

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

SEPTEMBER 10, 2012

AGENDA

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

II. APPROVAL OF AGENDA

III. APPROVAL OF MINUTES

A. Business Meeting of July 16, 2012.

IV. PENDING DISABILITY APPLICATION STATUS REPORT

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V. APPLICATIONS FOR DISABILITY RETIREMENT

A. Application for Non-Service Connected Disability Retirement; David H. Hallbauer, Case No. 10-026.

UNDER
SEPARATE
COVER

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

2. Hearing Notice.

VI. OLD BUSINESS

UNDER
SEPARATE
COVERS

- A. Ventura County Employees' Retirement Information System (VCERIS) Project Update: Data Conversion.
 - 1. MBS Master Services Agreement.
 - 2. MBS Statement of Work.
 - 3. CMP & Associates, Inc. Contract Amendment.
- B. Retirement Administrator Performance Evaluation Policy.
 - 1. Proposed Policy.

VII. NEW BUSINESS

UNDER
SEPARATE
COVERS

- A. RREEF America III Proxy and Proposed Proxy Voting Plan.
 - 1. RREEF America REIT III, Inc. Proxy Card.
- B. Request for Reinstatement to Active Membership; Louis Berry.
- C. Consideration of New Disability Referees (Hearing Officers).
 - 1. Referee Services Agreement.
- D. SACRS Fall 2012 Conference Items.
- E. Senate Bill 1382.

VIII. PUBLIC COMMENT

IX. BOARD MEMBER COMMENT

X. CLOSED SESSION

It is the Intention of the Board of Retirement to Meet in Closed Session to Discuss Those Item Listed on Attachment A to this Agenda.

XI. ADJOURNMENT

CLOSED SESSION ITEM

ITEM X.

- 1. EVALUATION OF A PUBLIC EMPLOYEE PURSUANT TO THE PROVISIONS OF GOVERNMENT CODE 54957; RETIREMENT ADMINISTRATOR.**

Attachment A – September 10, 2012

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

JULY 16, 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
Joseph Henderson, Public Member
Arthur E. Goulet, Retiree Member
Will Hoag, Alternate Retiree Member

DIRECTORS

ABSENT:

Albert G. Harris, Public Member
Robert Hansen, General Employee Member
Tom Johnston, General Employee Member
Chris Johnston, Alternate Employee Member

STAFF

PRESENT:

Donald C. Kendig, Retirement Administrator
Henry Solis, Chief Financial Officer
Lori Nemiroff, Assistant County Counsel
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 Business Meeting of July 16, 2012, to order at 9:00 a.m.

II. APPROVAL OF AGENDA

MOTION: Mr. Henderson moved, seconded by Mr. Foy, to approve the agenda.

Motion passed unanimously. Mr. Harris, Mr. Hansen, Mr. T. Johnston and Mr. C. Johnston absent. Mr. Towner absent for this item.

III. APPROVAL OF MINUTES

A. Business Meeting of June 18, 2012.

MOTION: Mr. Henderson moved, seconded by Mr. Foy, to approve the minutes of June 18, 2012 as presented.

Motion passed unanimously. Mr. Harris, Mr. Hansen, Mr. T. Johnston and Mr. C. Johnston absent. Mr. Towner absent for this item.

B. Disability Meeting of July 2, 2012.

Mr. Goulet requested the addition of Ruth Tabarez as present for Staff.

MOTION: Mr. Goulet moved, seconded by Mr. Henderson, to approve the minutes of July 2, 2012 as corrected.

Motion passed unanimously. Mr. Harris, Mr. Hansen, Mr. T. Johnston and Mr. C. Johnston absent. Mr. Towner absent for this item.

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.

B. Report of Checks Disbursed in June 2012.

C. Asset Allocation as of June 2012.

IV. CONSENT AGENDA (continued)

- 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.
- E. Budget Summary for the Month Ended June 30, 2012, Fiscal-Year 2011-12 (Estimated).
- 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.

MOTION: Mr. Henderson moved, seconded by Mr. Foy, to approve the Consent Agenda.

Motion passed unanimously. Mr. Harris, Mr. Hansen, Mr. T. Johnston and Mr. C. Johnston absent. Mr. Towner absent for this item.

END OF CONSENT AGENDA

V. INVESTMENT INFORMATION

- A. Hexavest Investment Presentation, Nadia Cesaratto.

Nadia Cesaratto was present on behalf of Hexavest to review the firm's organization, investment results for VCERA's accounts, investment process, and outlook.

NO ACTION TAKEN.

Mr. Towner entered the meeting at 9:26 a.m.

- B. Walter Scott Investment Presentation, Margaret Foley, MBA, BA, CFA, Relationship Manager.

Margaret Foley was present on behalf of Walter Scott to review the firm's organization, investment results for VCERA's accounts, investment process, and outlook.

NO ACTION TAKEN.

V. INVESTMENT INFORMATION (continued)

C. Hewitt ennisknupp, Russ Charvonja, ChFC, CFP, Esq., Kevin Vandolder, CFA, and Shay Hung.

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)

MOTION: Judge Hintz moved, seconded by Mr. Goulet, to receive and file the June 2012 Monthly Investment Update, Monthly Manager Updates, and Manager Watch List.

Motion passed unanimously. Mr. Harris, Mr. Hansen, Mr. T. Johnston and Mr. C. Johnston absent.

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

The Board directed the Retirement Administrator to notify them when PIMCO is fully funded.

MOTION: Mr. Henderson moved, seconded by Judge Hintz, to receive and file items a. through e. of the July 2012 Highlights and Research report.

Motion passed unanimously. Mr. Harris, Mr. Hansen, Mr. T. Johnston and Mr. C. Johnston absent.

V. INVESTMENT INFORMATION (continued)

C. Hewitt ennisknupp (continued)

2. Highlights and Research, July 2012. (continued)

No action was taken on item f. of the July 2012 Highlights and Research report.

The Board directed the Retirement Administrator to ensure that the Annual Proxy Voting and Reporting requirements of the Investment Policy are being carried out.

3. Inflation Risk and Real Return Opportunities

NO ACTION TAKEN.

VI. NEW BUSINESS

A. Segal Contract Renewal: Actuarial Services.

MOTION: Mr. Goulet moved, seconded by Judge Hintz, to authorize the Retirement Administrator to execute a contract renewal with Segal provided that the effective date is on or after the date that the renewal is signed by both parties, and that the renewal date is after Segal provides insurance levels at or above \$1,000,000 single limit, \$2,000,000 aggregate for Comprehensive General and Automobile Liability insurance, and \$5,000,000 for Workers' Compensation insurance.

Motion passed. Mr. Foy voting no. Mr. Harris, Mr. Hansen, Mr. T. Johnston and Mr. C. Johnston absent.

Mr. Towner left the meeting at 11:30 a.m.

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

MOTION: Mr. Foy moved, seconded by Judge Hintz, to approve the renewal of the CMP & Associates, Inc. contract, with an effective date of July 1, 2012, as well as ratify the Retirement Administrator's agreement to pay CMP & Associates, Inc. at the increased rate from July 1, 2012 to the date the contract is approved.

Motion passed. Mr. Goulet voting no. Mr. Harris, Mr. Hansen, Mr. T. Johnston and Mr. C. Johnston absent. Mr. Towner absent for this item.

VI. NEW BUSINESS (continued)

C. AB 2664 and 2668.

MOTION: Mr. Foy moved, seconded by Judge Hintz, to receive and file AB 2664 and AB 2668.

Staff advised the Board that AB 2668 did not apply to them.

Motion passed unanimously. Mr. Harris, Mr. Hansen, Mr. T. Johnston and Mr. C. Johnston absent. Mr. Towner absent for this item.

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

MOTION: Mr. Henderson moved, seconded by Mr. Goulet, to approve the attendance of Trustees, Art Goulet, Tom Johnston, Tracy Towner, William Wilson and Steven Hintz to the Opal Investment Trends Summit on September 12-14, 2012.

Motion passed unanimously. Mr. Harris, Mr. Hansen, Mr. T. Johnston and Mr. C. Johnston absent. Mr. Towner absent for this item.

E. Quarterly Retirement Administrator Report.

MOTION: Mr. Henderson moved, seconded by Judge Hintz, to receive and file the Quarterly Retirement Administrator's report.

Mr. Goulet advised the Retirement Administrator to be careful of the trip limits and that the CALAPRS Administrators' Roundtable did not comply with the VCERA Travel Policy.

Motion passed unanimously. Mr. Harris, Mr. Hansen, Mr. T. Johnston and Mr. C. Johnston absent. Mr. Towner absent for this item.

F. 2012-13 Business Plan.

MOTION: Mr. Henderson moved, seconded by Mr. Foy, to receive and file the 2012-13 Business Plan.

Motion passed unanimously. Mr. Harris, Mr. Hansen, Mr. T. Johnston and Mr. C. Johnston absent. Mr. Towner absent for this item.

VII. OLD BUSINESS

A. Pension Administration System Project Update.

MOTION: Mr. Goulet moved, seconded by Mr. Foy, to receive and file the Pension Administration System (PAS) project update, approve the detailed implementation plan, approve the proposed quarterly reporting format, and establish a 10% contingency for the PAS project.

Motion passed unanimously. Mr. Harris, Mr. Hansen, Mr. T. Johnston and Mr. C. Johnston absent. Mr. Towner absent for this item.

VIII. PUBLIC COMMENT

Russ Charvonja, of Hewitt ennisknupp, reported that CalPERS just reported a 1.0% performance figure for the June 30, 2012 fiscal year.

IX. BOARD MEMBER COMMENT

NONE.

X. ADJOURNMENT

The Meeting adjourned at 12:23 p.m.

Respectfully submitted,



DONALD C. KENDIG, CPA, Retirement Administrator

Approved,

WILLIAM W. WILSON, Chairman

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

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September 10, 2012

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

**SUBJECT: VENTURA COUNTY EMPLOYEES' RETIREMENT INFORMATION SYSTEM
(VCERIS) PROJECT UPDATE: DATA CONVERSION**

Dear Board Members:

Attached are a contract with Managed Business Solutions (MBS) and an amendment to the CMP and Associates (CMP) contract. Staff recommends your Board approve the following actions for the project:

- Approve the MBS Contract (Attachment 1)
- Approve the amendment to the CMP contract (Attachment 2)

Background and Discussion:

At the July 9, 2012, Board Meeting, Staff discussed the data conversion resource needs for the VCERIS project. 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.

Since the July meeting, Staff finalized its assessment of how to best resource VCERA's responsibilities of extracting data from the legacy systems, cleansing the data, and preparing the data for import by Vitech. Staff's resource plan involves contracting with the current legacy system programmer to provide assistance with data mapping for the project. Staff also recommends contracting with MBS, a vendor with expertise in Vitech Data Conversion to lead in the fulfillment of VCERA's scope of responsibility for the conversion, and to provide the technical skills required to transform, cleanse, and prepare the data for import by Vitech. Staff believes that the combination of these two resources represents the most cost effective and prudent method of ensuring the success of this critical project activity. As part of contracting with these two external resources, Staff recommends not filling the fixed term Office System's

Coordinator IV position, offsetting the cost of the external resources by approximately \$94,000 a year.

The overall cost of the data conversion effort will be lower than what was originally anticipated in the project budget. The budget presented in March of 2012 anticipated \$225,000 for CMP, approximately \$465,400 for a data conversion vendor, plus \$282,000 for a three-year limited term technology appointment to act as a data lead, for a total of \$972,400, not including any contingency.

The projected cost of the proposed plan for the data conversion over the three years of the project is \$431,712 for MBS, which includes the cost of the data lead, and \$214,600 for CMP, which totals \$646,312. Once a 10% contingency is added, the total projected cost of this effort is \$710,943. This is \$262,457 lower than the original budget.

1. Selection of MBS

VCERA issued a Request for Quote (RFQ) in June to assess the availability of expert data conversion vendors. Three vendors who have expertise in retirement system data conversions responded to the RFQ and were interviewed in July. All three were highly qualified vendors. MBS was a unanimous choice of the team who interviewed the candidates. MBS was selected for the following reasons:

- MBS has had recent success converting legacy data to V3 and receives strong references for this work.
- The company is a relatively large, well established firm, allowing for redundancy in the proposed staff.
- Its technical approach is a good match to the current data conversion strategy proposed by Vitech and Linea and to the current project plan.
- The company's overall proposal was the least expensive solution, both in absolute terms and also at an hourly bill rate level.

The MBS proposal is for a not-to-exceed amount of \$431,712. This represents 4,614 hours of work over approximately 2.5 years, as well as the travel costs to work on site at VCERA monthly. It should be noted that MBS is including a Data Conversion Lead with this cost: this position was originally budgeted as a limited-term position, at a cost of \$282,000 over the course of the project.

