

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

FINANCE COMMITTEE MEETING

OCTOBER 10, 2022

MINUTES

**TRUSTEES
PRESENT:**

Arthur E. Goulet, Finance Committee Chair, Retiree Member
Jordan Roberts, General Employee Member
Tommie E. Joe, Public Member
Mike Sedell, Public Member (Observer/Non-Voting)

**TRUSTEES
ABSENT:**

**STAFF
PRESENT:**

Linda Webb, Retirement Administrator
La Valda Marshall, Chief Financial Officer
Chris Ayala, Program Assistant

PLACE:

In Accordance with Government Code §54953(e)(1)(A), and in response to the declared State and Local emergencies due to the Novel Coronavirus and Local Health Officer recommendation regarding social distancing, the Board of Retirement and its legislative bodies are holding meetings electronically and can be accessed below. Pursuant to Government Code §§ 54953(e)(2) and 54954.3, members of the public, to the extent required by law, will have the opportunity to directly address the Board concerning the below mentioned business.

TIME:

10:30 a.m.

ITEM:

I. CALL TO ORDER

A. Roll Call.

Chair Goulet called the Finance Committee meeting of October 10, 2022, to order at 10:30 a.m.

Roll Call:

Trustees Present: Art Goulet, Tommie Joe, Jordan Roberts.

Trustees Absent: -

II. APPROVAL OF AGENDA

MOTION: Approve.

Moved by Joe, seconded by Roberts

Vote: Motion carried

Yes: Joe, Roberts, Goulet

No: -

Absent: -

Abstain: -

III. APPROVAL OF MINUTES

A. Finance Committee Meeting of June 15, 2022.

MOTION: Approve.

Moved by Joe, seconded by Roberts

Vote: Motion carried

Yes: Joe, Roberts, Goulet

No: -

Absent: -

Abstain: -

IV. OLD BUSINESS

A. Retiree Health Premium Coverage.

1. Staff Letter by Retirement Administrator.

2. Ventura County Management, Confidential Clerical and Other Unrepresented Employees Resolution, Date March 8, 2022 (Section 504).

3. VCERA and County of Ventura, Human Resources MOU.

Ms. Webb briefly summarized the issue, saying that there was a benefit under the Management Resolution for the County of Ventura, which stated that for every five years of service with the County

an employee was entitled to a post-retirement stipend for 1 year, in an amount equivalent to the lowest cost County health insurance plan (employee-only) premium, up to a maximum of 5 years, paid for by the agency that the employee last worked for and retired from. VCERA had signed the agreement in 2016 and was currently paying the post-retirement stipend for 4 retired employees, whose majority of service was not with VCERA, but VCERA was being charged for the full amount of these benefits. There was also an issue because the Exclusive Benefit Rule stated that VCERA could not pay for expenses that were not for the exclusive benefit of the plan. She also noted that the Ventura County Superior Court was also in a similar situation regarding the benefit.

Chair Goulet said that staff could reach out to the Courts to see if they also had an issue with the payment process for the benefit. He also requested that staff provide the committee with a report regarding VCERA's payments to the County for the benefit.

Trustee Sedell offered public comment, stating that he had concerns about approaching the Court to discuss the issue. He also felt that the matter should be brought before the whole Board for discussion.

Chair Goulet then said that he did not think there was an issue with discussing the matter with the Courts first, to find out how they felt about the payment process for the benefit before bringing it to the Board. He also noted that VCERA was not a County "department", and had not been since 1992, therefore the County budget manual language in section 504 of the Management Resolution was neither applicable nor binding on VCERA.

Trustee Sedell offered further public comment, stating that he and Ms. Webb would be meeting with the County today on a separate issue, but they could bring this matter to their attention also. He also said that he strongly felt the issue should be brought to the Board at the next meeting, so the whole Board could discuss the issue and provide their concerns and suggestions on how to proceed.

MOTION: Inform the County of Ventura of the issue regarding the Post-Retirement Stipend and bring the Issue to the Board for Discussion at the October Business Meeting to Request Direction.

Moved by Joe, seconded by Roberts

Vote: Motion carried

Yes: Joe, Roberts, Goulet

No: -

Absent: -

Abstain: -

B. Internal Audit at Other CERL Systems Survey.

1. Staff Letter by Chief Financial Officer.
2. Proposed Questions for Survey of CERL Systems.

Ms. Marshall reminded the committee that at their June 15th Finance Committee meeting, Ms. Webb had suggested that staff conduct research to see what other Retirement Systems governed under CERL were doing regarding the internal auditing of their systems and which areas they focused on in their audits. Ms. Marshall provided a list of in-house internal audit questions, to be sent to all of the CERL systems' fiscal officers through Survey Monkey regarding their internal audit services. She received feedback from the committee, to rework and return to the committee with questions that

focused on contracted internal audit services. She was also directed to request an internal audit job description from CERL systems with internal auditing activity.

