LRS®
RETIREMENT SOLUTIONS

San Bernardino County Employees' Retirement Association (SBCERA)

Cost Estimate
For PensionGold® Refresh Project

Submitted: November 5, 2020

Tom Chesser
Vice President
Levi, Ray & Shoup, Inc.
2401 West Monroe Street
Springfield, Illinois 62704
217.793.3800, Extension 1259
Tom.Chesser@LRS.com
www.LRSRetirementSolutions.com

Table of Contents

1 Introduction

Levi, Ray & Shoup, Inc. ("LRS") and our LRS Retirement Solutions team appreciate the opportunity to offer San Bernardino County Employees' Retirement Association (SBCERA) this cost estimate for the PensionGold® refresh project. With the refresh project, SBCERA will be able to achieve its goals of applying enhanced base PensionGold functionality with potential removal of unnecessary customizations, simplified and efficient business processes to increase productivity, elimination of manual processes and calculations, and automated internal controls, among others.

1.1 Corporate Background

LRS is a diversified information technology company with about 740 employees worldwide. Our corporate headquarters is in Springfield, Illinois, and we have office locations across the U.S., including an office in Anaheim, CA as well as overseas locations in Europe, Asia, and Australia.

Incorporated in 1979, the history of LRS is a story of steady growth and innovation. A mix of unique products and services has helped LRS grow from a local computer consulting company to a global leader of innovative information technology solutions. We have a very strong financial position and decades of stability in the ownership and executive management of the Company. LRS has no debt nor third party ownership interests; we consistently hold the highest Dun & Bradstreet rating possible for a company our size. LRS' customers span the government sector with numerous federal agencies, 44 of the 50 states, and as well as municipal, county, and metropolitan governments. In the years since our founding, we have grown and diversified to offer a host of information technology products and services in addition to our PensionGold software. Several retirement systems have utilized our services to develop and support their public websites. Our robust document management repository, PageCenterX®, is used by several retirement systems for storing, searching, and retrieving of document images. LRS has seven operating divisions, which include LRS Retirement Solutions, LRS Web Solutions, Enterprise Output Management, LRS Education Services, LRS Network Support, LRS Consulting Services, and LRS IT Solutions.

1.2 LRS Retirement Solutions

The LRS Retirement Solutions group consists of 90 people working in management, business, technical, and administrative positions. All employees are located in the United States and work from one of our office locations or are home-based. When providing implementation and ongoing support services, our customers' membership data is never sent overseas.

Our Vision

"*Create efficiencies and cost savings in the administration and management of defined benefit plans for public sector retirement systems which lead to improved member services by delivering innovative software for pension administration.*"

Our success in the marketplace comes from solving our customers' business problems through the use of innovative and evolving technology, applying our best practices, successfully implementing our software, and the resulting long-term relationships with our customers.

We have been providing pension administration software for public retirement systems longer than most of our competitors have been in business. We have been successful in this marketplace because we help retirement systems become more efficient and reduce their costs by incorporating best practices into our software. It also leads to improved data integrity, security, and improved internal processes for our customers. We understand the importance of consistent, accurate information for active members and ensuring payees receive their benefits on time. What sets us apart from our competitors is:

- Exceptional products and services
- Effective and proven implementation strategy
- Our unique approach to providing great product support
- Long-term customer relationships
- The financial strength and stability of our company
- Our focus on security and responsible management of customer data

"The General Retirement System for the Employees of Jefferson County, AL recently completed an implementation of PensionGold software. The LRS Retirement Solutions staff was excellent to work with and together we completed the project on time and within budget. GRS is already realizing the benefits of using PensionGold."

- Amy Adams
Executive Director, GRS

Our commitment to pension administration software began in 1987, when we first engaged in a project to design a custom defined benefit pension system for a local public safety pension fund in Illinois. Through this project, we recognized a void in the marketplace for a software product specifically written for this market segment. Using the financial resources of LRS, we invested in building a software product for defined benefit pension administration specifically for public sector plans. In 1993, we announced our first product, "PensionPlus Software", and dedicated a group of employees to further develop and maintain solutions for defined benefit retirement systems.

