

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

JUNE 4, 2018

MINUTES

DIRECTORS
PRESENT: William W. Wilson, Vice Chair, Public Member
Steven Hintz, Treasurer-Tax Collector
Peter C. Foy, Public Member
Robert Bianchi, Public Member
Craig Winter, General Employee Member
Arthur E. Goulet, Retiree Member
Will Hoag, Alternate Retiree Member
Chris Johnston, Safety Employee Member
Ed McCombs, Alternate Public Member

DIRECTORS
ABSENT: Mike Sedell, Public Member
Maevé Fox, General Employee Member

STAFF
PRESENT: Linda Webb, Retirement Administrator
Lori Nemiroff, General Counsel
Henry Solis, Chief Financial Officer
Dan Gallagher, Chief Investment Officer
Shalini Nunna, Retirement Benefits Manager
Vickie Williams, Retirement Benefits Manager
Karen Scanlan, Accounting Manager I
Donna Edwards, Retirement Benefits Specialist
Nancy Jensen, Retirement Benefit Specialist
Stephanie Berkley, Retirement Benefit Specialist
Chris Ayala, Program Assistant

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

Vice-Chair Wilson called the Disability Meeting of June 4, 2018, to order at 9:01 a.m.

II. APPROVAL OF AGENDA

MOTION: Approve.

Moved by Johnston, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Johnston, McCombs, Wilson

No: -

Absent: Fox, Hintz, Sedell, Winter

Abstain:

III. APPROVAL OF MINUTES

A. Business Meeting of May 21, 2018.

MOTION: Approve.

Moved by Goulet, seconded by McCombs.

Vote: Motion carried

Yes: Bianchi, Goulet, Johnston, McCombs, Wilson

No: -

Absent: Fox, Hintz, Sedell, Winter

Abstain: Foy

Trustee Foy abstained from the vote as he had been absent from the meeting of May 21, 2018.

IV. RECEIVE AND FILE PENDING DISABILITY APPLICATION STATUS REPORT

Trustee Hintz arrived at 9:03 a.m., prior to the vote on this item.

Trustee Winter arrived at 9:04 a.m., prior to the vote on this item.

Trustee Goulet remarked on the number of medical reports that were delayed from the County of Ventura, Risk Management's Office, and asked about the reason for the delay.

Ms. Laveau replied that a large number of individuals had submitted disability retirement applications where permanency had not been established, and that the office of Risk Management was short staffed. She said Risk Management would be working on moving those cases along, and anticipated having several cases on the calendar for the July disability meeting.

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

MOTION: Approve.

Moved by Bianchi, seconded by Johnston.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, McCombs, Wilson, Winter

No: -

Absent: Fox, Sedell

Abstain:

V. APPLICATIONS FOR DISABILITY RETIREMENT

A. Application for Service-Connected Disability Retirement - Remijo, Peter;
Case No. 15-026.

1. Proposed Findings of Fact and Recommended Decision to deny the Application for Service-Connected Disability, submitted by Hearing Officer Humberto Flores, dated February 15, 2018.
2. Hearing Notice, dated May 10, 2018.

Stephen D. Roberson, Attorney at Law, and Catherine Laveau were present on behalf of County of Ventura Risk Management. The applicant, Peter Remijo, was also present.

The applicant made a brief statement.

Mr. Roberson also made a brief statement.

Trustee Goulet expressed concern that the applicant stated there were no positions available from the County of Ventura to meet his work restrictions, and yet the report stated there was a position available to possibly accommodate the applicant.

Mr. Roberson said he believed that what the applicant was referring to a certain period of time when he returned to work with temporary work restrictions, and when that temporary position term ended, the applicant signed his resignation letter; afterwards, when the applicant received permanent work restrictions from 3 different doctors, the County of Ventura could have accommodated him in a permanent position, but the applicant had already resigned.

Trustee Goulet then said that it did not read that way in the Hearing Officer's report, in which the applicant stated that he was told that the County of Ventura did not have a position available for him; later in the report, the County of Ventura testified that they could have accommodated him.

Mr. Roberson replied that he believed the Hearing Officer noted the applicant did not have any documentation to support his statement that the County could not accommodate him.

Trustee Johnston asked if there was a record of the alternative job that the County of Ventura could have offered during the interactive process.

Mr. Roberson said that once the applicant resigned, no interactive process would have been pursued, because he was no longer an employee.

Vice-Chair Wilson said a few years ago VCERA had hired a consultant to review our governance which included the disability retirement process and resulted in proposed documents that would be given to applicants that explained their options, and were designed to help with these types of situations.

Ms. Webb said that while form change suggestions were not incorporated because of the pending disability procedure changes, a standard checklist of such issues were now covered with applicants as part of the counseling process, and the list was designed to explain applicants' options thoroughly in person.

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

MOTION: Adopt the Hearing Officer's Recommendation to Deny the Application for a Service-Connected Disability Retirement.