Trustee Sedell offered public comment, stating that he agreed that it would be a good idea to see what the other retirement systems, governed under CERL were focused on in their own internal audits.

MOTION: Direct Staff to rework the proposed survey questions based on feedback and bring it back to the Finance Committee at a future meeting.

Moved by Roberts, seconded by Joe

Vote: Motion carried

Yes: Joe, Roberts, Goulet

No: -

Absent: -

Abstain: -

C. Board Fees (Stipend) Payments.

1. Staff Letter by Chief Financial Officer.
2. Memorandum from General Counsel.

Ms. Marshall said that currently the stipend payments received by eligible Trustees for attending Board and Committee meetings were processed through Ventura County's payroll system. Also, in order to comply with IRS guidelines related to the stipends, it was recommended by VCERA's General Counsel, that Stipend payments continue to be paid through Ventura County's payroll system. She then said that she also agreed with General Counsel, because VCERA did not currently have a payroll processing infrastructure.

Chair Goulet said creating a payroll system for VCERA staff to issue the stipends should not be that difficult and believed therefore that VCERA should take on this process, especially considering the amount of time it took for the Auditor-Controller to pay the Trustees.

Trustee Sedell offered public comment, stating that maybe they should first talk to Jeff Burgh, Auditor-Controller for Ventura County, and ask why it was taking so long to process the Trustees stipend payments.

Ms. Marshall said that it may be possible for staff to use ADP to process the stipends, but she was not sure.

Chair Goulet said that if nothing else VCERA may be able to purchase a low-cost program to process the stipend payments.

MOTION: Direct Staff to discuss the processing of Trustee stipends with the Auditor-Controller and continue the item to a future committee meeting.

Moved by Joe, seconded by Roberts

Vote: Motion carried

Yes: Joe, Roberts, Goulet

No: -
Absent: -
Abstain: -

V. NEW BUSINESS

- A. Fiscal Year 2021-22 Quarterly Budget Summaries and Financial Statements.
1. Draft Staff Letter by Chief Financial Officer.
 2. Financial Statements.
 3. Budgets Summaries.

Ms. Marshall presented the Financial Statements and Budget Summaries for Fiscal Year 2021-22 to the Finance Committee for their review, and noted that overall, the pension plan's net position was \$7.1 billion as of June 30, 2022, which was a decrease of \$575.4 million, compared to June 30, 2021.

Chair Goulet provided Ms. Marshall with a correction, on page 2 of the staff letter, in the table, the word, "Administrative" should be changed to, "Administration".

Trustee Joe noted large overages in the Budget Summaries related to the Vacation Redemptions and Legal Expenses. He then asked for more information on the overages.

Ms. Webb explained that the overages related to Vacation Redemptions were due to the fact a couple of staff members had retired during the period in question, and their full cashout along with the normal vacation redemptions caused the amount to be higher than usual. As for the overage due to legal expenses, it was the result of a miscalculation in the hourly rate for their outside counsel. Staff had already noticed the issue and was working to resolve it with VCERA's outside counsel.

Trustee Joe thanked Ms. Webb for the additional information regarding the overages but noted that it would be helpful if the overages were explained in the staff letter in the future.

Ms. Webb said that staff would provide more information on substantial overages, related to the budget, in the staff letters going forward.

Chair Goulet agreed with Ms. Webb that only the substantial overages in the budget should be mentioned in future staff letters

Trustee Joe thanked staff and said that it would be helpful to the Committee going forward. He also noticed that in the *Technology* section of the budget summary, there seemed to be a couple of line items that indicated that budget funds had not been spent for some reason.

Ms. Webb said that VCERA's Chief Technology Officer, could be waiting for more resources to use the funding in question, since she was preparing to open a recruitment for recently approved position in VCERA's IT Dept. However, Ms. Marshall can speak with her to discuss the related budget items.

MOTION: Direct Staff to provide a more detailed year end Staff letter to the Finance Committee in advance of bringing it to the Board at the October Business Meeting.

Moved by Joe, seconded by Roberts

Vote: Motion carried
Yes: Joe, Roberts, Goulet
No: -
Absent: -
Abstain: -

VI. PUBLIC COMMENT

None.

VII. STAFF COMMENT

None.

VIII. BOARD MEMBER COMMENT

None.

IX. ADJOURNMENT

The Chair adjourned the meeting at 12:38 p.m.

Approved,



ART GOULET, Finance Committee Chair