We have achieved many milestones since then, including several new versions (Version 1, Version 2, and current Version 3), and many new releases within each version. Each release has addressed new technical advancements and new functionality to meet the ever-changing needs of our customers.

Today, we remain committed to providing public sector retirement systems with the highly-functional and state-of-the-art software solutions needed to administer and manage their defined benefit plans.

Our strategy for future success is to concentrate on customer satisfaction and further develop our core software solutions. We will continue to find ways to improve and enhance our products with our dedicated Product Development Team as the marketplace and our customers' requirements change. Our products will continue to evolve as technology changes, recognizing that proven mature technology is more appropriate for our customers' business use. We have customers who have been using our products for 25+ years and we know what it takes to maintain a positive long-term business relationship. It starts with being fair, keeping open communication where problems and issues can be shared and resolved quickly, and working together effectively.

Like any long-term relationship, it's not always easy. There will be issues that come up, and how these issues are dealt with really defines the character of both parties. LRS believes in open and honest communication. Our management team believes in, and supports doing what is right, honest, and fair in all situations for all parties.

2 Project Scope

The scope of the project consists of implementing functionality to meet the requirements provided in Attachment A as further defined in this Cost Estimate. At a high level, the requirements consist of:

- Applying base enhancements/releases;
- Enhancing member information capabilities;
- Implementing latest EmployerDirect;
- Improving benefit calculations;
- Providing additional member services through MemberDirect;
- Improving general ledger functionality;
- Correspondence, report and workflow modifications and enhancements;
- Ad hoc reporting; and,
- Telephony integration.

For this project, we will provide you with the following services to implement the PensionGold software:

- Overall project management to ensure a successful project;
- Requirements analysis and development of designs;
- Testing to ensure quality deliverables;
- Updated documentation to reflect your specific configurations and customizations;

- Training for your staff on how to use the provided enhancements;
- Support for your User Acceptance Testing during each software deliverable; and,
- Three months of Warranty for each software deliverable.

3 Project Management and Implementation Services

3.1 Project Management

In our 25+ years of experience, we have implemented versions of our pension administration software for nearly 150 retirement systems. Our experience is unmatched by our competitors. Through this extensive experience, we have developed a consistent and proven implementation framework with guidelines, templates, checklists, and metrics that will be used to successfully provide the deliverables and manage the overall project. This framework provides the flexibility for our Project Manager to apply and alter it as needed to meet your specific requirements.

Our framework incorporates industry standard techniques and methods, as well as our experience in developing and implementing retirement administration solutions. The framework, while evolving from our extensive experience, is based on the Project Management Body of Knowledge (PMBOK), an established world-wide standard for managing and implementing technology projects.

All of our project managers are Project Management Professionals certified by the Project Management Institute and have extensive experience managing projects. The following tasks will be provided as a part of the overall project management processes:

- Maintenance of the project plan (work breakdown schedule) in Microsoft Project;
- Bi-weekly project status meetings conducted either in-person or via phone conference call;
- Bi-weekly project status reports providing information related to completed tasks, upcoming tasks, risks, issues, and schedule;
- Coordination of our resources for timely completion of tasks;
- Working with SBCERA and the oversight vendor to coordinate your staff's involvement and tasks;
- Proactive risk management processes; and,
- Preparation of any required change requests using our established and documented change management procedures.

3.2 Implementation Services

Our implementation services include the following processes.

1. Through requirements analysis and confirmation sessions, we will develop a complete list of requirements that will refine the Project Scope. During the requirements sessions, we will

demonstrate the functionality to execute standard business processes within the base version of the PensionGold software to help SBCERA understand its standard functionality.

2. The project has been separated into several software deliverables. Each requirement has been assigned to a specific software deliverable. We will work through an iterative process of design, development, and testing before presenting each software deliverable to SBCERA for testing.

3. Following requirements analysis, we confirm in the Requirements Traceability Matrix (RTM) which requirements are to be met with each software deliverable. Through discussions during our requirements analysis sessions, requirements may be moved from one software deliverable to another, allowing for the functionality associated with a requirement to be appropriately tested.

