon 8/4/14
1995	Create Verification Test Scenarios	1994SS	4 d	Mon 8/4/14	Thu 8/7/14
1996	Perform Configuration	1992	5 d	Mon 8/4/14	Fri 8/8/14
1997	Perform Preliminary Testing	1996FF	5 d	Mon 8/4/14	Fri 8/8/14
1998	Deploy software for Structured Walkthrough	1997	1 d	Mon 8/11/14	Mon 8/11/14
1999	Perform Final Structured Walkthrough	1998FF	1 d	Mon 8/11/14	Mon 8/11/14
2000	Deploy Application for Verification Testing	1999	1 d	Tue 8/12/14	Tue 8/12/14
2001	<b>Verification Testing</b>		10 d	Fri 8/8/14	Thu 8/21/14
2002	<b>Test and Evaluate</b>		10 d	Fri 8/8/14	Thu 8/21/14
2003	Execute and Validate Test Cases / Results	1981FS-3 d	10 d	Fri 8/8/14	Thu 8/21/14
2004	<b>Configuration</b>		10 d	Fri 8/8/14	Thu 8/21/14
2005	Update V3 Solution	2003FF	10 d	Fri 8/8/14	Thu 8/21/14
2006	Create Verification Testing Certified	2003FF	1 d	Thu 8/21/14	Thu 8/21/14
2007	Deliver Draft Solution Design Document	2003FF	1 d	Thu 8/21/14	Thu 8/21/14
2008	<b>Sprint 6 - Technical Specifications / Board Reporting</b>	205FS+530 d	39 d	Mon 7/14/14	Thu 9/4/14
2009	<b>Sprint Preparation</b>		15 d	Mon 7/14/14	Fri 8/1/14
2010	Review Sprint Guidelines		3 d	Mon 7/14/14	Wed 7/16/14

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ID	Task Name	Predecessors	Duration	Start	Finish
2011	Resource Planning		3 d	Mon 7/14/14	Wed 7/16/14
2012	Review Rollout Planning Materials		3 d	Mon 7/14/14	Wed 7/16/14
2013	Sprint Backlog Review - Prior Sprint		3 d	Mon 7/14/14	Wed 7/16/14
2014	Prior Sprint Retrospective		3 d	Mon 7/14/14	Wed 7/16/14
2015	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 7/14/14</b>	<b>Fri 8/1/14</b>
2016	Create Business Samples		15 d	Mon 7/14/14	Fri 8/1/14
2017	Create Discovery Materials		15 d	Mon 7/14/14	Fri 8/1/14
2018	<b>Sprint Execution</b>	<b>2009FS-3 d</b>	<b>20 d</b>	<b>Wed 7/30/14</b>	<b>Tue 8/26/14</b>
2019	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Wed 7/30/14</b>	<b>Thu 8/7/14</b>
2020	Analyze / Confirm Business Requirements		6 d	Wed 7/30/14	Wed 8/6/14
2021	Perform Configuration	2020SS	6 d	Wed 7/30/14	Wed 8/6/14
2022	Perform Preliminary Testing	2021FF	6 d	Wed 7/30/14	Wed 8/6/14
2023	Deploy software for Structured Walkthrough	2022	1 d	Thu 8/7/14	Thu 8/7/14
2024	Perform First Structured Walkthrough	2023FF	1 d	Thu 8/7/14	Thu 8/7/14
2025	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Fri 8/8/14</b>	<b>Fri 8/15/14</b>
2026	Analyze / Confirm Business Requirements	2024	6 d	Fri 8/8/14	Fri 8/15/14
2027	Perform Configuration	2026SS	6 d	Fri 8/8/14	Fri 8/15/14
2028	Perform Preliminary Testing	2027FF	5 d	Mon 8/11/14	Fri 8/15/14
2029	Perform Structured Walkthroughs	2028FF	5 d	Mon 8/11/14	Fri 8/15/14
2030	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Mon 8/18/14</b>	<b>Mon 8/25/14</b>
2031	Perform Sprint Checkpoint	2029	1 d	Mon 8/18/14	Mon 8/18/14
2032	Create Verification Test Scenarios	2031SS	4 d	Mon 8/18/14	Thu 8/21/14
2033	Perform Configuration	2029	5 d	Mon 8/18/14	Fri 8/22/14
2034	Perform Preliminary Testing	2033FF	5 d	Mon 8/18/14	Fri 8/22/14
2035	Deploy software for Structured Walkthrough	2034	1 d	Mon 8/25/14	Mon 8/25/14
2036	Perform Final Structured Walkthrough	2035FF	1 d	Mon 8/25/14	Mon 8/25/14
2037	Deploy Application for Verification Testing	2036	1 d	Tue 8/26/14	Tue 8/26/14
2038	<b>Verification Testing</b>		<b>10 d</b>	<b>Fri 8/22/14</b>	<b>Thu 9/4/14</b>
2039	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Fri 8/22/14</b>	<b>Thu 9/4/14</b>
2040	Execute and Validate Test Cases / Results	2018FS-3 d	10 d	Fri 8/22/14	Thu 9/4/14
2041	<b>Configuration</b>		<b>10 d</b>	<b>Fri 8/22/14</b>	<b>Thu 9/4/14</b>
2042	Update V3 Solution	2040FF	10 d	Fri 8/22/14	Thu 9/4/14
2043	Create Verification Testing Certified	2040FF	1 d	Thu 9/4/14	Thu 9/4/14
2044	Deliver Draft Solution Design Document	2040FF	1 d	Thu 9/4/14	Thu 9/4/14
2045	<b>Sprint 7 - Board Reporting</b>	<b>205FS+540 d</b>	<b>39 d</b>	<b>Mon 7/28/14</b>	<b>Thu 9/18/14</b>
2046	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 7/28/14</b>	<b>Fri 8/15/14</b>
2047	Review Sprint Guidelines		3 d	Mon 7/28/14	Wed 7/30/14
2048	Resource Planning		3 d	Mon 7/28/14	Wed 7/30/14
2049	Review Rollout Planning Materials		3 d	Mon 7/28/14	Wed 7/30/14
2050	Sprint Backlog Review - Prior Sprint		3 d	Mon 7/28/14	Wed 7/30/14
2051	Prior Sprint Retrospective		3 d	Mon 7/28/14	Wed 7/30/14

