



Memorandum

TO: VEBA ADVISORY COMMITTEE

FROM: Eric Lemon
Finance Department

SUBJECT: SEE BELOW

DATE: March 02, 2021

Approved

Date 03/03/2021

SUBJECT: PLAN REPORT – SECOND QUARTER ACTIVITY FOR FISCAL YEAR 2020-2021

RECOMMENDATION

Approve the Voluntary Employees' Beneficiary Association ("VEBA") Plan Report for the second quarter of Fiscal Year 2020-2021.

OUTCOME

Provide the VEBA Advisory Committee with financial information and statistical data on the VEBA Plan ("Plan").

BACKGROUND

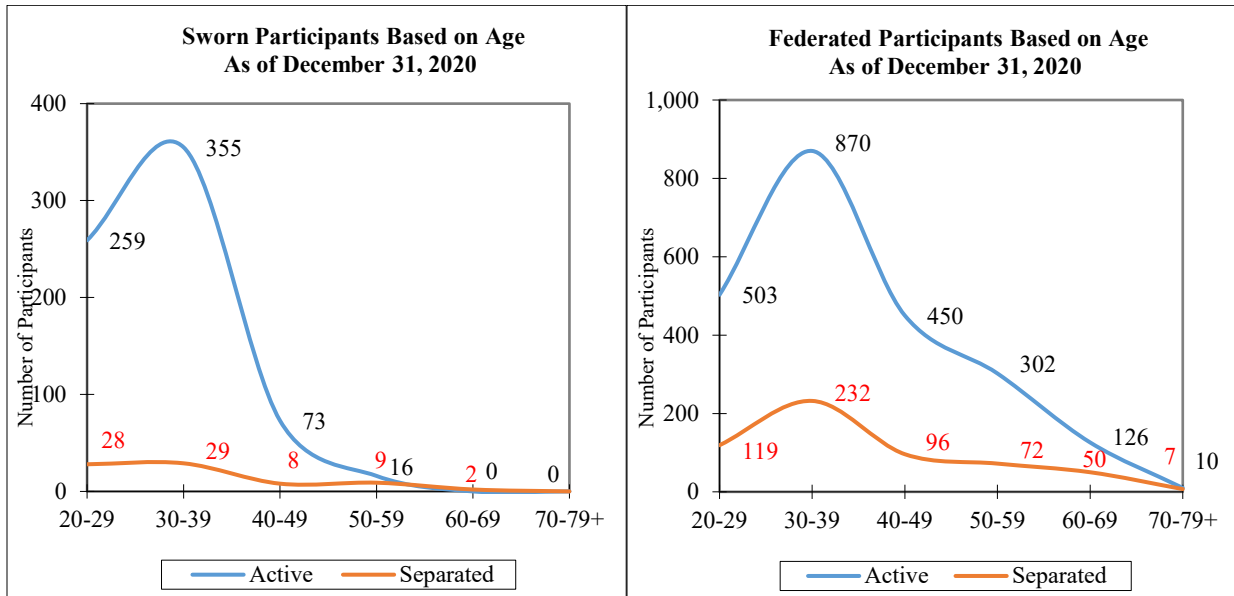
Each quarter, the Finance Department presents the following information to the VEBA Advisory Committee: employee participation in the Plan; financial data regarding the Plan assets held by VOYA Financial, Inc. ("Plan Provider"); and financial activities pertaining to the administrative fund.

ANALYSIS

This section of the report is divided into three sections: Plan Participation, Plan Assets, and Administrative Source and Use of Funds.