4. We then use an agile approach to design and develop each software deliverable wherein we gather specific information to guide us in implementing the requirements, create and review the initial designs with you, and where feasible begin the development. During the design discussions, we will provide additional demonstrations of the software's functionality. During these demonstrations, we highlight any configuration/customizations necessary to meet SBCERA's requirements. With these demonstrations we have two goals: (1) help SBCERA understand the designs that outline the changes required to meet your specific requirements and (2) demonstrate how PensionGold will work for SBCERA.

5. As deemed necessary, additional demonstrations may be scheduled to highlight portions of PensionGold associated with a deliverable prior to the start of User Acceptance Testing (UAT) for that deliverable. The objective of this demonstration is to confirm the overall correctness of the deliverable and identify any issues that are imperative to resolve prior to the start of UAT.

6. Upon delivery of a specific deliverable, we provide training and test cases for the customized functionality. SBCREA then begins the UAT for the functionality provided in that deliverable.

7. This iterative process continues with the design and development through multiple deliverables, incorporating additional functionality with each deliverable until all agreed-to requirements have been delivered.

This agile implementation approach provides you the following benefits:

*   Understanding of our base version's functionality and how it meets your specific requirements;
*   Hands-on access and testing the functionality early in the project life cycle;
*   Release to your production environment functionality as software deliverable testing is completed;
*   Improved overall quality of your PensionGold solution;

- Fully-tested, high-quality software deliverables; and,
- Mitigation of risk due to misinterpretation of requirements or designs.

This approach is divided into five phases as detailed in the subsequent sections:

1. Initiating
2. Planning
3. Monitoring and Controlling
4. Executing
5. Closing

3.2.1 Phase 1 - Initiating

To initiate the project, an LRS internal meeting is conducted to introduce additional implementation team members to the project. The preparation includes review of the contract, proposal documents, deliverables, and preliminary schedules. A formal project initiation meeting is then conducted between our project team and SBCERA to officially start the project. The meeting introduces our project team members, provides information to you, gathers information from SBCERA, and discusses the project organization and procedures. The goal of this meeting is to set expectations on how the project will be executed.

This phase includes one deliverable which is the Project Kickoff Meeting.

3.2.2 Phase 2 - Planning

The Planning phase establishes project control standards for the project. This phase is started as soon as the project is initiated. The project management deliverables are created to establish the guidelines for the structure of the project. The project work plan is updated with additional details as part of this phase.

A successful project involves significant amounts of regular communication between our project team members, your staff, your sponsors, and your stakeholders. We will continue to use the Microsoft SharePoint portal for organization, collaboration, and delivery during this refresh project. This project portal will be used for risk tracking, change request tracking, problem incident reporting, and as a deliverables repository for sharing of other information.

This phase will result in the following deliverables:

- Risk Management Plan
- Communications Plan
- Change Control Plan

3.2.3 Phase 3 – Monitoring and Controlling

The Monitoring and Controlling phase continues throughout Phase 4 – Executing. The objective of this phase is to identify potential problems in a timely manner so that corrective action can be developed in response to those problems. In addition, this phase focuses on obtaining

commitment to the project and ensuring that both LRS and SBCERA resources are making progress on the prioritized tasks. As a part of this phase, project status meetings are conducted using the agreed-upon format and schedule.

Progress reporting will be provided in the form of bi-weekly project status reports. We maintain our project schedule and manage our projects using Microsoft Project. As a part of status reporting, we will provide views in a PDF format of the Microsoft Project plan, which will present you with any schedule variance information.

Additional results from this phase may include:

- Formal change requests for any additional agreed-upon revisions to the scope
- Tracking of risks and issues that are identified throughout the project

You will have 10 business days to review and provide feedback on all written deliverables provided (i.e. project management deliverables, design specifications, etc.) by the project team.