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
2052	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 7/28/14</b>	<b>Fri 8/15/14</b>
2053	Create Business Samples		15 d	Mon 7/28/14	Fri 8/15/14
2054	Create Discovery Materials		15 d	Mon 7/28/14	Fri 8/15/14
2055	<b>Sprint Execution</b>	<b>2046FS-3 d</b>	<b>20 d</b>	<b>Wed 8/13/14</b>	<b>Tue 9/9/14</b>
2056	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Wed 8/13/14</b>	<b>Thu 8/21/14</b>
2057	Analyze / Confirm Business Requirements		6 d	Wed 8/13/14	Wed 8/20/14
2058	Perform Configuration	2057SS	6 d	Wed 8/13/14	Wed 8/20/14
2059	Perform Preliminary Testing	2058FF	6 d	Wed 8/13/14	Wed 8/20/14
2060	Deploy software for Structured Walkthrough	2059	1 d	Thu 8/21/14	Thu 8/21/14
2061	Perform First Structured Walkthrough	2060FF	1 d	Thu 8/21/14	Thu 8/21/14
2062	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Fri 8/22/14</b>	<b>Fri 8/29/14</b>
2063	Analyze / Confirm Business Requirements	2061	6 d	Fri 8/22/14	Fri 8/29/14
2064	Perform Configuration	2063SS	6 d	Fri 8/22/14	Fri 8/29/14
2065	Perform Preliminary Testing	2064FF	5 d	Mon 8/25/14	Fri 8/29/14
2066	Perform Structured Walkthroughs	2065FF	5 d	Mon 8/25/14	Fri 8/29/14
2067	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Mon 9/1/14</b>	<b>Mon 9/8/14</b>
2068	Perform Sprint Checkpoint	2066	1 d	Mon 9/1/14	Mon 9/1/14
2069	Create Verification Test Scenarios	2068SS	4 d	Mon 9/1/14	Thu 9/4/14
2070	Perform Configuration	2066	5 d	Mon 9/1/14	Fri 9/5/14
2071	Perform Preliminary Testing	2070FF	5 d	Mon 9/1/14	Fri 9/5/14
2072	Deploy software for Structured Walkthrough	2071	1 d	Mon 9/8/14	Mon 9/8/14
2073	Perform Final Structured Walkthrough	2072FF	1 d	Mon 9/8/14	Mon 9/8/14
2074	Deploy Application for Verification Testing	2073	1 d	Tue 9/9/14	Tue 9/9/14
2075	<b>Verification Testing</b>		<b>10 d</b>	<b>Fri 9/5/14</b>	<b>Thu 9/18/14</b>
2076	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Fri 9/5/14</b>	<b>Thu 9/18/14</b>
2077	Execute and Validate Test Cases / Results	2055FS-3 d	10 d	Fri 9/5/14	Thu 9/18/14
2078	<b>Configuration</b>		<b>10 d</b>	<b>Fri 9/5/14</b>	<b>Thu 9/18/14</b>
2079	Update V3 Solution	2077FF	10 d	Fri 9/5/14	Thu 9/18/14
2080	Create Verification Testing Certified	2077FF	1 d	Thu 9/18/14	Thu 9/18/14
2081	Deliver Draft Solution Design Document	2077FF	1 d	Thu 9/18/14	Thu 9/18/14
2082	<b>Validation Testing Preparation</b>	<b>1825SS+55 d</b>	<b>50 d</b>	<b>Mon 7/21/14</b>	<b>Fri 9/26/14</b>
2083	<b>Configuration</b>		<b>30 d</b>	<b>Mon 7/21/14</b>	<b>Fri 8/29/14</b>
2084	Perform Configuration		30 d	Mon 7/21/14	Fri 8/29/14
2085	Perform Preliminary Testing	2084FF	30 d	Mon 7/21/14	Fri 8/29/14
2086	Deploy Application for Validation Testing	2085FF	1 d	Fri 8/29/14	Fri 8/29/14
2087	<b>Test Preparation</b>	<b>2083</b>	<b>15 d</b>	<b>Mon 9/1/14</b>	<b>Fri 9/19/14</b>
2088	Create Validation Test Cases		15 d	Mon 9/1/14	Fri 9/19/14
2089	Complete Test Data Setup		15 d	Mon 9/1/14	Fri 9/19/14
2090	<b>Solution Design Document</b>		<b>30 d</b>	<b>Mon 8/18/14</b>	<b>Fri 9/26/14</b>
2091	Create Solution Design Document	2087FF+5 d	30 d	Mon 8/18/14	Fri 9/26/14
2092	<b>Test Creation</b>		<b>145 d</b>	<b>Mon 3/10/14</b>	<b>Fri 9/26/14</b>

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
2093	Create test documentation for the Segment	1702SS	145 d	Mon 3/10/14	Fri 9/26/14
2094	<b>Validation Testing</b>	<b>2082,1814</b>	<b>15 d</b>	<b>Mon 9/29/14</b>	<b>Fri 10/17/14</b>
2095	Train team on Validation procedures		1 d	Mon 9/29/14	Mon 9/29/14
2096	Perform Validation Testing	2095SS	15 d	Mon 9/29/14	Fri 10/17/14
2097	Document Validation Results	2096FF	15 d	Mon 9/29/14	Fri 10/17/14
2098	Validation Testing Complete	2097FF	0 d	Fri 10/17/14	Fri 10/17/14
2099	<b>QA/Dev Data Conversion Runs</b>		<b>166 d</b>	<b>Fri 2/7/14</b>	<b>Fri 9/26/14</b>
2100	<b>Pension (Application and Processing)</b>	<b>1299</b>	<b>35 d</b>	<b>Fri 2/7/14</b>	<b>Thu 3/27/14</b>
2101	Legacy Extract Development		35 d	Fri 2/7/14	Thu 3/27/14
2102	V3 Configuration and Target DB Development	2101SS	35 d	Fri 2/7/14	Thu 3/27/14
2103	<b>Disbursements</b>	<b>1543</b>	<b>35 d</b>	<b>Fri 5/30/14</b>	<b>Thu 7/17/14</b>
2104	Legacy Extract Development		35 d	Fri 5/30/14	Thu 7/17/14
2105	V3 Configuration and Target DB Development	2104SS	35 d	Fri 5/30/14	Thu 7/17/14
2106	<b>Pension (Disability and Death)</b>	<b>1678</b>	<b>35 d</b>	<b>Fri 5/2/14</b>	<b>Thu 6/19/14</b>
2107	Legacy Extract Development		35 d	Fri 5/2/14	Thu 6/19/14
2108	V3 Configuration and Target DB Development	2107SS	35 d	Fri 5/2/14	Thu 6/19/14
2109	<b>Imaging</b>	<b>1809</b>	<b>35 d</b>	<b>Mon 5/26/14</b>	<b>Fri 7/11/14</b>
2110	Legacy Extract Development		35 d	Mon 5/26/14	Fri 7/11/14
2111	V3 Configuration and Target DB Development	2110SS	35 d	Mon 5/26/14	Fri 7/11/14
2112	<b>Conversion Cycle Testing</b>		<b>131 d</b>	<b>Fri 3/28/14</b>	<b>Fri 9/26/14</b>
2113	Cycle 1 Testing - Pension (Active Death, Retired Death)	2100	70 d	Fri 3/28/14	Thu 7/3/14
2114	Cycle 2 Testing - Disbursements	2103	20 d	Fri 7/18/14	Thu 8/14/14
2115	Cycle 3 - Imaging	2109	20 d	Mon 7/14/14	Fri 8/8/14
2116	Cycle 4 Testing - Pension, Disbursements, Imaging	2115	20 d	Mon 8/11/14	Fri 9/5/14
2117	Cycle 5 Testing - Pension, Disbursements, Imaging	2116	15 d	Mon 9/8/14	Fri 9/26/14
2118	QA/Dev Data Conversion Runs completed	2099	0 d	Fri 9/26/14	Fri 9/26/14
2119	<b>Rollout 2 PRD Infrastructure - Hosting</b>	<b>1700FS-20 d</b>	<b>20 d</b>	<b>Mon 9/22/14</b>	<b>Fri 10/17/14</b>
2120	Verify milestone deliverables		2 d	Mon 9/22/14	Tue 9/23/14
2121	Verify environment requirements	2120	2 d	Wed 9/24/14	Thu 9/25/14
2122	Verify access requirements	2121	2 d	Fri 9/26/14	Mon 9/29/14
2123	Verify hardware and 3rd party software requirements for any components residing at VCERA	2122	2 d	Tue 9/30/14	Wed 10/1/14
2124	Place orders for HW and SW	2123	1 d	Thu 10/2/14	Thu 10/2/14
2125	Create Cloud QA Application Environment	2124	3 d	Fri 10/3/14	Tue 10/7/14
2126	Install baseline V3 application and database in Cloud	2125	3 d	Wed 10/8/14	Fri 10/10/14
2127	Perform internal test of V3 application	2126	1 d	Mon 10/13/14	Mon 10/13/14
2128	Establish site to site tunnel - VCERA and Vitech	2125	3 d	Wed 10/8/14	Fri 10/10/14
2129	Install Hardware and 3rd Party Software at VCERA	2128	2 d	Mon 10/13/14	Tue 10/14/14
2130	Perform End-to-End (E2E) Test	2129	3 d	Wed 10/15/14	Fri 10/17/14
2131	VCERA Acceptance of Production Infrastructure	2130	0 d	Fri 10/17/14	Fri 10/17/14
2132	<b>Deployment Phase</b>	<b>1700</b>	<b>95 d</b>	<b>Mon 10/20/14</b>	<b>Fri 2/27/15</b>
2133	<b>Rollout 2 User Acceptance Testing (UAT)</b>		<b>70 d</b>	<b>Mon 10/20/14</b>	<b>Fri 1/23/15</b>