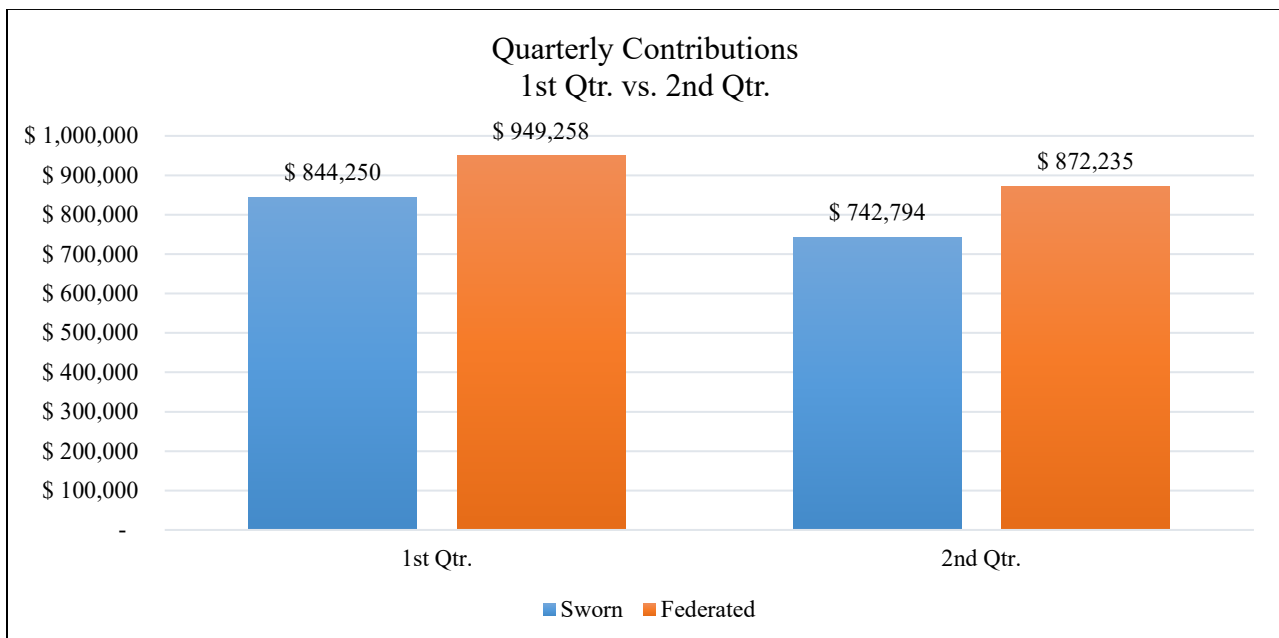
I. Plan Participation

Employee Plan Participation by Age – As of December 31, 2020, VEBA Plan had a total of 703 active and 76 separated employees in Sworn, and 2,261 active and 576 separated employees in Federated. The majority of active Sworn employees at 50 percent are within 30-39 age range and Federated employees at 38 percent (Exhibit F).



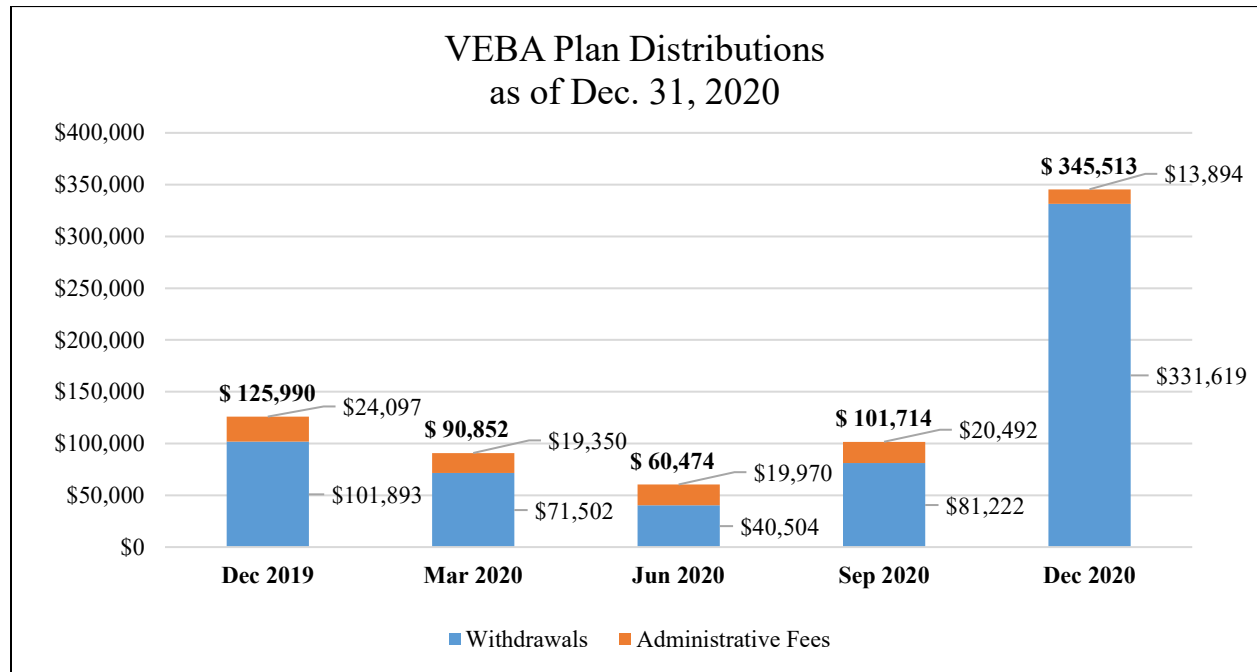
Contribution – Total contributions through salary deductions decreased during the quarter ended December 31, 2020 by \$101,456 (12.0 percent) to \$742,794 for Sworn employees and by \$77,023 (8.1 percent) to \$872,235 for Federated employees when compared to the amounts reported for the quarter ended September 30, 2020. The variances between the quarters are mainly due to six (6) pay periods reported as compared to seven (7) pay periods from the previous quarter.

