

**VENTURA COUNTY  
RETIREE MEDICAL EXPENSE REIMBURSEMENT COMMITTEE  
Ricon Conference Room or via Zoom  
Hall of Administration, County Government Center  
800 S. Victoria Ave, Ventura CA 93009**

**Meeting Minutes for December 19, 2024**

**3:00 p.m.**

**Members present**

Emily Gardner  
Jeff Burgh  
Sue Horgan  
Tabin Cosio  
Scott Powers

**Members absent**

**Also present**

Patti Dowdy  
Andrew Gratt  
Bryan Friedman

**Mr. Powers called the meeting to order at 3:02 p.m.**

**1. Public Comments.**

- a. No public comments.

**2. Committee Member Comments.**

- a. No Committee member comments.

**3. Minutes of Regular Meeting- May 29, 2024.**

**A. Motion to receive and file Minutes of Regular Meeting.**

Motion moved: 1. Mr. Burgh 2. Ms. Horgan

Vote: **Motion Carries**

Yes: Unanimous

No: N/A

Absent: N/A

Abstain: N/A

**4. Request to Participate in Healthcare Reimbursement Arrangement.**

Ms. Dowdy provided an overview of the agenda item before the Committee pertaining to the request by Legacy VCERA District Management to participate in the HRA Plan (Plan). Currently, Plan participation pertains solely to County employees leaving VCERA executive management ineligible due to their status as VCERA District Employees. Eligibility for HRA participation is determined in tandem with the Plan document and the Memorandum of Agreement (MOA) or the County of Ventura Management Resolution; whichever is applicable to the employee upon separation.

During the Committee meeting in May, the Committee discussed the item at hand and voiced support for the request. Following discussion, it was determined that the VCERA Management resolution needed to be amended and inclusive of details pertaining to the HRA plan, its background, criteria for eligibility, and Plan benefits. It was noted that upon completion of the amended VCERA Management resolution, the County of Ventura (COV) Board of Supervisors (BOS) would need to review and subsequently approve the amended resolution.

VCERA Board of Retirement has completed the amended resolution and approval on November 18, 2024. COV has ensured alignment of eligibility requirements and benefits to the current Management Resolution and Memorandum of Agreement (MOA) with Labor partners. Subsequently, the MOA between COV and VCERA for Human Resources services is required to be updated to include the Plan as a benefit for VCERA District employees. VCERA has committed to finalizing this amendment by the end of the year.

Mr. Scott Powers, COV Chief Financial Officer, inquired as to the role the Committee plays between itself and the BOS; specifically, if the Committee plays and advisory role to the BOS. Ms. Emily Gardner, County Counsel, answered the question from Mr. Powers that the Committee is to recommend actions to the BOS for their final review and decision. Following this, Mr. Powers also sought clarification if COV contracts with any other agency is the same regards that VCERA is seeking inclusion in the Plan to which Ms. Dowdy replied that the Air Pollution Control District (APCD) is currently involved in the Plan though APCD employees are not considered COV employees, per se.

Should the Committee agree to the inclusion of VCERA District Employees in the Plan, HRA staff will submit the amended HR services agreement as well as a request for consent to extend participation in the Plan to VCERA district employees to the COV BOS for approval.

Upon completion of the Committee's discussion, the action Items before the Committee were moved to a vote. The action items include:

1. Decide whether to approve the VCERA Board of Retirement's request to allow VCERA District employees to participate in the Legacy Healthcare Reimbursement Arrangement (HRA) Plan.
2. Direct staff to seek consent from the Board of Supervisors to enable participation by VCERA District employees.

**A. Motion to Approve VCERA Request to Participate in Healthcare Reimbursement Arrangement.**

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

Vote: **Motion Carries**

Yes: Unanimous

No: N/A

Absent: N/A

Abstain: N/A

**5. Section 115 Trust Alternative Funding Scenarios Review.**

Ms. Patti Dowdy, Benefits Manager for the County of Ventura CEO/Benefits division, began the discussion by providing a brief background of the Healthcare Reimbursement Arrangement (HRA) Plan which was established on May 1, 2023. The HRA Plan provides a monthly healthcare subsidy to participating members credited to the individual HRA accounts to reimburse eligible healthcare expenses when the member begins receiving pension payments. The funding of the HRA Plan will be facilitated through an Internal Revenue Code Section 115 approved trust that has been established through Principal Financial Services. The initial funding of \$6 million for the trust was approved by the Board of Supervisors in October 2023 and as of December 4, 2024, the trust account balance is roughly \$7.2 million. At the time of the current Committee meeting, the Plan has 339 active participants and an average monthly reimbursement amount totaling approximately \$26,000.00.

Since the trust has now been implemented and established, the Committee's focused now shifted to the development of a sustainable funding method to solidify lasting financial stability of the HRA Plan. Funding scenarios have been prepared by the COV's actuarial firm, Cavanaugh Macdonald (CavMac), based on 10-, 15-, and 20-year amortization periods which were reviewed by the Committee during the May meeting. A decision by the Committee was postponed allowing for additional input from the CEO Budget and Finance team revolving around fiscal implications for the County and available funding options.