2. CMP and Associates

As the Board is aware, VCERA contracts with CMP and Associates for the maintenance of the legacy RDBS system. The proposed amendment allows the contractor to participate in data mapping meetings and to perform other tasks to support the VCERIS project. These tasks were out of the scope of the original contract with CMP, necessitating the proposed amendment, adding 580 hours to the existing 1,500 hour contract at an additional cost of \$107,300 this year, and approximately the same amount next year.

We would be pleased to respond to any questions you may have on this letter at the September 10, 2012, Board meeting.

Sincerely,



DONALD KENDIG
Retirement Administrator



BRIAN COLKER
Linea Solutions, Inc.

Attachments

Master Services Agreement

This Master Services Agreement (“Agreement”) is made this ____ day of _____, 20____ (the “Effective Date”) between Managed Business Solutions, LLC, a Colorado limited liability company (“MBS”) and Ventura County Employees’ Retirement Association (“VCERA”).

1. **Services.** VCERA retains MBS to perform consulting services that are described in a statement of work (“SOW”) approved and executed by both MBS and VCERA (the “Services”). MBS will use reasonable efforts and abilities to perform the Services and to give VCERA the full benefit of MBS’s knowledge, experience, judgment and expertise in performing the Services. The terms and conditions of this Agreement will govern all Services performed by MBS for VCERA.

2. **Statements of Work.** The SOW will include the following information: scope of work, proposed approach, deliverables, key assumptions, staffing and responsibilities of MBS and VCERA, estimated project schedule, and pricing and fees. The SOW will become effective only when signed by both MBS and VCERA. In the event that there is a material change to the SOW, MBS and VCERA shall prepare and sign a change order to address those changes. The process for preparing a change order shall be set forth in the SOW.

3. **Fees, Costs, Payment Terms.** VCERA shall pay MBS the amounts shown in the SOW. MBS will invoice VCERA for amounts that come due under the SOW. VCERA will not pay any fees in excess of the not-to-exceed amount on the SOW. Each invoice will detail MBS’ activities in sufficient detail to allow the VCERA to track the hours and cost to the deliverables in the SOW. VCERA shall pay each invoice in full within 30 days of its receipt. MBS reserves the right to charge and collect a service fee on any unpaid, past-due amount equal to 1.5% for each month that an invoice is past due except in the cases in which VCERA has disputed the invoice for reasons of lack of performance or lack of quality of deliverables. VCERA shall reimburse MBS for its expenses incurred in performance of the Services that are approved in advance by VCERA and for which MBS provides a statement and evidence of the expenses. MBS’s expenses may include out-of-town travel costs such as airline tickets, meals and hotels, subject to section 6.0 of the SOW.

4. **General Obligations of MBS and VCERA.**

a. The SOW shall include a list of specific duties of VCERA and MBS. VCERA and MBS shall each perform their respective duties under the SOW in good faith and as promptly as needed in order to meet the estimated project schedule. VCERA will provide feedback and information to MBS as needed in order for MBS to perform the Services.

b. VCERA shall collect and deliver all background materials and information as reasonably required by MBS to perform the Services. VCERA shall provide MBS with timely access to all VCERA data and personnel knowledgeable about VCERA data as needed in order for MBS to perform the Services. MBS is responsible for clearly communicating in advance to VCERA all VCERA personnel and time requirements.

c. VCERA acknowledges and agrees that the accomplishment of the goals set forth in the SOW will require each party to fully cooperate with the other party, to fulfill its role and perform its obligations in a timely manner with personnel qualified to perform the tasks assigned and to coordinate its efforts with the efforts of the other party, and that all Services provided will be the result of the parties' joint input and efforts. MBS acknowledges that VCERA has a limited number of staff assigned to the project, and that MBS will be responsible for adapting its plan to accommodate for VCERA's operational responsibilities.

d. The Chairman of the Board of VCERA shall designate in writing a representative authorized to act on behalf of VCERA.

e. VCERA agrees that MBS is authorized to rely upon any instructions or information provided by VCERA the authorized representative or any persons designated by VCERA the authorized representative to provide instructions and information.

5. **Confidential Information.**

a. **Definition.** "Confidential Information" will mean any and all data pertaining to VCERA's members, any proprietary information of VCERA, technical data, trade secrets or know-how, including, but not limited to, research, product plans, products, services, customer and supplier lists and customers and suppliers, markets, software, developments, inventions, processes, formulae, technology, designs, drawings, engineering, hardware configuration information, marketing, finances or other business information disclosed to MBS by VCERA. Confidential Information also includes items prepared by MBS for VCERA in the performance of the Services that incorporates or creates any of the items listed above.

b. **Duty to Maintain Confidential Information.** MBS shall not, during or subsequent to the term of this Agreement: use the Confidential Information for any purpose whatsoever other than the performance of the Services on behalf of VCERA; or disclose the Confidential Information to any third party. Confidential Information will remain the sole property of VCERA. MBS agrees to take all reasonable precautions to prevent any unauthorized disclosure of the Confidential Information including, but not limited to, having each of its employees sign and deliver a confidentiality agreement. Confidential Information does not include information that: (i) is known to MBS on a non-confidential basis at the time of disclosure to or creation by MBS as evidenced by written records of MBS; (ii) has become publicly known and made generally available through no wrongful act of MBS; or (iii) has been rightfully received by MBS from a third party who is authorized to make such disclosure.

c. **Third Party Information.** MBS recognizes VCERA receives from third parties, including but not limited to, members and members' spouses, former spouses and beneficiaries their confidential or proprietary information subject to a duty on VCERA's part to maintain the confidentiality of such information and to use it only for certain limited purposes. MBS agrees that it owes VCERA and such third parties, during the term of this Agreement and thereafter, a duty to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person or entity or to use it except as necessary in carrying out the Services for VCERA consistent with VCERA's agreement with such third party.

d. ***Return of Confidential Information.*** Upon the termination of this Agreement, or upon VCERA's earlier request, MBS will deliver to VCERA all of VCERA's property or Confidential Information in tangible form that MBS may have in MBS's possession or control.

6. **Term and Termination.**

a. ***Effectiveness.*** This Agreement will take effect when signed by both VCERA and MBS. The effective date of the SOW shall be the date that it is signed, but no earlier than the date of this Agreement.

b. ***Termination.***

i. MBS or VCERA may terminate this Agreement at any time when there are no pending activities. In the event that there is a continuous 180-day period in which MBS has not performed Services for VCERA, then this Agreement shall terminate automatically.

ii. Either MBS or VCERA may terminate this Agreement and any existing activities for cause if the other party materially breaches this Agreement or any obligation under an existing SOW and fails to cure the breach within 10 business days of the non-breaching party's providing written notice of the breach.

iii. VCERA may terminate this Agreement and any existing activities for convenience by giving MBS at least 15 business days prior notice. In the event that VCERA exercises its rights under this subsection (iii), it will pay MBS: (A) all amounts due and payable to the date of termination; (B) all expenses incurred by MBS prior to the termination date (including non-refundable amounts paid for products and services not yet used); plus (C) the total amount earned by MBS on all open activities for work performed through the date of termination.

iv. The following sections of this Agreement will survive termination: Section 5 (Confidential Information); Section 7 (Limited Warranty); Section 8 (Limitation of Liability and Indemnity); Section 10 (Miscellaneous).

7. **Limited Warranty.**

a. MBS represents and warrants that deliverables provided to VCERA in MBS's performance of the Services will not infringe upon or constitute a misappropriation of any copyright, patent, trademark, trade secret, or other proprietary right of any third party.

b. MBS represents and warrants that the Services will: (i) be performed in a timely and professional manner and in accordance with the highest professional standards; and (ii) strictly comply with the descriptions and representations regarding the Services (including performance capabilities, accuracy, completeness, characteristics, specifications, configurations, standards, functions and requirements) that are included in a SOW.

c. In the event that performance of the Services includes the selection of third-party software to be used by VCERA, VCERA will retain the right and responsibility to select the third party software. MBS makes no representation or warranty for third-party software.

d. To the maximum extent permitted by applicable law, MBS disclaims all other warranties, express or implied, including, but not limited to, warranties of merchantability and fitness for a particular purpose.

8. Limitation of Liability and Indemnity.

a. ***MBS Indemnity.*** MBS will indemnify and hold VCERA harmless from all liability, claims, costs, damages and/or expenses (including legal fees) (collectively “Liabilities”) resulting from either: (i) a breach of MBS’s limited warranties that are expressly provided in this Agreement; or (ii) death, personal injury or illness resulting from MBS’s providing the Services, to the extent to that such Liabilities are due to the negligence or willful act or omission of MBS.

b. *Limitations on Liability.*

i. **No Special Damages.** VCERA and MBS will not be liable to the other for any incidental, indirect, special, punitive or consequential loss or damage, including, but not limited to, any loss of business, revenue, profits, loss of or use of data, loss of savings or anticipated savings, loss of investment, loss of goodwill, loss of extra administrative cost, whether or not foreseeable.

ii. **Absolute Cap.** Except as to items covered by the insurance required in section 9, MBS’s maximum liability under all possible theories and causes of action and for all types of damages will not exceed the total amount paid by VCERA under this Agreement for each statement of work. This absolute cap will not apply to a breach in warranty under 7b.

9. Insurance.

a. MBS, at its sole cost and expense, will obtain and maintain in full force during the term of this Agreement the following types of insurance:

i. General Liability "occurrence" coverage in the minimum amount of \$1,000,000 combined single limit (CSL) bodily injury & property damage each occurrence and \$2,000,000 aggregate, including personal injury, broad form property damage, products/completed operations, broad form blanket contractual coverage.

ii. Commercial Automobile Liability coverage in the minimum amount of \$1,000,000 CSL bodily injury & property damage, including owned, non-owned, and hired automobiles. Also to include Uninsured/Underinsured Motorists coverage in the minimum amount of \$100,000 when there are owned vehicles.

iii. Workers' Compensation coverage, in full compliance with California statutory requirements, for all employees of MBS and Employer's Liability in the minimum amount of \$1,000,000.

iv. Professional Liability coverage in the minimum amount of \$1,000,000 each occurrence and \$5,000,000 aggregate.

b. All insurance required will be primary coverage as respects VCERA and any insurance or self-insurance maintained by VCERA will be excess of MBS's insurance coverage and will not contribute to it.

c. VCERA is to be notified immediately if any aggregate insurance limit is exceeded. Additional coverage must be purchased by MBS to meet requirements.

d. VCERA shall be named as Additional Insured under all insurance required under 9a hereof as respects to work done by MBS under the terms of this Agreement.

e. MBS agrees to waive all rights of subrogation against the VCERA, its Board, Agencies, Departments, Officers, Employees, Agents and Volunteers for losses arising from work performed by MBS under the terms of this Agreement.

f. Policies will not be canceled, non-renewed or reduced in scope of coverage until after sixty (60) days written notice has been given to the VCERA.

g. MBS agrees to provide VCERA with the following insurance documents on or before the effective date of this Agreement:

i. Certificates of Insurance for all required coverage.

ii. Additional Insured endorsement for all insurance required under 9a hereof.

iii. Waiver of Subrogation endorsement (a.k.a.: Waiver of Transfer Rights of Recovery Against Others, Waiver of MBS's Right to Recover from Others) for Workers' Compensation.

Failure to provide these documents will be grounds for immediate termination or suspension of this Agreement.

10. **Miscellaneous.**

a. ***Governing Law, Jurisdiction and Venue.*** This Agreement will be governed in all respects under the laws of the State of California. The sole jurisdiction and venue for any legal action relating to this Agreement will be Ventura County, California. MBS and VCERA agree to submit to the personal jurisdiction of those courts.

b. ***Entire Agreement; Amendment.*** This Agreement and executed SOW is the full and entire understanding and agreement between MBS and VCERA with regard to the subjects discussed in this Agreement and the SOW. This Agreement may be amended or waived only by a written instrument signed by both parties. Any forbearance by a party to exercise a right of that party will not act as a waiver and the other party has no right to rely on any continued forbearance. In the event of a conflict between the terms of this Agreement and the terms in a SOW, the terms of this Agreement will govern.

c. ***Counterparts.*** This Agreement may be executed in any number of counterparts, each of which will be enforceable against the party actually executing the counterpart, and all of which together will constitute one instrument. A signature sent by facsimile will be valid under this Agreement.

d. ***Severability.*** In the event that any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement will continue in full force and effect without that provision; provided that no severability will be effective if it materially changes the economic benefit of this Agreement to any party.

e. ***Notices.*** All notices required or permitted by this Agreement will be sent by first class mail or nationally recognized overnight courier to the address provided on the signature page to the attention of the individual signing this Agreement on behalf of the party.

g. ***Assignment.*** Except as specifically anticipated by this Agreement, neither party may assign its rights or delegate its duties under this Agreement. MBS may use independent contractors to perform the Services with the written consent of VCERA.

i. ***Force Majeure.*** Neither party will be liable for any delay under this Agreement if that delay is caused by circumstances beyond its reasonable control. Each party's performance will be suspended and excused during any period of such delay.

j. ***Relationship of Parties.*** MBS is an independent contractor of VCERA. Neither party is a partner, agent, representative, or employee of the other. MBS and VCERA are not joint venturers.