The average employee contribution for the quarter ended December 31, 2020 was \$1,057 for Sworn employees and \$386 for Federated employees.

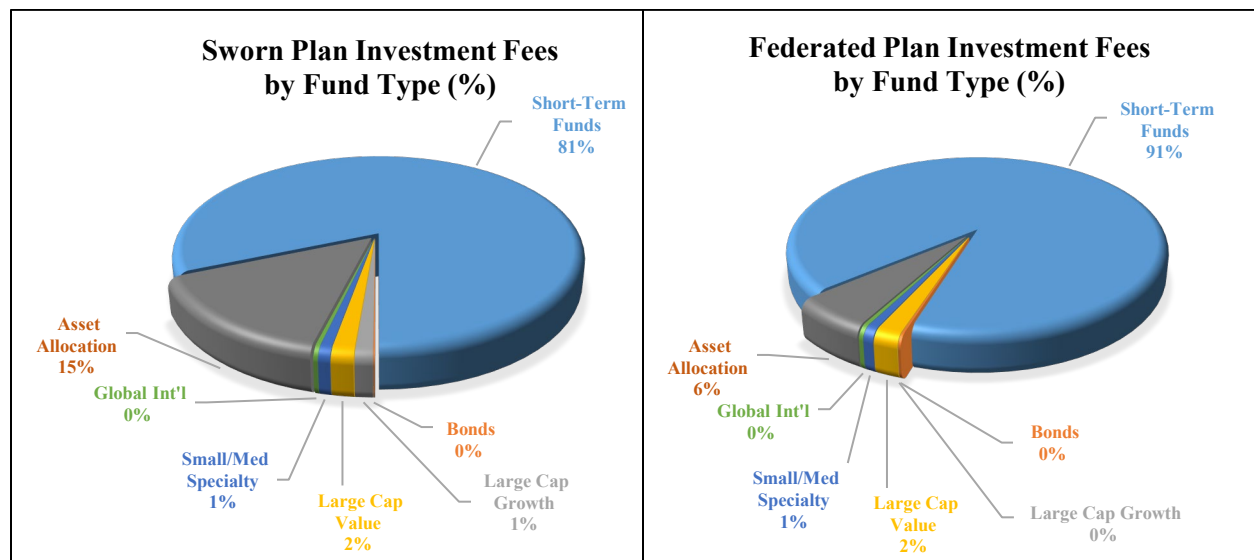


II. Plan Assets

Distributions – As of December 31, 2020, the total distributions of \$345,513 were the result of \$331,619 (96.0 percent) of withdrawals, and fees of \$13,894 (4.0 percent) for both Sworn and Federated employees.