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
2134	Prepare UAT environment		5 d	Mon 10/20/14	Fri 10/24/14
2135	Convert data into the UAT instance	2131	5 d	Mon 10/20/14	Fri 10/24/14
2136	Train team on UAT procedures	2135	5 d	Mon 10/27/14	Fri 10/31/14
2137	Conduct UAT sessions	2136	60 d	Mon 11/3/14	Fri 1/23/15
2138	Document UAT Results	2137FF	60 d	Mon 11/3/14	Fri 1/23/15
2139	UAT Complete	2138	0 d	Fri 1/23/15	Fri 1/23/15
2140	<b>Training and Documentation Sub-Phase</b>		<b>85 d</b>	<b>Mon 10/20/14</b>	<b>Fri 2/13/15</b>
2141	<b>Documentation Guides</b>		<b>45 d</b>	<b>Mon 10/20/14</b>	<b>Mon 12/22/14</b>
2142	Confirm scope and list of guides to be developed	2154SF	5 d	Mon 10/20/14	Fri 10/24/14
2143	<b>User Documentation</b>		<b>20 d</b>	<b>Mon 11/17/14</b>	<b>Mon 12/15/14</b>
2144	<b>User Manual</b>		<b>15 d</b>	<b>Mon 11/17/14</b>	<b>Mon 12/8/14</b>
2145	Develop Initial Draft Document	2146SF	10 d	Mon 11/17/14	Mon 12/1/14
2146	Deliver to VCERA for Initial Review	2147SF	0 d	Mon 12/1/14	Mon 12/1/14
2147	Update Document based on VCERA Review	2148SF	5 d	Mon 12/1/14	Mon 12/8/14
2148	Deliver Final Document to VCERA	2224SS-50 d	0 d	Mon 12/8/14	Mon 12/8/14
2149	<b>User Manual On-line Help Facility</b>		<b>13 d</b>	<b>Wed 11/26/14</b>	<b>Mon 12/15/14</b>
2150	Create HTML Pages from Manual	2145FF	3 d	Wed 11/26/14	Mon 12/1/14
2151	Deliver to VCERA for Initial Review	2152SF	0 d	Wed 12/10/14	Wed 12/10/14
2152	Update HTML based on VCERA Review	2153SF	3 d	Wed 12/10/14	Mon 12/15/14
2153	Deliver Final HTML to VCERA	2224SS-45 d	0 d	Mon 12/15/14	Mon 12/15/14
2154	<b>Administrative and System Documentation</b>		<b>45 d</b>	<b>Mon 10/20/14</b>	<b>Mon 12/22/14</b>
2155	<b>General System Administration Documentation</b>		<b>15 d</b>	<b>Mon 10/20/14</b>	<b>Mon 11/10/14</b>
2156	Develop Initial Draft Document	2157SF	10 d	Mon 10/20/14	Mon 11/3/14
2157	Deliver to VCERA for Initial Review	2158SF	0 d	Mon 11/3/14	Mon 11/3/14
2158	Update Document based on VCERA Review	2159SF	5 d	Mon 11/3/14	Mon 11/10/14
2159	Deliver Final Document to VCERA	2160SF	0 d	Mon 11/10/14	Mon 11/10/14
2160	<b>General System Configuration Documentation</b>		<b>15 d</b>	<b>Mon 11/10/14</b>	<b>Mon 12/1/14</b>
2161	Develop Initial Draft Document	2162SF	10 d	Mon 11/10/14	Mon 11/24/14
2162	Deliver to VCERA for Initial Review	2163SF	0 d	Mon 11/24/14	Mon 11/24/14
2163	Update Document based on VCERA Review	2164SF	5 d	Mon 11/24/14	Mon 12/1/14
2164	Deliver Final Document to VCERA	2165SF	0 d	Mon 12/1/14	Mon 12/1/14
2165	<b>System Maintenance and Operations Documentation</b>		<b>15 d</b>	<b>Mon 12/1/14</b>	<b>Mon 12/22/14</b>
2166	Develop Initial Draft Document	2167SF	10 d	Mon 12/1/14	Mon 12/15/14
2167	Deliver to VCERA for Initial Review	2168SF	0 d	Mon 12/15/14	Mon 12/15/14
2168	Update Document based on VCERA Review	2169SF	5 d	Mon 12/15/14	Mon 12/22/14
2169	Deliver Final Document to VCERA	2224SS-40 d	0 d	Mon 12/22/14	Mon 12/22/14
2170	<b>Train-the-Trainer</b>		<b>33 d</b>	<b>Wed 12/17/14</b>	<b>Fri 1/30/15</b>
2171	<b>Training Plan</b>		<b>14 d</b>	<b>Wed 12/17/14</b>	<b>Tue 1/6/15</b>
2172	Develop Materials	2173SF	5 d	Wed 12/17/14	Wed 12/24/14
2173	Formal Submission of Materials	2174SF	0 d	Wed 12/24/14	Wed 12/24/14
2174	VCERA Review of Materials	2175SF	5 d	Wed 12/24/14	Wed 12/31/14

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
2175	Vitech addresses comments from VCERA Review	2176SF	3 d	Wed 12/31/14	Mon 1/5/15
2176	Final VCERA Review (walkthrough of comments)	2177SF	1 d	Mon 1/5/15	Tue 1/6/15
2177	Obtain Sign-off	2178SF	0 d	Tue 1/6/15	Tue 1/6/15
2178	<b>User Training</b>		<b>19 d</b>	<b>Tue 1/6/15</b>	<b>Fri 1/30/15</b>
2179	<b>General User Training</b>		<b>19 d</b>	<b>Tue 1/6/15</b>	<b>Fri 1/30/15</b>
2180	<b>Training Materials</b>		<b>14 d</b>	<b>Tue 1/6/15</b>	<b>Mon 1/26/15</b>
2181	Develop Materials	2182SF	5 d	Tue 1/6/15	Tue 1/13/15
2182	VCERA Review of Materials	2183SF	5 d	Tue 1/13/15	Tue 1/20/15
2183	Vitech addresses comments from VCERA Review	2184SF	3 d	Tue 1/20/15	Fri 1/23/15
2184	Final VCERA Review (walkthrough of comments)	2185SF	1 d	Fri 1/23/15	Mon 1/26/15
2185	Obtain Sign-off	2188SF	0 d	Mon 1/26/15	Mon 1/26/15
2186	<b>Training Classes</b>		<b>7 d</b>	<b>Thu 1/22/15</b>	<b>Fri 1/30/15</b>
2187	Prepare Training environment	2188SF	2 d	Thu 1/22/15	Mon 1/26/15
2188	Conduct Training Classes	2139	5 d	Mon 1/26/15	Fri 1/30/15
2189	Training Evaluation	2188	0 d	Fri 1/30/15	Fri 1/30/15
2190	<b>Technical Staff Training</b>		<b>19 d</b>	<b>Tue 1/6/15</b>	<b>Fri 1/30/15</b>
2191	<b>V3 System Training</b>		<b>19 d</b>	<b>Tue 1/6/15</b>	<b>Fri 1/30/15</b>
2192	<b>Training Materials</b>		<b>14 d</b>	<b>Tue 1/6/15</b>	<b>Mon 1/26/15</b>
2193	Develop Materials	2194SF	5 d	Tue 1/6/15	Tue 1/13/15
2194	VCERA Review of Materials	2195SF	5 d	Tue 1/13/15	Tue 1/20/15
2195	Vitech addresses comments from VCERA Review	2196SF	3 d	Tue 1/20/15	Fri 1/23/15
2196	Final VCERA Review (walkthrough of comments)	2197SF	1 d	Fri 1/23/15	Mon 1/26/15
2197	Obtain Sign-off	2199SF	0 d	Mon 1/26/15	Mon 1/26/15
2198	<b>Training Classes</b>		<b>5 d</b>	<b>Mon 1/26/15</b>	<b>Fri 1/30/15</b>
2199	Conduct Training Classes	2188SS	5 d	Mon 1/26/15	Fri 1/30/15
2200	Training Evaluation	2199	0 d	Fri 1/30/15	Fri 1/30/15
2201	<b>End User Training</b>		<b>15 d</b>	<b>Mon 1/26/15</b>	<b>Fri 2/13/15</b>
2202	Develop Schedule	2170FS-5 d	5 d	Mon 1/26/15	Fri 1/30/15
2203	Conduct Training Classes	2202	10 d	Mon 2/2/15	Fri 2/13/15
2204	Training Evaluation	2203	0 d	Fri 2/13/15	Fri 2/13/15
2205	<b>Parallel Test Plan</b>	<b>2133FS-5 d</b>	<b>20 d</b>	<b>Mon 1/19/15</b>	<b>Fri 2/13/15</b>
2206	Develop Document		10 d	Mon 1/19/15	Fri 1/30/15
2207	Provide VCERA Iterative Draft Walkthroughs as Warranted	2206	1 d	Mon 2/2/15	Mon 2/2/15
2208	Formal Submission of Deliverable	2207	0 d	Mon 2/2/15	Mon 2/2/15
2209	VCERA Review of Deliverable	2208	4 d	Tue 2/3/15	Fri 2/6/15
2210	Linea addresses comments from VCERA Review	2209	5 d	Mon 2/9/15	Fri 2/13/15
2211	Obtain Sign-off	2210	0 d	Fri 2/13/15	Fri 2/13/15
2212	<b>Rollout Sub-Phase</b>		<b>30 d</b>	<b>Mon 1/19/15</b>	<b>Fri 2/27/15</b>
2213	<b>Live Production System</b>		<b>30 d</b>	<b>Mon 1/19/15</b>	<b>Fri 2/27/15</b>
2214	<b>Cutover Plan</b>	<b>2139FS-5 d</b>	<b>20 d</b>	<b>Mon 1/19/15</b>	<b>Fri 2/13/15</b>
2215	Develop Document		10 d	Mon 1/19/15	Fri 1/30/15