MANAGED BUSINESS SOLUTIONS, LLC

**Ventura County Employees' Retirement
Association**

Jon Duncan, President/CEO
12325 Oracle Blvd, Suite 200
Colorado Springs, CO 80921

William W. Wilson, Chairman of the Board
1190 S. Victoria Avenue, Suite 200
Ventura, CA 93003

STATEMENT OF WORK

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

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

STATEMENT OF WORK

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STATEMENT OF WORK

1.0 Overview

VCERA recently selected Vitech Systems Inc. to provide a new integrated Pension Administration System (PAS). The objective of this solution is to provide a fully integrated system to manage VCERA's members from enrollment through retirement or termination.

The legacy system is made up of the retiree payroll service (ADP) plus two mainframe database systems: 1) RDBS, the Retirement Database System and 2) RIS, the Retiree Information System. Also, VCERA utilizes a document management system, called LibertyNET, owned by OnBase Software. This system provides the staff at VCERA easy access to member documents.

The goal of this project is to convert the data from the existing RDBS, RIS and ADP systems along with the LibertyNET images into the new PAS to be developed by Vitech. LibertyNet images are out of the scope for MBS.

The plan is to roll out the PAS in three phases:

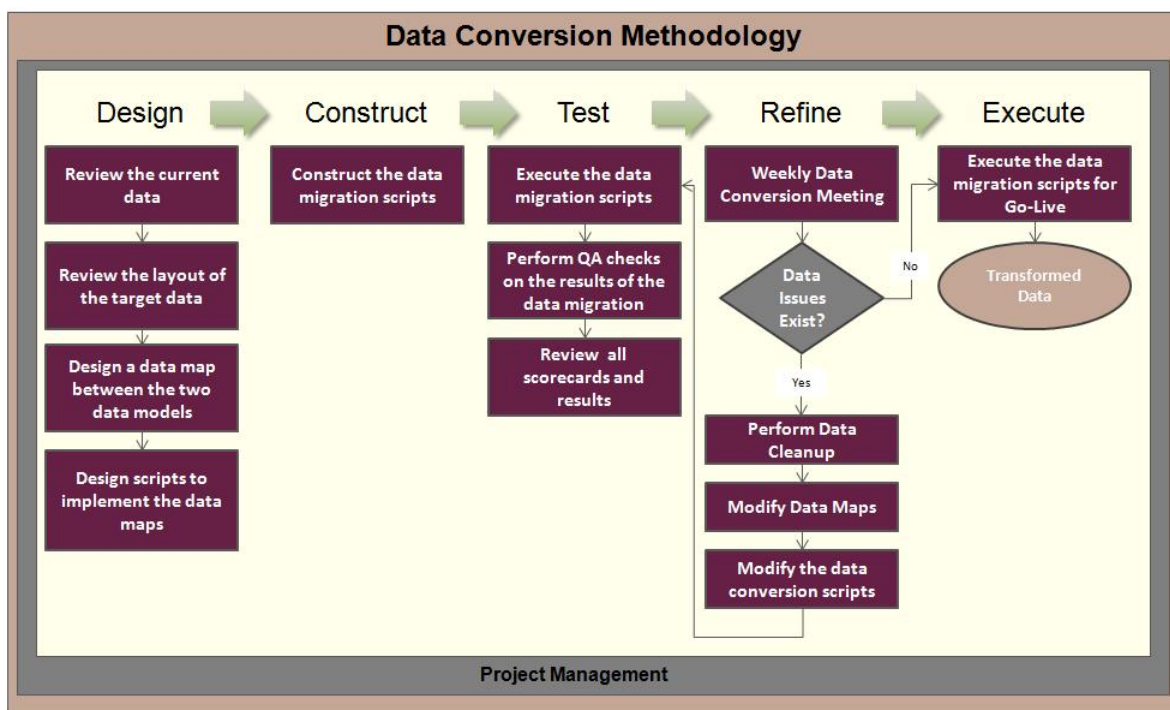
- Rollout 1. Rollout 1 consists of the active member database and active member processes. This rollout will involve the conversion of the data from the legacy mainframe system, RDBS. This is scheduled to be concluded by October of 2013.
- Rollout 2. Rollout 2 consists of the retired member processes and related data. This rollout will require the conversion of data from the ADP database and RIS. It is scheduled to be concluded by February of 2015.
- Rollout 3. Rollout 3 consists of the member portal and is not expected to include any data conversion.

2.0 Project Approach

MBS has a standard methodology for performing data conversions that includes the steps shown in the following diagram and are described below. This process allows project stakeholders to actively participate in a structured approach for migrating current application data into a new system. By building data maps between the old system and the new system and reviewing the results together, all parties proactively identify and agree to how the data is migrated.

Continued on next page

STATEMENT OF WORK



The process begins with a Data Conversion Joint Application Design (JAD) Workshop. The goal of this workshop is to walk through each of the target data elements, identify their sources and transformation rules, identify and review any data left behind and any resulting issues and design the structure of how data will be moved from the old system to the new system.

Once the designs and data maps are complete, MBS builds and runs the data conversion scripts. MBS would retrieve the data extracted from the legacy systems, put into a relational database format, and then transform it to match the Vitech V3 data structures. MBS would 'Load' the data into flat files which match the V3 database table structures for easy loading by Vitech. Vitech then writes their own data conversion scripts to load this transformed data, performing all of their business rule checks on the data.

MBS performs proactive quality reviews of the data conversion to verify that data was moved as expected. Data conversion testing will include several kinds of tests: conversion record counts / reconciliation with original record counts, primary key checking (no violations of target primary keys), NULL column counts (count records in database columns which have a value of NULL) and sample record checking.

STATEMENT OF WORK

VCERA can view the data in the newly delivered application (V3) code drops to verify that the data was converted as expected. Vitech also provides data conversion ‘scorecards’, which report violations of data rules in V3. In a periodic meeting, such as a Weekly Data Conversion Meeting, MBS can work with Vitech and VCERA iteratively to resolve scorecard and identified data issues by determining data causes, suggesting data cleanup activities, modifying transformation scripts and refining data conversion approaches / maps. MBS utilizes SQL Server SSIS for data conversion and stores these scripts under configuration control in Microsoft’s Team Foundation Server (TFS), Source Safe or a source code versioning tool of the client’s choice.

As data conversion activities proceed, MBS will work with VCERA and Vitech to practice Go-Live runs. Once all parties are confident in the data conversion process, MBS will work with VCERA and Vitech to execute the data migration scripts a final time as part of application deployment.

Underpinning this effort will be the following Project Management items: a Kick-Off presentation for the project; weekly project status updates on project progress, goals, risks, actions, issues and schedule and a Project Close-Out presentation reviewing the goals, achievements and lessons learned for the project.

3.0 Project Scope

This project includes two data conversion phases: one for Active Members and one for Retired Members. MBS will repeat the following tasks for each data conversion phase for this project:

- a) Conduct on-site data mapping JADs: MBS will facilitate on-site Joint Application Design (JAD) Workshops to identify the data mappings from the VCERA data sources to the V3 Pension tables. Some tables may require mappings and conversion for both Rollout 1 and Rollout 2. In this case, either all mappings will be identified in the Rollout 1 JAD or will be revisited in one of the Rollout 2 JADs per VCERA direction.
- b) Data Profiling and Analysis: MBS will proactively review source data from the legacy systems looking for missing data, gaps in expected data (e.g. null dollar amounts that are expected to be present), duplicate data and data that may not transform well. MBS will achieve this by looking at record counts by specific data value (i.e. how many records are of a given type or have a certain value within the dataset), spot checking source data and by searching for duplicate data. Some of this activity may occur during the JAD’s.

STATEMENT OF WORK

- c) The VCERA data sources are: RDBS, the Active Member System; ADP, the third party payroll service; and RIS, the Retirees Tax Information System.
- d) MBS anticipates that Vitech will provide data map templates for all data tables mapped in the JADs. During the JAD, MBS will fill in the data sources and transformation rules in these templates after the workshop is completed.
- e) After the JAD, MBS will finalize the data maps showing the planned mapping and transformation rules from the VCERA data sources to the V3 Pension tables. The maps will then be reviewed for refinement and approval by MBS, VCERA and Vitech.
- f) MBS will work with VCERA to identify and leverage any existing VCERA Extract scripts. If necessary, MBS will split full records of data (e.g. 80 character blocks of data) into the appropriate individual source data fields based on a key provided by VCERA. The key will indicate which characters of the data blocks belong in each fields (e.g. characters 1-9 contain the SSN, characters 10 – 20 contain the first name, characters 21 – 30 contain the last name, etc.). MBS will work with VCERA to retrieve, either in flat file format or loaded to SQL Server, any missing data.
- g) MBS will implement SQL Server SSIS packages to perform the data transformations. The RIS and RDBS data will be scrambled by VCERA and then stored on MBS servers. The transformed data will be loaded into SQL Server tables that match V3 data tables. MBS will scramble the personally identifiable information (PII) from the ADP data as required, and then will load the scrambled data into its SQL server.
- h) MBS will perform Quality assurance (QA) checks on all resulting data tables. The QA checks will include before conversion and after conversion record counts, checks to verify that no duplicate primary keys exist in resulting records, spot checking of a minimum of five records per table and the calculation of NULL counts by database table column. In some cases, dollar amounts of payments may be summed to check against pre-conversion values. MBS will perform additional QA checks as required in order to ensure the integrity of the data.
- i) MBS will produce flat files for Vitech so that Vitech can load the data into V3.
- j) MBS will review scorecards and data loads with Vitech and VCERA on a weekly or periodic basis, identifying any open issues. These issues may result in changes to data

STATEMENT OF WORK

conversion scripts, data cleanup activities for VCERA, or special data handling by Vitech. To support the review and cleanup of data, MBS will travel on-site to VCERA for up to a week and up to once a month per VCERA direction.

- k) MBS will store and maintain the data conversion scripts in a source code versioning tool.
- l) MBS will deliver a monthly back-up of all staging tables to VCERA on a portable hard drive or other media.
- m) MBS will run the scripts for go-live data conversion, addressing any issues at go-live.
- n) Per the table listing below, MBS estimates 19 complex, 33 moderate, and 0 simple data conversion scripts / tables required for this data conversion effort, broken out per data conversion area. There are approximately 34 tables that will not require conversion.

Continued on next page

STATEMENT OF WORK

ROLLOUT	JAD	SEGMENT	AREA	Complex Data Conversions	Moderate Data Conversions	Simple Data Conversions	No Data Conversion
Rollout 1	JAD I	Segment A -- Entity Management & Contributions	World - Member	Member, Member Address	Member Contact Info, Member Contacts, Member Comments, Member SSN Change, Member Name Change, Member Audit History	None	None
			World - Employer	None	None	None	Employer, Employer Address, Employer Contact Info, Employer Contacts, Employer Name Change, Employer DBA, Billing Location, Billing Location Address, Billing Location Contact Info, Billing Location Status, Billing Location Contacts incl. Address and contact info
			World - Associate / Beneficiary	Dependent (aka Associates), Dependent Address	Dependent Phone, Beneficiary	None	Contacts Dependents, Dependent / Beneficiary Audit History,
			World - Other Interested Party	None	None	None	OI Organization, OI Organization Address, OI Person, OI Person Address, OI Organization Contact Info, OI Person Contact Info
			Contributions	Work History, Work History to Part Acct Link	Employment History, Leave History / Reciprocity, Work History Report	None	Participation, Rate, Agreement, Contract, Job Category, Job Class, Factor Pay Items
Rollout 1	JAD II	Segment B -- SCP, Participant Accounts, DRO	Service Credit Purchase	None	SCP Header, SCP Distribution, SCP Part Account Detail, SCP Cost Statement, SCP Payment Schedule, SCP Invoices, SCP Payments, SCP Payment Applied	None	SCP Parameter
			Participant Account Datasheets	Participant Account, Part Account Detail Transaction	Part Account Reciprocity, Part Account Summary	None	None
				None	Datasheet 1, Datasheet 2, Datasheet 3	None	None
Rollout 2	JAD III	Segment A -- Pension -- Estimates, Application & Processing	Pension	Pension Application, Pension Benefit Activity	Pension Benefit Calc, Pension Beneficiary	None	Pension Proof Docs, Pension History, Pension App Activity, Pension Pre App, Court Order, Court Order Contacts
Rollout 2	JAD IV	Segment B -- Disbursements & Payroll Deductions, COLA, 1099, Adjustments	Disbursements	Disbursement, Disbursement Attribute, Disbursement Deduction, Disbursement Schedule, Disbursement Schedule Attributes, Deduction Template, Overpayment, Tax Reporting	Disbursement Status History, EFT Authorization, Rollover, Lien / Levy	None	Disbursement Address Priority
Rollout 2	JAD V	Segment C -- Pension, Disability and Death	N/A	None	None	None	None
			Datasheets	None	Datasheet 4, Datasheet 5, Datasheet 6	None	None
Rollout 2	JAD VI	Segment D -- Imaging, Workflows	Imaging	Imaging	None	None	None
			TOTAL TABLES	19 Tables	33 Tables	0 Tables	34 Tables

STATEMENT OF WORK

4.0 Roles and Responsibilities

The following roles and responsibilities are anticipated for this project, subject to direction from VCERA.

