

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

FINANCE COMMITTEE MEETING

MARCH 6, 2023

MINUTES

TRUSTEES PRESENT: Arthur E. Goulet, Finance Committee Chair, Retired Member
Jordan Roberts, General Employee Member
Tommie E. Joe, Public Member

TRUSTEES ABSENT:

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

PLACE: This meeting will be conducted by the Board of Retirement both in person and by teleconference under California Government Code Section 54953(b). Any person may view the meeting in person at VCERA's office or online at, <https://www.vcera.org/meeting-agendas-minutes>.

Ventura County Employees' Retirement Association
Second Floor, Boardroom
1190 S. Victoria Avenue, Suite 200
Ventura, CA 93003

TIME: 9:00 a.m.

ITEM:

I. **CALL TO ORDER**

A. Roll Call.

Chair Goulet called the Finance Committee meeting of March 6, 2023, to order at 9:00 a.m.

Roll Call:

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

Trustees Absent: -

II. **APPROVAL OF AGENDA**

MOTION: Approve.

Moved by Roberts, seconded by Joe

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

III. APPROVAL OF MINUTES

A. Finance Committee Meeting Minutes of October 10, 2022.

Chair Goulet said that he had minor suggested corrections to the minutes of October 10, 2022. He noted that his title should be, "Retired Member", not Retiree.

MOTION: Approve as Amended.

Moved by Joe, seconded by Roberts

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

IV. OLD BUSINESS

A. Post Retiree Health Insurance Payment.

1. Staff Letter by Retirement Administrator.
To be Provided.
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. Marshall informed the committee that Ms. Webb would be attending the meeting a little late. She also said that Ms. Webb had not yet submitted a staff letter for the agenda item.

Chair Goulet then asked if they should continue the item since Ms. Webb may not be able to attend right away.

Ms. Marshall replied that it would probably be best for the committee to proceed in this way.

MOTION: Continue the Item.

Moved by Roberts, seconded by Joe

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

After continuing the agenda item, the Finance Committee advanced to item, V.A., “June 30, 2022, Annual Comprehensive Financial Report (ACFR) – Brown Armstrong, Andrew J. Paulden, CPA, Managing Partner and Neeraj Datta, CPA, CGMA, Audit Engagement Partner”.

After hearing agenda item, V.A., “June 30, 2022, Annual Comprehensive Financial Report (ACFR) – Brown Armstrong, Andrew J. Paulden, CPA, Managing Partner and Neeraj Datta, CPA, CGMA, Audit Engagement Partner” the committee returned to hear this item.

Ms. Webb reminded the committee that the Post Retiree Health Insurance was covered under section 504 of the *Ventura County Management, Confidential Clerical and Other Unrepresented Employees Resolution*, which consisted of a one-year cash stipend, in an amount equal to the lowest premium for the Ventura County Healthcare Plan (VCHCP), for every 5 years of eligible service with the County, up to a maximum of 5 years. Also, the agency where the employee last worked would be charged for all of the payments, even if a portion or most of the employee's service was with another County agency. Therefore, some of VCERA's employees would be eligible for this benefit, even some of those who were now employees of VCERA. One of the issues involved was that VCERA was not a County agency or department of the County, therefore there was a concern that VCERA should not be bound by the County's Internal Budget Manual, and so staff believed that VCERA should then be only financially responsible for the portion attributable to the time a County employee worked full time for VCERA.

The issue had been raised with the County; however, staff had not made any traction on the issue. The County explained that there was a long-standing practice of allocating costs associated with the benefit and they also referenced that VCERA had signed 2 separate agreements with the County for services. One was for Risk Management Services and the other was for Human Resources, and under the Human Resources agreement VCERA would need to pay the established cost of the Post Retiree Health Insurance benefit. However, in speaking with VCERA's General Counsel regarding the Human Resources agreement, the argument was whether or not the post-retirement Health Insurance Stipend should be considered as included in the category of “Payroll Assessments, Periodic Payments and the County-Wide Cost Allocation plan”. However, if it's not included in the agreement then the Board could consider requesting an amendment to the agreement with the County. Therefore, VCERA's General Counsel was continuing to look into whether the post-retirement Health Insurance Stipend should be included. Ms. Webb said she would also recommend that the Board propose an amendment to the agreement to bring to the Board for approval to submit the request to amend the agreement to the County.

Chair Goulet said that he did not believe that payment for the post-retirement Health insurance Stipend was within the contemplation of the parties when the agreement for Human Resources was negotiated. The argument to him was that VCERA does not have an obligation to pay for it, but as a compromise, VCERA may be willing to pay a pro-rata share, based on specific service to VCERA. It also seemed to him that staff should first find out what the financial implications were and how long the liability would last.

Ms. Webb said that the Finance Committee could recommend to the Board that staff conduct the analysis of financial implications and liability and also create a redline amendment to VCERA's agreement with the County for Human Resources to provide to the Board at a future meeting.

Chair Goulet then said he believed they should continue the item to formulate the proposed recommendation.

