

**VENTURA COUNTY  
SUPPLEMENTAL RETIREMENT COMMITTEE**

**Point Mugu Conference Room, 4<sup>th</sup> Floor  
Hall of Administration, County Government Center  
800 S. Victoria Ave, Ventura CA 93009**

**Meeting Minutes for December 14, 2023  
2:00 p.m.**

**Members present**

Kaye Mand  
Emily Gardner  
Jeff Burgh  
Sue Horgan

**Members absent**

Shawn Atin

**Also present**

Patti Dowdy  
Patty Zoll  
Andrew Gratt  
Amanda Diaz  
Eric Lee  
Eric Schlossberg

**Ms. Mand called the meeting to order at 3:51 p.m.**

**1. Public Comments.**

None.

**2. Committee Member Comments.**

None.

**3. Minutes of Regular Meeting September 19, 2023**

Motion to approve: 1. **Mr. Burgh** 2. **Ms. Gardner**      **Motion Carries**  
i. Ms. Horgan abstained.

**4. Q3 2023 Principal Quarterly Client Report**

Ms. Zoll provided an overview of the Asset Allocation Analysis and Investment Report from Principal Global Advisors which is being presented for the Supplemental Retirement Committee's (the Committee) review. Areas of note in the review regarded the Investment Policy Statement (IPS) and evaluation criteria pursuant to asset allocation. This range of allocation included 0-25% in a cash account, 25-55% fixed income, and 45-75% equity assets within the total plan balance. The current allocation stands at 1.1%, 39.4%, and 59.5%, respectively to the order of allocation mentioned above. The 10-year return of 5.99% for Q3-2023 is slightly shy of the return objective criteria to meet or exceed 7% return over every 10-year measurement period. The objective benchmark criteria for investment results for the 3 and 5-year periods was not met in both instances for Q3-2023. Mr. Eric Lee, Senior Portfolio Manager, will be presenting the findings of the full analysis to the Committee.

Mr. Lee gave an overview of market performance in the U.S. Equities, Non-U.S. Equities, Fixed Income, and "Other" categories to show overall economic performance. In general, Mr.

Lee felt the year leading to the end of Q3 was positive by most standards although showed Q3 in the negative mainly in response to the Federal Reserve (FED) raising interest rates. Bonds were on the downside over the previous 12-month period.

In regard to the cash flow portion of the benchmarks, net contributions showed a negative result as more funds were leaving the plan than being brought in. This was in response to participants rolling over their funds out of the plan asset total. As of the prior day to this meeting, December 13, 2023, assets stood at roughly \$26.2 million. Mr. Lee noted that although October showed negative findings, November resulted in a “bounce back” within the stock and bond markets. Within the asset allocation of the Plan, variances were minimal in both negative and positive aspects. Overall, Mr. Lee highlighted, the equity asset class had a variance of -.53% from target allocation and the fixed income and cash/cash equivalent asset class had variances of .44% and .08%, respectively. The fixed income portion of the plan assets had a tumultuous past 3 years however Mr. Lee sees it in a good position for future growth. Overall, the total portfolio performance over Q3 was down 3.79% but year-to-date and one-year numbers were on the positive side with the year-to-date being up 4.81% and one year numbers were up 12.08%. As noted by Mr. Lee, any revenue sharing is returned to the trust and expense ratios are paid through revenue.