MBS Data Conversion Roles	
Role	Responsibility
Data Conversion Lead / Project Manager (PM)	<ul style="list-style-type: none"> Facilitate data conversion workshops Coordinate data conversion runs Analyze data issues; coordinate resolution Facilitate or participate in weekly data conversion scorecard resolution calls Suggest updates to the data maps to the Vitech data conversion lead / VCERA staff Conduct scorecard review sessions
Data Conversion Consultant	<ul style="list-style-type: none"> Fill in V3 data maps with mappings and transformation rules based on the data conversion workshop Design data conversion scripts Build data conversion scripts Document QA Review of data conversion results Document transformations, business rule documentation, and other business information supporting the conversion Perform data conversion runs Identify / analyze data issues Participate in weekly data conversion scorecard resolution calls Execute the final data conversion script run for Go-Live

VCERA Data Conversion Roles	
Role	Responsibility
Linea Project Manager	<ul style="list-style-type: none"> Point of contact with the Vitech PM and Data Conversion Lead Coordinate scorecard review sessions
VCERA Business Lead <i>Continued on next page</i>	<ul style="list-style-type: none"> Provide business knowledge of legacy system / testing Participate in data mapping meetings

STATEMENT OF WORK

	<ul style="list-style-type: none"> Coordinate / lead data cleanup efforts by VCERA business staff
VCERA Data Expert	<ul style="list-style-type: none"> Provide in-depth knowledge of the legacy system's data Participate in data mapping meetings Provide the extraction of the RDBS, RIS and ADP legacy data
VCERA Management	<ul style="list-style-type: none"> Manage VCERA resources assigned to the conversion

Vitech Data Conversion Roles	
Role	Responsibility
Project Manager	<ul style="list-style-type: none"> Point of contact with Linea PM and Data Conversion Lead Internal coordinator for Vitech Data Conversion team
Data Conversion Lead	<ul style="list-style-type: none"> Leads data conversion efforts Manages coding changes needed in standard V3 conversion procedures System tests data conversion procedure changes Manages and communicates scorecard content Reviews and identifies the source of issues reported during the data conversion cycle testing Identify any software requirements issues indicated by data mapping
Data Conversion Analyst	<ul style="list-style-type: none"> Participates in the data mapping process Codes changes needed to standard V3 conversion procedures Unit and system test coding changes (backend and application) Creates scorecard during conversion cycles Runs scripts for Go-Live Participates in the issue review process
Subject Matter Expert (SME) / Solutions Analyst <i>Continued on next page</i>	<ul style="list-style-type: none"> Define solutions and develop V3 detail design specifications Assist in data mapping Perform system and integration testing using converted data Log and assist in identifying the source of data

STATEMENT OF WORK

	conversion issues
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5.0 Project Milestones, Deliverables and Timeline

MBS will provide the following deliverables with each area of data conversion:

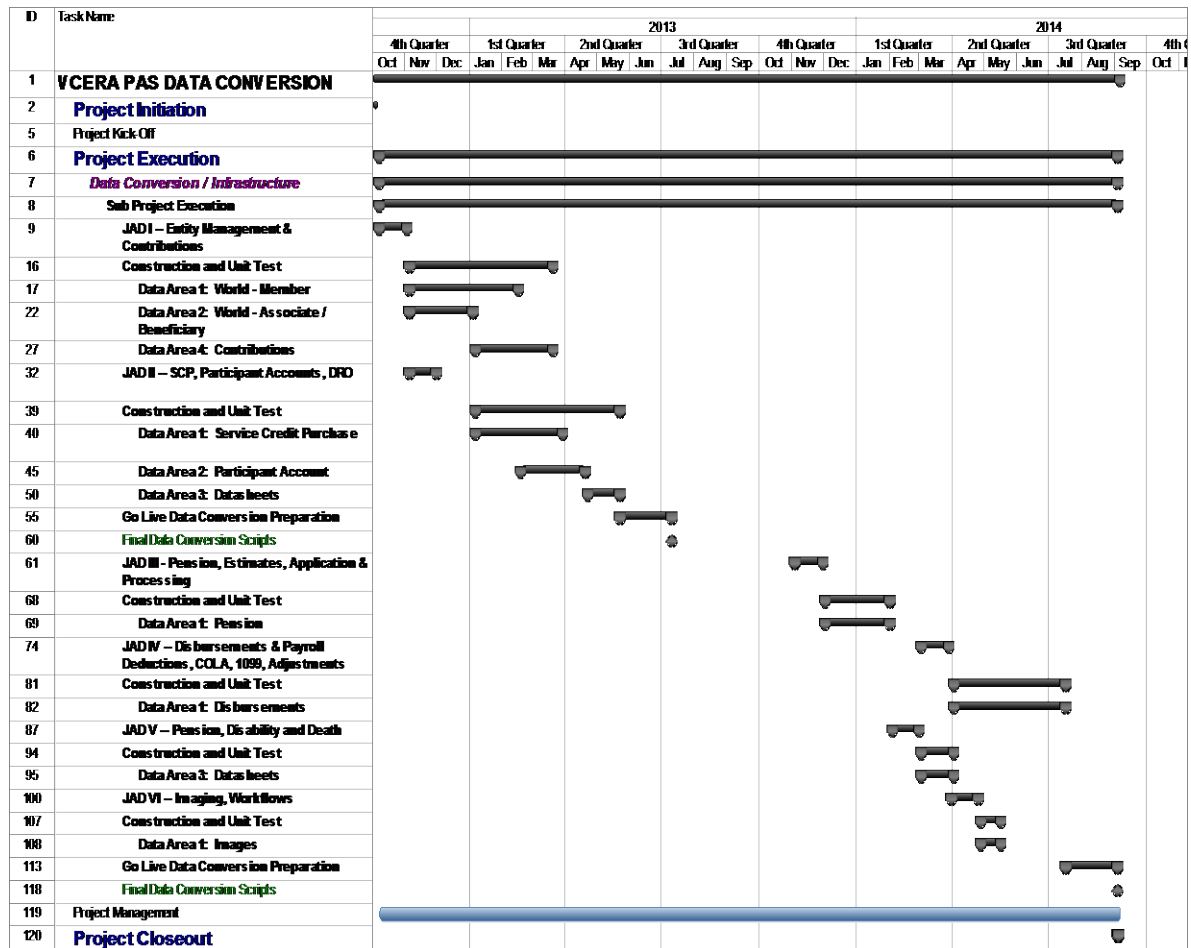
- Updated V3 Data Maps with VCERA Data Sources and Transformation Rules
- Data profiling analysis (that will identify items VCERA data cleansing must address)
- Documentation explaining business rules, transformation logic, and other pertinent details supporting the conversion; these items may be documented within the V3 Data Maps.
- Data Conversion Scripts
- Converted Data for V3 Targets
- Back-ups of Staging Tables
- Quality Assurance Worksheets

The following table indicates the expected timeline for the JAD workshops.

ROLLOUT	JAD	SEGMENT	ESTIMATED DATE*
Rollout 1	JAD I	Segment A -- Entity Management & Contributions	Oct-12
Rollout 1	JAD II	Segment B -- SCP, Participant Accounts, DRO	Nov-12
Rollout 2	JAD III	Segment A -- Pension -- Estimates, Application & Processing	Nov-13
Rollout 2	JAD IV	Segment B -- Disbursements & Payroll Deductions, COLA, 1099, Adjustments	Mar-14
Rollout 2	JAD V	Segment C -- Pension, Disability and Death	Feb-14
Rollout 2	JAD VI	Segment D -- Imaging, Workflows	Mar-14
* JAD dates will be per VCERA Direction			

The following diagram illustrates MBS's high level, estimated project plan for this effort. MBS will adjust its schedule and staffing to meet the goals of the project.

STATEMENT OF WORK



The table below summarizes the estimated time for each task in the schedule above by MBS resource. The table conversions all carry a categorized estimate since it is uncertain what transformation issues will be encountered until after the JADs. MBS anticipates that there will be 19 complex table conversions and 33 moderate table conversions for a total of 52 tables to convert (details are shown in Section 3.0 Project Scope). There are six (6) JADs and two (2) Go-Live tasks shown below to represent the Active Members and the Retired Members conversions.

Continued on next page

STATEMENT OF WORK

Project Tasks	Quantity	Project Mgr/ Data Conversion Lead	Data Conversion Consultant	Total Hours
Project Startup	1	16	16	32
Data Conversion JADs/Data Mapping	6	56	112	1,008
Table Conversions (Complex)	19	12	80	1,748
Table Conversions (Moderate)	33	6	40	1,518
Go Live	2	30	120	300
Project Closeout	1	8	0	8
Total Hours				4,614

6.0 Project Costs

MBS will utilize two to four MBS team members who will be engaged throughout the project; MBS will staff the project as required to meet project schedule goals. MBS will bill for services on a time and materials basis for the scope defined, with a not to exceed cost of \$375,660 in labor plus \$56,052 in travel costs. This pricing model enables VCERA to receive a cost savings benefit should the conversion require a reduced level of effort from MBS's initial estimate or reduced travel costs. The following rates serve as the basis of the Time and Materials effort.

Data Conversion Lead / Project Manager: \$110 / hour
Data Conversion Consultant: \$75 / hour

All travel shall be preapproved by VCERA. The table below summarizes estimated project costs along with estimated travel costs. All travel costs are billed at cost with no markup.

Continued on next page

STATEMENT OF WORK

MBS Cost Proposal Details

Labor Role	Hours	Rate	Total Cost
Data Conversion Lead/Project Manager	846	\$110.00	\$93,060
Data Conversion Consultant	3,768	\$75.00	\$282,600
Total Labor Cost	4,614		\$375,660
Travel Cost			
JAD I -- Entity Management & Contributions			\$2,900
JAD II -- SCP, Participant Accounts, DRO			\$2,900
JAD III -- Pension -- Estimates, Application & Processing			\$2,900
JAD IV -- Disbursements & Payroll Deductions, COLA, 1099,			\$2,900
JAD V -- Pension, Disability and Death			\$2,900
JAD VI -- Imaging, Workflows			\$2,900
On-Site Weeks (24 weeks)			\$38,652
Total Travel			\$56,052
Total Labor and Travel Cost			\$431,712

Cost Assumptions:

- MBS expects that there will be 19 complex data conversion tables and 33 moderate data conversion tables requiring transformations, per the table in Section 3. If additional tables are required, MBS will make a best effort to convert the additional tables within the funds available in the SOW.
- A complex data conversion is defined as a conversion that includes one or more of the following:
 - More than one field with complex transformation rules
 - Reconciliation of total value amounts (e.g. dollar amounts) with original data or data from other sources
 - Reconciliation of data from multiple sources
 - Extensive data cleanup or script refinement / complex data topics
- A moderate data conversion is defined as a conversion that includes one or more of the following:
 - Some limited transformations or quantities of data or one complex transformation
 - Some data cleanup or script refinement / moderate data topics

STATEMENT OF WORK

- MBS expects that six one-week JAD's will be sufficient to cover the definition of data mapping rules. Travel costs assume 6 trips to Ventura, CA for two resources for 4 nights to complete the JAD workshops.
- MBS has planned 24 one-week on-site visits to cover scorecard reviews, scorecard issue resolution and JAD follow-up. Travel costs assume 24 trips to Ventura, CA for one resource for 4 nights.
- No additional travel costs are allowed to complete the scope as identified in this SOW.
- There will be two go-live runs of the data conversion scripts; one for Active Members and one for Retired members.
- MBS plans to support the Go-Live data conversion runs, build the data conversion scripts, and review scorecard results with Vitech and VCERA remotely.
- MBS will work with Vitech Systems Inc. to establish connectivity to the V3 environment as required

7.0 Change Management

MBS shall utilize the Project Change Request (PCR) process described below to manage and receive approval of any changes to this SOW. The PCR will include the reason for the change, a complete description of work to be performed, an estimate of time to complete the task, a completion date for the work included in the PCR and an impact analysis indicating ramifications or impacts to the project. Changes can include scope change (enhancements), change in schedule due to delays, or other factors influencing the original agreed-upon scope, schedule and/or cost.