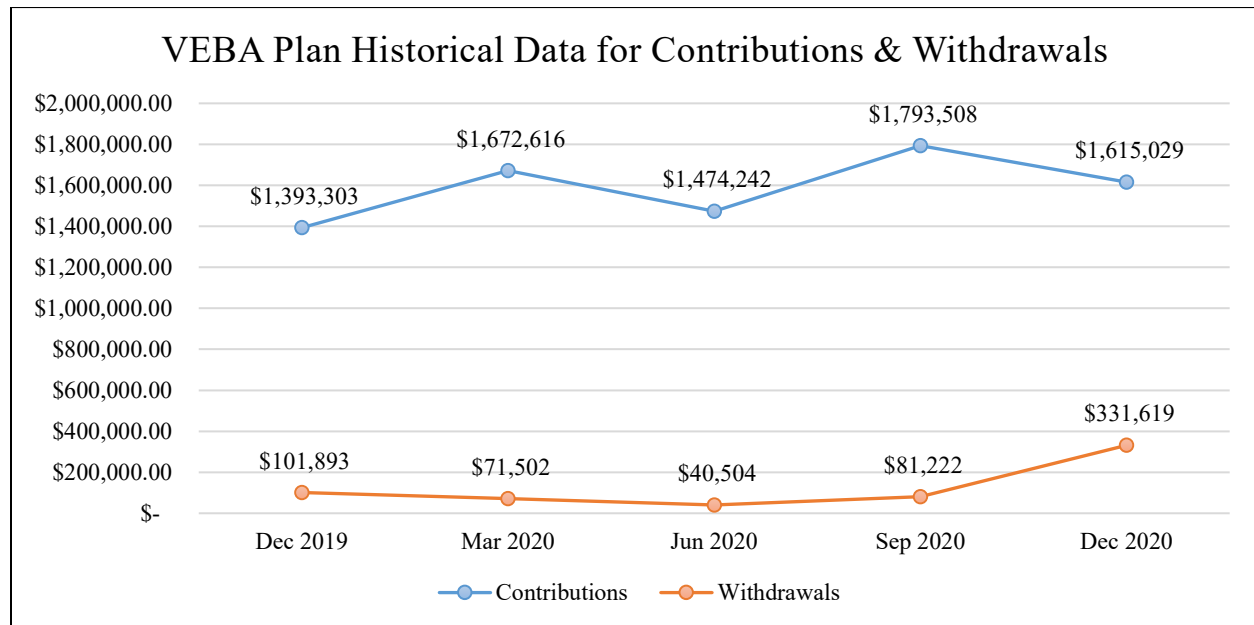
Investments Fees – As of December 31, 2020, the majority of the fees incurred in both plans were derived from short-term funds. In Sworn employees, 81.4 percent of total investment fees derived from that investment category while in Federated is 90.5 percent. Below is a summary of the fees in each investment categories. Please see Exhibit H for details.



