

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD OF RETIREMENT

### FINANCE COMMITTEE MEETING

JUNE 15, 2022

#### MINUTES

**TRUSTEES  
PRESENT:**

Arthur E. Goulet, Finance Committee Chair, Retiree 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:**

*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:**

11:00 a.m.

**ITEM:**

**I. CALL TO ORDER**

A. Roll Call.

Chair Goulet called the Finance Committee meeting of June 15, 2022, to order at 11:00 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 May 11, 2022.

MOTION: Approve.

Moved by Joe, seconded by Roberts

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

**IV. OLD BUSINESS**

A. None.

**V. NEW BUSINESS**

A. Review of Fiscal Year 2021-22 Quarterly Budget Summaries and Financial Statements.

1. Draft Staff Letter by Chief Financial Officer.
2. Financial Statements.
3. Budget Summaries.

Ms. Marshall presented the Quarterly Budget Summaries and Financial Statements for Fiscal Year 2021-22.

Chair Goulet noted that in the Draft Staff Letter on Master Page 7, in the Budget Summary paragraph, Ms. Marshall stated the various laws that determine what was allowed under the cap and what was allowed over the cap, however, he believed there should be an additional statement that said that Actuarial expenses were not considered a cost of Administration. He also said that in next years she should use the word, *Administration* in place of, *Administrative*, to be consistent with the new budget.

Trustee Joe pointed out a date in the Header of the letter that was incorrect and should be removed.

Ms. Marshall said she agreed.

Trustee Goulet explained that several years ago, several the Private Equity managers did not bill VCERA for their fees, but instead they deducted the fee amounts from available capital. He then asked if that was still being done, and if so, was it reflected in the Finance Statements.

Ms. Marshall said that the Private Equity managers had been either sending VCERA an invoice for the fees, or deducting the fees from available capital, and staff was recording that offset and the payment of the fees to the managers.

Trustee Goulet noted that the over expenditure in the Legal line item the was due to higher than anticipate legal fees, in connection with investments.

Ms. Marshall said that Trustee Goulet was correct.

Trustee Goulet also said regarding the over expenditure for the Actuary - 415 line item, there must have been higher than anticipated pension amounts that VCERA was paying.

Ms. Webb said that the overage was also because the Actuary tended to work on a batch of calculations at a time and then submit invoices for their work, rather than working on a steady stream of calculations.

Trustee Goulet said that there was also an issue with the amounts listed for the *Technology V3 Software* and *Technology V3 Hosting* line items in the Adjusted section of the report on MP 16. Since the \$870,000 was split between the 2 line items, which resulted in an inaccurate report, since the *Expended Fiscal Year to Date* column showed \$554,623.07 for Technology V3 Software, which was 63.75 percent expended, but the \$207,048.69 that was expended for V3 Hosting showed 0 percent expended.

Ms. Marshall said that she would investigate the matter.

Trustee Joe suggested an addition of another sentence on MP 8, in the sections called, *Salaries & Employee Benefits*, *Services & Supplies*, and *Information Technology*, that showed or explained the current percent expended, so that the reader did not have to go back into the report to find that information.

Ms. Marshall agreed that Trustee Joe's recommendation was great idea and that she would include that information in her staff letter.

Chair Goulet said that Ms. Marshall was going to then include an explanation for the negative amount in the report that she was currently investigating and include the percent expended for the *Salaries & Employee Benefits*, *Services & Supplies*, and *Information Technology* in the staff letter.

- B. Review of Memorandum of Understanding (MOU) between VCERA and the County – Retiree Health Premium Coverage.
  - 1. Ventura County Management, Confidential Clerical and Other Unrepresented Employees Resolution, Date March 8, 2022 (Section 504).
  - 2. VCERA and County of Ventura, Human Resources MOU.