This phase ensures the success of the project by confirming the scope of the project is addressed. This phase will result in the following project management deliverables being provided or performed:

- Bi-weekly status reports and bi-weekly status meetings
- Risk, issue, and change request reporting

3.2.4   Phase 4 - Executing

The Executing phase consists of the steps required to complete the tasks to successfully implement the requirements defined in Attachment A. This phase includes tasks for overall solution development, integration, and implementation.

For implementation of the PensionGold functionality, we use a collaborative and iterative agile process with multiple software deliverables. For each software deliverable, we will utilize a process of requirements, design, development, and testing that will allow you to get hands-on access to the developed functionality early and often. The process for each software deliverable will include:

- Conducting requirements analysis sessions wherein we will confirm our understanding of each requirement and the assignment of requirements to the specific software deliverables. Generally, we will refine the scope of each deliverable by refining and determining the requirements to be met within each software deliverable.
- Once the scope of the software deliverable is clarified, we will develop a Statement of Work that will provide SBCERA with an understanding of what will be provided in the software deliverable, the fixed price costs, duration, and resources required for the software deliverable.

- Interactive design sessions where we will discuss with you how we plan to implement each of the requirements for the deliverable, including demonstrations of the base version of PensionGold;
- Review and acceptance of the design documentation by SBCERA;
- Development of the functionality, including software demonstrations of functionality prior to delivery where appropriate;
- Test cases developed to guide both our team and SBCERA's team in testing of the customized functionality;
- Update of documentation to reflect SBCERA's specific implementation;
- Integration, system, and regression testing to ensure quality deliverables;
- Training for SBCERA on the delivered functionality; and,
- Support for your staff as they conduct a detailed level of UAT, including prompt response to all logged Problem Incident Reports (PIRs).

A software deliverable will consist of functionality derived from multiple design documents. Each software deliverable will be provided with:

- Fully tested, customized software to meet the specific requirements defined for the software deliverable;
- Online help (PensionGold Procedures) reflecting the customizations provided to you in the software deliverable;
- Training on the delivered functionality; and,
- Test cases relevant to the customizations provided to meet the specific requirements.

The documentation to be provided with each PensionGold software deliverable consists of a Procedures Guide and online help. The Procedures Guide, modified to reflect your customized solution, directs you on the appropriate methods to complete your work processes in our software. Our Procedures Guide, without modification, contains over 100 processes and procedures used to perform various tasks in our software. The Procedures Guide is also available to SBCERA users via online help.

After we successfully complete our testing, we provide training for those SBCERA resources who are going to conduct the UAT on the delivered functionality. This training, along with the provided testing materials and documentation, provides SBCERA with the knowledge sufficient to conduct UAT.

We take pride in providing high quality software deliverables and diligently work towards reducing the potential number of Problem Incident Reports that might be logged by SBCERA during UAT. Once a software deliverable has been provided, SBCERA begins their testing efforts. Although we will provide test cases for SBCERA to use, it is expected that SBCERA will expand the test cases to encompass all business processing and will execute the test cases on the delivered functionality at the time of delivery within your Test environment. It is assumed that SBCERA will be able to conduct the required testing within the time allocated in the project plan.

For each software deliverable provided during this phase, we will provide the following deliverables:

- System designs;
- Procedures Guide and Online Help;
- PensionGold software loaded in your Test environment containing agreed-to functionality ready for UAT;
- Test cases for the customized functionality; and,
- Training for the key resources who will be conducting the testing.

Additional deliverables for the Executing phase will include:

- Testing Plan to be provided prior to the start of testing for the first deliverable and
- Training Plan will be provided prior to the start of training for the first deliverable.

In addition to the training of key testing resources at the time of delivery of each software deliverable, we will provide functional training once UAT is complete and prior to placing the software deliverable build into the production environment. Functional Training is formal classroom training that occurs prior to releasing software into SBCERA's production environment. This training is identical to the training provided in the User Acceptance Testing training sessions, only provided to the general user population for SBCERA. The goal is to provide your key resources with the training necessary to ensure that all your users are comfortable in their use of the provided functionality.