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ID	Task Name	Predecessors	Duration	Start	Finish
2216	Provide VCERA Iterative Draft Walkthroughs as Warranted	2215	2 d	Mon 2/2/15	Tue 2/3/15
2217	Formal Submission of Deliverable	2216	0 d	Tue 2/3/15	Tue 2/3/15
2218	VCERA Review of Deliverable	2217	3 d	Wed 2/4/15	Fri 2/6/15
2219	Vitech addresses comments from VCERA Review	2218	2 d	Mon 2/9/15	Tue 2/10/15
2220	Final VCERA Review (walkthrough of comments)	2219	3 d	Wed 2/11/15	Fri 2/13/15
2221	Obtain Sign-Off	2220	0 d	Fri 2/13/15	Fri 2/13/15
2222	VCERA accepts Rollout 2 for Production	2221FF	0 d	Fri 2/13/15	Fri 2/13/15
2223	<b>Production Environment</b>	<b>2221</b>	<b>10 d</b>	<b>Mon 2/16/15</b>	<b>Fri 2/27/15</b>
2224	Prepare Production Environment		2 d	Mon 2/16/15	Tue 2/17/15
2225	Create Conversion Files from Legacy System	2224SS	5 d	Mon 2/16/15	Fri 2/20/15
2226	Migrate Application to Production Environment	2225	1 d	Mon 2/23/15	Mon 2/23/15
2227	Load System Parameter Tables	2226SS	2 d	Mon 2/23/15	Tue 2/24/15
2228	Convert Data into Production Environment	2226SS	3 d	Mon 2/23/15	Wed 2/25/15
2229	Validate Data Loads	2228	2 d	Thu 2/26/15	Fri 2/27/15
2230	Live Production System	2213	0 d	Fri 2/27/15	Fri 2/27/15
2231	Deployment Phase Complete	2213	0 d	Fri 2/27/15	Fri 2/27/15
2232	Rollout 2 Complete	2213	0 d	Fri 2/27/15	Fri 2/27/15
2233	<b>Rollout 3 - Member Portal</b>		<b>116 d</b>	<b>Mon 12/29/14</b>	<b>Mon 6/8/15</b>
2234	<b>Parallel Testing for Rollout 2</b>	<b>2231</b>	<b>20 d</b>	<b>Mon 3/2/15</b>	<b>Fri 3/27/15</b>
2235	Train team on parallel testing procedures		1 d	Mon 3/2/15	Mon 3/2/15
2236	Perform Parallel Testing	2235	19 d	Tue 3/3/15	Fri 3/27/15
2237	Document Test Results	2236FF	19 d	Tue 3/3/15	Fri 3/27/15
2238	<b>Segment A - Member Portal</b>		<b>75 d</b>	<b>Mon 12/29/14</b>	<b>Fri 4/10/15</b>
2239	<b>Track - Member Portal</b>		<b>60 d</b>	<b>Mon 12/29/14</b>	<b>Fri 3/20/15</b>
2240	<b>Sprint 1 - Member Portal (Actives')</b>	<b>205FS+650 d</b>	<b>40 d</b>	<b>Mon 12/29/14</b>	<b>Fri 2/20/15</b>
2241	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 12/29/14</b>	<b>Fri 1/16/15</b>
2242	Review Sprint Guidelines		3 d	Mon 12/29/14	Wed 12/31/14
2243	Resource Planning		3 d	Mon 12/29/14	Wed 12/31/14
2244	Review Rollout Planning Materials		3 d	Mon 12/29/14	Wed 12/31/14
2245	Sprint Backlog Review - Prior Sprint		3 d	Mon 12/29/14	Wed 12/31/14
2246	Prior Sprint Retrospective		3 d	Mon 12/29/14	Wed 12/31/14
2247	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 12/29/14</b>	<b>Fri 1/16/15</b>
2248	Create Business Samples		15 d	Mon 12/29/14	Fri 1/16/15
2249	Create Discovery Materials		15 d	Mon 12/29/14	Fri 1/16/15
2250	<b>Sprint Execution</b>	<b>2241FS-2 d</b>	<b>20 d</b>	<b>Thu 1/15/15</b>	<b>Wed 2/11/15</b>
2251	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Thu 1/15/15</b>	<b>Fri 1/23/15</b>
2252	Analyze / Confirm Business Requirements		6 d	Thu 1/15/15	Thu 1/22/15
2253	Perform Configuration	2252SS	6 d	Thu 1/15/15	Thu 1/22/15
2254	Perform Preliminary Testing	2253FF	6 d	Thu 1/15/15	Thu 1/22/15
2255	Deploy software for Structured Walkthrough	2254	1 d	Fri 1/23/15	Fri 1/23/15
2256	Perform First Structured Walkthrough	2255FF	1 d	Fri 1/23/15	Fri 1/23/15