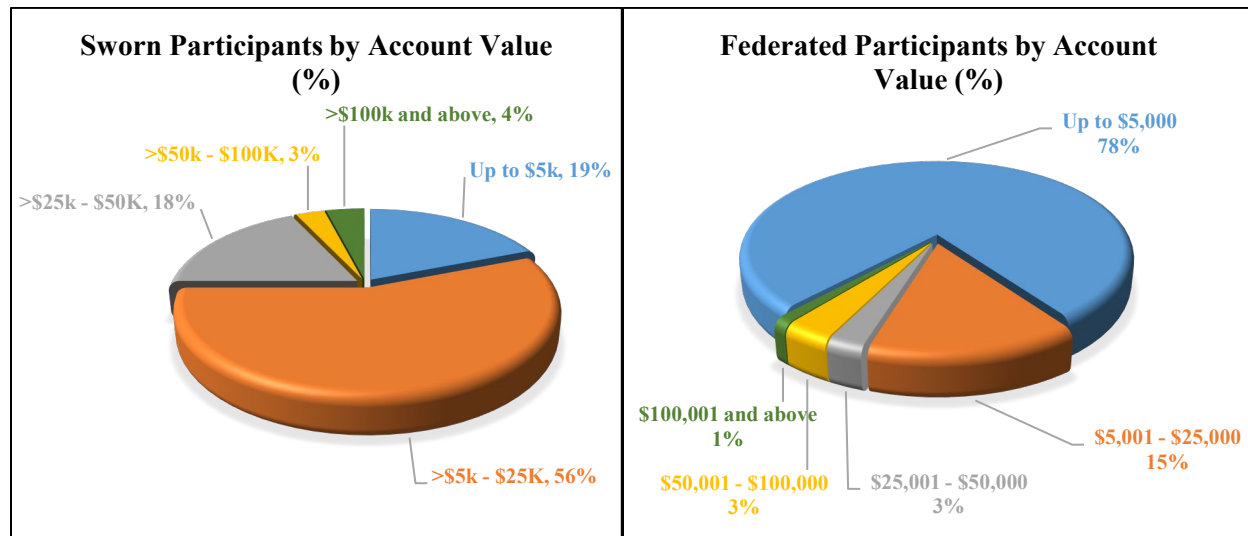
Investments Earnings/(Losses) - Total investment gains for the current quarter were \$757,291 and \$679,267 for Sworn and Federated employees respectively, an increase of \$400,453 and \$345,613 when compared to the investment gains reported for the quarter ended September 30, 2020. This is primarily due to favorable market conditions. Please see Exhibit C for details. The table below shows historical data of earnings of the VEBA plan for the last 5 quarters.

VEBA Plan Historical Data - Earnings					
	Sworn		Federated		Total
Oct 2019 - Dec 2019	\$	253,674	\$	249,209	\$ 502,883
Jan 2020 - Mar 2020	\$	(773,005)	\$	(694,443)	\$ (1,467,448)
Apr 2020 - Jun 2020	\$	712,617	\$	662,557	\$ 1,375,174
Jul 2020 - Sep 2020	\$	356,838	\$	333,654	\$ 690,492
Oct 2020 - Dec 2020	\$	757,291	\$	679,267	\$ 1,436,558

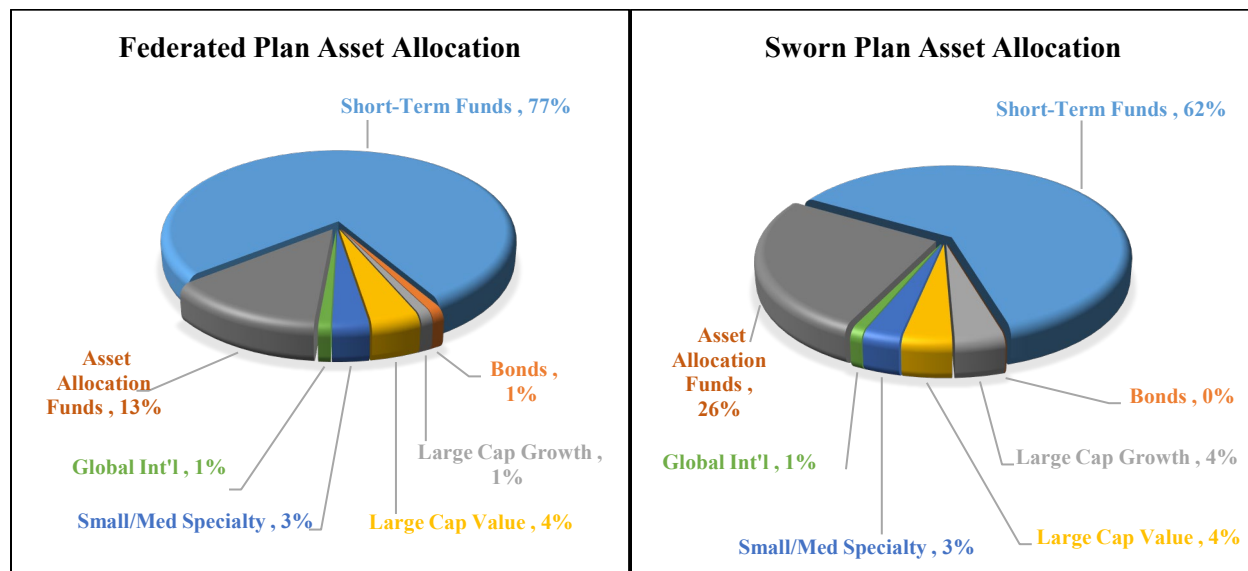
The following chart shows VEBA Plan Historical Data for contributions and withdrawals over the last 5 quarters. For December 31, 2020 quarter, contributions and withdrawals were \$1.62 million and \$0.33 million (Exhibit D).



