

RETIREMENT ADMINISTRATOR'S QUARTERLY REPORT

For Quarter #1: January 1 to March 31, 2024

Prepared by: Amy Herron, Retirement Administrator

Executive Summary:

The Retirement Administrator's (RA) work for the first quarter of 2024 focused on the following key objectives:

- **Recruitments** – Work was performed to initiate or continue the recruitments, onboarding, and/or training for the following positions: 1) four fixed-terms related to the *Alameda* implementation, 2) disability manager, 3) communications officer, 4) investment officer, and 5) chief operations officer (COO).
- **Alameda Decision** – Much time was spent continuing to implement the Alameda Decision ("*Alameda*"), while bringing on a new project manager and filling the vacant COO position to help transition the project back to the Operations division.
- **CTO Legislation** – The RA coordinated the efforts to request legislation to add the Chief Technology Officer to the list of positions that the Board of Retirement can appoint. This resulted in SB 1189 (Limón) which is making its way through the state legislature.
- **Communications** – Various communication efforts included meetings with stakeholders, presenting at the County's retirement workshop, and reviewing various communications ranging from website updates regarding *Alameda* and other topics to member letters and annual benefit statements.
- **Board Meetings** – The Board approved a monthly meeting schedule in January 2024, which prompted several other improvements to meeting calendars and the timing of agenda postings. The RA has worked with staff on implementing these changes, in addition to carefully reviewing which items to place on the consent agenda (in consultation with the Board Chair).
- **Disability** – The RA worked with the new disability manager to ensure a smooth transition and amended the contract with outside disability counsel to expand the services provided to assist with subject matter expertise and bandwidth.
- **Ad Hoc Benefits & Compensation Committee Support** – The RA and General Counsel assisted the committee by researching various questions and providing recommendations on the tasks assigned.

Additional details regarding the above tasks and more are provided in the remainder of this report.

General Administration

The new Retirement Administrator (RA), Amy Herron, started on January 8, 2024. In the first 90 days, she focused on the following: 1) familiarization with and review of key processes and timelines, 2) meeting with various stakeholders, and 3) assessing the immediate needs of VCERA. The Interim RA, Rick Santos, stayed on to help with transition through February 29, 2024.

To date, the RA has met with the following key stakeholders: 1) all board members, 2) County of Ventura's CEO, assistant CEO, and Risk Manager, 3) Ventura Regional Sanitation District's (VRSD) General Manager, and 4) the Retired Employees Association of Ventura County (REAVC). Meetings with additional stakeholders will be scheduled soon. The purpose of these meetings is to make introductions, establish relationships, and gather information regarding the needs and interests of stakeholders.

In addition, VCERA put much time and effort into recruitments and onboarding/training for the following positions: 1) four fixed-terms related to the *Alameda* implementation, 2) disability manager, 3) communications officer, 4) investment officer, and 5) chief operations officer. To date, all of the aforementioned positions have been filled except for the investment officer, which is still in progress.

Assessment of Immediate Needs

With regards to VCERA's immediate needs, the RA noted the following:

- Filling the Chief Operations Officer vacancy left by the current RA's promotion was a high priority. The recruitment was opened on January 10, 2024, and the position was filled on March 18, 2024.
- With a new Disability Manager starting January 2024 combined with a backlog of disability retirement applications in the queue, staff decided to amend the contract to include additional services from outside disability counsel to add subject matter expertise and bandwidth.
- The Alameda Project is a top priority for VCERA. Recognizing the importance of this, as well as the time and effort needed to run this project effectively, staff contracted with an external consultant (MCS Consulting) to provide project management support. The consulting project manager has made great strides in improving the detailed task and milestone tracking for the project and implementing an agile methodology to keep everything moving smoothly with the team. In addition, an independent consultant has been engaged to assist with reprogramming of a spreadsheet that staff will use for Alameda corrections to service credit purchases.
- Communications for the Alameda project and other ongoing operational tasks are a high priority for VCERA. The current Communications Officer moved into a part-time status and recruitment was opened on February 28, 2024, for the full-time position. A candidate was selected, and the new hire will start on May 20, 2024. Some of the additional priorities for

the new communications officer will include an annual newsletter and stakeholder outreach.

- The new Investment Officer position is critical for balancing investment workload and for backup and succession planning. The Investment Officer recruitment was opened on March 11, 2024. Review of initial resumes has begun, an interview panel has been selected, and candidates will be contacted for the first round of interviews.
- The current financial system is reaching end of life at the end of this calendar year. Plans are underway to replace this system, and additional funds will be needed in the next fiscal year to support this project. It is likely that a new system will not be in place before the end of support, but the team has reviewed the risk associated with this and feel it is relatively low.
- Financial statement preparation is less timely than desired, partly due to limitations of the current financial system and increased workload due to the expansion of investment accounting over time. This is still under review for possible solutions.
- The County of Ventura announced that they will not be prefunding the employer contribution this next fiscal year, which is a departure from prior years. Cash liquidity management will be adjusted accordingly.

