VENTURA COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

December 2, 2013

AGENDA

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

TIME: 9:00 a.m.

ITEM:
I. CALL TO ORDER

II. APPROVAL OF AGENDA 1 - 4

III. APPROVAL OF MINUTES

A. Business Meeting of November 18, 2013. 5 - 11

IV. RECEIVE AND FILE PENDING DISABILITY APPLICATION
STATUS REPORT 12 - 58

V. APPLICATIONS FOR DISABILITY RETIREMENT 59 - 78

A. Consider Application for Service Connected Disability Retirement; Michael S. Brodie; Case No. 11-029.


V. APPLICATIONS FOR DISABILITY RETIREMENT (continued)

A. Consider Application for Service Connected Disability Retirement; Michael S. Brodie; Case No. 11-029. (continued)


B. Consider Application for Service Connected Disability Retirement; Esther V. Diaz; Case No. 12-002.


3. Hearing Notice served on November 1, 2013.

C. Consider Application for Service Connected Disability Retirement; Donald G. Hillberg; Case No. 10-028.


V. APPLICATIONS FOR DISABILITY RETIREMENT (continued)

C. Consider Application for Service Connected Disability Retirement; Donald G. Hillberg; Case No. 10-028. (continued)


D. Consider Application for Service Connected Disability Retirement; Kristina Lee-Bailey; Case No. 12-015.


3. Applicant’s Objections to the Hearing Officer’s Recommended Decision, submitted by Thomas J. Wicke, Attorney at Law, dated September 17, 2013.


E. Consider Application for Service Connected and Non-Service Connected Disability Retirement; Celia Montoya; Case No. 11-013.

V. APPLICATIONS FOR DISABILITY RETIREMENT (continued)

E. Consider Application for Service Connected and Non-Service Connected Disability Retirement; Celia Montoya; Case No. 11-013. (continued)


VI. STANDING ITEM


B. Review Staff Response to Quarterly VCERIS Report Questions Asked at the November 18, 2013 Board Meeting. RECOMMENDED ACTION: Receive and File.

VII. NEW BUSINESS

A. Appoint Chair and Vice Chair for 2014.


VIII. CLOSED SESSION

It is the Intention of the Board of Retirement to Meet in Closed Session, pursuant to Government Code Section 54957(b)(1), to Discuss the Following Item.


IX. PUBLIC COMMENT

X. STAFF COMMENT

XI. BOARD MEMBER COMMENT

XII. ADJOURNMENT
I. INTRODUCTION OF MEETING

Chairman Wilson called the Business Meeting of November 18, 2013, to order at 9:01 a.m.
II. APPROVAL OF AGENDA

MOTION: Approve the Agenda.

Moved by Henderson, seconded by T. Johnston.

Vote: Motion carried
No: -
Absent: -
Abstain: -

III. APPROVAL OF MINUTES

A. Disability Meeting of November 4, 2013.

MOTION: Approve the Minutes.

Moved by T. Johnston, seconded by Hintz.

Vote: Motion carried
No: -
Absent: -
Abstain: -

IV. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of October 2013.


E. Receive and File Budget Summary for FY 2013-14 Month ending September 2013.

**MOTION:** Approve the Consent Agenda.

Moved by Henderson, seconded by T. Johnston.

**Vote:** Motion carried
No: -
Absent: -
Abstain: -

**END OF CONSENT AGENDA**

V. **STANDING ITEM**

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

Received an oral report from Board Counsel on the status of CALPERS Regulations and AB 197 litigation and from the Retirement Administrator on AB 431.

No action taken.

VI. **INVESTMENT INFORMATION**


After presentation by HEK and discussion by the Board, the following Motion was made:

**MOTION:** Receive and file the Report.

Moved by Goulet, seconded by McCormick.

**Vote:** Motion carried
No: -
Absent: -
Abstain: -

After presentation by HEK and discussion by the Board, the following Motion was made:

**MOTION:** Receive and file the Report.

Moved by Henderson, seconded by Goulet.

Vote: Motion carried
No: -
Absent: -
Abstain: -

B. Consider Approval of Custodial Fee Proposal.


2. Consultant Memo – Allan Martin, Don Stracke, CFA, CAIA, and Anthony Ferrara, NEPC, Inc.


After discussion by the Board, Staff, State Street, NEPC and HEK, the following motion was made:

**MOTION:** Continue the item to the December 16 Business meeting.

Moved by Towner, seconded by T. Johnston.

Vote: Motion carried
No: -
Absent: -
Abstain: -
C. Oral Discussion of PIMCO Credit Default Swap and Redemption Activity – Trustee Chris Johnston.

Heard oral discussion from Trustee Johnston, Don Stracke of NEPC and the Board.


After discussion by the Board and Don Stracke of NEPC, the following Motion was made:

MOTION: Authorize Trustee Chris Johnston to attend the Workshop.

Moved by Hintz, seconded by Sedell.

Vote: Motion carried
No: -
Absent: -
Abstain: -

VII. NEW BUSINESS


After presentation by Staff and Linea, and discussion by the Board, the following Motion was made:

MOTION: Receive and file the Report.

Moved by Hintz, seconded by T. Johnston.

Vote: Motion carried
No: -
Absent: -
Abstain: -

Staff will return to the Board with an answer to questions about the quarterly expense details.
B. Review and Approval of 2014 Board Meeting Dates & Investment Manager Presentations.

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

**MOTION:** Approve the Board Meeting Dates & Investment Manager Presentations.

Moved by Henderson, seconded by McCormick.

Vote: Motion carried
Yes: Goulet, Henderson, Hintz, T. Johnston, McCormick, Sedell, Towner, Wilson
No: Foy
Absent: -
Abstain: -

C. Review and Approval of Due Diligence Calendar for 2014.

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

**MOTION:** Approve the Calendar.

Moved by Henderson, seconded by T. Johnston.