3.2.5   Phase 5 - Closing

The Closing phase is the final acceptance of the PensionGold implementation. Final acceptance occurs at the completion of the Warranty period. A 3-month Warranty period for each software deliverable has been included beginning at the date the build (or software deliverable) is applied to SBCERA's production environment.

4   Estimated Duration

The overall estimated duration for the implementation project from project kickoff to completion of the final software deliverable is anticipated to be 1 year and 8.5 months.

To compress the overall project schedule, we are proposing that software deliverables be worked in parallel. The software deliverables and their schedule are provided in the table below.

Software Deliverables				
No.	Name	Begin	Delivery	End
0	PensionGold Catch-Up	1/12/2021	4/19/2021	5/25/2021

| Software Deliverables				
No.	Name	Begin	Delivery	End
1	Member Account, Employer Reporting, and GL	5/6/2021	10/12/2021	11/24/2021
2	Benefit Calculations	11/15/2021	3/9/2022	4/14/2022
3	MemberDirect	4/5/2022	8/9/2022	9/22/2022
4	Misc. Correspondence, Reports, and Workflow (Runs in parallel with Software Deliverables 1, 2, and 3)	4/20/2021	N/A	6/16/2022

Legend:

- Begin – Date requirements analysis will begin for the software deliverable.
- Delivery – Date software is provided in SBCERA's test environment and UAT training has been conducted; deliverable ready for UAT testing.
- End – Date user acceptance testing is complete and functional user training provided.

Notes:

- User acceptance testing for correspondence, reports, and workflow will be conducted in parallel with deliverables 1, 2 and 3.

The following diagram depicts the project schedule at a high level.
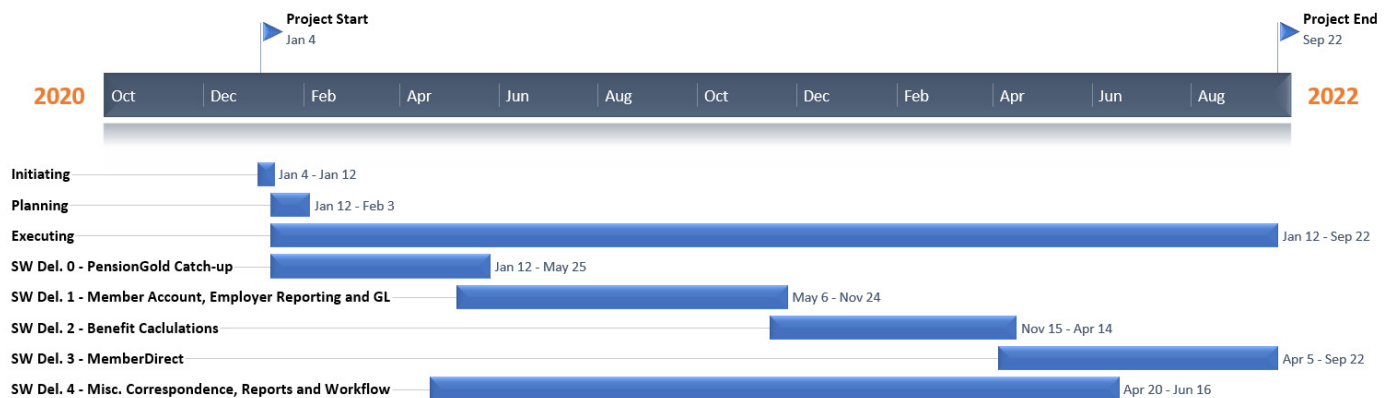
5 Resources

LRS has named the following resources to the project. Resumes for each of these resources can be provided if requested.

Kathy Convery, Director of Implementations, is named as the Project Manager for your project. Kathy has served in many roles during her 17 years with LRS Retirement Solutions including Solutions Consultant helping to design, develop, and implement customer solutions; Project Manager where she managed multiple projects simultaneously; and her current position as Director of Implementations where she is responsible for overseeing the success of all PensionGold implementation projects. Her extensive experience in project management allows her to recognize and mitigate risks that may impact the successful delivery of our products.

