

STATE TREASURER'S OFFICE



Debt Management System II Project Charter

Version 2.0

February 2015

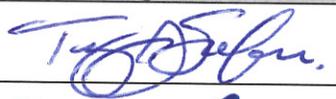


Revision Number	Date of Release	Author	Summary of Changes
.1	April 2014	Alethea Lewis	Initial Draft
.2	June 2014	Alethea Lewis	Modified document to address CalTech comments
.3	09/08/2014	Alethea Lewis	Added Cover Page and Revision Log
.4	10/13/2014	Alethea Lewis	Added PM
.5	10/31/2014	Maisha Dottery	Modified document to incorporate DMS II Team Feedback.
1.0	11/4/2014	Maisha Dottery	Final Version
1.1	2/4/2015	Maisha Dottery	Revised to incorporate STO change in Administration
2.0	2/5/2015	Maisha Dottery	Final Version

Approval Signatures

DMS II Charter Acceptance

The undersigned acknowledge that they have reviewed the DMS II Risk Management Plan. The signatories also have an understanding of the purpose and content of this document and are in agreement that the Risk Management Plan is sufficient to allow the project to move forward. The Project Manager is hereby authorized to apply organizational resources to project activities.

Name/Department Title	Signature	Project Role	Date
Tim Schaefer Deputy Treasurer		Executive Sponsor	2/10/15
Blake Fowler PFD Division Director		Program Sponsor	2-6-15
Julie Giordano PFD Assistant Director		Project Executive-Business	
Jan Ross Chief Information Officer		Project Executive-Technical	2.5.15
Maisha Dottery DMS II Project Manager		Project Manager	2.5.2015

Document Maintenance

This document will be reviewed annually and updated as needed. This document contains a revision history log. When changes occur, the version number will be updated to the next increment and the date, owner making the change, and change description will be recorded in the revision history log of the document.

DMS II Project Charter

General Information

Project Name: Debt Management System (DMS) II	Requesting Division/BCA: Public Finance Division (PFD)
Project ID: 0950-019	Program Sponsor: Blake Fowler
Project Criticality Rating: High	Project Manager: Maisha Dottery

Background

California Government Code Sections 12333, 5702, 16720 et. seq. gives the State Treasurer (Treasurer) fiduciary and trust powers in connection with State debt, designates the Treasurer as agent for sale on State bonds, and authorizes the Treasurer to issue and administer the General Obligation (GO) Bond Program.

The STO uses the existing DMS to carry out the Treasurer's mandated responsibilities. DMS was developed over ten years ago to administer the State's outstanding debt, track and pay debt service and fees on outstanding debt, and track and validate the authority to issue new debt. It was developed in two phases. The first phase, implemented in 2002, replaced an aging legacy system, which provided basic debt service payment capabilities and tracking of the State's debt. The second phase, implemented in 2004, added further functionality to replace various ancillary systems that the STO maintained at that time.

When DMS was implemented in 2004, the State had approximately \$33.4 billion of GO bonds and lease revenue bonds (LRBs) outstanding. As of January 1, 2013, the State had \$84.9 billion of GO bonds and LRBs outstanding, an increase of over 150% in nine years. Additionally, the State had \$31.9 billion of GO bonds and \$7.2 billion of LRBs authorized that have yet to be issued.

In addition to the dramatic increase in State debt issued since 2004, changes in law and in the market have taken place in recent years. These, combined with the current system's inflexibility and inability to handle these changes, have rendered DMS functionally incomplete and materially inadequate for current needs. Consequently, various ad hoc systems have been created in Excel and Access to address the system's inadequacies. Core functions, such as short-term and variable rate debt service are maintained in these ancillary systems. These additional systems supplement DMS to ensure that STO legal and contractual obligations are met. Maintaining these ancillary systems, as well as fixing DMS run-time and data integrity problems has come to require a substantial amount of STO staffs' time. Further, redundant data entry into multiple spreadsheets and databases has exposed the system to the potential for costly debt management mistakes. The risk of error increases as services continue to expand, transactions become more complex and the amount of the State's debt increases.

The deficiencies in the existing DMS led to the preparation of a Feasibility Study Report (FSR) to initiate a project to replace the system. The FSR was submitted to the California Technology Agency (now Department of Technology) in April 2013; it was approved in May 2013.