The scope of work as specified in this SOW shall not change except where approved using the following process:

- The authorized representative of VCERA and the MBS PM identify a change to the scope described in this SOW, defined as a task that will impact cost, schedule or staffing.
- The proposed change is documented in a scope change order, including the impact on schedule, cost and staffing.
- The scope change order is reviewed by project's steering committee, and approved by VCERA and the MBS PM by signing the change order.

STATEMENT OF WORK

- Upon approval, the change order becomes an amendment to this SOW
- Change order costs will be determined based on the following rate table and associated hours for each resource required to implement an approved change:

Resource	Hourly Rate
Data Conversion Lead / Project Manager	\$110 / hour
Data Conversion Consultant	\$ 75 / hour

MANAGED BUSINESS SOLUTIONS, LLC

VCERA

Print Name & Title: _____

Print Name & Title: _____

12325 Oracle Blvd., Suite 200
Colorado Springs, CO 80921

1190 S Victoria Ave., Suite 200
Ventura, CA 93003

**FIRST AMENDMENT OF
PROFESSIONAL SERVICES CONTRACT
WITH CMP & ASSOCIATES, INC.**

PROJECT: DATA CONVERSION

This first amendment of professional services contract is made on September 10, 2012 between the Ventura County Employees' Retirement Association, hereinafter referred to as VCERA, and CMP & Associates, Inc., hereinafter referred to as CONTRACTOR who agree as follows:

1. RECITALS

This first amendment of professional services contract is made with reference to the following facts and objectives:

- a. VCERA and CONTRACTOR entered into a written professional services contract on July 17, 2012 for software maintenance and support.
- b. VCERA contracts with CONTRACTOR for the maintenance and support of VCERA's legacy pension administration system at an hourly contracting rate fixed at \$150.00 per hour for a total not to exceed \$225,000, or 1,500 hours.
- c. This amendment allows the CONTRACTOR to participate in data mapping meetings and to perform other tasks to support the legacy system data conversion project, and provides for the addition of 580 hours of service at an hourly contracting rate fixed at \$185.00 per hour for an additional total not to exceed \$107,300.
- d. With the execution of this amendment, the total combined CONTRACTOR hours are 2,080 at a total combined not to exceed amount of \$332,300.

2. SCOPE OF WORK

VCERA hereby adds to the scope of work 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.

3. 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.

4. PERFORMANCE PERIOD

This contract will be effective for the period September 10, 2012 through June 30, 2013.

5. EFFECTIVENESS OF PROFESSIONAL SERVICES CONTRACT

Except as set forth in this First Amendment of Professional Services Contract, all the provisions of the Professional Services Contract shall remain unchanged and in full force and effect.

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: DATA CONVERSION

CONTRACTOR: CMP & ASSOCIATES, INC.

CONTRACTOR will provide in-depth knowledge of legacy data as needed to facilitate the data conversion project, participate in data mapping meetings, and write and execute global extract programs to extract data.

A). Data Conversion Project:

580 hours will be allocated to the following data conversion project activities:

- Provide in-depth knowledge of legacy systems' data as needed to facilitate the data conversion process. This may be accomplished through meetings, emails, phone calls and/or providing documentation.
- Participate in data mapping meetings. The number of hours required for data mapping meetings varies depending on the Sprint(s) and the complexity of the data being converted for it. In addition to general data mapping meetings, there will be data conversion workshops held once per project segment. These workshops will require on-site participation for the full duration of the workshop. CONTRACTOR will not be required to write or sign off data mapping documents.
- Write and execute global extract programs to extract data. Extract programs may need to be modified due to changes in VCERA's business operations and extract programs will need to be executed periodically to provide updated data from the legacy systems.
- CONTRACTOR will provide the following extracts:
 - a. one extract from the RDBS master file,
 - b. one extract from the RDBS contributions file – this extract will be executed in 3 or 4 installments for each year, from 1979 through 2012,
 - c. one extract from the PPS warrant history files – this extract will be executed in 3 or 4 installments per year, from pay.period=1989-01 through pay.period=2004-09,
 - d. one extract from the VCHRP warrant history files – this extract will be executed in 3 or 4 installments per year, from pay.period=2004-10 through pay.period=2013-13, and
 - e. one extract for each of RDBS tables: pay.period, deductions, interest, union.
- All of the above extracts will continue to have the same record layouts as the extracts provided to and accepted by Vitech from March through July 2012.
- The SSN, name, address, and phone number values in all extracts will be scrambled every time a refresher extract is executed.
- CONTRACTOR will update the RDBS address fields of retired members with the current values from the RIS system.
- CONTRACTOR will not be required to perform data transformation and data cleansing - these two functions are outside the scope of this contract.

The total amount billed for these services may not exceed the maximum amount in paragraph 2 of Attachment B.

ATTACHMENT B

SCHEDULE OF FEES

PROJECT: DATA CONVERSION

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 \$185.00 per hour for those Data Conversion activities bulleted in section A of Attachment A.
2. The total contract amendment is not to exceed \$107,300.
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 (dates) for (descriptor "Data Conversion Activities")
(Total Hours Billed) x \$(hourly rate) = \$(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>

September 10, 2012

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

SUBJECT: RETIREMENT ADMINISTRATOR PERFORMANCE EVALUATION POLICY

Dear Board Members:

On May 21, 2012 a revised Retirement Administrator Performance Evaluation policy was brought before you to accommodate floating annual evaluations, evaluations that do not start on a calendar year, and initial six month evaluations of the Retirement Administrator. That policy was pulled from consideration for further review and revision, and Mr. Goulet has edited that policy for one that accomplishes the above mentioned goals: superbly.

Please review and consider adopting the attached Retirement Administrator Performance Evaluation policy to be utilized for future performance evaluations.

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

-- PROPOSED --

**RETIREMENT ADMINISTRATOR PERFORMANCE
EVALUATION POLICY**

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

**RETIREMENT ADMINISTRATOR PERFORMANCE
EVALUATION POLICY**

I. Background and Objectives

- 1) One of the most important functions of the Board is the oversight and supervision of the Retirement Administrator. In order to ensure that this function is carried out effectively, the Board believes that formal evaluation procedures and practices are required. Accordingly, the Board has adopted this policy.
- 2) The primary objectives of this policy are to:
 - a) Assist the Board in arriving at and communicating clear and meaningful goals and performance targets for the Retirement Administrator; and
 - b) Ensure that the Retirement Administrator receives useful and objective performance feedback from the Board on a periodic basis.

II. Principles and Assumption

- 3) This policy provides only the broad criteria and the general process to be followed when evaluating the performance of the Retirement Administrator. Many of the specific criteria used to evaluate the performance of the Retirement Administrator will be established annually to reflect the particular circumstances that may exist.

III. Roles

- 4) The Board will be responsible for evaluating the performance of the Retirement Administrator.
- 5) A Personnel Committee will be established at the first regular meeting of the Board in January of each year to coordinate the evaluation process.
- 6) The Board may retain a third party to facilitate the evaluation process.

IV. Policy Guidelines

Process and Timelines

- 7) The Retirement Administrator will meet with the Personnel Committee five (5) months prior to his/her salary review date to discuss:
 - a) The proposed evaluation criteria for the Retirement Administrator for the calendar year in question and their relative weights; and

- b) The proposed Evaluation Form to be used in evaluating the Retirement Administrator for the calendar year in question.
 - c) The Personnel Committee shall report to the Board the proposed evaluation criteria and relative weights that are established by the Committee for reviewing the Administrator's performance.
- 8) In evaluating the performance of the Retirement Administrator, the Board will consider the following:
- a) Achievement of appropriate performance targets for VCERA;
 - b) Implementation of the Business Plan;
 - c) Implementation of board policies and associated reporting to the Board;
 - d) Leadership, management and related qualities and skills;
 - e) Fulfillment of the Retirement Administrator's Charter; and
 - f) Other criteria that the Board may determine to be appropriate.
- 9) The Board may use a survey instrument to facilitate the receipt of trustee input on leadership, management, and related qualities and skills.
- 10) The Board will attempt to ensure that the criteria:
- a) Are objective in nature and, for the most part, measurable; and
 - b) Pertain only to outcomes over which the Retirement Administrator has a reasonable degree of control.
- 11) Annually, the Retirement Administrator will distribute an Evaluation Package to each member of the Board at the first regular Board meeting held two months prior to his/her salary review date.

In the case of the initial six (6) month evaluation, the Retirement Administrator will distribute an Evaluation Package to each member of the Board at the first regular Board meeting held two (2) months prior to his/her salary review date.

The Evaluation Package will include copies of the Evaluation Form, Business Plan, any performance targets established, and the Retirement Administrator's self-evaluation report. The Retirement Administrator's self-evaluation report is designed to assist the Board in the evaluation process. It should describe the extent to which the Retirement Administrator believes the evaluation criteria were met over the past year, as well as all relevant supporting data. The report may also include any additional information the Retirement Administrator believes should be considered by the Board in its evaluation.

- 12) The Board shall treat this material as confidential. Completed Evaluation Forms will be returned to the Chair of the Personnel Committee or, if applicable, directly to a designated third party, within fifteen (15) days of the date that the Evaluation Forms are issued. The Chair or, if applicable, a third party will ensure that all data is tabulated and summarized, and treated as confidential.
- 13) Approximately one month prior to the Retirement Administrator's salary review date, the Personnel Committee will meet to review the summarized results of the completed Evaluation Forms, and the Retirement Administrator's self-evaluation report. The Retirement Administrator will be present at the meeting and may participate in the discussion of the results.
- 14) Upon completion of its review, the Chair of the Personnel Committee will distribute a written summary of the Committee's evaluation to the Board for discussion, and the Retirement Administrator will be invited to participate. The Board's discussion of the Retirement Administrator's performance will be held in executive session.
- 15) Upon completion of the Board's discussion, the Chair of the Board and the Retirement Administrator will sign the written summary evaluation, which then will be sealed, and thereafter the Chair of the Board will cause this to be placed in the Retirement Administrator's personnel file maintained by the Ventura County Human Resources Department and will ensure that all copies of the completed Evaluation Forms received from members of the Board are destroyed.

Documentation

- 16) The Evaluation Form may take any format the Board deems appropriate, but must allow Board members an opportunity to provide general comments. Annual and initial six (6) month performance evaluation forms are provided in Appendices B and C of this policy.

V. Policy Review

- 17) The Board will review this policy at least every (3) three years to ensure that it remains relevant and appropriate.

VI. Policy History

- 18) The Board reviewed and approved this policy on September 10, 2012.

Appendix A

Annual Evaluation Timeline

First board meeting in January	The Board will establish Personnel Committee ("PC"). (Section III.5)
Five (5) months prior to the Retirement Administrator's salary review date	The Retirement Administrator (RA) and the PC will meet to discuss the proposed evaluation criteria, their relative weights and the Evaluation Form to be used by the Board in evaluating the Retirement Administrator. (Section IV.7)
At the Board meeting at least two (2) months prior to the RA's salary review date	The RA will distribute an Evaluation Package to each board member. (Section IV.11)
Within 15 days of above meeting	The completed Evaluation Forms will be returned to the chair of the PC or a designated third party. (Section IV.12)
Approximately one (1) month prior to the RA's salary review date	The PC meets to review the summarized results of the completed Evaluation Forms. The Retirement Administrator will be present at the meeting. (Section IV.13)
Upon completion of the PC's review	<p>The Chair of the PC will distribute a written summary of the PC's evaluation to the Board for discussion in executive session, and with the participation of the Retirement Administrator. (Section IV.14)</p> <p>Upon completion of the discussion, the Chair of the Board and the Retirement Administrator will sign the written summary evaluation, which will then be sealed and placed in the Retirement Administrator's personnel file maintained by the Human Resources Department of Ventura County. All copies of the completed Evaluation Forms will then be destroyed. (Section IV.15)</p>

Appendix B

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

RETIREMENT ADMINISTRATOR ANNUAL EVALUATION FORM

In accordance with VCERA's *Retirement Administrator Performance Evaluation Policy*, the Board is required to evaluate the performance of the Retirement Administrator. This evaluation form is designed to facilitate the gathering of input from board members concerning leadership, management and related qualities and skills.