**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
2257	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Mon 1/26/15</b>	<b>Mon 2/2/15</b>
2258	Analyze / Confirm Business Requirements	2256	6 d	Mon 1/26/15	Mon 2/2/15
2259	Perform Configuration	2258SS	6 d	Mon 1/26/15	Mon 2/2/15
2260	Perform Preliminary Testing	2259FF	5 d	Tue 1/27/15	Mon 2/2/15
2261	Perform Structured Walkthroughs	2260FF	5 d	Tue 1/27/15	Mon 2/2/15
2262	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Tue 2/3/15</b>	<b>Tue 2/10/15</b>
2263	Perform Sprint Checkpoint	2261	1 d	Tue 2/3/15	Tue 2/3/15
2264	Create Verification Test Scenarios	2263SS	5 d	Tue 2/3/15	Mon 2/9/15
2265	Perform Configuration	2261	5 d	Tue 2/3/15	Mon 2/9/15
2266	Perform Preliminary Testing	2265FF	4 d	Wed 2/4/15	Mon 2/9/15
2267	Deploy software for Structured Walkthrough	2266	1 d	Tue 2/10/15	Tue 2/10/15
2268	Perform Final Structured Walkthrough	2267FF	1 d	Tue 2/10/15	Tue 2/10/15
2269	Deploy Application for Verification Testing	2268	1 d	Wed 2/11/15	Wed 2/11/15
2270	<b>Verification Testing</b>		<b>10 d</b>	<b>Mon 2/9/15</b>	<b>Fri 2/20/15</b>
2271	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 2/9/15</b>	<b>Fri 2/20/15</b>
2272	Execute and Validate Test Cases / Results	2250FS-3 d	10 d	Mon 2/9/15	Fri 2/20/15
2273	<b>Configuration</b>		<b>10 d</b>	<b>Mon 2/9/15</b>	<b>Fri 2/20/15</b>
2274	Update V3 Solution	2272FF	10 d	Mon 2/9/15	Fri 2/20/15
2275	Create Verification Testing Certified	2272FF	1 d	Fri 2/20/15	Fri 2/20/15
2276	Deliver Draft Solution Design Document	2272FF	1 d	Fri 2/20/15	Fri 2/20/15
2277	<b>Sprint 2 - Member Portal (Retirees')</b>	<b>205FS+670 d</b>	<b>40 d</b>	<b>Mon 1/26/15</b>	<b>Fri 3/20/15</b>
2278	<b>Sprint Preparation</b>		<b>15 d</b>	<b>Mon 1/26/15</b>	<b>Fri 2/13/15</b>
2279	Review Sprint Guidelines		3 d	Mon 1/26/15	Wed 1/28/15
2280	Resource Planning		3 d	Mon 1/26/15	Wed 1/28/15
2281	Review Rollout Planning Materials		3 d	Mon 1/26/15	Wed 1/28/15
2282	Sprint Backlog Review - Prior Sprint		3 d	Mon 1/26/15	Wed 1/28/15
2283	Prior Sprint Retrospective		3 d	Mon 1/26/15	Wed 1/28/15
2284	<b>Discovery Materials / Business Samples</b>		<b>15 d</b>	<b>Mon 1/26/15</b>	<b>Fri 2/13/15</b>
2285	Create Business Samples		15 d	Mon 1/26/15	Fri 2/13/15
2286	Create Discovery Materials		15 d	Mon 1/26/15	Fri 2/13/15
2287	<b>Sprint Execution</b>	<b>2278FS-2 d</b>	<b>20 d</b>	<b>Thu 2/12/15</b>	<b>Wed 3/11/15</b>
2288	<b>First Structured Walkthrough</b>		<b>7 d</b>	<b>Thu 2/12/15</b>	<b>Fri 2/20/15</b>
2289	Analyze / Confirm Business Requirements		6 d	Thu 2/12/15	Thu 2/19/15
2290	Perform Configuration	2289SS	6 d	Thu 2/12/15	Thu 2/19/15
2291	Perform Preliminary Testing	2290FF	6 d	Thu 2/12/15	Thu 2/19/15
2292	Deploy software for Structured Walkthrough	2291	1 d	Fri 2/20/15	Fri 2/20/15
2293	Perform First Structured Walkthrough	2292FF	1 d	Fri 2/20/15	Fri 2/20/15
2294	<b>Design / Build / Verify Iterations</b>		<b>6 d</b>	<b>Mon 2/23/15</b>	<b>Mon 3/2/15</b>
2295	Analyze / Confirm Business Requirements	2293	6 d	Mon 2/23/15	Mon 3/2/15
2296	Perform Configuration	2295SS	6 d	Mon 2/23/15	Mon 3/2/15
2297	Perform Preliminary Testing	2296FF	5 d	Tue 2/24/15	Mon 3/2/15

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
2298	Perform Structured Walkthroughs	2297FF	5 d	Tue 2/24/15	Mon 3/2/15
2299	<b>Final Structured Walkthrough</b>		<b>6 d</b>	<b>Tue 3/3/15</b>	<b>Tue 3/10/15</b>
2300	Perform Sprint Checkpoint	2298	1 d	Tue 3/3/15	Tue 3/3/15
2301	Create Verification Test Scenarios	2300SS	4 d	Tue 3/3/15	Fri 3/6/15
2302	Perform Configuration	2298	5 d	Tue 3/3/15	Mon 3/9/15
2303	Perform Preliminary Testing	2302FF	5 d	Tue 3/3/15	Mon 3/9/15
2304	Deploy software for Structured Walkthrough	2303	1 d	Tue 3/10/15	Tue 3/10/15
2305	Perform Final Structured Walkthrough	2304FF	1 d	Tue 3/10/15	Tue 3/10/15
2306	Deploy Application for Verification Testing	2305	1 d	Wed 3/11/15	Wed 3/11/15
2307	<b>Verification Testing</b>		<b>10 d</b>	<b>Mon 3/9/15</b>	<b>Fri 3/20/15</b>
2308	<b>Test and Evaluate</b>		<b>10 d</b>	<b>Mon 3/9/15</b>	<b>Fri 3/20/15</b>
2309	Execute and Validate Test Cases / Results	2287FS-3 d	10 d	Mon 3/9/15	Fri 3/20/15
2310	<b>Configuration</b>		<b>10 d</b>	<b>Mon 3/9/15</b>	<b>Fri 3/20/15</b>
2311	Update V3 Solution	2309FF	10 d	Mon 3/9/15	Fri 3/20/15
2312	Create Verification Testing Certified	2309FF	1 d	Fri 3/20/15	Fri 3/20/15
2313	Deliver Draft Solution Design Document	2309FF	1 d	Fri 3/20/15	Fri 3/20/15
2314	<b>Validation Testing Preparation</b>	<b>2240SS+10 d</b>	<b>50 d</b>	<b>Mon 1/12/15</b>	<b>Fri 3/20/15</b>
2315	<b>Configuration</b>		<b>30 d</b>	<b>Mon 1/12/15</b>	<b>Fri 2/20/15</b>
2316	Perform Configuration		30 d	Mon 1/12/15	Fri 2/20/15
2317	Perform Preliminary Testing	2316FF	15 d	Mon 2/2/15	Fri 2/20/15
2318	Deploy Application for Validation Testing	2317FF	1 d	Fri 2/20/15	Fri 2/20/15
2319	<b>Test Preparation</b>		<b>15 d</b>	<b>Mon 3/2/15</b>	<b>Fri 3/20/15</b>
2320	Create Validation Test Cases	2277FF	15 d	Mon 3/2/15	Fri 3/20/15
2321	Complete Test Data Setup	2320FF	15 d	Mon 3/2/15	Fri 3/20/15
2322	<b>Solution Design Document</b>		<b>30 d</b>	<b>Mon 2/9/15</b>	<b>Fri 3/20/15</b>
2323	Create Solution Design Document	2319FF	30 d	Mon 2/9/15	Fri 3/20/15
2324	<b>Test Creation</b>		<b>50 d</b>	<b>Mon 1/12/15</b>	<b>Fri 3/20/15</b>
2325	Create test documentation for the Segment	2314FF	50 d	Mon 1/12/15	Fri 3/20/15
2326	<b>Validation Testing</b>	<b>2324</b>	<b>15 d</b>	<b>Mon 3/23/15</b>	<b>Fri 4/10/15</b>
2327	Train team on Validation procedures		1 d	Mon 3/23/15	Mon 3/23/15
2328	Perform Validation Testing	2327SS	15 d	Mon 3/23/15	Fri 4/10/15
2329	Document Validation Results	2328FF	15 d	Mon 3/23/15	Fri 4/10/15
2330	Validation Testing Complete	2329FF	0 d	Fri 4/10/15	Fri 4/10/15
2331	<b>Rollout 3 PRD Infrastructure - Hosting</b>	<b>2238FS-20 d</b>	<b>20 d</b>	<b>Mon 3/16/15</b>	<b>Fri 4/10/15</b>
2332	Verify milestone deliverables		2 d	Mon 3/16/15	Tue 3/17/15
2333	Verify environment requirements	2332	2 d	Wed 3/18/15	Thu 3/19/15
2334	Verify access requirements	2333	2 d	Fri 3/20/15	Mon 3/23/15
2335	Verify hardware and 3rd party software requirements for any components residing at VCERA	2334	2 d	Tue 3/24/15	Wed 3/25/15
2336	Place orders for HW and SW	2335	1 d	Thu 3/26/15	Thu 3/26/15
2337	Create Cloud QA Application Environment	2336	3 d	Fri 3/27/15	Tue 3/31/15
2338	Install baseline V3 application and database in Cloud	2337	3 d	Wed 4/1/15	Fri 4/3/15