Moved by Hintz, seconded by McCombs.

Vote: Motion failed

Yes: Foy, Hintz, McCombs, Wilson

No: Bianchi, Goulet, Johnston, Winter

Absent: Fox, Sedell

Abstain:

Trustee Hintz said that while the applicant may unfortunately have received poor advice at the time, he had voluntarily accepted the County's settlement proposal and resigned.

Trustee Johnston stated that he would change his vote this time, however he said that he believed the disability retirement process needed to be changed, and though it appeared that the applicant may have received bad legal advice, unfortunately there was nothing that the Board could do about that.

After further discussion by the Board, the following motion was made:

MOTION: Adopt the Hearing Officer's Recommendation to Deny the Application for a Service-Connected Disability Retirement.

Moved by Foy, seconded by Hintz.

Vote: Motion carried

Yes: Bianchi, Foy, Hintz, Johnston, McCombs, Wilson, Winter

No: Goulet

Absent: Fox, Sedell

Abstain:

B. Application for Service-Connected Disability Retirement – Bittmann, Janeen R.; Case No. 17-014.

1. Risk Management's Request for an Extension - Amended to submit Medical Analysis through November 2018.
2. Hearing Notice, dated May 25, 2018.

Stephen D. Roberson, Attorney at Law, was present on behalf of County of Ventura Superior Court. The applicant, Janeen R. Bittmann, was not present.

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

MOTION: Approve the Request for Extension and Table the Item to the Disability Meeting of November 5, 2018.

Moved by Goulet, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Foy, Goulet, Hintz, Johnston, McCombs, Wilson, Winter

No: -

Absent: Fox, Sedell

Abstain:

After the vote on this item, the Board took a break at 9:50 a.m.

Trustee Bianchi left during the break at 9:52 a.m.

The Board returned from break at 10:05 a.m.

VI. ACTUARIAL INFORMATION

A. Actuarial Experience Study and Review of Economic and Demographic Assumptions, Paul Angelo, FSA and John Monroe, ASA of Segal Consulting.

1. Analysis of Actuarial Experience During the Period of July 1, 2014 through June 30, 2017.

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

MOTION: Accept the Actuarial Experience Study During the Period of July 1, 2014 through June 30, 2017 and Adopt All of the Recommended Assumptions from Segal Consulting.

Moved by Foy, seconded by Hintz.

Vote: Motion carried

Yes: Foy, Goulet, Hintz, McCombs, Wilson

No: Johnston, Winter

Absent: Bianchi, Fox, Sedell

Abstain:

- B. Segal Contract Renewal for Actuarial Services, and Proposed Schedule of Fixed Fees and Hourly Billing Rates.
1. Staff Letter.
 2. Proposed Schedule of Fixed Fees and Hourly Billing Rates.
 3. Actuarial Services Agreement between VCERA and The Segal Company (2003).

Ms. Webb said proposed to renew a schedule of fixed fees with Segal Consulting for actuarial services, and the proposed schedule was provided.

Trustee Goulet asked if Segal had changed insurance coverage over the years.

Mr. Angelo replied that Segal Consulting had increased their coverage over the years and believed that their coverage was now up to \$10 million.

Trustee Foy left at 10:52 a.m., before the vote on this item.

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

MOTION: Authorize Retirement Administrator to Execute Agreement Renewal of Proposed Schedule of Fixed Fees and Hourly Billing Rates for the Segal Company, with Verification of \$10 Million in Liability Insurance.

Moved by Goulet, seconded by Hintz.

Vote: Motion carried

Yes: Goulet, Hintz, McCombs, Wilson, Winter

No: Johnston

Absent: Bianchi, Fox, Foy, Sedell

Abstain:

VII. OLD BUSINESS

- A. None.

VIII. NEW BUSINESS

- A. Review and Adoption of Proposed Fiscal Year 2018/19 Budget.
RECOMMENDED ACTION: Approve.

1. Staff Letter.
2. Proposed Budget for FY 2018/19.

Ms. Webb noted that the proposed budget did not contain significant increases in administrative or other costs. She said staff recommended approval of the proposed budget and would be happy to answer any questions about individual proposed expenditures.

Trustee Goulet said that he wanted to bring up an issue that he had raised before, which was the number of employees that VCERA currently had. He said that when VCERA started the Pension Administration System (PAS) project, his recollection was that the Board approved 8 temporary positions, which then became permanent positions. He asked how the positions were absorbed and remarked on the previously anticipated efficiencies to be gained with the V3 system.

Ms. Webb replied that Board action pre-dated her arrival, but that two of the Subject Matter Experts (SMEs) staff who were on the PAS project were now working on the V3 system on a daily basis as System Administrators. These employees would be working in coordination with the new technology officer when that vacancy was filled. She said she would research the previous Board action, but did not believe VCERA's staff members are underutilized, but rather were fully engaged in the daily work of serving the VCERA membership.