Participant Account Balances – As of December 31, 2020, 19 percent of the accounts for Sworn and 78 percent for Federated had balances below \$5,000, 56 percent of the accounts for Sworn and 15 percent for Federated had balances between \$5,001 and \$25,000, 18 percent for Sworn and 3 percent for Federated had balances between \$25,001 and \$50,000, and 7 percent of the accounts for Sworn and 4 percent for Federated had balances above \$50,001 in the VEBA Plan. Please see Exhibit F for details.



Fund Class Changes and Asset Allocation – As of December 31, 2020, most of the cash in both plans is invested in short-term funds resulting in 62 percent for Sworn employees and 77 percent for Federated employees. Below is a summary of the fund asset allocation. Please see Exhibit E for details.



III. Administrative Source and Use of Funds – As of December 31, 2020, the actual revenues in the fund were over the quarterly budget at 60.6 percent due to the higher than expected cost reimbursement from the Plan Provider. The total expenditures that was incurred were under the quarterly budget at 42.7 percent mainly due to the lower personnel expenditures being charged in the fund.

VEBA Plan					
Source and Use of Administrative Reimbursement Funds					
Fiscal Year 2020-2021					
	1st Quarter (Jul-Sep)	2nd Quarter (Oct - Dec)	Total Fiscal Year	Projected Annual Budget	% of Budget
Surplus - Beginning	\$ 191,407	\$ 178,625	\$ 191,407		
Adjustment	-	-	-		
Surplus - Beginning, Adjusted	\$ 191,407	\$ 178,625	\$ 191,407		
Surplus - Beginning	\$ 191,407	\$ 178,625	\$ 191,407		
Revenues					
VOYA - Cost Reimb	\$ 30,589	\$ 31,101	\$ 61,690	\$ 100,000	61.7%
Interest Earnings	-	2,351	2,351	5,763	40.8%
Total Revenues	\$ 30,589	\$ 33,452	\$ 64,041	\$ 105,763	60.6%
Expenditures					
Personnel	\$ 21,043	20,366	\$ 41,409	\$ 109,452	37.8%
Non-Personnel	22,328	1,574	23,902	43,354	55.1%
Total Expenditures	\$ 43,371	\$ 21,940	\$ 65,311	\$ 152,806	42.7%
Surplus - Net Change	\$ (12,782)	\$ 11,512	\$ (1,270)		
Ending Surplus - Reserved	\$ 93,202	\$ 93,202	\$ 93,202		
Ending Surplus - Unreserved	85,423	96,935	96,935		
Ending Surplus - Total	\$ 178,625	\$ 190,137	\$ 190,137		

Consistent with prior quarterly reports, attached are the graphs and schedules outlining plan activities, participation, and performance.