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
2339	Perform internal test of V3 application	2338	1 d	Mon 4/6/15	Mon 4/6/15
2340	Establish site to site tunnel - VCERA and Vitech	2337	3 d	Wed 4/1/15	Fri 4/3/15
2341	Install Hardware and 3rd Party Software at VCERA	2340	2 d	Mon 4/6/15	Tue 4/7/15
2342	Perform End-to-End (E2E) Test	2341	3 d	Wed 4/8/15	Fri 4/10/15
2343	VCERA Acceptance of Production Infrastructure	2342	0 d	Fri 4/10/15	Fri 4/10/15
2344	<b>Deployment Phase</b>	<b>2326</b>	<b>41 d</b>	<b>Mon 4/13/15</b>	<b>Mon 6/8/15</b>
2345	<b>Rollout 3 User Acceptance Testing (UAT)</b>		<b>30 d</b>	<b>Mon 4/13/15</b>	<b>Fri 5/22/15</b>
2346	Prepare the UAT environment		5 d	Mon 4/13/15	Fri 4/17/15
2347	Convert data into the UAT instance	2331	5 d	Mon 4/13/15	Fri 4/17/15
2348	Train team on UAT procedures	2347	5 d	Mon 4/20/15	Fri 4/24/15
2349	Conduct UAT sessions	2348	20 d	Mon 4/27/15	Fri 5/22/15
2350	Document UAT Results	2349FF	15 d	Mon 5/4/15	Fri 5/22/15
2351	UAT Complete	2350	0 d	Fri 5/22/15	Fri 5/22/15
2352	<b>Training and Documentation Sub-Phase</b>		<b>35 d</b>	<b>Mon 4/13/15</b>	<b>Fri 5/29/15</b>
2353	<b>Documentation Guides</b>		<b>11 d</b>	<b>Mon 4/13/15</b>	<b>Tue 4/28/15</b>
2354	Confirm scope and list of guides to be developed	2360SF	5 d	Mon 4/13/15	Fri 4/17/15
2355	<b>VCERA User Manual On-line Help Facility</b>		<b>6 d</b>	<b>Mon 4/13/15</b>	<b>Tue 4/21/15</b>
2356	Create HTML Pages from Manual		3 d	Mon 4/13/15	Wed 4/15/15
2357	Deliver to VCERA for Initial Review	2358SF	0 d	Thu 4/16/15	Thu 4/16/15
2358	Update HTML based on VCERA Review	2359SF	3 d	Thu 4/16/15	Tue 4/21/15
2359	Deliver Final HTML to VCERA	2406SS-30 d	0 d	Tue 4/21/15	Tue 4/21/15
2360	<b>Administrative and System Documentation</b>		<b>11 d</b>	<b>Mon 4/13/15</b>	<b>Tue 4/28/15</b>
2361	<b>General System Administration Documentation</b>		<b>10 d</b>	<b>Mon 4/13/15</b>	<b>Fri 4/24/15</b>
2362	Develop Initial Draft Document	2363SF	10 d	Mon 4/13/15	Fri 4/24/15
2363	Deliver to VCERA for Initial Review	2364SF	0 d	Mon 4/13/15	Mon 4/13/15
2364	Update Document based on VCERA Review	2365SF	5 d	Mon 4/13/15	Fri 4/17/15
2365	Deliver Final Document to VCERA	2366SF	0 d	Mon 4/13/15	Mon 4/13/15
2366	<b>General System Configuration Documentation</b>		<b>10 d</b>	<b>Mon 4/13/15</b>	<b>Fri 4/24/15</b>
2367	Develop Initial Draft Document	2368SF	10 d	Mon 4/13/15	Fri 4/24/15
2368	Deliver to VCERA for Initial Review	2369SF	0 d	Mon 4/13/15	Mon 4/13/15
2369	Update Document based on VCERA Review	2370SF	5 d	Mon 4/13/15	Fri 4/17/15
2370	Deliver Final Document to VCERA	2371SF	0 d	Mon 4/13/15	Mon 4/13/15
2371	<b>System Maintenance and Operations Documentation</b>		<b>11 d</b>	<b>Mon 4/13/15</b>	<b>Tue 4/28/15</b>
2372	Develop Initial Draft Document	2373SF	10 d	Mon 4/13/15	Fri 4/24/15
2373	Deliver to VCERA for Initial Review	2374SF	0 d	Tue 4/21/15	Tue 4/21/15
2374	Update Document based on VCERA Review	2375SF	5 d	Tue 4/21/15	Tue 4/28/15
2375	Deliver Final Document to VCERA	2406SS-25 d	0 d	Tue 4/28/15	Tue 4/28/15
2376	<b>Training</b>		<b>33 d</b>	<b>Wed 4/15/15</b>	<b>Fri 5/29/15</b>
2377	<b>Training Plan</b>		<b>14 d</b>	<b>Wed 4/15/15</b>	<b>Tue 5/5/15</b>
2378	Develop Materials	2379SF	5 d	Wed 4/15/15	Wed 4/22/15
2379	Formal Submission of Materials	2380SF	0 d	Wed 4/22/15	Wed 4/22/15