**A. Motion to Receive and file the Q3 2023 Principal Quarterly Client Report and Asset Allocation Analysis:**

Motion to approve: 1. **Ms. Gardner** 2. **Mr. Burgh** **Motion Carries**

**5. Consideration of IRS Ruling Request**

Ms. Patti Dowdy, Employee Benefits Manager, gave a summation of the agenda item that is in front of the Committee for action. At the April 13, 2023 meeting, a letter from Ventura County Employees Retirement Association (VCERA) was presented that was in support of allowing previously ineligible current County employees who contributed to the Safe Harbor Plan and are current VCERA members purchase service credit in VCERA for the time period(s) they were in a position excluded from VCERA membership. This would essentially mean that active employees with Safe Harbor time are able to purchase that time with VCERA when they separate from county service and elect to convert their Safe Harbor benefit to the SRP 457 DC Plan. In addition, at the April 13, 2023 meeting, the Committee requested that staff reach out to VCERA to garner some idea of the financial impact to the County should this population purchase their available time from VCERA. While VCERA has provided some general information for consideration to the Committee at the August 8, 2023 meeting, it was determined that a clear picture was not presented to estimate the pension reserves transfer increase should the roughly 1,7000 eligible employees decide to purchase the prior time in Safe Harbor. The Committee requested additional information from VCERA that includes the total amount of the pension reserve transfer for all eligible Safe Harbor members and the impact on the retirement rate to the County with the assumption that the majority of eligible Safe Harbor members seek the purchase of the prior service credit based on two criteria:

- 1) A retirement age of 52 for Safety members, and
- 2) A retirement age of 59 for general members.

The motion to postpone the decision was made and passed until the Committee received this information from VCERA depicting a more solid understanding of the fiscal impact to the County.

VCERA is actively pursuing an actuarial evaluation impact study to determine an overall cost to the County and the estimated pension reserves transfer increase, should the majority of the 1,700 employees decide to purchase the prior time in Safe Harbor. Ms. Emily Gardner, County of Ventura Counsel, brought insight into the decision that although the Committee has the authority to seek the IRS ruling letter it does not fall under the Committee's guidelines for funding the acquisition of the IRS determination letter. The reasoning behind this concern, Ms. Gardner states, is that the ultimate cost of seeking such determination is not within the confines of the Committee as the funds appropriated for obtaining said letter from the IRS are from County funds and will result in adjustment to the retirement rate which in turn impacts the County budget. Her legal counsel suggested sending the final decision to the Board of Supervisors for a vote on seeking the IRS determination letter.

A motion was made to direct Deferred Compensation staff to take the decision to the Board of Supervisors for the funding of the study.

**A. Motion to Direct Deferred Compensation Staff to Take the Decision to the Board of Supervisors:**

Motion to approve: 1. **Mr. Burgh** 2. **Ms. Gardner**

**Motion Carries**

**6. Escheatment Process for Unclaimed Safe Harbor SRP Benefits**

Ms. Zoll provided a synopsis of the topic for discussion before the Committee. In part, Ms. Zoll referenced that in 2021 the SRP was established to provide a more portable and accessible benefit for employees who qualified for Plan participation. At that time, there were approximately 11,000 inactive members who were entitled to, yet not receiving, a benefit. Over the subsequent 2 years, Deferred Compensation departmental staff have worked and successfully reduced that number by over 50% to roughly 5,400 members who were entitled to, yet not receiving, a benefit.

During the previous SRP Committee meeting, John Garrett, Principal Actuary for the County's actuarial firm Cavanaugh Macdonald Consulting (CMC), presented actuarial findings in their valuation report and as a result, the topic of 'unable to locate' inactive members was discussed. Mr. Garrett referenced a process known as the Escheatment Process – a legal path the County may take to release the unclaimed benefits to the State. This process would release the County from its liability to maintain unclaimed benefits on record. This process is the reversion of unclaimed or abandoned assets to the State in accordance with their escheat and unclaimed property statutes. At this time, the Committee showed interest in this process and instructed staff to work with Counsel on the legalities of this process and incorporation into the SRP Plan Document.

The current SRP Plan Document does not permit for the escheatment process and upon the recommendation of Ms. Gardner, the Committee would be wise to seek outside consultation with specialty tax counsel as the process for escheatment/forfeiture are vastly complicated with

regards to compliance aspects. A motion was made to direct staff in seeking outside counsel to research and provide opinion on the escheatment process for the Safe Harbor SRP.

**A. Motion to Direct Staff to Seek Outside Counsel for Escheatment Process:**

Motion made: 1. **Mr. Burgh** 2. **Ms. Gardner**      **Motion Carries**

**Ms. Mand adjourned the meeting at 4:38 p.m.**

Respectfully submitted,



Andrew Gratt  
Deferred Compensation Personnel Assistant