In response to this request, the Finance team expanded the timeframe of scenarios to include 25-, 30-, and 40-year amortization periods. Key points from the Finance team's analysis include census data, actuarial assumptions, and investment return rate (currently at 7%, set by the Committee in August 2023 to be consistent with the rate used by VCERA and the Supplemental Retirement Plan). The following recommendations for short-term and long-term funding strategies are being presented to the Committee for discussion and decision:

1. Short-term strategy: For Fiscal Year (FY) 2025 a pay-as-you-go (PAYGO) funding approach is recommended through support of a \$5 million allocation from the General fund to cover contributions. This strategy is recommended to continue through FY 2026 but have funding source switch from the General Fund to direct charges to departments.
2. Long-term strategy: Beginning in FY 2027, a reduction in retirement rates is anticipated. This leads to the recommendation to transition away from the PAYGO approach to a 15-year amortization schedule which would balance fiscal sustainability with a goal of accumulating sufficient assets for benefit longevity.

Through the use of the PAYGO method during the initial 3 years and transitioning to a 15-year amortization method, full funding of the Plan is expected within an 18-year timeline.

Action items before the committee:

1. Decide whether to approve the PAYGO funding methodology for FY 2025, utilizing General Fund resources for HRA benefit payments.

2. Decide whether to approve the PAYGO funding methodology for FY 2026, transitioning the funding source from the General Fund to departmental contributions.

3. Decide whether to approve a 15-year amortization schedule beginning in FY 2027 to ensure the long-term sustainability of the HRA Plan.

Mr. Tabin Cosio presented a motion to approve action items #1 and #2 and postpone action item #3 for a later decision after review from CEO Budget and Finance.

**A. Motion to receive and file Section 115 Trust Alternative Funding Scenarios #1 and #2 and Postpone Committee Decision for item #3.**

Motion made: 1. Mr. Cosio 2. Mr. Burgh

Vote: **Motion Carries**

Yes: Unanimous

No: N/A

Absent: N/A

Abstain: N/A

**6. 2025 Consumer Price Index Benefit Adjustment**

Ms. Dowdy reviewed the 2025 Annual Consumer Price Index (CPI) benefit increase details as it pertains to Plan specifics. This increase provides for an annual adjustment to the monthly benefit amount recipients receive for the HRA plan and the medical trust contribution for eligible VCPFA participants. This increase is based on changes to the CPI for the LA area over the 12 months preceding the new Plan year. This increase is limited to a maximum of 3%, as outlined in the Plan documents and agreed upon by the COV, its labor partners, and VCERA Board of Retirement.

Another area discussed was the inadvertent oversight of the CPI increase for Plan year 2024. Since the Plan was approved by the BOS in May 2023 along with all amendments to MOA's and Management resolution being adopted in the same year, the benefit amounts should have been adjusted for 2024 based on the CPI for 2023 and applied to the 2024 monthly amounts. This oversight was discovered after the meeting agenda had been produced and prior to the Committee meeting taking place. While the 2024 CPI increase item was not included as an agenda item for the current meeting, it is imperative that the adjustment be reviewed and approved as it directly effects the 2025 monthly contribution agenda item that is before the Committee today for review and approval. The CPI for 2024 stands at 2.8%.

Ms. Horgan began the discussion by verifying if the Committee can legally take action to approve the 2024 increase due to its absence from the posted agenda to the public and Brown Act requirements. Ms. Emily Gardner, County Counsel, confirmed that since the 2025 CPI Benefit Adjustment agenda item is broad enough, the Committee can act on the 2024 CPI adjustment since the 2025 adjustment is based on the 2024

monthly amounts being correct. Upon confirmation that the 2024 increase can be voted on by the Committee, Ms. Horgan inquired as to how the current participants will be notified of this oversight and correction. Ms. Dowdy informed the Committee that a letter is being drafted to be mailed out to all current participants.

Staff is requesting that the action item before the Committee be revised to reflect the following:

1. Amend the approval to include the CPI benefit adjustment of 2.8% for Plan year 2024 and the CPI benefit adjustment of 3.0% for Plan year 2025.
2. Approve the necessary retroactive adjustments to the 2024 HRA contributions made to current participants who received a payment in 2024.

**A. Motion to Approve the Retroactive Adjustments for 2024 and the Current 2025 Consumer Price Index Benefit Adjustment to the HRA Plan.**

Motion made: 1. Mr. Burgh 2. Mr. Powers

Vote: **Motion Carries**

Yes: Unanimous

No: N/A

Absent: N/A

Abstain: N/A

**Mr. Powers adjourned the meeting at 3:36 p.m.**

Respectfully submitted,



Andrew Gratt  
CEO-Benefits Personnel Analyst I