Vote: Motion carried
No: -
Absent: -
Abstain: -

The Chair designated Trustees Goulet, C. Johnston, McCormick and Sedell as participants for the Spring 2014 Due Diligence Trip.


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

**MOTION:** Receive and file the Report.

Moved by Hintz, seconded by T. Johnston.

Vote: Motion carried
No: -
Absent: -
Abstain: -
E. Receive Fall 2013 SACRS Conference Oral Reports.

Heard comments from Trustees.

VIII. PUBLIC COMMENT

The Retirement Administrator commented about:

- Staff will bring forward a new Agenda format to better align with requirements of the Brown Act;
- The Bylaws are under review by staff and Board Counsel and will come to the Board for review and approval at a future Board meeting; and
- Staff will bring an IRS Tax Determination Update to the Board in the near future.

IX. BOARD MEMBER COMMENT

None.

X. ADJOURNMENT

The meeting was adjourned at 10:59 a.m.

Respectfully submitted,

[Signature]

DONALD C. KENDIG, Retirement Administrator

Approved,

[Signature]

WILLIAM W. WILSON, Chairman
Project Status Report:
PAS Project

Project Segment: Deployment Phase – Rollout 1

October project activities continued to focus on Segment D - Tracks 2, 3 and 4 design and testing activities, completing Segment C and Segment D - Track 1 testing activities, conducting the data conversion JAD session for RIS and ADP, and continuing data conversion activities from RDBS.

The following activities were conducted in October:

Project Management:
- The project team met with the Auditor-Controller team on 10/11/13 to review a possible solution for Auditor-Controller to report retroactive adjustments. It appears from the example provided that the solution will work, but additional analysis through a complete mock-up with the required file format is necessary. The Auditor-Controller team is continuing to develop the solution.
- Vitech had additional resources on-site the week of 10/14/13 to demo system functionality and provide knowledge transfer between the Vitech account team and Vitech development resources.
- The project team continued to work with Novanis on their updated SOW. To date, Novanis has not provided the update because there are still open deliverable questions. The project team expects the updated SOW in November.
- The project team was not able to complete all of the data mapping from RIS and ADP during the October data conversion JAD session. There is an additional JAD session scheduled for the week of December 9th. At the conclusion of that session, Vitech, MBS and Linea will finalize their data conversion hours analysis and determine if additional hours are required, and will also identify potential options for eliminating the need for change orders, or reducing their amounts.
- The project team requested a direct County IT contact for project IT needs. Kim and Hammad provided a list of the types of IT activities that typically occur. VCERA management will contact County IT to discuss options and coordination with VCERA IT.
- VCERA experienced an additional resource issue. Kathie Webb is out on leave at least through the end of the year. Her absence, in addition to Ruth’s absence, creates a potential risk that Julie will not be able to release Doug and Angie to participate in project activities as scheduled in order to continue critical operations activities related to payroll, disability, and divorce processing. The project team is monitoring this risk.

Implementation Phase – Rollout 1:
- Segment D, Track 1 was completed.
- Weekly build releases for Segment D Tracks 2, 3 and 4 were received and Michelle and Rebekah continued creating test cases and identifying data requirements.
The project team met on 10/16/13 to discuss PEPRA changes. Michelle and Rebekah will provide Vitech the detailed requirements based on those changes and Vitech will assess the impact of the changes to determine if any rework or changes in design directions will impact the project schedule.

The project team met on 10/16/13 to determine the process for generating and distributing Annual Benefit Statements (ABS). Michelle and Rebekah are finalizing the ABS template.

Weekly test review and demo sessions continued to be held. These are very beneficial to ensuring report defects and issues are understood and adequately categorized and that new release functionality is operating as expected and understood by Michelle and Rebekah prior to them executing related tests.

The project is on schedule per the current project plan.

Continued working with plan sponsors to develop the new transmittal. Both plan sponsors are making progress.

Testing:

Weekly test review and demo sessions for delivered functionality continued to be held. These are very beneficial to ensuring reported defects and issues are understood and appropriately categorized and that new release functionality is operating as expected and understood by Michelle and Rebekah prior to them executing related tests.

Testing statistics on delivered functionality as of 10/31/13:

<table>
<thead>
<tr>
<th>Tests Executed:</th>
<th># Tests Executed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>271</td>
</tr>
<tr>
<td>Med</td>
<td>376</td>
</tr>
<tr>
<td>Low</td>
<td>110</td>
</tr>
<tr>
<td>Total Executed</td>
<td>757</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Open Defects:</th>
<th># Open Executed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Severity</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>7</td>
</tr>
<tr>
<td>Med</td>
<td>28</td>
</tr>
<tr>
<td>Low</td>
<td>30</td>
</tr>
<tr>
<td>Total Open Defects</td>
<td>65</td>
</tr>
</tbody>
</table>

(Note that these statistics are a snapshot as of the last day of the month. The number of tests run and open defects change daily.)
Data Conversion:
- Continued updating data mapping documents to reflect changes required as a result of new design requirements and data conversion issues. This will be a continual process through the end of the project.
- MBS updated/refined QA sheets for all files converted.
- MBS delivered Cycle 7 data conversion files. Vitech will load these files and prepare scorecards for review.
- The project team has determined that the ADP “quitter’s tape” will not contain all of the information required for data conversion, which means at least some of the data will need to be pulled from ReportSmith by project resources. Since there is a cost for the quitter’s tape, and since ReportSmith has to be used for at least some of the data, the project team determined that all of the data could be pulled from ReportSmith, eliminating the need for the “quitter’s tape”. This will save VCERA the $2,000 fee for the “quitter’s tape” that would have been charged each time that it was needed.
- Continued having weekly data scorecard review sessions for open data conversion issues. The team determined the frequency of the meetings should be changed to bi-weekly for now.
- Data cleansing continued.

Infrastructure / Hosting:
- The project team experienced no notable network connection disruptions during October. All issues regardless of significance are reported in order to analyze patterns and identify solutions before they become serious.