Project Objectives

The DMS II Project will produce a product that will facilitate the following STO business objectives:

- Issue and manage the State's debt in the most efficient, cost-effective and error-free manner feasible
- Carry out fiduciary responsibilities to bondholders as Trustee, Registrar and Paying Agent for State debt
- Comply with Federal and State laws regarding authorization, issuance and maintenance of debt
- Track and manage interim financing, reserve funds, and investments related to debt issuance
- Accurately track lease revenue projects and rental payments
- Maintain accurate records to provide State debt information to management, other entities and the public
- Increase efficiency in interacting with external systems
- Decrease time required to perform project maintenance functions
- Enhance activity tracking capability to ensure applicable staff is aware of critical upcoming tasks
- Maintain pool member information

Preliminary Scope Statement

The scope of the DMS II project includes developing a Request for Proposal (RFP), selecting a solution provider, and developing, testing, and implementing an enterprise solution that will incorporate existing DMS functionality, applicable ancillary system functionality and any enhanced capabilities, as defined in the RFP. The scope also includes the training and documentation required to facilitate the STO's use, and maintenance and operations of the system.

The following business functions will be addressed:

- Investor Relations
 - Maintain "Financing Pools"
 - Provide investor and management support
- Debt Issuance
 - Debt authority
 - Interim financing (Pooled Money Investment Account (PMIA) loans)
 - Issue, sell, and monitor debt obligations (fixed rate, variable rate, commercial paper, etc.)
 - Refund/refinance debt obligations
- Debt Administration
 - Debt service
 - Fees (Issuance, on-going, special projects)
 - Tax/financial reporting
 - Continuing disclosure
 - Bond Calls
 - Reserve funds

- Investment/reinvestment of bond funds
- Lease revenue projects
- Other
 - Reports
 - Alerts/workflow
 - System administration
- Interfaces
 - Fi\$Cal
 - Potential interface to external financial systems, such as TM3
 - Potential interface with FileNet Document Management System

Refer to the approved FSR for a description of the business needs, drivers, problems and opportunities that the project will address.

Project Priorities

The following matrix depicts the DMS II project priorities and will guide project tradeoff decisions. The priorities were developed with the customer, and based on their strategic goals and operational needs, as well as the vision for the benefits and outcome of the project. Project priorities are subject to change as the project progresses.

Scope	Schedule	Resources	Quality
1	4	3	2

- Scope refers to all the work involved in delivering the desired project outcome; it is the most important/constrained factor and the least subject to change
- Schedule is the duration of time it takes to complete the defined scope; it is the most flexible of the four factors
- Resources refer to the budget and the human and capital resources required to complete the project; this factor can be adjusted
- Quality refers to the process of delivering a product that meets the defined purpose and is fit for use; it is the second most important factor and is somewhat flexible to the project circumstance

Assumptions and Constraints

Project Assumptions are those events and circumstances that are expected to occur during the DMS II project life-cycle. Although assumptions are a driving force that contributes to the DMS II project's success, the impacts of assumptions are outside of the project team's control.

Project Constraints are any events or circumstances that may restrict, limit, or impede the DMS II project. Project constraints are outside the total control of the project team.

Every effort will be taken by the DMS II Project team to proactively manage the Assumptions and Constraints.

Assumptions

- Project resources will be made available in a timely manner throughout the project life cycle.
- All stakeholders (project team, customers, SMEs, etc.) will participate in accordance with the approved project plan.
- Project risks and issues will be addressed in a timely manner.
- Decision-making authorities (internal and external) will provide feedback and decisions in a timely manner.

Constraints

- The budget process and timelines, as the Project is subject to annual budget appropriations for expenditures and staffing.
- Availability of SMEs during PFD's mission critical times of the year (i.e., the period of time before a bond sale through the closing date). To the extent possible, the project schedule will be built to factor in critical workload timeframes to minimize the potential impact on the project.

Summary Milestones

The STO was approved to use a solution-based procurement approach. In accordance with the requirements for solution-based procurements, following is a summary of the key procurement milestones. Detailed project milestones and dates will be included in the Special Project Report (SPR) the STO is required to submit prior to contract award.