**ATTACHMENT B: DETAILED IMPLEMENTATION PLAN**  
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ID	Task Name	Predecessors	Duration	Start	Finish
2380	VCERA Review of Materials	2381SF	5 d	Wed 4/22/15	Wed 4/29/15
2381	Vitech addresses comments from VCERA Review	2382SF	3 d	Wed 4/29/15	Mon 5/4/15
2382	Final VCERA Review (walkthrough of comments)	2383SF	1 d	Mon 5/4/15	Tue 5/5/15
2383	Obtain Sign-off	2384SF	0 d	Tue 5/5/15	Tue 5/5/15
2384	<b>User Training</b>		<b>19 d</b>	<b>Tue 5/5/15</b>	<b>Fri 5/29/15</b>
2385	<b>Training Materials</b>		<b>14 d</b>	<b>Tue 5/5/15</b>	<b>Mon 5/25/15</b>
2386	Develop Materials	2387SF	5 d	Tue 5/5/15	Tue 5/12/15
2387	VCERA Review of Materials	2388SF	5 d	Tue 5/12/15	Tue 5/19/15
2388	Vitech addresses comments from VCERA Review	2389SF	3 d	Tue 5/19/15	Fri 5/22/15
2389	Final VCERA Review (walkthrough of comments)	2390SF	1 d	Fri 5/22/15	Mon 5/25/15
2390	Obtain Sign-off	2393SF	0 d	Mon 5/25/15	Mon 5/25/15
2391	<b>Training Classes</b>		<b>7 d</b>	<b>Thu 5/21/15</b>	<b>Fri 5/29/15</b>
2392	Prepare Training environment	2393SF	2 d	Thu 5/21/15	Mon 5/25/15
2393	Conduct Training Classes	2351	5 d	Mon 5/25/15	Fri 5/29/15
2394	Training Evaluation	2393	0 d	Fri 5/29/15	Fri 5/29/15
2395	<b>Rollout Sub-Phase</b>		<b>16 d</b>	<b>Mon 5/18/15</b>	<b>Mon 6/8/15</b>
2396	<b>Live Production System</b>		<b>16 d</b>	<b>Mon 5/18/15</b>	<b>Mon 6/8/15</b>
2397	<b>Cutover Plan</b>	<b>2345FS-5 d</b>	<b>11 d</b>	<b>Mon 5/18/15</b>	<b>Mon 6/1/15</b>
2398	Develop Document		5 d	Mon 5/18/15	Fri 5/22/15
2399	Provide VCERA Iterative Draft Walkthroughs as Warranted	2398	1 d	Mon 5/25/15	Mon 5/25/15
2400	Formal Submission of Deliverable	2399	0 d	Mon 5/25/15	Mon 5/25/15
2401	VCERA Review of Deliverable	2400	2 d	Tue 5/26/15	Wed 5/27/15
2402	Vitech addresses comments from VCERA Review	2401	2 d	Thu 5/28/15	Fri 5/29/15
2403	Final VCERA Review (walkthrough of comments)	2402	1 d	Mon 6/1/15	Mon 6/1/15
2404	Obtain Sign-off	2403	0 d	Mon 6/1/15	Mon 6/1/15
2405	<b>Production Environment</b>	<b>2404</b>	<b>5 d</b>	<b>Tue 6/2/15</b>	<b>Mon 6/8/15</b>
2406	Prepare Production Environment		4 d	Tue 6/2/15	Fri 6/5/15
2407	Migrate Application to Production Environment		4 d	Tue 6/2/15	Fri 6/5/15
2408	Load System Parameter Tables	2407SS	4 d	Tue 6/2/15	Fri 6/5/15
2409	Convert Data into Production Environment	2407SS	4 d	Tue 6/2/15	Fri 6/5/15
2410	Validate Data Loads	2409	1 d	Mon 6/8/15	Mon 6/8/15
2411	Live Production System	2396	0 d	Mon 6/8/15	Mon 6/8/15
2412	Deployment Phase Complete	2396	0 d	Mon 6/8/15	Mon 6/8/15
2413	Rollout 3 Complete	2396	0 d	Mon 6/8/15	Mon 6/8/15
2414	<b>Warranty</b>		<b>483 d</b>	<b>Tue 10/29/13</b>	<b>Sun 9/6/15</b>
2415	Warranty Start	1045	0 ed	Tue 10/29/13	Tue 10/29/13
2416	Warranty End	2344FS+90 ec	0 ed	Sun 9/6/15	Sun 9/6/15
2417	Warranty Complete	2416	0 d	Sun 9/6/15	Sun 9/6/15

## Attachment C

Data Conversion Process Component	Purpose	Vitech Role	VCERA Role
Analysis of Legacy System's Data Structures	To understand the overall structure and organization of data in the legacy system.	<ul style="list-style-type: none"> <li>Review all existing technical documentation with VCERA</li> <li>Vitech and VCERA mutually agree on the extraction methods, data transmission, and data conversion security requirements.</li> <li>Develop data conversion updates to project plan, and review with VCERA</li> </ul>	<ul style="list-style-type: none"> <li>Supply legacy system(s) data information, and access to the environment</li> <li>Mutually agree on the extraction methods, data transmission, and data security requirements.</li> <li>Review and approve project plan updates for Data Conversion</li> </ul>
Data Mapping	To write technical conversion specifications, plan corresponding data conversion tests, and identify audit counts for validation.	<ul style="list-style-type: none"> <li>Identify and understand the business purpose if legacy data sets to be converted</li> <li>Develop a data mappings document</li> <li>Work with VCERA to establish test plans</li> <li>Submit the data mappings and test plans for approval</li> </ul>	<ul style="list-style-type: none"> <li>Assist Vitech in understanding business purpose of data sets</li> <li>Help establish test plans with Vitech</li> <li>Review and approve data mappings and test plans</li> </ul>
Data Conversion Code and Configurations	To develop and test all of the data conversion programs and scripts.	<ul style="list-style-type: none"> <li>Create scripts for Vitech Staging Table and Conversion Log Tables</li> <li>Modify standard V3 Data Conversion code per Data mapping documents requirements, including data validations , field mappings and processing logic</li> <li>Create Verification Scripts to obtain record counts, amount totals of staging tables and the log tables</li> <li>Create Master Script File to execute all Data Conversion stored procedures</li> </ul>	<ul style="list-style-type: none"> <li>Create extract programs, scripts, and methods conforming output to the target staging table layouts of the Data Mapping document</li> <li>Document record counts for each target staging table</li> </ul>
Integration Cycle Testing, Verification, and Enhancements	To load, integration test, and validate converted data as well as take corrective actions for identified issues until the data is acceptable.	<ul style="list-style-type: none"> <li>Test conversion scripts and programs</li> <li>Document errors &amp; develop Data Conversion Scorecards</li> <li>Review Data Conversion scorecards and error logs for issue and error resolution</li> </ul>	<ul style="list-style-type: none"> <li>Test data extraction &amp; document errors</li> <li>Review Data Conversion scorecards and error logs to assist in issue and error resolution</li> <li>Collectively develop with Vitech an action plan for correcting the data issues</li> </ul>
Deployment	To deploy data between environments running conversion programs and scripts.	<ul style="list-style-type: none"> <li>Deploy and test in all Vitech in-house development and deployment environments</li> <li>Work with VCERA in the deployment and testing of all client on-site deployment environments</li> </ul>	<ul style="list-style-type: none"> <li>Work with Vitech in the deployment and testing of all client on-site deployment environments</li> </ul>



# Ventura County Employees' Retirement Information System Status Report

ATTACHMENT D



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

7/16/2012

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

**Reporting period: March 15, 2012 – June 30, 2012**

### Current Project Plan

(Please see Attachment A) [Ledger-sized Gantt charts]

Rollout 1: Active Member	Rollout 2: Retiree	Rollout 3: Member Web
Actual % Complete: 0%	Actual % Complete: N/A	Actual % Complete: N/A
Planned % Complete: 0%	Planned % Complete: N/A	Planned % Complete: N/A
Variance: 0%	Variance: N/A	Variance: N/A
Rollout Timeline, Initial: July 2012 – December 2013	Rollout Timeline, Initial: October 2013 – April 2015	Rollout Timeline, Initial: January 2015 – June 2015
Rollout Timeline, Revised: N/A	Rollout Timeline, Revised: N/A	Rollout Timeline, Revised: N/A

### Accomplishments for the Period 3/15/2012 – 6/30/2012

- A detailed project charter was created and approved, defining roles on the project, change order procedures, communication plans, and project governance
- A project sharepoint website was created. All project documents are secured on this site, providing secure access, version control, project calendars, team contacts, and other resources. All team members can access the site from the web.
- A master project plan was completed that will be attached to the Vitech contract. It is included as Attachment B.
- A Data Conversion Strategy document was completed. This document details how VCERA and Vitech will successfully execute the conversion of legacy data to V3.
- A Data Conversion RFQ was issued in order to identify resources available to assist with VCERA's scope of work
- All RFP requirements were reviewed with Vitech and a requirements traceability matrix (RTM) was created
- A detailed project plan review was conducted with all team members to make sure all resources requirements for the project were estimated and committed to
- The hosted V3 environment has been created and tested
- An initial plan has been established with Auditor Controller and VRSD for the development of a new payroll interface for V3