Ms. Webb said that VCERA had entered into the 2 agreements, when VCERA's Sr. Management employees became employees of VCERA, one for Risk Management and the other for Human Resource services. There was a benefit that was 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 an allowance of 1 year of paid Healthcare Premiums, up to a maximum of 5 years, paid for by the

agency that the employee last worked for and retired from. Since VCERA signed the agreement in 2016, it was paying the healthcare premiums for 4 retired employees, whose majority of service was not with VCERA. Therefore, the issue was that VCERA was being charged for the full cost of these benefits and so staff would like to propose to the County that VCERA only be responsible for pro-rata share of all these benefits, based on the years of service that the employee worked for VCERA. 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.

Chair Goulet said that he had another concern, which was that VCERA was relying on the County's Budget Manual to dictate how VCERA should operate, but VCERA was not a department of the County. Also, he referred to the County's Management Resolution, which stated that the County would contribute to the benefit. He then asked if the County had ever contributed towards the payment of that benefit.

Ms. Webb said no, the County had not made any contributions toward the benefit. She also noted that staff had not realized the issue, until VCERA started to pay for the benefit for one of its retired employees. Therefore, the agreement needed to be modified and worked out with the County, since she believed that the benefit should be paid for by each department, based on the amount of time that they worked for that department.

She also said that they needed to adjust the agreement with the County for Risk Management's services, because it stated that they would perform investigations on Disability cases, however they no longer performed investigations on disability cases. Therefore, she believed that they should take a redline of the agreements to the County to discuss adjusting them at the same time. Also, Ms. Nemiroff wanted to have a discussion with VCERA's tax counsel regarding the healthcare premium benefit and her concerns regarding the rules of a 401a.

Chair Goulet reminded Ms. Webb that the current County employees who were working for VCERA, would have to have been covered by the Management Resolution prior to July 3, 2005 to receive the benefit.

Ms. Webb proposed that when Ms. Nemiroff returned from vacation that they both meet with VCERA's tax counsel to discuss the issue with Chair Sedell, since he may also want to attend a meeting with the County on the issue. Then, both she and Ms. Nemiroff would present a formal letter to the Finance Committee along with a redline of the HR Agreement, and during that discussion with the committee they could then decide whether staff should meet with the County first or if they should meet with the Board first, however she would like to present it to the Finance Committee before it was submitted to the Board, since the matter was finance related.

Trustee Joe then asked if the Finance Committee should request that Ms. Marshall bring back a list of firms to the Finance Committee at their next meeting to review and discuss which firm, they should engage with to conduct an internal audit, which may have caught the issues with the two agreements with the County sooner.

Ms. Webb said that she would suggest that staff first look at what the other Retirement Systems governed under CERL were doing regarding the internal auditing of their systems. They could find out which were conducting audits internally, and which used an outside firm. They could also find out how frequently they were performing these audits. Staff could then present the findings to the Finance Committee to discuss which areas the audit should focus on and for the Committee to make a recommendation to the Board. Therefore, staff could bring a report back to the Committee in September.

Chair Goulet said that since Ms. Marshall was still new to VCERA, he did not want to rush her. He then said that the report could come back to the Committee at any time, maybe in October.

Ms. Webb then said that staff would then shoot for September, but knew that it could be brought back at a later date if needed.

**VI. PUBLIC COMMENT**

None.

**VII. STAFF COMMENT**

None.

**VIII. BOARD MEMBER COMMENT**

Chair Goulet noted that the Committee still needed to approve a recommendation requesting that the Board approve the Quarterly Budget Summaries and Financial Statements.

MOTION: Approve the Quarterly Budget Summaries and Financial Statements, with directed changes to the Cover Letter.

Moved by Joe, seconded by Roberts

Vote: Motion carried

Yes: Joe, Roberts, Goulet

No: -

Absent: -

Abstain: -

**IX. ADJOURNMENT**

The Chair adjourned the meeting at 12:23 p.m.

Approved,

  
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ART GOULET, Finance Committee Chair