VCERA continued to work on several important projects with the County of Ventura and related stakeholders, including 1) DROP analysis, 2) retiree Health Reimbursement Arrangements (HRAs), 3) analysis of Safe Harbor service credit purchases, and 4) *Alameda* flex credit adjustment calculations.

The RA and other VCERA staff are working with the various board committees by providing research, support, and recommendations as needed. This includes the standing Finance Committee, the ad-hoc Personnel Review Committee, and the ad-hoc Benefits & Compensation Committee. The standing Governance Committee has not had its first kickoff meeting yet; staff are still working on items to prepare for that.

The RA and General Counsel worked closely with the Board Chair and the Retired Elected Member on a proposed legislative change to add the Chief Technology Officer (CTO) to the list of positions that the board can appoint. These efforts resulted in SB 1189 which to date is on the consent agenda for the Senate.

Travel & Training, Key Meetings, & Press/Media Communications

The RA attended the virtual CALAPRS Administrators' Round Table in February, 2024. Various topics were discussed among the administrators/CEOs from California public retirement systems.

The RA attended the CALAPRS General Assembly in March 2024. Ms. Herron participated in a discussion panel for one of the sessions, along with administrators/CEOs from 2 other systems. The discussion topics were focused on innovative approaches to stakeholder outreach and communications.

The RA (along with General Counsel) traveled to Sacramento in April 2024 in support of SB 1189. Per recommendation from Senator Limon's office (who is also authoring the bill), the RA and General Counsel were prepared to provide testimony at the California Senate Labor, Public Employment, and Retirement Committee. The bill ended up being passed on the consent agenda at that meeting and is now moving to the Senate Floor as this report is being written.

The RA participated in several key meetings relating to new trustee orientation, the CTO legislation, stakeholder communications, the DROP analysis, the Alameda Decision implementation, the SACRS Legislative Committee, board member elections, and other special projects and operational issues. In addition, the RA conducted an All Hands meeting on March 18, periodic Chiefs Round Table meetings with the chief executives of VCERA, and a Managers Forum with all chiefs and managers of VCERA; these meetings were created by the RA to encourage communication, collaboration, and teambuilding with VCERA staff.

The RA responded to a media inquiry from CalMatters in January 2024 regarding the court of appeals decision on leave straddling.

Board Support

In January, the Board of Retirement adopted a monthly meeting calendar. Staff developed a new board meeting preparation schedule to target posting of meeting agendas and materials five days in advance. Calendars for Investment Presentations, Investment Due Diligence On-Site Visits, and the Finance Committee Meetings were created/revised to align with the new board meeting schedule.

Disability retirements sent to the Board for approval to grant are now accompanied by an executive summary report and are placed on consent when there is no objection from any of the parties; these changes were made in response to Board requests for better governance and efficiency. Additional agenda items are now being placed on consent if they are routine and noncontroversial.

An Upcoming Educational Events Calendar was created to help the Board plan for educational meetings and seminars they may wish to attend in the future.

Staff drafted a letter of support for AB 2715, Ralph M. Brown Act: Closed Sessions which expressly allows for discussion of cybersecurity risks in closed session.

Alameda Decision Implementation Project

Progress on the Ventura Project for Alameda Corrections (VPAC) is reported to the Board on a monthly basis. The new Chief Operations Officer has taken the reins in conjunction with the consulting project manager to lead the project and ensure all key milestones are met. The RA continues to play a key role in decision making and policy direction.

Communications

In the first quarter, communications activities performed by the Communications Officer included:

- Managing the Annual Benefit Statements project with assistance from staff and coordination with the County
- Updating and creating website content related to the Alameda Decision, including new educational material such as:
 - Alameda Decision FAQs & Glossary
 - Alameda Administrative Appeal Process
 - Leave Straddling FAQs
- Drafting annual contribution rate letters to plan sponsors
- Drafting Alameda correction notices to VRSD members
- Providing counsel to management on the Communications Officer recruitment
- Assisting with other staff recruitments
- Testing the new VCERA website for the upgrade project

Operations

Actives & Community Property

During the first quarter, the Actives unit completed 288 benefit estimates, with an average turnaround time of 2.7 weeks, as well as 199 service credit purchase calculations. Four Retirement Benefit Specialists were hired and trained to fill a permanent position vacancy as well as the fixed-term positions approved by the Board. Staff assisted with member interest posting, annual benefit statement preparation, and the VPAC implementation project.