Project risks are continually being assessed throughout the project duration. Risks will be added to the table below as they are identified.

<table>
<thead>
<tr>
<th>ISSUES / RISKS — Explanation of Issues</th>
<th>MITIGATION — Explanation of Action Needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditor-Controller not able to provide transmittal requirements. This may result in an impact to the project schedule and loss of automation expected with V3.</td>
<td>Auditor-Controller has indicated they may not be able to provide all of the requirements identified in the transmittal specifications. We are working closely with Auditor-Controller to try to determine how much time they need to thoroughly analyze and develop the system enhancements that would be necessary to meet VCERA’s requirements. We anticipate being able to provide the Board with the details and their time requirements at the May 6th Board meeting.</td>
</tr>
<tr>
<td>UPDATE (11/1) — Auditor-Controller has identified a potential solution for reporting retroactive adjustments. They are continuing to assess the development cost and time requirements to determine if the project timeline can be met. County counsel has not provided their written opinion yet. Continuing to monitor.</td>
<td></td>
</tr>
</tbody>
</table>
UPDATE (10/1) – County counsel has not provided their written opinion yet. Continuing to monitor.

UPDATE (9/1) – Auditor-Controller is aware of the data requirements and the proposed back-up solution. Auditor-Controller and VCERA are waiting for written County Counsel opinion supporting the requirements of Auditor-Controller to provide needed payroll data to VCERA. Both parties are open to other process alternatives that provide the necessary data. Continuing to monitor.

UPDATE (8/1) – No change. Continuing to monitor.

UPDATE (7/1) – Auditor-Controller has continued to work on identifying automated solutions to providing VCERA with the data required for V3. They have not provided an estimated time that they would be able to provide the data. We will continue to monitor this risk.

UPDATE (6/1) – Auditor-Controller provided their initial response, generally indicating they would not provide the new information VCERA is requesting. The Board directed Auditor-Controller and VCERA to work together to find solutions that would work. Both offices are committed to working together. Additionally, since Auditor-Controller’s initial response was submitted, legal provided an opinion to Auditor-Controller that they are legally required to provide the data being requested so they now understand a solution is required. The change to the big bang approach will allow additional time to develop the best solutions. Auditor-Controller has contracted with the original developer for VCHR to analyze what system changes would be needed and how long it would take to implement those changes. Once we have the results of that analysis we may be able to remove this risk.

UPDATE (5/1) – Auditor-Controller informed us on 4/29 that they were just finishing their response to our formal request and would deliver it to VCERA on Friday, 5/3. This will not provide us adequate time to review their response and prepare options to present to the Board at the May 6th Board meeting. We will work to complete the analysis and prepare our proposed options as quickly as possible.

UPDATE (4/1) – We are preparing a formal request for the critical data required from Auditor-Controller.
request will ask them to provide us a timeline they would need to fully analyze/develop the system enhancements they would need to provide the data. We do not anticipate having their response in time to present to the Board at the May 6th Board meeting. We will present to the Board as soon as we have the information and can create a revised plan proposal.

The milestones below have been changed to reflect the new implementation plan approved 7/15/13.

**Work Segments**

<table>
<thead>
<tr>
<th>Deployment Phase - Rollout</th>
<th>Project Plan Tasks</th>
<th>% Complete</th>
<th>Milestone Date</th>
<th>Date Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment A Data Mapping</td>
<td>Documents Completed</td>
<td>100%</td>
<td>10/26/2012</td>
<td>11/30/2012*</td>
</tr>
<tr>
<td>Segment A Functionality</td>
<td>Completed</td>
<td>100%</td>
<td>11/30/2012</td>
<td>11/30/2012</td>
</tr>
<tr>
<td>Segment B Data Mapping</td>
<td>Documents Completed</td>
<td>100%</td>
<td>12/28/2012</td>
<td>1/28/2013*</td>
</tr>
<tr>
<td>Segment B Functionality</td>
<td>Completed</td>
<td>100%</td>
<td>02/22/2013</td>
<td>4/5/2013</td>
</tr>
<tr>
<td>Segment C Functionality</td>
<td>Completed</td>
<td>100%</td>
<td>04/12/2013</td>
<td>6/28/2013</td>
</tr>
<tr>
<td>Segment D Track 1</td>
<td>Functionality Delivered</td>
<td>100%</td>
<td>09/02/2013</td>
<td>9/5/2013</td>
</tr>
<tr>
<td>Segment D Track 2</td>
<td>Functionality Delivered</td>
<td>37%</td>
<td>12/30/2013</td>
<td></td>
</tr>
<tr>
<td>Segment F Functionality</td>
<td>Delivered</td>
<td>10%</td>
<td>3/24/2014</td>
<td></td>
</tr>
<tr>
<td>Segment G Functionality</td>
<td>Delivered</td>
<td>10%</td>
<td>7/28/2014</td>
<td></td>
</tr>
<tr>
<td>Segment H Functionality</td>
<td>Delivered</td>
<td>15%</td>
<td>8/25/2014</td>
<td></td>
</tr>
<tr>
<td>Parallel Testing</td>
<td>of Transmittal Files Begins</td>
<td>0%</td>
<td>10/20/2014</td>
<td></td>
</tr>
<tr>
<td>Segment I Functionality</td>
<td>Delivered</td>
<td>10%</td>
<td>12/29/2014</td>
<td></td>
</tr>
<tr>
<td>UAT Begins</td>
<td></td>
<td>0%</td>
<td>3/20/2015</td>
<td></td>
</tr>
<tr>
<td>VCCERA Accepts System for production</td>
<td></td>
<td>0%</td>
<td>7/6/2015</td>
<td></td>
</tr>
</tbody>
</table>

*Please note that data mapping updates can occur throughout the project as a result of new functionality design. The 100% completion indicates initial data mapping efforts are complete.
Project Status Report:
PAS Project