The results of this evaluation will be tabulated and summarized by the ad hoc Personnel Review Committee on a confidential basis, and consolidated into the overall Retirement Administrator's Performance Evaluation. A summary of the Retirement Administrator's Performance Evaluation will be presented to the Board for discussion and approval.

As part of this evaluation, board members are asked to complete this questionnaire and submit it to the chair of the ad hoc Personnel Review Committee WITHIN FIFTEEN DAYS OF DATE OF ISSUE to (Fax Number: ###-###-####).

INSTRUCTIONS

Please indicate the extent to which you believe the Retirement Administrator demonstrates or possesses the following skills and abilities, by indicating a score between 1 and 4 (please circle the appropriate number), where:

- 1. = UNSATISFACTORY**
- 2. = NEEDS SOME IMPROVEMENT**
- 3. = MEETS EXPECTATIONS**
- 4. = EXCEEDS EXPECTATIONS**

If you feel that you do not possess the information to evaluate the Retirement Administrator properly in a particular area or function, please indicate this by selecting:

UA = UNABLE TO ASSESS

DATE OF ISSUE: [INSERT DATE OF ISSUE HERE]

VCERA

Retirement Administrator Performance Evaluation Policy: Annual Evaluation Form

Please indicate the extent to which you believe the Retirement Administrator demonstrates or possesses the following skills and abilities:

ADMINISTRATION SKILLS	<u>Unsatisfactory</u>	<u>Needs Some Improvement</u>	<u>Meets Expectations</u>	<u>Exceeds Expectations</u>	<u>Unable to Assess</u>
	1	2	3	4	UA
1. Planning: Develops realistic short and long range plans to meet VCERA's objectives and carry out VCERA's mission; sets appropriate priorities; anticipates and prepares for future requirements and develops contingencies:					
2. Budgeting and Financial Management: Prepares an appropriate budget and subsequently adheres to it; utilizes finances, budgets, facilities, equipment, materials and products to minimize costs:					
3. Compliance: Complies with established policies, procedures and directives; conducts VCERA functions in accordance with applicable laws, statutes, and regulations.					
4. Risk (Liability) Management: Ensures that liability risk exposures are identified and addressed when proposing initiatives:					
5. Supervisory Control: Maintains effective control over operations. Effectively hires, assigns, directs, controls, evaluates performance, counsels and disciplines:					

COMMUNICATION SKILLS	<u>Unsatisfactory</u>	<u>Needs Some Improvement</u>	<u>Meets Expectations</u>	<u>Exceeds Expectations</u>	<u>Unable to Assess</u>
	1	2	3	4	UA
6. Oral Communication: Effectively communicates orally with the Board and other stakeholders, including public presentations; presents ideas in an organized, clear and concise manner; employs tact and discretion:					
7. Written Communication: Prepares organized, clear, concise, accurate and informative reports, letters, memos and other documents which effectively fulfill content and timeliness requirements:					

Retirement Administrator Performance Evaluation Policy: Annual Evaluation Form

Please indicate the extent to which you believe the Retirement Administrator demonstrates or possesses the following skills and abilities

STAKEHOLDER RELATIONS	Unsatisfactory	Needs Some Improvement	Meets Expectations	Exceeds Expectations	Unable to Assess
	1	2	3	4	UA
8. Retirement Board: Has established a good working relationship with the Board as a whole; provides useful and timely information to the Board; promotes the open flow of communication between Board and management; board meetings are well planned and productive:					
9. County: Has established a good working relationship with the Plan Sponsor and County departments; promotes the interests and issues of VCERA at the County level:					
10. Members and Retirees: Has been effective in protecting the reputation and credibility of VCERA amongst members, retirees and dependents:					
11. Other Stakeholders: Has been effective in promoting a positive image for VCERA among other stakeholders (i.e. regulators, retirement system associations, member and retiree associations, the media, etc.); maintains contact with peers, regulators, and other stakeholders:					

Retirement Administrator Performance Evaluation Policy: Annual Evaluation Form

Please indicate the extent to which you believe the Retirement Administrator demonstrates or possesses the following skills and abilities

LEADERSHIP SKILLS	Unsatisfactory	Needs Some Improvement	Meets Expectations	Exceeds Expectations	Unable to Assess
	1	2	3	4	UA
12. Vision: Has established an articulate and realistic vision for VCERA; looks to and plans for the future; accepts new challenges, keeps an open mind:					
13. Ethics and Conduct: Provides for strong principled and ethical leadership; establishes and promotes high standards of conduct and job performance for subordinates:					
14. Credibility: Through successful performance, instills the feeling of trust and dependability among the Board, employees and other stakeholders:					
15. Morale: Promotes a fair and equitable work environment that respects the skills, experience and diversity of all its employees; promotes cooperation and team work among employees; maintains open communication channels with senior staff:					
16. Continuous Improvement: Is committed to continuous improvement in services provided, and in the operations of VCERA:					

Retirement Administrator Performance Evaluation Policy: Annual Evaluation Form

Please indicate the extent to which you believe the Retirement Administrator demonstrates or possesses the following skills and abilities

PERSONAL SKILLS	Unsatisfactory	Needs Some Improvement	Meets Expectations	Exceeds Expectations	Unable to Assess
	1	2	3	4	UA
17. Professional/Technical Competence: Excellent knowledge and competence of the pension administration field and applies up-to-date technical/professional principles, practices, and standards appropriate to the functions of VCERA; professional demeanor maintained on a consistent basis;					
18. Objectivity: Assesses issues, problems and decision situations based on the merits of the case presented; personal loyalties, biases, etc., do not influence his decisions;					
19. Problem Solving And Decision-Making: Identifies problems and acts to rectify them by employing analytical thinking and sound judgment.					
20. Flexibility: Adapts well to change, both internally and externally.					
21. Self-Development: Is not static; prepares for the future; has the courage to identify and address shortcomings; is committed to self-improvement, manages personal stress in positive ways.					

COMMENTS:

Please provide any comments or suggestions you would like to share with the ad hoc Personnel Review Committee regarding the Retirement Administrator's performance (please attach additional pages if necessary):

Completed by (optional): _____ **on (date)** _____

Appendix C

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

RETIREMENT ADMINISTRATOR INITIAL SIX (6) MONTH EVALUATION FORM

In accordance with VCERA's *Retirement Administrator Performance Evaluation Policy*, the Board is required to evaluate the performance of the Retirement Administrator. This evaluation form is designed to facilitate the gathering of input from board members concerning leadership, management and related qualities and skills.

The results of this evaluation will be tabulated and summarized by the ad hoc Personnel Review Committee on a confidential basis, and consolidated into the overall Retirement Administrator's Performance Evaluation. A summary of the Retirement Administrator's Performance Evaluation will be presented to the Board for discussion and approval.

As part of this evaluation, board members are asked to complete this questionnaire and submit it to the chair of the ad hoc Personnel Review Committee WITHIN FIFTEEN DAYS OF DATE OF ISSUE to (Fax Number: ###-###-####).

INSTRUCTIONS

Please indicate the extent to which you believe the Retirement Administrator demonstrates or possesses the following skills and abilities, by indicating a score between 1 and 4 (please circle the appropriate number), where:

- 1. = UNSATISFACTORY
- 2. = NEEDS SOME IMPROVEMENT
- 3. = MEETS EXPECTATIONS
- 4. = EXCEEDS EXPECTATIONS

If you feel that you do not possess the information to evaluate the Retirement Administrator properly in a particular area or function, please indicate this by selecting:

UA = UNABLE TO ASSESS

DATE OF ISSUE: [INSERT DATE OF ISSUE HERE]

Retirement Administrator Performance Evaluation Policy: Initial Six (6) Month Evaluation Form

Please indicate the extent to which you believe the Retirement Administrator demonstrates or possesses the following skills and abilities:

ADMINISTRATION SKILLS	<u>Unsatisfactory</u>	<u>Needs Some Improvement</u>	<u>Meets Expectations</u>	<u>Exceeds Expectations</u>	<u>Unable to Assess</u>
	1	2	3	4	UA
1. Planning: Develops realistic short and long range plans to meet VCERA's objectives and carry out VCERA's mission; sets appropriate priorities; anticipates and prepares for future requirements and develops contingencies:					
2. Risk (Liability) Management: Ensures that liability risk exposures are identified and addressed when proposing initiatives:					
COMMUNICATION SKILLS	1	2	3	4	UA
3. Oral Communication: Effectively communicates orally with the Board and other stakeholders, including public presentations; presents ideas in an organized, clear and concise manner; employs tact and discretion:					
4. Written Communication: Prepares organized, clear, concise, accurate and informative reports, letters, memos and other documents which effectively fulfill content and timeliness requirements:					
STAKEHOLDER RELATIONS	1	2	3	4	UA
5. Retirement Board: Has established a good working relationship with the Board as a whole; provides useful and timely information to the Board; promotes the open flow of communication between Board and management; board meetings are well planned and productive:					
6. County: Has established a good working relationship with the Plan Sponsor and County departments; promotes the interests and issues of VCERA at the County level:					
7. Members and Retirees: Has been effective in protecting the reputation and credibility of VCERA amongst members, retirees and dependents:					
8. Other Stakeholders: Has been effective in promoting a positive image for VCERA among other stakeholders (i.e. regulators, retirement system associations, member and retiree associations, the media, etc.); maintains contact with peers, regulators, and other stakeholders:					

Retirement Administrator Performance Evaluation Policy: Initial Six (6) Month Evaluation Form

Please indicate the extent to which you believe the Retirement Administrator demonstrates or possesses the following skills and abilities

LEADERSHIP SKILLS	Unsatisfactory	Needs Some Improvement	Meets Expectations	Exceeds Expectations	Unable to Assess
	1	2	3	4	UA
9. Vision: Has established an articulate and realistic vision for VCERA; looks to and plans for the future; accepts new challenges, keeps an open mind:					
10. Ethics and Conduct: Provides for strong principled and ethical leadership; establishes and promotes high standards of conduct and job performance for subordinates:					
11. Credibility: Through successful performance, instills the feeling of trust and dependability among the Board, employees and other stakeholders:					
12. Morale: Promotes a fair and equitable work environment that respects the skills, experience and diversity of all its employees; promotes cooperation and team work among employees; maintains open communication channels with senior staff:					
13. Continuous Improvement: Is committed to continuous improvement in services provided, and in the operations of VCERA:					
PERSONAL SKILLS					
14. Professional/Technical Competence: Excellent knowledge and competence of the pension administration field and applies up-to-date technical/professional principles, practices, and standards appropriate to the functions of VCERA; professional demeanor maintained on a consistent basis:					
15. Objectivity: Assesses issues, problems and decision situations based on the merits of the case presented; personal loyalties, biases, etc., do not influence his decisions:					
16. Problem Solving And Decision-Making: Identifies problems and acts to rectify them by employing analytical thinking and sound judgment.					
17. Flexibility: Adapts well to change, both internally and externally.					
18. Self-Development: Is not static; prepares for the future; has the courage to identify and address shortcomings; is committed to self-improvement, manages personal stress in positive ways.					

COMMENTS:

Please provide any comments or suggestions you would like to share with the ad hoc Personnel Review Committee regarding the Retirement Administrator's performance (please attach additional pages if necessary):

Completed by (optional): _____ **on (date)** _____

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

September 10, 2012

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

SUBJECT: RREEF AMERICA III PROXY AND PROPOSED PROXY VOTING PLAN

Dear Board Members:

RREEF America REIT III, Inc. is having an annual meeting of the stockholders on September 14, 2012 in San Francisco at 11:00 a.m. Staff received the attached proxy for the election of directors and solicited input from Hewitt EnnisKnupp (HEK). Staff and HEK recommend a "For" vote for the proposed slate and request that you authorize the Retirement Administrator to cast your vote.

Further, for proxies that come to VCERA, Staff asks that you delegate the voting responsibility to the Retirement Administrator to vote proxies according to the guidelines set forth in the "Total Fund Investment Policy Statement" reporting annually to the Board along with VCERA's investment managers.

Annual proxy voting reports, as of June 30 each year, will be provided along with HEK's Second Quarter (Q2) reports for years 2013 and on. June 30, 2012 will be provided at the October 15, 2012 Board meeting.