Vice-Chair Wilson said that there was always the option of automating some of the positions to possibly make VCERA more efficient with fewer employees.

Ms. Webb said that when moving to a new pension administration system, the benefit is almost universally a point-forward proposition. That is, a great deal of daily work would still require using the old legacy data for the vast majority of transactions, even when data conversion was done. This was particularly true when a great deal of time passed between system upgrades because the technology gap would be wide. Thus, many efficiencies could take years to be fully realized.

Trustee Goulet said that there was something wrong with spending in excess of 10 million dollars to develop a system, and not seeing any efficiencies from it.

Ms. Webb remarked that, again, in her experience the impact of the efficiencies are almost always long term, and in VCERA's case, the time between system upgrades was decades. She continued that efficiencies had indeed been achieved and noted that at the time of her arrival in 2015 in the middle of the PAS project, there was a major concern about the turnaround time of some of VCERA's most common member requests, such as estimates and service credit purchases, which were often taking months to produce. However, currently the turnaround time was 17 calendar days for these high-volume transactions, which is an example of efficiencies post-project.

Ms. Nunna informed that Board that VCERA's membership has grown to 18,000 members, which translates to more member requests coming in, and a higher overall workload. Further, when the Board voted to adopt Government Code Section 31685 a few years earlier, it requires VCERA to begin creating separate accounts for martial separations and divorces. The adopted IRS Model Regulations added even more to the staff workloads.

Ms. Webb said she believed VCERA's staffing levels to be in balance with its member size and fund size but would work on a report to illustrate where VCERA was in relation to its peers by comparison.

Ms. Webb add that she believed that VCERA was actively transitioning to a more proactive approach to member service, as opposed to the previous reactive approach. Faster and more efficient member service, a focus on proactive communication to members about their

benefits, and the pending launch of the Member Self-Service (MSS) portal were all part of the efforts to better inform and educate members.

Ms. Nunna remarked that during the month of April, VCERA's staff had processed 80 retirement applications, which was the most ever processed by staff to date; 78 of them were added to payroll in that same month. Previously, it took 60 to 90 days to add retired members to payroll.

Vice-Chair Wilson expressed amazement that such an improvement occurred so quickly. At the same time, VCERA had spent so much on the new pension system that the Board does expect to see some efficiencies to come out of it, and he had not given up on those.

Ms. Webb replied that she believed that it would be more likely to expect a slower rate of growth in staffing over the coming years, as opposed to a scaling back.

Trustee Johnston thanked staff for keeping the cost ratios down and said that he wanted the Board to know that he tries to speak to each member he knows has contacted VCERA, regarding their interactions with staff, and their opinion of our service. He noted a significant change over the past two years, which was overwhelmingly positive, and that members enjoy interacting with VCERA staff.

Ms. Webb replied that she did not need to tell staff that they needed to raise the level of customer service because they take great pride serving members by going the extra mile for them, which was very much of the culture in the agency, and her efforts were to provide staff the tools and training to maintain high service levels.

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

MOTION: Adopt Proposed Fiscal Year 2018/19 Budget.

Moved by Johnston, seconded by McCombs.

Vote: Motion carried

Yes: Goulet, Hintz, Johnston, McCombs, Wilson, Winter

No: -

Absent: Bianchi, Fox, Foy, Sedell

Abstain:

B. Notification of County Approval of General Salary Increase and Flexible Benefits Program Contribution Increase, and Recommendation Corresponding Changes for Employees Covered Under VCERA Management Employees Resolution.

Recommended Action: Approve.

1. Staff Letter.

2. Letter from Assistant County Executive Officer - Human Resources Director, Shawn Atin and County Executive Officer Michael Powers.

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

MOTION: Approve Salary and Flexible credit increases, and the effective dates thereof, set forth in the County Letter.

Moved by Goulet, seconded by Hintz.

Vote: Motion carried

Yes: Goulet, Hintz, Johnston, McCombs, Wilson, Winter

No: -

Absent: Bianchi, Fox, Foy, Sedell

Abstain:

IX. INFORMATIONAL

X. PUBLIC COMMENT

None.

XI. STAFF COMMENT

Ms. Webb said that, as per the Board's request for updates, Trustee Towner's Civil Service Commission hearing had been set for September 24th.

She said that office building RFPs had been issued and staff was awaiting proposals for referral to the Real Estate Committee.

XII. BOARD MEMBER COMMENT

Trustee Johnston requested that staff can do to provide recommendations on what the Board's next step should be regarding improvement of the disability retirement process and procedures.

Ms. Webb replied that staff had been working on compiling such information, which included a processes used by other CERL systems.

XIII. ADJOURNMENT

The meeting was adjourned at 12:17 p.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,



WILLIAM W. WILSON, Vice-Chairman