Reporting to: VCERA
Written by: Kim Zierath

Report Date: 11/15/13
Report Period: 10/01/2013 – 10/31/2013

Vitech Contract Limits

<table>
<thead>
<tr>
<th>Contract-Limited Item</th>
<th>Contract Limit</th>
<th>Currently Assigned to Vitech/Used</th>
<th>Number Remaining for Vitech</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documents / Letters</td>
<td>20</td>
<td>12</td>
<td>8</td>
</tr>
<tr>
<td>Reports / Queries</td>
<td>25</td>
<td>7</td>
<td>18</td>
</tr>
<tr>
<td>Workflows</td>
<td>10</td>
<td>11</td>
<td>0</td>
</tr>
<tr>
<td>Interfaces</td>
<td>6</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Data Conversion Hours</td>
<td>3,500</td>
<td>2,892.50</td>
<td>607.50</td>
</tr>
</tbody>
</table>

Planned Tasks for Next Period

- Continue working with Auditor-Controller and VRSD to develop solutions for the transmittal files.
- RIS and ADP data conversion script development.
- Continue analyzing data extracted from RDBS and loaded into V3.
- Develop extraction scripts for ADP data from ReportSmith.
- Receive and evaluate new SOW from Novanis.
- Continue conducting data cleansing activities.
- Finalize Segment C testing.
- Continue writing test cases for Segment D functionality and identifying data requirements.
- Continue executing Segment D testing.
Project Status Report:
PAS Project

The content of this report has been reviewed and approved by:

Donald Kendig
Retirement Administrator
VCERA Project Sponsor

Hammad Zaigham
Vitech Project Manager

Kim Zierath
Linea Project Manager

Date
December 2, 2013

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

SUBJECT: STAFF RESPONSE TO QUARTERLY VCERIS REPORT QUESTIONS ASKED AT THE NOVEMBER 18, 2013 BOARD MEETING

Dear Board Members:

Background & Discussion

At the November 18, 2013, Board meeting, Trustees had questions regarding the financial details in the quarterly status report. The details have been verified as correct.

On July 15, 2013, Linea and staff presented to the Board change order 3489, extending Vitech’s services for an additional cost of $250,000 along with a modified milestone payment schedule and the release of the holdbacks. This was proposed by Linea and staff in exchange for a reduction of the cost of the extension by 63% over Vitech’s normal implementation costs. Linea and staff also communicated at that time that they believe large enough payments are deferred until the end of the project to ensure the successful completion (i.e., the payment of $400,000 for production acceptance is deferred until July 2015).

The payment milestone schedule for change order 3489 is attached for reference and reflects what was last reported in the quarterly status report detail on November 18, 2013, (also attached) except that the July payment of $370,720 and holdback release payment of $168,000, totaling $528,720 were separated out in the quarterly report.

As a point of comparison, the payment milestone schedule for CO3223 is provided which was approved by the Board on October 15, 2012 as a no-cost extension to Vitech’s services.

Staff would be pleased to respond to any questions you may have on this item.

Sincerely,

Donald C. Kendig, CPA
Retirement Administrator

Attachments (3)
Appendix B – Proposed Revised Payment Milestone Schedule

<table>
<thead>
<tr>
<th>Invoice #</th>
<th>License Fee</th>
<th>Est. Invoice Date</th>
<th>Milestone Description*</th>
<th>Gross Payment</th>
<th>Payments Withheld</th>
<th>Withhold Release</th>
<th>Total Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$575,000</td>
<td>Mar-12</td>
<td>Project initiation / initial License payment (development license)</td>
<td>200,000</td>
<td></td>
<td></td>
<td>200,000</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>May-12</td>
<td>QA Hardware and Software Installed and Configured</td>
<td>128,000</td>
<td>19,200</td>
<td></td>
<td>108,800</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>Jun-12</td>
<td>Detailed Implementation Plan Approved</td>
<td>96,000</td>
<td>14,400</td>
<td></td>
<td>81,600</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>Aug-12</td>
<td>V3 Baseline Application Configuration &amp; Demonstration Complete</td>
<td>224,000</td>
<td>35,600</td>
<td></td>
<td>190,400</td>
</tr>
<tr>
<td>5</td>
<td></td>
<td>Nov-12</td>
<td>Rollout 1: VCERA confirms Segment A functionality delivered and validated</td>
<td>224,000</td>
<td>35,600</td>
<td></td>
<td>190,400</td>
</tr>
<tr>
<td>6</td>
<td></td>
<td>Mar-13</td>
<td>Rollout 1: VCERA validates Segment B functionality delivered</td>
<td>224,000</td>
<td>35,600</td>
<td></td>
<td>190,400</td>
</tr>
<tr>
<td>7</td>
<td></td>
<td>Jun-13</td>
<td>Rollout 1: VCERA confirms Segment C functionality delivered</td>
<td>224,000</td>
<td>35,600</td>
<td></td>
<td>190,400</td>
</tr>
<tr>
<td>8</td>
<td></td>
<td>Jul-13</td>
<td>Change Order 3489 Execution</td>
<td>370,720</td>
<td></td>
<td>168,000</td>
<td>538,720</td>
</tr>
<tr>
<td>9</td>
<td></td>
<td>Sep-13</td>
<td>Rollout 1: VCERA confirms Segment D Track 1 functionality delivered</td>
<td>314,640</td>
<td></td>
<td></td>
<td>314,640</td>
</tr>
<tr>
<td>10</td>
<td></td>
<td>Dec-13</td>
<td>Rollout 1: VCERA confirms Segment D Track 2 functionality delivered</td>
<td>314,640</td>
<td></td>
<td></td>
<td>314,640</td>
</tr>
<tr>
<td>11</td>
<td></td>
<td>Mar-14</td>
<td>Rollout 1: VCERA confirms Segment F functionality delivered</td>
<td>139,200</td>
<td></td>
<td></td>
<td>139,200</td>
</tr>
<tr>
<td>12</td>
<td></td>
<td>Jul-14</td>
<td>Rollout 1: VCERA confirms Segment G functionality delivered</td>
<td>139,200</td>
<td></td>
<td></td>
<td>139,200</td>
</tr>
<tr>
<td>13</td>
<td></td>
<td>Aug-14</td>
<td>Rollout 1: VCERA confirms Segment H functionality delivered</td>
<td>139,200</td>
<td></td>
<td></td>
<td>139,200</td>
</tr>
<tr>
<td>14</td>
<td></td>
<td>Oct-14</td>
<td>Rollout 1: VCERA begins parallel testing of the transmittal files</td>
<td>139,200</td>
<td></td>
<td></td>
<td>139,200</td>
</tr>
<tr>
<td>15</td>
<td></td>
<td>Dec-14</td>
<td>Rollout 1: VCERA confirms Segment I functionality delivered</td>
<td>139,200</td>
<td></td>
<td></td>
<td>139,200</td>
</tr>
<tr>
<td>16</td>
<td></td>
<td>Mar-15</td>
<td>Rollout 1: VCERA begins UAT</td>
<td>40,000</td>
<td></td>
<td></td>
<td>40,000</td>
</tr>
<tr>
<td>17</td>
<td></td>
<td>Jul-15</td>
<td>Rollout 1: VCERA accepts system for production</td>
<td>400,000</td>
<td></td>
<td></td>
<td>400,000</td>
</tr>
<tr>
<td>18</td>
<td></td>
<td>Aug-15</td>
<td>Rollout 2: Start of MSS Implementation</td>
<td>72,000</td>
<td></td>
<td></td>
<td>72,000</td>
</tr>
<tr>
<td>19</td>
<td></td>
<td>Oct-15</td>
<td>Warranty Complete: three months after R1 Go-Live</td>
<td>100,000</td>
<td></td>
<td></td>
<td>100,000</td>
</tr>
<tr>
<td>20</td>
<td></td>
<td>Nov-15</td>
<td>Rollout 2: VCERA accepts MSS for production</td>
<td>72,000</td>
<td></td>
<td></td>
<td>72,000</td>
</tr>
<tr>
<td>21</td>
<td></td>
<td>Feb-16</td>
<td>Warranty Complete: three months after R2 Go-Live</td>
<td>50,000</td>
<td></td>
<td></td>
<td>50,000</td>
</tr>
</tbody>
</table>