Key Procurement Milestones

FSR Approval
DGS Approval of Procurement Approach
DOF Approval of BCP
Hire RFP Consultant
Hire IV&V Vendor
Hire PM Support Vendor
Complete Draft RFP
Release Pre Solicitation (formerly known as iDraft) RFP
Release RFP
Conduct Bidders Conference
Receive Conceptual Bids
Receive Draft Bids
Receive Final Bids
Conduct Bidder Interviews
Select Vendor
Develop SPR
Obtain STO Approval of SPR
Obtain DOT Approval of SPR
Notify Joint Legislative Budget Committee
Issue Notice of Intent to Award Contract
Award/Sign Contract
Start Development

Project Oversight

The Project Steering Committee (PSC) will provide internal project oversight of the project. Refer to the Roles and Responsibilities Section for the composition of the PSC. The Project Manager will provide staff support to the PSC.

In addition, PSC activities will be facilitated by reviews and assessments performed by the Independent Verification and Validation (IV&V) vendor.

The Department of Technology will provide external oversight of the project referred to as the IT Project Oversight Consultant (ITPOC)

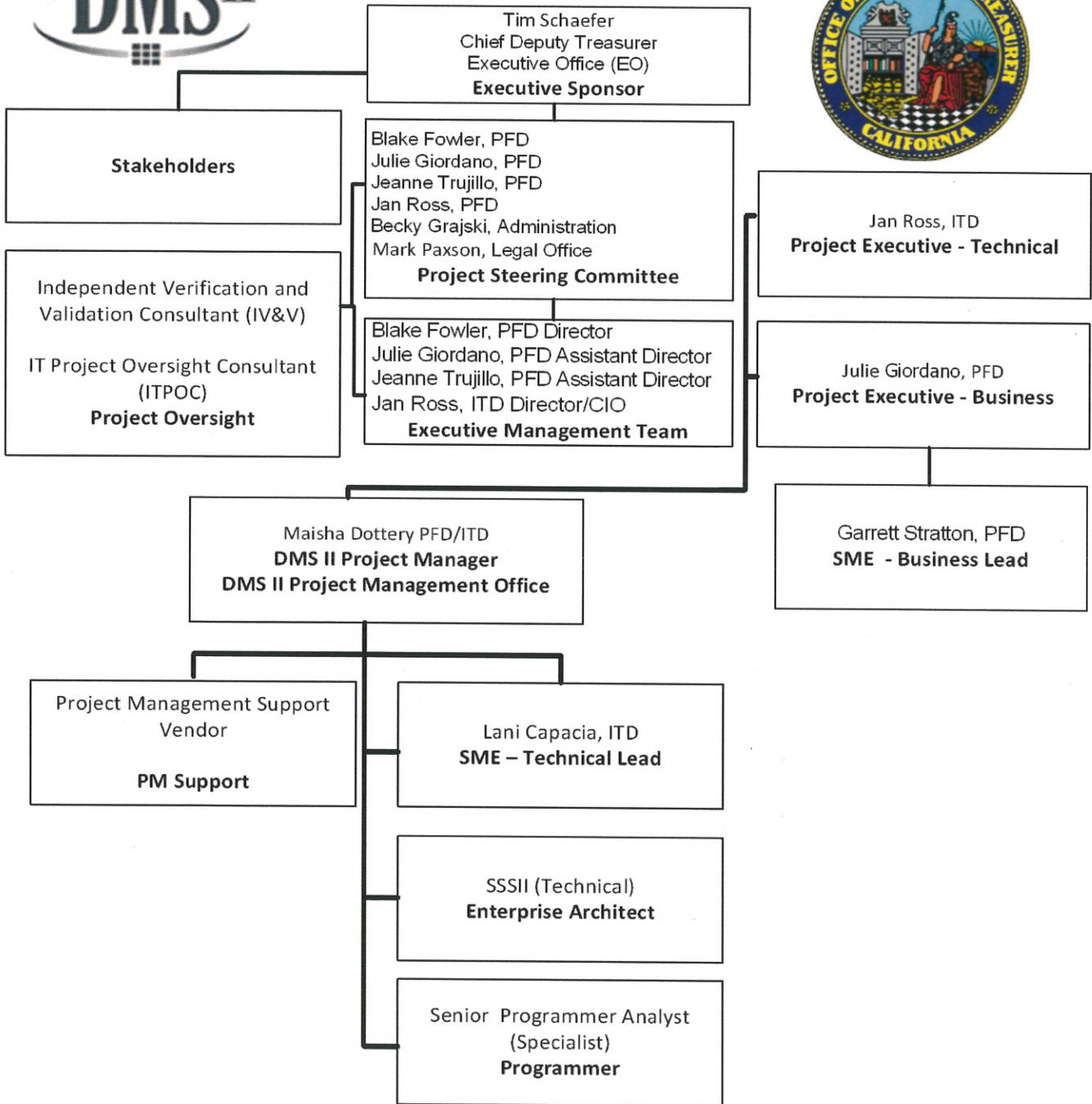
Refer to the DMS II Project Team Roles and Responsibilities Section for a detailed description of the role each oversight entity will provide.