Workflows	Q1 (Jan - Mar)	
Benefit Estimates	Completed:	288
	New Requests:	243
	Turnaround (weeks):	2.7
Service Credit Purchases	Completed:	199
	New Requests:	108
New Member Enrollment	Completed:	303
Termination	Completed:	268
Reciprocity	Completed:	38

Retiree Payroll & Death Benefits

During this past quarter, staff assisted with member inquiries and questions related to the 2023 1099-R's and helped test the 2024 tax withholding tables.

At the end of this quarter, VCERA's monthly payroll totaled \$32.5 million with 8,403 payees (retirees, survivors, and domestic relations order (DRO) non-members and alternate payees). Staff

processed 93 new service retirements and 20 new survivor continuances from January through March 2024. The average turnaround time from date of retirement to date of first check for new service retirees was 40 days.

	Q1 (Jan - Mar)
Service Retirements	93
Survivor Continuances	20
TOTAL	113
Average Turnaround Time from Date of Retirement to First Payment	40 days

Disability

At the end of the 1st quarter, there were 46 New Model cases in process and 9 cases directed to hearing. A total of 2 New Model cases and 1 Old Model case were decided or closed during this period. There were 5 new applications filed. Staff calculated 17 retirement estimates, conducted 11 disability counseling sessions, performed 10 retiree payroll calculations, and prepared 4 Independent Medical Examination (IME) packets.

Description	Q1 (Jan - Mar)
"New Model" cases in process at end of quarter *	55
Cases Closed in Quarter (Old & New Model)	3
Disability Retirement and Service Retirement Estimates	17
Disability Counseling Sessions	11
Retiree Payroll Calculations	10

* Includes cases in hearing process

Special Projects

Operations staff are successfully onboarding and training new Fixed Term and permanent staff members in several divisions. New teammates are learning quickly and proving to be great additions to the VCERA team.

The Operations division worked on several special projects with the County, including coordinating the joint mailing of Annual Benefits Statements with HR Deferred Compensation division, identifying affected Health Reimbursement Arrangement (HRA) eligible members and mailing appropriate correspondence, providing data for an annual actuarial OPEB analysis of the HRA program, and preparing for a possible actuarial study to analyze a proposed Deferred Retirement Option Program (DROP) for safety members.

Fiscal

During this quarter, recurring and monthly fiscal activities included:

- Fiscal investment portfolio reconciliation and reporting
- General ledger (GL) account management (i.e., GL transaction management, posting, closing, and reconciliations)
- Financial reporting; cash flow management
- Internal accounts payable processing
- Accounts receivable activities
- Retirement payroll management (i.e., reconciliation and funding)
- Written contract, agreement, and policy examinations
- Financial variance analysis (i.e., member contribution, retiree payroll, general ledger accounts)
- Processing capital calls and distributions, setting up new investment accounts with State Street, and data retrieval from numerous investor portals
- Timely internal and external customer service duties

The quarterly, annual, and special project fiscal activities included:

- Planning and participation in a Finance Committee meeting
- Quarterly and annual tax filings and reporting with the U.S. Treasury and State of California Employment Development Department (EDD)
- Completion, discussion, and review of data for annual 1099-R forms distribution
- Enterprise Resource Planning (ERP) Financial system replacement search
- Involvement in the Pension System upgrade/replacement system search
- Actuarial GASB 68 and Triannual Economic Assumption Study data reporting
- Actuarial audit contract preparation

The Fiscal team additionally attended webinar and in-person training sessions, and addressed other tasks as required.

The Fiscal team continues to collectively carry a significant workload that includes a growing private equity and private credit investment asset portfolio, therefore requiring an increasing volume of investment reconciliations, recurring fiscal operational tasks (i.e., daily, weekly, monthly, quarterly, semiannual, and annual), and other as-required fiscal duties.

Information Technology (IT)

VCERA IT continues to work on the website upgrade alongside VCERA's communications officer.

Evaluation of the risk and costs associated with migrating in-house server equipment to a cloud-based infrastructure was completed. Staff determined that retaining in-house server equipment and focusing on a cloud-based disaster recovery solution was the preferred solution at this time.

Additional microphones were added to the boardroom and all equipment was upgraded to the latest firmware.

New trustee devices were deployed, alongside the use of County of Ventura email. SharePoint sites were created for the board and for all board committees to assist with file sharing and storage.

Evaluation of Fiscal's financial software replacement options is planned for the new fiscal year. Current software is approaching end of life (December 31, 2024) so it is likely VCERA will be running without support for a short period of time until the new system is in place.

VCERA IT continues to work on the *Alameda* implementation project as well as the Simpler Systems reporting tool implementation.