* Rollout 1 includes contribution and benefit processing, payments and R08S and RIS Replacement

Milestone schedule and payments for Invoice #1 through 7 have not changed in the new proposed payment schedule.
Warranty Rollout Warranty Rollout Rollout Rollout Rollout Rollout Rollout Rollout Rollout Holdback Change V3 Detailed QA Project Infrastructure Hosting Vitech V3 Upgrade Fee -

Vitech Other Costs

Vitech V3 License Fee August-12 $ 575,000 $ 575,000

Vitech V3 Upgrade Fee - Various 450,000 -

Infrastructure Hosting Various 376,000 25,000

Travel On-going 82,500 5,000 40,000

Software Escrow Agreement FY 13/14 3,000 -

Vitech Other Costs Subtotal: $ 1,486,500 5,000 640,000

Vitech Services Total: $ 5,236,500 $ 5,000 $ 2,454,960

1Amended budget reflects only approved change orders.

2Limited term positions were converted to full-time employees as of 3/31/2013; costs will be reflected in Staff Costs from this point onward.

Summary

<table>
<thead>
<tr>
<th>Cost Item</th>
<th>Budget</th>
<th>Change Orders</th>
<th>Amended Budget¹</th>
<th>Expended to Date</th>
<th>Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vitech (software, implementation, hosting)</td>
<td>$4,986,500</td>
<td>$250,000</td>
<td>$5,236,500</td>
<td>$2,454,960</td>
<td>$2,781,540</td>
</tr>
<tr>
<td>Linea (project oversight, design, data conversion, testing, training)</td>
<td>2,088,407</td>
<td>118,800</td>
<td>2,207,207</td>
<td>1,092,965</td>
<td>1,114,242</td>
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<tr>
<td>External Costs</td>
<td>100,000</td>
<td>110,400</td>
<td>210,400</td>
<td>92,302</td>
<td>118,098</td>
</tr>
<tr>
<td>Third party data conversion</td>
<td>680,000</td>
<td>(90,538)</td>
<td>589,462</td>
<td>306,651</td>
<td>282,811</td>
</tr>
<tr>
<td>Limited Term Positions²</td>
<td>581,200</td>
<td>(480,296)</td>
<td>100,904</td>
<td>100,904</td>
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<tr>
<td><strong>Project Budget Subtotal</strong></td>
<td>$8,436,107</td>
<td>$ (91,634)</td>
<td>$8,344,473</td>
<td>$4,047,781</td>
<td>$4,296,692</td>
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<tr>
<td>Project Contingency</td>
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<td>-</td>
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<td>-</td>
<td>843,611</td>
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<tr>
<td><strong>Total Project Budget</strong></td>
<td>$9,279,718</td>
<td>$ (91,634)</td>
<td>$9,188,084</td>
<td>$4,047,781</td>
<td>$5,140,303</td>
</tr>
</tbody>
</table>

¹Amended budget reflects only approved change orders.

²Limited term positions were converted to full-time employees as of 3/31/2013; costs will be reflected in Staff Costs from this point onward.