Kathy is a certified Project Management Professional (PMP). She will be responsible for managing the project, including project plan and task management, resource allocation, risk and change management, status reporting, and other general project management duties.

Jake Long, Team Lead, will fulfill the role of Quality Analyst for your project. Jake's in-depth technical and business knowledge of our PensionGold software is outstanding. Having 10 years of experience with LRS Retirement Solutions, he has extensive experience working in all areas of our implementation projects and has served both as a Quality Analyst and Lead Developer on multiple projects.

Jake's goal for an implementation of our software is to maximize product functionality and minimize customizations. With his extensive knowledge of retirement plans and our PensionGold product, he helps our customers incorporate best practices and recommends alternative approaches, so they get the most value out of our PensionGold software. His project responsibilities include ensuring the quality of design and deliverables, providing guidance to the project team, oversight of the technical aspects of the project, as well as ensuring testing and quality assurance processes are executed. Jake will be instrumental in ensuring accuracy and consistency of designs and will be guiding the business and technical strategic direction.

Drew Fendrich, Technical Lead, is named as the Lead Developer for your project. Drew has 8 years of developer experience with LRS Retirement Solutions, including leading and mentoring other Software Developers. With LRS, he has developed extensive technical and business knowledge as a developer on multiple implementation projects.

Drew will be responsible for requirements analysis, developing and document design specifications, system configuration, development, testing, troubleshooting, release management, and leading development efforts for your project. Drew will work closely with members of our project team and your staff to ensure that our configurations and customizations satisfy your specific business requirements.

Michael Branson, Business Analyst, will fulfill the role of Business Analyst for the SBCERA refresh project. Michael has 3.5 years working with the Missouri State Employees' Retirement System eliciting and documenting user stories and business requirements, preparing specifications for system changes, supporting user acceptance testing, developing and executing test scripts, as well as application development.

Michael will be instrumental in development requirements, documenting designs, developing test scripts, executing testing, training, and supporting SBCERA users through their testing efforts.

Alicia Rawlings, Associate Business Analyst, will provide the testing and training services for the SBCERA refresh project. Alicia has been with the LRS Retirement Solutions Version 3 Support team for over 2.5 years, currently fulfilling the role of Business Analyst for the SBCERA Support team.

Alicia will be charged with all tasks related to testing your customized software to ensure the highest quality deliverables. This includes working with Test Analysts to develop test cases and execute integration, system, and regression testing. With Alicia's business knowledge and her attention to detail, she is an excellent team member to ensure that quality becomes a reality and is built into your solution. She will have ownership of all testing activities, including developing test plans and test cases and executing the overall testing efforts. As Alicia will have the detailed knowledge of your solution due to her testing efforts, she will be instrumental in providing training and supporting you through user acceptance testing.

Troy Higginbotham, Software Developer, will provide development services as well as existing Version 3 product knowledge for SBCERA's current implementation. Troy has been with LRS for over 28 years. For over 14.5 years, he has been providing implementation and support services to our Retirement Solutions customers.

Troy will be focusing on tasks related to software development and providing technical knowledge of SBCERA's existing Version 3 solution.

It is assumed that SBCERA will dedicate the necessary resources (estimated at two full-time subject matter experts) to complete the tasks assigned to them during the project, e.g. design review and user acceptance testing. SBCERA will also assign a Project Manager to work closely with our Project Manager.

6 Estimated Project Costs

Following are the estimated costs for the PensionGold refresh project based on the configuration and customizations as described in this Cost Estimate.

Based on project scope as described herein, we commit to SBCERA that we can conduct a successful project within the following cost estimate. During the project, we will provide Statements of Work defining the fixed cost price for each software deliverable. It is anticipated that the sum of the fixed costs for all Statements of Work will fall within this estimated cost range unless changes to the scope are included via approved change requests.

Item	Cost Estimate
Cost Estimate for Requirements	$2,130,000
Business Process Improvement Requirements	$150,000
Total Estimated Cost	**$2,280,000**

7 Tenure and Limitations

The estimated costs quoted in this document will remain valid until March 31, 2021.

The quoted prices do not include taxes or usages fees that may be applicable.