Ms. Webb then said that Chair Goulet could meet with her and VCERA's General Counsel since he was well versed on the issue, to discuss how they should proceed and the item could be brought back at the next Finance Committee meeting.

Chair Goulet stated the item would be continued.

After this discussion, the Finance Committee advanced to agenda item, V.B., "Review of Restated Financial Statements for June 30, 2022, Due to Audit Adjustments".

V. NEW BUSINESS

A. June 30, 2022, Annual Comprehensive Financial Report (ACFR) – Brown Armstrong, Andrew J. Paulden, CPA, Managing Partner and Neeraj Datta, CPA, CGMA, Audit Engagement Partner.

1. Annual Comprehensive Financial Report (ACFR) Draft – June 30, 2022.
2. Independent Auditor's Report – Draft.
3. Brown Armstrong Draft Report to the Board of Retirement and Finance Committee.
4. Brown Armstrong Draft Presentation by Andrew Paulden and Neeraj Datta.

Andrew J. Paulden and Neeraj Datta from Brown Armstrong made a presentation on their audit of VCERA's June 30, 2022, Financial Statements.

Ms. Marshall then presented the draft of the Annual Comprehensive Financial Report (ACFR) for June 30, 2022.

Chair Goulet provided a couple of minor edits for the *Letter of Transmittal* section of the report. He also said that if staff defined an abbreviation, then they should continue to use that abbreviation going forward. He then provided a few more edits for the remainder of the report, as well as the *Independent Auditor's Report – Draft, and Brown Armstrong Draft Report to the Board of Retirement and Finance Committee* that were mostly related to grammar and spelling.

Trustee Joe had questions regarding the report, which were addressed by Brown Armstrong and Ms. Marshall.

MOTION: After Review of All of the Items Pertaining to the ACFR, those Documents Should be Forwarded to the Board of Retirement with a Recommendation for Approval.

Moved by Joe, seconded by Roberts

Vote: Motion carried

Yes: Joe, Roberts, Goulet

No: -

Absent: -

Abstain: -

After the vote on the agenda item, the Finance Committee returned to item IV.A., "Post Retiree Health Insurance Payment".

B. Review of Restated Financial Statements for June 30, 2022, Due to Audit Adjustments.

1. Staff Letter by Chief Financial Officer.
2. Draft Staff Letter for March 13, 2022, Disability Meeting.
3. Restated Financial Statements.
4. Audit Adjustment Listing by Investment Manager.

Ms. Marshall noted that the Financial Statements that were submitted highlighted the restated amounts due to the Audit Adjustment and that the net adjustment was \$80.8 million. The adjustment by staff was also reflected in the financial statements that the Auditor approved in the ACFR. She was then requested that the Finance Committee receive and file the item.

Trustee Joe asked that because the adjustment was related to Private Equity, he assumed that the same adjustment will need to be made next year?

Ms. Marshall said yes, it was a normal occurrence.

MOTION: Receive and File.

Moved by Roberts, seconded by Joe

Vote: Motion carried

Yes: Joe, Roberts, Goulet

No: -

Absent: -

Abstain: -

C. Fiscal Year 2022-23 Quarterly September 30, 2022, Budget Summaries and Financial Statements.

1. Draft Staff Letter by Chief Financial Officer.
2. Draft Staff Letter for March 13, 2022, Disability Meeting.
3. Financial Statements.
4. Budget Summaries.

Ms. Marshall presented the Fiscal Year 2022-23 Quarterly September 30, 2022, Budget Summaries and Financial Statements. She noted that the plan's overall net position was \$6.7 Billion as of September 30, 2022, decreasing by \$332.2 Million as compared to the June 30, 2022, restated financial statements.

MOTION: Approve the Fiscal Year 2022-23 Quarterly September 30, 2022, Budget Summaries and Financial Statements and Recommend Approval by the Board of Retirement at the Disability Meeting of March 13, 2023.

Moved by Roberts, seconded by Joe

Vote: Motion carried

Yes: Joe, Roberts, Goulet

No: -

Absent: -

Abstain: -

VI. PUBLIC COMMENT

None.

VII. STAFF COMMENT

Ms. Marshall said she wanted to thank her Fiscal Team, Accounting Manager, Karla Mairena, Sr. Accountant, Elda Boudaghians, and their new Sr. Accounting Technician, Susana Magana.

Ms. Webb said that she wanted to echo those sentiments. VCERA's Fiscal Team has an outstanding work ethic, and she appreciated their hard work.

VIII. BOARD MEMBER COMMENT

Trustee Roberts also wanted to thank the Fiscal Team for all of their hard work.

Ms. Webb said that although she realized that they had moved on from Staff Comments, she just wanted to say that even though Ms. Marshall has a lot of financial experience and was formerly employed by Marin County's Retirement System, this was the first ACFR that Ms. Marshall's had produced, and she believed she had done a good job.

IX. ADJOURNMENT

The Chair adjourned the meeting at 11:31 a.m.

Approved,



ART GOULET, Finance Committee Chair