# Ventura County Employees' Retirement Information System Status Report

ATTACHMENT D



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

7/16/2012

## Budget

### Summary

Cost Item	Budget	Change Orders	Amended Budget	Expended to Date	Remaining
Vitech (software, implementation, hosting)	\$ 4,986,500.00	\$ -	\$ 4,986,500.00	\$ 341,300.00	\$ 4,645,200.00
Linea (project oversight)	\$ 2,088,407.00	\$ -	\$ 2,088,407.00	\$ 160,445.00	\$ 1,927,962.00
External Costs	\$ 100,000.00	\$ -	\$ 100,000.00	\$ 5,148.00	\$ 94,852.00
<b>Total</b>	<b>\$ 7,174,907.00</b>	<b>\$ -</b>	<b>\$ 7,174,907.00</b>	<b>\$ 506,893.00</b>	<b>\$ 6,668,014.00</b>
Staff Costs (unbudgeted to project)				\$ 25,166.00	
<b>Grand Total</b>				<b>\$ 532,059.00</b>	

### Detail

Milestone Description	Scheduled Invoice Date	Budget	Holdback (15%)	Net Payment	Invoice Date	Amount Paid	Cumulative
Project Initiation / Initial License Payment (Development License)	March-12	\$ 200,000.00	\$ -	\$ 200,000.00		\$ 200,000.00	\$ 200,000.00
QA Hardware and Software Installed and Configured	May-12	128,000.00	(19,200.00)	108,800.00		108,800.00	308,800.00
Detailed Implementation Plan Approved	June-12	96,000.00	(14,400.00)	81,600.00			308,800.00
V3 Baseline Application Configuration & Demonstration Complete	August-12	224,000.00	(33,600.00)	190,400.00			308,800.00
Rollout 1: VCERA Confirms Segment A Functionality Delivered and Validated	November-12	224,000.00	(33,600.00)	190,400.00			308,800.00
Rollout 1: VCERA Confirms Segment B Functionality Delivered and Validated	January-13	160,000.00	(24,000.00)	136,000.00			308,800.00
Rollout 1: VCERA Confirms Segment C Functionality Delivered and Validated	April-13	160,000.00	(24,000.00)	136,000.00			308,800.00
Rollout 1: VCERA Confirms Segment D Functionality Delivered and Validated	May-13	160,000.00	(24,000.00)	136,000.00			308,800.00
Rollout 1: VCERA Begins UAT	July-13	160,000.00	(24,000.00)	136,000.00			308,800.00
Rollout 2: VCERA Confirms Segment A Functionality Delivered and Validated	September-13	160,000.00	(24,000.00)	136,000.00			308,800.00
Rollout 1: VCERA Accepts System for Production	October-13	576,000.00		576,000.00			308,800.00
Release Holdback	October-13		45,800.00	45,800.00			308,800.00
Rollout 2: VCERA Confirms Segment B Functionality Delivered and Validated	November-13	128,000.00		128,000.00			308,800.00
Rollout 2: VCERA Confirms Segment C Functionality Delivered and Validated	January-14	128,000.00		128,000.00			308,800.00
Rollout 2: VCERA Confirms Segment D Functionality Delivered and Validated	March-14	128,000.00		128,000.00			308,800.00
Rollout 2: VCERA Begins UAT	May-14	160,000.00		160,000.00			308,800.00
Rollout 3: VCERA Validates Functionality	July-14	64,000.00		64,000.00			308,800.00
Rollout 2: VCERA Accepts System for Production	September-14	320,000.00		320,000.00			308,800.00
Rollout 3: VCERA Begins UAT	September-14	64,000.00		64,000.00			308,800.00
Rollout 3: VCERA Accepts System for Production	December-14	160,000.00		160,000.00			308,800.00
Release Holdback	December-14		175,000.00	175,000.00			308,800.00
Warranty Complete: One Year After System Live Date	TBD	100,000.00	-	100,000.00			308,800.00
Change orders							308,800.00
<b>Vitech Implementation Services Subtotal:</b>		<b>\$ 3,500,000.00</b>	<b>\$ -</b>	<b>\$ 3,500,000.00</b>			<b>308,800.00</b>
<b>Vitech Other Costs</b>		<b>Budget</b>				<b>Paid this Qtr</b>	<b>Cumulative</b>
Vitech V3 License Fee	August-12	\$ 575,000.00					
Vitech V3 Upgrade Fee -	Various	450,000.00					
Infrastructure Hosting	Various	376,000.00				25,000.00	25,000.00
Travel	On-going	82,500.00				7,500.00	7,500.00
Software Escrow Agreement	FY 13/14	3,000.00					
Change orders							
<b>Vitech Other Costs Subtotal:</b>		<b>1,486,500.00</b>					<b>32,500.00</b>
<b>Vitech Services Total:</b>		<b>\$ 4,986,500.00</b>					<b>\$ 341,300.00</b>
<b>Linea - Project Oversight and Integrating Services Description:</b>		<b>Budget</b>				<b>Paid this Qtr</b>	<b>Cumulative</b>
Project Oversight	On-going	\$ 704,040.00				\$ 117,887.50	\$ 117,887.50
Design Consulting	On-going	484,000.00				15,910.00	15,910.00
Testing	On-going	412,550.00				1,868.75	1,868.75
Interfaces	On-going	165,360.00				9,620.00	9,620.00
Cut-Over Support	On-going	140,700.00					
Training	On-going	11,460.00					
Data Conversion	On-going	15,600.00				2,728.75	2,728.75
Travel Expenses	On-going	154,697.00				12,430.00	12,430.00



# Ventura County Employees' Retirement Information System Status Report

ATTACHMENT D



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

7/16/2012

<b>Project Oversight and Integrating Services Total:</b>		<b>\$ 2,088,407.00</b>	<b>\$ 160,445.00</b>	<b>\$ 160,445.00</b>
<b>External Costs:</b>		<b>Budget</b>		<b>Cumulative</b>
Software	Varies	\$ 22,000.00		
Hardware	Varies	30,000.00		5,148.00
Broadband to Host Facility	On-going	48,000.00		
Data Conversion (Legacy (\$225,000 + Third Party \$481,000))		-		
<b>3rd Party Hardware / Software Total:</b>		<b>\$ 100,000.00</b>		<b>\$ 5,148.00</b>
<b>Total Expended (excluding fixed term budget)</b>				<b>\$ 198,093.00</b>
<b>Total Project Budget (excluding fixed term budget)</b>		<b>\$ 7,174,907.00</b>		
		Original Project Budget	\$ 7,174,907.00	Variance from Original
				\$ -

## Change Orders This Period

Name	Description	Cost Impact	Budget Year
Total			

## Change Orders (All To Date)

Name	Description	Cost Impact	Budget Year
Total			





# Ventura County Employees' Retirement Information System Status Report

ATTACHMENT D



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

7/16/2012

#	ISSUES / RISKS – Explanation of Issues	MITIGATION - Explanation of Action Needed	UPDATE – Current Status of Issue
1	Although the project plan was carefully reviewed by VCERA to ensure resources were applied to all tasks, operational events could impact resources on the project. All I.T. projects also carry risks of delays due to issues with software, data, etc.	Vitech, Linea and VCERA need to create contingencies for resource shortages and project delays.	The current project plan has been extended from 33 months to 40 months to account for the VCERA staff resource constraints.
2	The success of the VCERIS project depends on the appropriate technical skills that are dedicated for the duration of the project. Limited resources are available for data conversion.	VCERA is identifying the available resources available for data conversion.	A data conversion RFQ was issued in June to identify specialized resources to assist with data conversion. The results and recommendation are included in the July 16 <sup>th</sup> , 2012 PAS Board update letter.

## Accomplishments Planned for Next Period (7/1/2012 – 9/30/2012)

- Hire a third party data conversion expert (pending Board approval)
- Conduct a demonstration of a baseline VCERA V3 system
- Complete the initial design sessions
- Give the Auditor / Controller and VRSD an initial layout of the employer interface file, along with an initial set of business rules and specifications
- Implement a test tracking tool to organize all test scripts and testing
- Write an initial test plan
- Begin data mapping sessions