Detail

<table>
<thead>
<tr>
<th>Milestone Description</th>
<th>Scheduled Invoice Date</th>
<th>Amended Budget</th>
<th>Holdback (15%)</th>
<th>Net Scheduled Payment</th>
<th>Amount Incurred</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Initiation / Initial License Payment (Development License)</td>
<td>March-12</td>
<td>$200,000</td>
<td>-</td>
<td>$200,000</td>
<td>$200,000</td>
</tr>
<tr>
<td>QA Hardware and Software Installed and Configured</td>
<td>May-12</td>
<td>128,000</td>
<td>(19,200)</td>
<td>108,800</td>
<td>108,800</td>
</tr>
<tr>
<td>Detailed Implementation Plan Approved</td>
<td>June-12</td>
<td>96,000</td>
<td>(14,400)</td>
<td>81,600</td>
<td>81,600</td>
</tr>
<tr>
<td>V3 Baseline Application Configuration &amp; Demonstration Complete</td>
<td>August-12</td>
<td>224,000</td>
<td>(33,600)</td>
<td>190,400</td>
<td>190,400</td>
</tr>
<tr>
<td>Rollout 1: VCERA Confirms Segment A Functionality Delivered and Validated</td>
<td>November-12</td>
<td>224,000</td>
<td>(33,600)</td>
<td>190,400</td>
<td>190,400</td>
</tr>
<tr>
<td>Rollout 1: VCERA Confirms Segment B Functionality Delivered</td>
<td>March-13</td>
<td>224,000</td>
<td>(33,600)</td>
<td>190,400</td>
<td>190,400</td>
</tr>
<tr>
<td>Rollout 1: VCERA Confirms Segment C Functionality Delivered</td>
<td>June-13</td>
<td>224,000</td>
<td>(33,600)</td>
<td>190,400</td>
<td>-</td>
</tr>
<tr>
<td>Change Order 3489 Execution</td>
<td>July-13</td>
<td>370,720</td>
<td></td>
<td>370,720</td>
<td>370,720 *</td>
</tr>
<tr>
<td>Holdback Release</td>
<td>July-13</td>
<td>168,000</td>
<td></td>
<td>168,000</td>
<td>168,000 *</td>
</tr>
<tr>
<td>Rollout 1: VCERA Confirms Segment D Track 1 Functionality Delivered</td>
<td>September-13</td>
<td>314,640</td>
<td></td>
<td>314,640</td>
<td>314,640</td>
</tr>
<tr>
<td>Rollout 1: VCERA Confirms Segment D Track 2 Functionality Delivered</td>
<td>December-13</td>
<td>314,640</td>
<td></td>
<td>314,640</td>
<td>-</td>
</tr>
<tr>
<td>Rollout 1: VCERA Confirms Segment F Functionality Delivered</td>
<td>March-14</td>
<td>139,200</td>
<td></td>
<td>139,200</td>
<td>-</td>
</tr>
<tr>
<td>Rollout 1: VCERA Confirms Segment G Functionality Delivered</td>
<td>July-14</td>
<td>139,200</td>
<td></td>
<td>139,200</td>
<td>-</td>
</tr>
<tr>
<td>Rollout 1: VCERA Confirms Segment H Functionality Delivered</td>
<td>August-14</td>
<td>139,200</td>
<td></td>
<td>139,200</td>
<td>-</td>
</tr>
<tr>
<td>Rollout 1: VCERA Begins Parallel Testing of Transmittal Files</td>
<td>October-14</td>
<td>139,200</td>
<td></td>
<td>139,200</td>
<td>-</td>
</tr>
<tr>
<td>Rollout 1: VCERA Confirms Segment I Functionality Delivered</td>
<td>December-14</td>
<td>139,200</td>
<td></td>
<td>139,200</td>
<td>-</td>
</tr>
<tr>
<td>Rollout 1: VCERA Begins UAT</td>
<td>March-15</td>
<td>40,000</td>
<td></td>
<td>40,000</td>
<td>-</td>
</tr>
<tr>
<td>Rollout 1: VCERA Accepts System for Production</td>
<td>July-15</td>
<td>400,000</td>
<td></td>
<td>400,000</td>
<td>-</td>
</tr>
<tr>
<td>Rollout 2: Start of MSS Implementation</td>
<td>August-15</td>
<td>72,000</td>
<td></td>
<td>72,000</td>
<td>-</td>
</tr>
<tr>
<td>Warranty Complete: Three Months after R1 Go-Live</td>
<td>October-15</td>
<td>100,000</td>
<td></td>
<td>100,000</td>
<td>-</td>
</tr>
<tr>
<td>Rollout 2: VCERA Accepts MSS for Production</td>
<td>November-15</td>
<td>72,000</td>
<td></td>
<td>72,000</td>
<td>-</td>
</tr>
<tr>
<td>Warranty Complete: Three Months after R2 Go-Live</td>
<td>Feb-16</td>
<td>50,000</td>
<td></td>
<td>50,000</td>
<td>-</td>
</tr>
</tbody>
</table>