Roles and Responsibilities

Role	Name/Organization	Responsibilities
Customer	PFD	Refer to "DMS II Project Team Roles and Responsibilities" Section.
Executive Sponsor	Tim Schaefer, Chief Deputy Treasurer Executive Office (EO)	
Program Sponsor	Blake Fowler/Director, (PFD)	
Executive Management Team	Blake Fowler, Director (PFD) Julie Giordano, Assistant Director (PFD) Jeanne Trujillo, Assistant Director (PFD) Jan Ross, Director/CIO (ITD)	
Project Executives	Jan Ross, Chief Information Officer (CIO), ITD Technical Julie Giordano, Assistant Director, PFD Business	
Project Manager	Maisha Dottery/PFD	
Project Management Office/PM Support	PM Support Vendor (TBD)	
Independent Project Oversight	IV&V ITPOC	
Business Lead (SME)	Garrett Stratton (PFD)	
Technical Lead (SME)	Lani Capacia (ITD)	
Core Team Members	Technical Architect/ITD – TBD Senior Programmer Analyst/ITD – TBD	
Project Steering Committee	Blake Fowler (PFD) Julie Giordano (PFD) Jeanne Trujillo (PFD) Jan Ross (ITD) Becky Grajski, Administration Mark Paxson, Legal Office	
Stakeholders	PFD management and staff; ITD staff; Executive Office; Department of Technology; Department of Finance; Department of General Services; Legislature; Fi\$Cal	

Role	Name/Organization	Responsibilities
Subject Matter Experts (SMEs)	Bill Love/ITD John McDonnell/ITD Lani Capacia/ITD Amanda Johnson/PFD Geoff Palmertree/PFD Melinda Chan/PFD Carlos Francisco/PFD Vicki Au-Yeung/PFD Deanne Brown/PFD Gary Watkins/PFD Reginald Young/PFD Tiffany Connelly/PFD Christina Sarron/PFD	

DMS II Project Organization



February 5, 2014

DMS II Project Team Roles and Responsibilities

Executive Sponsor:

- Set policy direction
- Resolve policy issues, outstanding item(s) or other critical issues that cannot be resolved by the PSC
- Champion the project to internal and external stakeholders
- Ensure sustained buy-in at all levels
- Secure spending authority and resources for the project
- Keep abreast of project status and issues

Program Sponsor:

- Chair the PSC
- Participate on EMT
- Champion the project to internal and external stakeholders
- Ensure sustained buy-in at all levels
- Approve the Project Charter
- Empower the Project Manager with the appropriate authority
- Provide direction and guidance in resolving strategic and major issues
- Secure spending authority and resources for the project
- Facilitate open communication regarding the project
- Remove obstacles that could impede success
- Advocate for alignment of practices with policy
- Advocate for tools to facilitate efficiencies
- Ensure decisions are made by the PSC within defined time constraints
- Ensure resources are made available to implement the decisions timely
- Report progress to executive staff within STO, as appropriate
- Communicate progress on the Project to other State entities, e.g., legislators, Control Agencies, etc., as appropriate
- Approve Project artifacts and deliverables, as appropriate

Project Steering Committee:

- Makes decisions on policy and scope changes that would result in deviation of 10% or greater (including reducing scope)
- Project Advocate within and external to the STO
- Identify and communicate potential conflicts in proposed policies between other STO initiatives and this effort
- Ensure resources are made available to implement decisions made by the PSC
- Remove barriers to enable the project team to successfully execute the project
- Approve Project artifacts and deliverables, as appropriate
- Voting membership is composed of:
 - Program Sponsor, Chair of PSC

- Business Project Executive, Vice-Chair of PSC
- Technical Project Executive
- Assistant Directors, PFD
- Chief Information Officer
- Staff Counsel
- STO Administration Division Director

Executive Management Team:

- Members of the PSC
- Provide leadership and executive oversight for the project
- Provide a forum for informal discussion on matters that need to be addressed and/or voted on by the PSC prior to escalation
- Ensure project issues are addressed before they impede the project's progress
- Ensure project resources are made available in a timely manner
- Provide guidance on resolution of matters escalated by the Project Manager, including any scope, schedule, or budget changes that are between 5 and 10% variance
- Serve as liaison between the Project and the PSC and Program Sponsor
- Report project achievements and status to the PSC and Program Sponsor
- Approve project artifacts and deliverables, as appropriate
- Oversee organizational change management activities
- Attend project meetings as requested by the Project Manager
- Membership comprises PFD Director, Assistant Directors and STO CIO

Project Executives (Business and Technical):

- Co-Chair the EMT
- Remove obstacles within span of control that could impede project success
- Provide strategic direction and support to the project
- Ensure decisions made by the EMT and Program Sponsor are implemented
- Escalate issues for resolution to the EMT and/or Program Sponsor as appropriate
- Approve project artifacts and deliverables

Project Manager:

- Manage the project for the STO
- Develop and maintain a project management infrastructure that includes human resource management, scope management, cost management, schedule management, risk and issue management, change management, quality management, and communications management
- Oversee and ensure STO and vendor compliance with contractual requirements
- Develop the Project Plan with the team and monitor team performance, including contractor performance through project completion
- Review and approve project artifacts and deliverables
- Provide leadership and guidance to the technical and business staff assigned to the project
- Secure acceptance and approval of deliverables from key project stakeholders and participants
- Identify and implement tools to enhance project communications
- Effectively engage the Business and Technical Managers in project activities

- Communicate project status to the EMT and Key Stakeholders
- Escalate risks and issues in a timely manner
- Participate as a member of the CCB
- Present agenda items to the PSC, but not a voting member of the PSC
- Provide staff support to the PSC

Business Lead:

- Responsible for the day-to-day performance of the program staff assigned to the project
- Provide PFD Program knowledge and expertise to the project
- Manage specific project plan activities and contribute to project plan development with the Project Manager
- Review and approve project deliverables and outputs as required
- Coordinate and ensure that subject matter experts are engaged appropriately and timely
- Ensure that appropriate resources are identified and engaged for user acceptance testing and product acceptance
- Responsible for the development and implementation of the data cleansing strategy, activities, and plan
- Participate in organizational change management and training activities
- Provide support to the CCB
- Assist Project Manager, as requested

Technical Lead:

- Provide leadership and guidance to the technical staff assigned to the project
- Manage technical processes and requirements
- Manage specific project plan activities and contribute to project plan development with the Project Manager
- Review and approve project deliverables and outputs as required
- Review plans and official documentations to ensure sufficient internal controls and procedures are in place
- Partner with IT management to acquire appropriate technical assistance for areas such as enterprise architecture, database, software development, security, testing, and product deployment
- Ensure project adherence to STO and state-level technical policies, processes and standards
- Ensure technical documentation meets agreed-upon content and quality standards
- Participate in the development and implementation of the data cleansing strategy and plan
- Provide support to the CCB
- Assist Project Manager, as requested

Core Team Members:

- Full-time employees assigned to the project
- Understand the work to be completed by the project
- Complete project tasks and deliverables in accordance with the approved project plan
- Inform the Business and Technical Managers of issues, risks, quality concerns, etc. encountered on the project
- Proactively provide status updates

- Be a positive advocate for the project with peers

Stakeholders:

- Includes all the people who are in any way affected by the project's outcome, both internal and external to the STO organization
- Provide input, as needed, to ensure agreed-upon outcomes are realized

Subject Matter Experts:

- Contribute program/domain expertise when called upon
- Participate in project activities as requested
- Review and validate deliverables pertaining to their respective areas of expertise

Project Management Office/PM Support:

- Establish and maintain the State's project management (PM) processes
- Monitor project adherence to the approved PM processes
- Perform administrative and PM support functions for the project
- Manage deliverable review and approval process
- Maintain project documentation
- Participate in project activities as requested
- Assist Project Manager, as requested

Project Oversight

IV&V Vendor:

- Provide an objective assessment of all processes and products to ensure the project is following best practices and that the end product will satisfy the user's requirements
- Conduct reviews and provide recommendations to the Project Manager and staff to facilitate early detection and correction of errors or concerns
- Perform assessments and provide information to improve insight into issues and risks before they become problems that could impede the progress of the project and/or the quality of the development effort

Department of Technology/ITPOC:

- Provide independent oversight of the project's project management processes and documentation
- Report on the project's activities and performance