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

CONTROL NUMBER

Your vote is important, and as a stockholder, you are asked to be at the Annual Meeting either in person or by proxy. If you are unable to attend the Annual Meeting in person, we urge you to complete, sign, date, and return this proxy card using the enclosed postage prepaid envelope (or authorize the proxies to represent and to vote your shares of stock through one of the other permitted methods described on the reverse side of this proxy card). Your prompt return of the proxy (or other method of authorization) will help assure a quorum at the Annual Meeting and avoid additional expenses to the Corporation associated with further solicitation. Sending in your proxy (by phone, mail, fax or internet) will not prevent you from personally voting your shares if you attend the Annual Meeting and you may revoke your proxy by advising the Secretary of the Corporation in writing (by subsequent proxy or otherwise) of such revocation at any time before it is voted.

This proxy will be voted as specified. IF NO SPECIFICATION IS MADE, A SIGNED PROXY WILL BE VOTED IN FAVOR OF THE DIRECTOR NOMINEES. WHETHER OR NOT SPECIFICATION IS MADE, A SIGNED PROXY ALSO CONFERS UPON THE PROXIES NAMED HEREIN AUTHORITY TO VOTE THE SHARES REPRESENTED HEREBY IN THEIR DISCRETION UPON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE SPECIAL MEETING (INCLUDING ANY PROPOSAL FOR THE POSTPONEMENT OR ADJOURNMENT THEREOF).

Remember to sign and date the reverse side before mailing in your vote.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE FOLLOWING:

PLEASE FOLD HERE AND RETURN THE ENTIRE CARD – DO NOT DETACH

TO VOTE, MARK BOXES BELOW IN BLUE OR BLACK INK AS FOLLOWS. Example:

PROPOSAL: Election of Directors:

FOR WITHHOLD

01 – DeWitt Bowman	<input type="checkbox"/>	<input type="checkbox"/>
02 – Daryl J. Carter	<input type="checkbox"/>	<input type="checkbox"/>
03 – Alice M. Connell	<input type="checkbox"/>	<input type="checkbox"/>
04 – Patricia R. Healy	<input type="checkbox"/>	<input type="checkbox"/>
05 – W. Todd Henderson	<input type="checkbox"/>	<input type="checkbox"/>
06 – Steven R. LeBlanc	<input type="checkbox"/>	<input type="checkbox"/>
07 – Steven G. Rogers	<input type="checkbox"/>	<input type="checkbox"/>

TAGID:

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>

September 10, 2012

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

SUBJECT: REINSTATEMENT OF ACTIVE MEMBERSHIP; LOUIS BEERY

Dear Board Members:

Staff recommends that our retired member, Louis Beery, be reinstated to active membership pursuant to Government Code Sections 31680.4 & 31680.5.

Pursuant to section 31680.4, Mr. Beery has submitted his application for reinstatement, a medical determination that he is not incapacitated for the duties assigned, and a letter indicating his offer of full-time employment, thereby qualifying Mr. Beery to be an active member of VCERA.

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.

Attachments

Ventura County Employee's Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003-6572

July 31, 2012

Dear VCERA Retirement Board,

Please accept this letter as my request to be reinstated into the Ventura County retirement system as an active member. I am currently a retired member from the Sheriff's Office. I am seeking reinstatement into the retirement system and have received a job offer from the Sheriff's Office.

Enclosed with this letter is the physical release form stating that I am physically able to perform the required duties for this position.

Thank you for your time and consideration for my reinstatement.

Respectfully,



Louis Beery

RECEIVED

JUL 31 2012

VENTURA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION

SECTION 2: EVALUATION REPORT

Instructions to the Physician:

- This section is to be completed and submitted to the hiring department.
- The hiring department will maintain the Medical Evaluation Report page in the individual's background investigation file. **Do not include medical information on this page.**

Medical Evaluation Report

Candidate's Name Louis Beery
Birth Date 4-10-68 Last 4 digits of Social Security Number [REDACTED]

On [REDACTED], I completed a pre-employment medical screening evaluation
[DATE OF EVALUATION]
on the above-named peace officer candidate, in accordance with California Government Code Section 1031(f)
and POST Commission Regulation 9054. Based on the results and findings of that evaluation:

☒ I certify that the candidate is medically suitable to perform the peace officer duties and responsibilities as defined and provided by the hiring department either without any accommodations, or provided that the specified work restrictions, limitations, or reasonable accommodations can be implemented.
(Describe any work restrictions, limitations, or reasonable accommodation requirements on the following page.)

☐ I cannot certify that the candidate is medically suitable to perform the peace officer duties and responsibilities as defined and provided by the hiring department.

Physician's Signature ►

[Signature]

Printed Name, Medical License Number,
and Contact Information:

RANDALL RAUN, MD
RONNALEE J. RILEY, C-FNP
SANDRA K. YBARRA, FNP/PA-C
EMPLOYEE HEALTH SERVICES #1150
800 S. VICTORIA AVENUE
VENTURA, CA 93009
TELEPHONE (805) 654-3813

[REDACTED]

County of Ventura
Employee Health Services
(805) 654-3813

REPORT OF MEDICAL EVALUATION

NAME OF APPLICANT <i>Louis Beery</i>		AGENCY / DEPARTMENT <i>Sheriff</i>	
POSITION APPLIED FOR <i>Deputy Sheriff Trainee</i>			
Examinee: <input checked="" type="checkbox"/> Medically approved <input type="checkbox"/> Medically approved with restrictions as noted <input type="checkbox"/> Not approved			
<input type="checkbox"/> (HCA) Free of Infectious diseases - cleared for duty per Title 22 regulations			
Respirator Medical Clearance		<input type="checkbox"/> Approved	<input type="checkbox"/> Approved with restrictions (see below) <input type="checkbox"/> Denied
Remarks: _____ _____ _____			
SIGNATURE OF LICENSED HEALTH CARE PROVIDER <i>[Signature]</i>		DATE <i>7-9-12</i>	

PD-301 (5/00)

Distributi
Faxed To:

White - Department Canary - Chart Pink - Misc.

SHERIFF'S PERSONNEL
I HEREBY CERTIFY THIS
TO BE A TRUE COPY OF
AN ORIGINAL DOCUMENT

JUL 31 2012

LWR ID# 4775

RECEIVED
VENTURA SHERIFF'S DEPT
PERSONNEL
2012 JUL 31 AM 10:17



VENTURA COUNTY SHERIFF'S DEPARTMENT

- GEOFF DEAN
Sheriff
- GARY PENTIS
Assistant Sheriff
- JOHN CROMBACH
Assistant Sheriff

800 SOUTH VICTORIA AVENUE, VENTURA, CA 93009 PHONE (805) 654-2380 FAX (805) 645-1391

Date: 6/28/12

Dear: LOUIS BEERY

The Ventura County Sheriff's Department is extending a conditional job offer of employment as a DEPUTY SHERIFF (AC) contingent upon the satisfactory completion of the following :

- ☒ Your successful completion of a psychological examination.
- ☒ Your successful completion of a polygraph examination.
- ☒ Your successful completion of the County's medical examination.
- ☒ Your successful completion of a stress treadmill examination.
- ☒ Your successful completion of the remainder of this background investigation.

All conditional offers of employment are also contingent upon available funding for this position.

Please sign in the area provided at the bottom of this letter acknowledging that you fully understand and agree this is a conditional offer of employment and that you are not to quit your job or relocate using this conditional offer as a basis for those decisions.

We look forward to you successfully completing the remaining tests and evaluations.

Sincerely,

Ross Bonfiglio

ROSS BONFIGLIO, CAPTAIN
Human Resources Bureau

SHERIFF'S DEPARTMENT
I HEREBY CERTIFY THIS
TO BE A TRUE COPY OF
AN ORIGINAL DOCUMENT

JUL 31 2012

LWR ID# 4775

[Signature]

I have read and fully understand the nature of this conditional job offer:

Sign: *[Signature]*

Date: 6/29/12

2012 JUL 31 AM 10:17

RECEIVED
VENTURA SHERIFF'S DEPT

☐ SPECIAL SERVICES
6401 Telephone Road, Suite 200
Ventura, CA 93003
(805) 477-7011 FAX (805) 477-7010

☐ PATROL SERVICES
2101 East Olsen Road
Thousand Oaks, CA 91362
(805) 494-8261 FAX (805) 494-8295

☐ DETENTION SERVICES
800 South Victoria Avenue
Ventura, CA 93009
(805) 654-2305 FAX (805) 654-3500

☐ SUPPORT SERVICES
800 South Victoria Avenue
Ventura, CA 93009
(805) 654-3926 FAX (805) 654-2109

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>

September 10, 2012

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

**SUBJECT: CONSIDERATION OF NEW DISABILITY REFEREES
(HEARING OFFICERS)**

Dear Board Members:

Staff received three requests for consideration as VCERA's Hearing Officers from John L. Rosenthal, Guy Prihar, and Humberto Flores. Upon review of each applicant's qualifications, as well as references and writing samples where applicable, Staff recommends the Board authorize the Retirement Administrator to execute the attached Referee Services Agreement with John L. Rosenthal.

Mr. Prihar and Mr. Flores do not have previous 1937 Act hearing experience and Staff has asked them to consider re-applying after they have issued three or more recommendations pertaining to 1937 Act Disability Retirements.

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

REFEREE SERVICES AGREEMENT

THIS AGREEMENT, to be effective as of the 10th day of September, 2012, by and between the BOARD OF RETIREMENT (hereinafter referred to as "Board") of the VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (hereinafter referred to as "Association"), and John L. Rosenthal (hereinafter referred to as "Contractor").

Recitals

Pursuant to the provisions of section 31533 of the Government Code, the Board is authorized to provide for the conduct of hearings by a referee in connection with the determination of applications of members of the Association for disability benefits under the County Employees Retirement Law of 1937 (ch. 3 of div. 4 of tit. 3 of the Government Code).

Contractor has experience with respect to evidentiary hearings, and is a member of the State Bar of California (active membership no. 134486.)

The Board intends to retain the services of Contractor as a referee to conduct said hearings.

IT IS THEREFORE AGREED:

Services to be Performed

1. Contractor agrees, when available, to act as a referee in connection with the conduct of hearings and the review of cases pursuant to section 31533 of the Government Code.

2. Such services shall be performed in accordance with the applicable provisions of the County Employees Retirement Law of 1937, as amended, and pursuant to any specific requirements imposed by the Board, and such services shall include, but shall not be limited to, the conduct of hearings, the review of evidence, and the rendering of a written report which shall contain proposed findings of fact, conclusions of law, and a recommended decision provided, however, that said written report shall be rendered within ninety (90) days after the case has been submitted to Contractor and include service of said written report to all parties.

3. Contractor may request an extension from the Board of any time limitation established in this contract, on an individual case basis, when done in writing, and upon a showing of "good cause" as to said request.

4. Contractor shall be familiar with the Association's "Disability Hearing Procedures".

5. The Board is under no obligation to submit cases to the Contractor, but may do so at its pleasure.

Compensation

6. Compensation to Contractor for the above services shall be at the following rates:

- (a) If the written report is rendered within ninety (90) days after the case has been submitted, Contractor shall be entitled to One Hundred and Seventy-five Dollars (\$175.00) per hour;
- (b) Contractor shall be compensated for necessary and reasonable travel time to and from Ventura County pursuant to the rate set forth above;
- (c) If the written report is not rendered within ninety (90) days from the date the case has been submitted, the Board may transfer the case to another referee, in which event the original referee shall not receive any fee for services performed in connection with said case;
- (d) If a hearing scheduled before the Contractor is continued or cancelled less than fourteen (14) calendar days before the date agreed upon by all parties, or set by the Board, the Board shall pay to the Contractor the sum of Eight Hundred and Seventy-five Dollars (\$875.00) which includes all costs associated with the hearing including, but not limited to, travel, time, mileage reimbursement and other associated hearing costs.

Term of Contract

7. This agreement shall apply for all services provided by the Contractor, performed on or after September 10, 2012, and shall continue through the date of June 30, 2013, at which time it shall terminate. However, either party may terminate this agreement sooner upon ten (10) days written notice to the other party. Any cases pending before the Contractor at the time of termination shall be immediately transferred to the Board. If this agreement is terminated at the request of the Contractor, the Contractor shall not receive any fees for services performed in connection with any cases that are pending as of the effective date of the termination, except those wherein a written report has been provided to the Board. If this agreement is terminated at the request of the Board, the Contractor shall be entitled to the compensation earned prior to the effective date of termination as provided for in this agreement, computed pro rata up to and including that date. The Contractor shall be entitled to no further compensation as of the date of termination.