**Vitech Implementation Services Subtotal:** $3,750,000 $ - $3,750,000 $1,814,960

**Vitech Services Total:** $5,236,500 $5,000 $2,454,960
## Appendix B – Proposed Revised Payment Milestone Schedule

### VCERA Service Payment Schedule

<table>
<thead>
<tr>
<th>Invoice</th>
<th>License Fee</th>
<th>Est. Invoice Date</th>
<th>% Payment</th>
<th>Gross</th>
<th>15%</th>
<th>Net</th>
<th>Withhold</th>
<th>Total</th>
<th>Payment</th>
<th>Project Initiation / Initial License payment (development license)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$575,000</td>
<td>Mar-12</td>
<td>40%</td>
<td>200,000</td>
<td></td>
<td>200,000</td>
<td></td>
<td>200,000</td>
<td></td>
<td>Project Initiation / Initial License payment (development license)</td>
</tr>
<tr>
<td>2</td>
<td>May-12</td>
<td>40%</td>
<td>128,000 (19,200)</td>
<td>108,800</td>
<td></td>
<td>108,800</td>
<td></td>
<td>108,800</td>
<td></td>
<td>QA Hardware and Software Installed and Configured</td>
</tr>
<tr>
<td>3</td>
<td>Jun-12</td>
<td>30%</td>
<td>96,000 (14,400)</td>
<td>81,600</td>
<td></td>
<td>81,600</td>
<td></td>
<td>81,600</td>
<td></td>
<td>Detailed Implementation Plan Approved</td>
</tr>
<tr>
<td>4</td>
<td>Aug-12</td>
<td>70%</td>
<td>224,000 (33,600)</td>
<td>190,400</td>
<td></td>
<td>190,400</td>
<td></td>
<td>190,400</td>
<td></td>
<td>VS Baseline Application Configuration &amp; Demonstration Complete</td>
</tr>
<tr>
<td>5</td>
<td>Nov-12</td>
<td>70%</td>
<td>224,000 (33,600)</td>
<td>190,400</td>
<td></td>
<td>190,400</td>
<td></td>
<td>190,400</td>
<td></td>
<td>Rollout 1: VCERA confirms Segment A functionality delivered and validated</td>
</tr>
<tr>
<td>6</td>
<td>Jan-13</td>
<td>70%</td>
<td>224,000 (33,600)</td>
<td>190,400</td>
<td></td>
<td>190,400</td>
<td></td>
<td>190,400</td>
<td></td>
<td>Rollout 1: VCERA validates Segment B functionality delivered and validated</td>
</tr>
<tr>
<td>7</td>
<td>Apr-13</td>
<td>70%</td>
<td>224,000 (33,600)</td>
<td>190,400</td>
<td></td>
<td>190,400</td>
<td></td>
<td>190,400</td>
<td></td>
<td>Rollout 1: VCERA confirms Segment C functionality delivered and validated</td>
</tr>
<tr>
<td>8</td>
<td>May-13</td>
<td>70%</td>
<td>224,000 (33,600)</td>
<td>190,400</td>
<td></td>
<td>190,400</td>
<td></td>
<td>190,400</td>
<td></td>
<td>Rollout 1: VCERA confirms Segment D functionality delivered and validated</td>
</tr>
<tr>
<td>9</td>
<td>Jul-13</td>
<td>9%</td>
<td>288,000 (43,200)</td>
<td>248,800</td>
<td></td>
<td>248,800</td>
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<td>248,800</td>
<td></td>
<td>Rollout 1: VCERA begins UAT</td>
</tr>
<tr>
<td>10</td>
<td>Oct-13</td>
<td>18%</td>
<td>576,000</td>
<td>576,000</td>
<td>100,800</td>
<td>676,800</td>
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<td>676,800</td>
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<td>Rollout 1: VCERA accepts system for production</td>
</tr>
<tr>
<td>11</td>
<td>Nov-13</td>
<td>5%</td>
<td>160,000</td>
<td>160,000</td>
<td>26,000</td>
<td>134,000</td>
<td></td>
<td>134,000</td>
<td></td>
<td>Rollout 1: VCERA confirms Segment A functionality delivered and validated for Validation</td>
</tr>
<tr>
<td>12</td>
<td>Dec-13</td>
<td>40%</td>
<td>120,000</td>
<td>120,000</td>
<td></td>
<td>120,000</td>
<td></td>
<td>120,000</td>
<td></td>
<td>Rollout 1: VCERA confirms Segment C functionality delivered and validated</td>
</tr>
<tr>
<td>13</td>
<td>Jan-14</td>
<td>45%</td>
<td>144,000</td>
<td>144,000</td>
<td></td>
<td>144,000</td>
<td></td>
<td>144,000</td>
<td></td>
<td>Rollout 1: VCERA confirms Segment B functionality delivered and validated</td>
</tr>
<tr>
<td>14</td>
<td>Feb-14</td>
<td>40%</td>
<td>120,000</td>
<td>120,000</td>
<td></td>
<td>120,000</td>
<td></td>
<td>120,000</td>
<td></td>
<td>Rollout 1: VCERA confirms Segment D functionality delivered and validated</td>
</tr>
<tr>
<td>15</td>
<td>Nov-14</td>
<td>5%</td>
<td>160,000</td>
<td>160,000</td>
<td></td>
<td>160,000</td>
<td></td>
<td>160,000</td>
<td></td>
<td>Rollout 1: VCERA begins UAT</td>
</tr>
<tr>
<td>16</td>
<td>Feb-15</td>
<td>40%</td>
<td>120,000</td>
<td>120,000</td>
<td></td>
<td>120,000</td>
<td></td>
<td>120,000</td>
<td></td>
<td>Rollout 2: VCERA accepts system for production</td>
</tr>
<tr>
<td>17</td>
<td>Apr-15</td>
<td>1%</td>
<td>40,000</td>
<td>40,000</td>
<td></td>
<td>40,000</td>
<td></td>
<td>40,000</td>
<td></td>
<td>Rollout 3: VCERA validates functionality</td>
</tr>
<tr>
<td>18</td>
<td>Apr-15</td>
<td>1.25%</td>
<td>40,000</td>
<td>40,000</td>
<td></td>
<td>40,000</td>
<td></td>
<td>40,000</td>
<td></td>
<td>Rollout 3: VCERA begins UAT</td>
</tr>
<tr>
<td>19</td>
<td>Jun-15</td>
<td>200%</td>
<td>64,000</td>
<td>64,000</td>
<td>168,000</td>
<td>232,000</td>
<td></td>
<td>232,000</td>
<td></td>
<td>Rollout 3: VCERA accepts system for production</td>
</tr>
<tr>
<td>20</td>
<td>Sep-15</td>
<td>100%</td>
<td>100,000</td>
<td>100,000</td>
<td></td>
<td>100,000</td>
<td></td>
<td>100,000</td>
<td></td>
<td>Warranty Complete: one year after System Live Date</td>
</tr>
</tbody>
</table>

**Each progress payment is based on the payment % of the full value less the $200k and $100k due at the beginning and end of the project.**

***Rollout 1 includes contribution processing and R085 Replacement;***
*Rollout 2 includes benefit processing; payments; and*
*Rollout 3 will provide Member Self-Service*
December 2, 2013

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

SUBJECT: APPOINTMENT OF CHAIR AND VICE CHAIR FOR 2014

Dear Board Members:

The Board of Retirement Bylaws and Regulations (Regulations) require the Board to take action at the first meeting in December to appoint a Chair and Vice Chair for the upcoming calendar year. The Regulations state that no member shall serve in either capacity until he/she has served on the Board for a minimum of one year.

I would be pleased to respond to any questions you may have on this matter.

Sincerely,

Donald C. Kendig, CPA
Retirement Administrator
December 2, 2013

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

SUBJECT: CONSIDER APPROVAL FOR TRUSTEE CHRIS JOHNSTON TO ATTEND PUBLIC FUNDS SUMMIT, JANUARY 7-9, 2014, IN SCOTTSDALE, ARIZONA

Dear Board Members:

Trustee Chris Johnston is requesting authorization to attend the Public Funds Summit, sponsored by Opal Financial Group, to be held January 7-9, 2014 in Scottsdale, Arizona. Attached to this Board letter is the preliminary agenda along with conference details.

The Board’s Education and Travel Policy requires that the approval for travel to this workshop be made in an open meeting of the Board.

**Fiscal Impact**

This request complies with the Board’s Education and Travel Policy. The estimated cost for Mr. Johnston’s attendance is estimated to be $1,880, which includes airfare ($435), workshop registration ($395), hotel ($900), and incidentals ($150). The actual cost may be less by taking advantage of booking airfare early.

As of the most recent budget summary report dated October 31, 2013, we have expended approximately 53%, or $34,100, of the $65,000 line budget approved for Conference, Seminar and Travel. Approximately $21,600 of the total line expenditure was for the due diligence site visit to Walter Scott and travel associated with the investment consultant search. These trips were not anticipated or included in the adopted budget. However, the total FY 2013-14 approved administrative operating budget represents 51% of the allowable maximum per Government Code 31580.2. Your Board would still be within the total allowable administrative spending limit if you chose to approve this trip. It is unknown at this time if the excess cost can be absorbed within the current fiscal year budget and staff will advise the Board if additional appropriations from contingency will be required during our mid-year budget update in January or February of 2014.
CONSIDER APPROVAL FOR TRUSTEE CHRIS JOHNSTON TO ATTEND PUBLIC FUNDS SUMMIT, JANUARY 7-9, 2014, IN SCOTTSDALE, ARIZONA

December 2, 2013
Page 2 of 2

Staff recommends your Board’s consideration and approval authorizing Trustee Chris Johnston attendance.

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

Sincerely,

Donald C. Kendig, CPA
Retirement Administrator

Attachment
Conference Details:

Opal Financial Group's annual public funds conference addresses issues that are critical to the investment success of senior public pension fund officers and trustees in the new millennium. Although attendance is not limited to those in the public sector, the conference takes aim at topics that are of particular relevance to public pension funds. We will discuss how surplus returns should affect employee benefit plans, closely examine the processes for selection and evaluation of investment managers, investigate legal concerns with fund investment and management policies, as well as explore the benefits and pitfalls of a wide variety of investment strategies. By focusing on an atmosphere of education rather than sales or marketing, the Public Funds Summit provides a unique environment in which members of the public sector can exchange ideas and learn from other delegates, money managers and consultants.

Topics Will Include:

- Pension Outlook: The State of the U.S. Retirement System
- New Styles and Strategies for Investing
- Asset Allocation best Practices
- The DB/DC debate
- Ongoing Education for Plan Fiduciaries and Participants
- Challenges facing Public Pension Plans
- Risk Management
- Manager Selection
- Equity Investing
- Securities Lending
- Hedge Funds
- Private Equity/Venture Capital
- Real Estate
- Real Assets – precious metals, timber, infrastructure, agriculture, managed futures, etc.
- Emerging and Frontier Markets
- Choosing the right advisor/consultant
- Fund of Funds
- Real Estate Managers
- Equity Managers
- Venture Capitalists
- Private Equity
- Insurance Companies
- Benefit Companies
- Public Service Administrative Providers

Who Should Attend:

- Pension Rep - Trustee, Administrators, Commissioners, Staff
- Taft Hartley Reps - Trustee, Administrators, Commissioners, Staff
- Consultants
- Attorneys
- Accountants
- Hedge Funds

Testimonials:

“Opal is an outstanding company and puts on some of the best conferences I have ever attended. Their attention to detail is second to none. I look forward to their next offering.”

- Patrick Lynch, Trustee, Tampa Fire and Police Pension Fund
Hotel Info:
The Phoenician
6000 East Camelback Rd.
Scottsdale, AZ 85251

We are pleased to announce that the Opal room block is open and we are accepting reservations. Please click on the ONLINE HOTEL RESERVATION link to book your room. The hotel will not accept individual call-ins.

- Rooms are available only to those participants who are registered conference attendees.
- Rooms will not be guaranteed without a credit card.
- Rooms are allocated on a first come first serve basis. Room types/rates are subject to availability.
- The name on the form will be the name of the guest room.

Conference Registration Prices:

<table>
<thead>
<tr>
<th></th>
<th>Summer Incentive Rate**</th>
<th>Fall Rate (expires 11/15/13)</th>
<th>Standard Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Managers &amp; Service Providers</td>
<td>$2,195</td>
<td>$2,995</td>
<td>$3,195</td>
</tr>
<tr>
<td>Pension/Union Trustee, Administrator, Director or Officer / Non-Discretionary Consultants</td>
<td>Complimentary</td>
<td>Complimentary</td>
<td>Complimentary</td>
</tr>
</tbody>
</table>

Registration price reflects $100 online discount

**Summer Incentive Rate applies from May 10 - August 15, 2013. After, Fall Rates will apply from August 16 - December 15, 2013. After, Standard Rates apply.

*** Institutional End-Investors include: organizations that are solely investing on their own behalf in alternatives and do not sell any alternative investment products or services to clients including: sovereign wealth funds, pension funds, endowments, foundations, family offices, private clients and treasury.

Subject to Opal Financial Group’s approval. Eligibility will be verified.

Activity Sponsor:

General Sponsor:

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