This agreement approved by the Board of Retirement on September 10, 2012.

Dated: _____

By: _____
Donald C. Kendig, Retirement Administrator

Dated: _____

By: _____
John L. Rosenthal, Contractor

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>

September 10, 2012

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

Re: **STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS (SACRS)
FALL 2012 CONFERENCE ITEMS**

Dear Board Members:

Submitted for your consideration are the following items for the upcoming SACRS conference taking place November 13-16, 2012 at the Loews Hollywood Hotel in Hollywood, CA.

1. Registration Form
2. SACRS Voting Proxy Form
3. "Preliminary Schedule" - SACRS Committee Meeting Reminder

Staff recommends the appointment of a voting delegate and alternate for the SACRS conference. The SACRS business meeting agenda will be distributed upon receipt.

I would be pleased 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.

Attachments

REGISTRATION FORM
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
(SACRS)
FALL CONFERENCE
NOVEMBER 13-16, 2012
Loews Hollywood Hotel * Hollywood, CA

Please complete and return to Chantell Garcia NO LATER THAN SEPTEMBER 17, 2012.

Name of Attendee: _____
(Print exactly for name badge)

Company/System: VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Status: ☐ Board Member ☐ Staff ☐ Affiliate ☐ Non-Profit ☐ Non-Member ☐ Speaker

Address: 1190 S. VICTORIA AVENUE, SUITE 200

City/State/Zip: VENTURA, CA 93003-6572

Telephone: (805) 339-4250 Fax: (805) 339-4269

E-mail address: _____ Web Page: www.ventura.org/vcera

Spouse: **(SPOUSE OR SIGNIFICANT OTHER ONLY, *NOT GUEST*)**

Will your spouse attend the conference? ☐ Yes ☐ No

Name of Spouse: _____
(Print exactly for name badge)

LODGING:

Arrival Date: _____

Departure Date: _____

Preferences: ☐ 1 King ☐ 2 Doubles/Queens ☐ Non-Smoking ☐ Smoking

Special Requests: _____



SACRS VOTING PROXY FORM

The following are authorized by the _____ County Retirement Board to vote on behalf of the County Retirement System at the upcoming SACRS Conference (*if you have more than one alternate, please attach the list of alternates in priority order*):

_____ Voting Delegate

_____ Alternate Voting Delegate

These delegates were approved by the Retirement Board on ____ / ____ / ____.

The person authorized to fill out this form on behalf of the Retirement Board:

Signature: _____

Print Name: _____

Position: _____

Date: _____

Please send your system's voting proxy by **November 1, 2012** to:

SACRS

Attn: Sulema H. Peterson, SACRS Administrator

1415 L Street, Suite 1000

Sacramento, CA 95814

Tel: (916) 441-1850 / FAX: (916) 441-6178 / E-mail: sacrs@sacrs.org



SACRS Committee Meeting Reminder Fall Conference 2012

Below is the “preliminary schedule” for the SACRS Committee meetings at the upcoming SACRS Fall Conference- November 13-16, 2012. The conference is being held at the Loews Hollywood Hotel, CA. Meeting time & location are subject to change. If you have any questions, please feel free to contact our office or the committee chair. You can reach me at Sulema@sacrs.org or 916-441-1850.

Affiliate Committee Meeting

Wednesday, November 14, 2012

Noon

Reserved Lunch Table

Legislative Committee Meeting

Wednesday, November 14, 2012

4:30 – 5:30 p.m.

Room TBA

Education Committee Meeting

Thursday, November 15, 2012

4:00 p.m. – 5:15 p.m.

Room TBA

Board of Directors Meeting

Friday, November 16, 2012

Upon Adjournment

Nomination Committee Meeting

Thursday, November 15, 2012

Room TBA

~Sulema

Sulema H. Peterson

SACRS Administrator

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1190 South Victoria Avenue, Suite 200
Ventura, CA 93003-6572
(805) 339-4250 • Fax: (805) 339-4269
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September 10, 2012

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

SUBJECT: SENATE BILL 1382

Dear Board Members:

The attached senate bill, approved by the Governor on August 17, 2012, adds two code sections and amends four others in 1937 Act.

Drafted by, none other than our own Mr. Goulet, the bill accomplishes three main ends that are applicable to VCERA:

1. Recognized Retiree Organization: The bill adds Section 31471.5 to define what a "recognized retiree organization" is and then modifies Section 31520.5 deleting a portion of paragraph (a) that had described what a "qualified" retiree organization was. Sections 31592.5 and 31693 have been modified for clearer reference to the newly defined organization.
2. Deductions from Retirement Allowances: The bill modifies Section 31452.5 taking what once was a long and jumbled paragraph and turning it into a clearer more systematic listing of what may be deducted from retirement allowances, and most importantly adds payments to a recognized retiree organization and payments for any retiree benefit programs available through a recognized retiree organization, allowing said payment to be limited to a single party.
3. Communications by Recognized Retiree Organizations: The bill adds Section 31592.6 specifying that the Board shall, at the request of a recognized retiree organization, cooperate and assist in the distribution of communications regarding membership in, and retiree benefit programs available through the organization, either to all or a portion of retired members.

The Legislative Counsel's Digest, cover to the attached senate bill, discusses all of the provisions of the added and amended Sections for your review and refreshing.

Any administrative issues will be addressed, and brought to the Board as necessary, as they may arise.

I would be delighted to answer any questions you may have.

Sincerely,

A handwritten signature in blue ink, appearing to read "Donald C. Kendig".

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

*California*
LEGISLATIVE INFORMATION**SB-1382 County employees' retirement: retiree organizations.** (2011-2012)**Senate Bill No. 1382****CHAPTER 178****An act to amend Sections 31452.5, 31520.5, 31592.5, and 31693 of, and to add Sections 31471.5 and 31592.6 to, the Government Code, relating to county employees' retirement.**

[Approved by Governor August 17, 2012. Filed Secretary of State August 17, 2012.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1382, Negrete McLeod. County employees' retirement: retiree organizations.

The County Employees Retirement Law of 1937 authorizes counties to establish retirement systems pursuant to its provisions in order to provide pension benefits to county, city, and district employees. That law authorizes a county retirement board to give effect to a revocable written authorization signed by a retired member or beneficiary of a retired member entitled to a retirement allowance or benefit for the deduction of a specified amount for various purposes, including, among others, paying for group life insurance, group disability insurance, prepaid group medical or hospital service plans, and dental plans approved by the board.

This bill would further allow for written authorization of, and deduction for, payments to a recognized retiree organization and payment for any retiree benefit programs available through the recognized retiree organization, as specified.

Under the County Employees Retirement Law of 1937, the retirement board in specified counties is comprised of 9 members. In those counties, the board is authorized to appoint an alternate retired member to the office of the 8th member of the board, from a list of nominees submitted by a qualified retiree organization, as defined.

This bill would instead authorize that list of nominees to be submitted by a recognized retiree organization. The bill would also define "recognized retiree organization" for purposes of the County Employees Retirement Law of 1937, and would make related conforming and technical changes.

The County Employees Retirement Law of 1937 requires the retirement board to provide to any retiree organization that is recognized by the board reasonable advance notice of proposed changes to the retirement benefits offered by the system or the use of excess funds of the retirement system. That law also requires that the organization have a reasonable opportunity to comment prior to any formal action by the board on the proposed changes.

This bill would require the board, upon request from a recognized retiree organization, to cooperate with and assist the organization in distributing communications regarding membership in and retiree benefit programs available through the organization to all or a portion of the retired members of the system. The bill would require that the content of those communications be wholly the responsibility of the recognized retiree organization. The bill would also authorize the board to charge a reasonable fee for those mailings, as specified.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 31452.5 of the Government Code is amended to read:

31452.5. (a) The board may comply with and give effect to a revocable written authorization signed by a retired member or beneficiary of a retired member entitled to a retirement allowance or benefit under this chapter, authorizing the treasurer or other entity authorized by the board to deduct a specified amount from the retirement allowance or benefit payable to any retired member or beneficiary of a retired member for any of the following purposes:

- (1) Paying premiums on any policy or certificate of group life insurance or group disability insurance issued by an admitted insurer.
 - (2) Paying premiums for a prepaid group medical or hospital service plan.
 - (3) Paying premiums for a vision care program or dental plan, approved by the board, for the benefit of the retired member or his or her dependents.
 - (4) Paying premiums on national service life insurance or United States government converted insurance.
 - (5) Payment for the purchase of shares in or the payment of money to any regularly chartered credit union.
 - (6) Payment to a charitable organization or a federally chartered veterans' organization that is approved by the board.
 - (7) Payments to a recognized retiree organization.
 - (8) Payment for the purchase of United States savings bonds.
 - (9) The payment of personal income taxes to the government of the United States or the State of California.
 - (10) Payment for any retiree benefit programs available through the recognized retiree organization. The board may require that this payment be to a single party designated by the recognized retiree organization, either to itself or to a third-party administrator.
- (b) Each month the order shall be drawn in favor of the insurer, institution, credit union, organization, or government named in the written authorization for an amount equal to the deductions authorized in subdivision (a) and made during the month.
- (c) The board may charge a reasonable fee for the making of the deductions and payments.

SEC. 2. Section 31471.5 is added to the Government Code, to read:

31471.5. "Recognized retiree organization" means an organization in which a majority of the members of the organization are retired members of the system and which the board, upon request, has approved recognition.

SEC. 3. Section 31520.5 of the Government Code is amended to read:

31520.5. (a) Notwithstanding Section 31520.1, in any county subject to Articles 6.8 (commencing with Section 31639) and 7.5 (commencing with Section 31662), the board of retirement may, by majority vote, appoint, from a list of nominees submitted by a recognized retiree organization, an alternate retired member to the office of the eighth member, who shall serve until the expiration of the current term of the current eighth member. Thereafter, the alternate retired member shall be elected separately by the retired members of the association in the same manner and at the same time as the eighth member is elected.

(b) The term of office of the alternate retired member shall run concurrently with the term of office of the eighth member. The alternate retired member shall vote as a member of the board only in the event the eighth member is absent from a board meeting for any cause. If there is a vacancy with respect to the eighth member, the alternate retired member shall fill that vacancy for the remainder of the eighth member's term of office.

(c) Except as otherwise provided in this section, the alternate retired member shall be entitled to the same rights and privileges and shall have the same responsibilities and access to closed sessions as the eighth member.

(d) The alternate retired member may hold positions on committees of the board independent of the eighth member and may participate in the deliberations of the board or any of its committees to which the alternate retired member has been appointed whether or not the eighth member is present.

(e) The alternate retired member shall be entitled to the same compensation as the eighth member for attending a meeting, pursuant to Sections 31521 and 31521.1, whether or not the eighth member is in attendance at those meetings.

(f) (1) If this section is made applicable in any county, by the appointment of an alternate eighth member, the alternate seventh member shall not sit and act for the eighth member, except as described in paragraph (2).

(2) If both the eighth member and the alternate retired member are not attending a meeting, the alternate seventh member may sit and act for the eighth member as described in Section 31520.1.

SEC. 4. Section 31592.5 of the Government Code is amended to read:

31592.5. The board shall provide to any recognized retiree organization reasonable advance notice of any proposed changes to the retirement benefits offered by the system or the use or uses of excess funds of the retirement system. The organization shall have a reasonable opportunity to comment prior to any formal action by the board on the proposed changes.

SEC. 5. Section 31592.6 is added to the Government Code, to read:

31592.6. In order for a recognized retiree organization to fulfill its obligations to the retired members of the system and to communicate with them, upon the organization's request the board shall cooperate with and assist the organization in distributing communications regarding membership in and retiree benefit programs available through the organization to all or a portion of those retired members. The content of those communications shall be wholly the responsibility of the recognized retiree organization, and the board shall not have any liability for the content of those communications. Cooperation and assistance in distribution may consist of combined or separate mailings. The board may charge a reasonable fee for those mailings, which may not exceed the actual costs to the system, including staff time for preparation of the mailings.

SEC. 6. Section 31693 of the Government Code is amended to read:

31693. In any county, district, or county retirement system providing benefits under this article, the county, district, or county retirement system shall provide any recognized retiree organization, as defined in Section 31471.5, that is recognized by the retirement system of the county or district as representing the retired employees of that county or district reasonable advance notice of any proposed changes in employee health care benefits affecting those retired employees and the organization shall have a reasonable opportunity to comment prior to any formal action by the county, district, or county retirement system on the proposed changes. As used in this section, "proposed changes" means significant changes affecting health care benefits, including, but not limited to, changes in health care carriers, plan design, and premiums.