WSP

josiveras

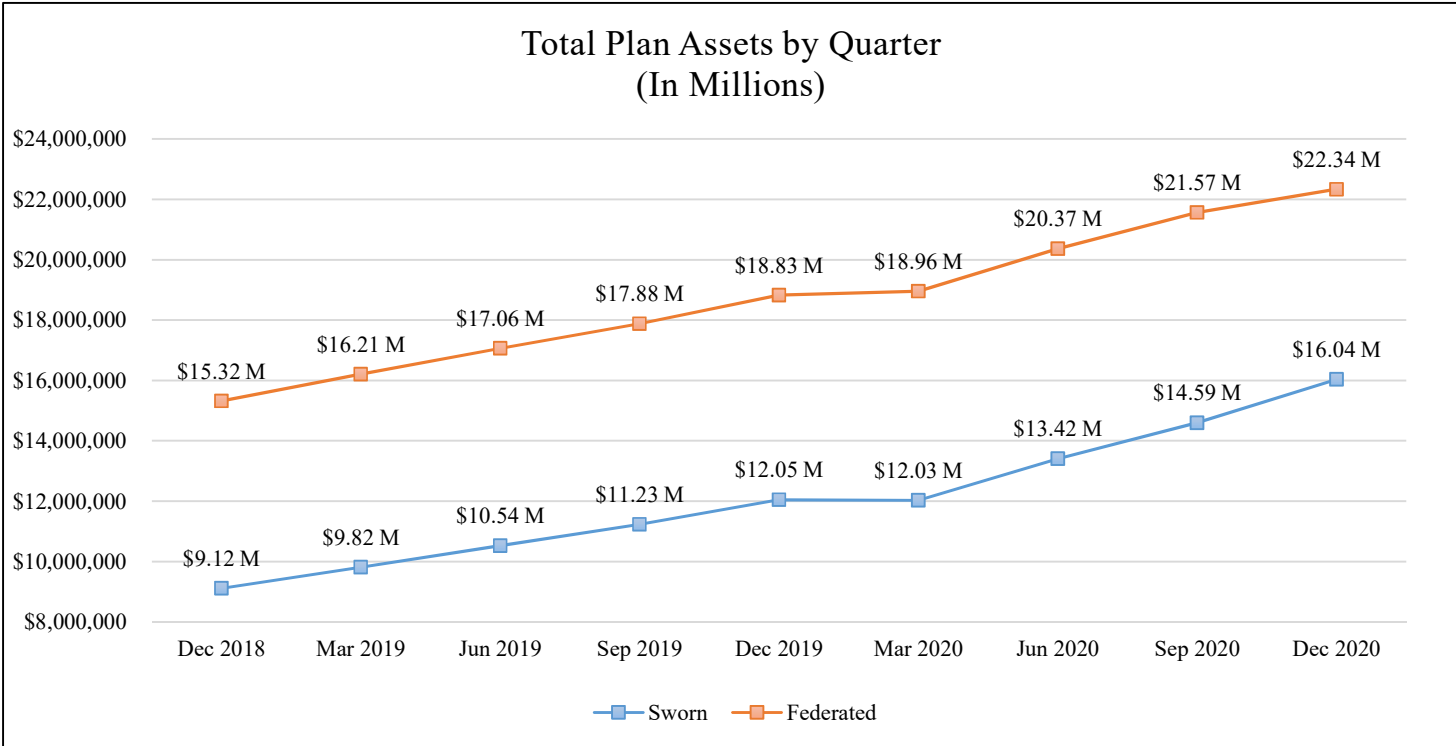
Prepared by: William Phan
Accountant

Reviewed by: Jovilita Oliveras
Senior Accountant

**VEBA Plan
Average Contribution
Fiscal Year 2020-2021**

	1st Quarter (Jul-Sept)		2nd Quarter (Oct-Dec)		Change from 1st Qtr to 2nd Qtr Increase (Decrease)	
	<u>Sworn</u>	<u>Federated</u>	<u>Sworn</u>	<u>Federated</u>	<u>Sworn</u>	<u>Federated</u>
Employee Contributions	\$ 844,250	\$ 949,258	\$ 742,794	\$ 872,235	\$ (101,456)	\$ (77,023)
Number of Participants*	702	2,170	703	2,261	1	91
Average contribution per employee	\$ 1,203	\$ 437	\$ 1,057	\$ 386	\$ (146)	\$ (51)

* The number of participants only pertains to current active employees



<u>Quarter Ending</u>	<u>QUARTER ENDED</u> <u>Total Plan Assets</u>		<u>Percentage Change from</u>	
	<u>Sworn</u>	<u>Federated</u>		
Dec 2018	\$ 9,116,688	\$ 15,319,974		
Mar 2019	\$ 9,818,439	\$ 16,209,311	7.70%	5.81%
Jun 2019	\$ 10,535,089	\$ 17,061,177	7.30%	5.26%
Sep 2019	\$ 11,230,719	\$ 17,877,869	6.60%	4.79%
Dec 2019	\$ 12,052,831	\$ 18,825,953	7.32%	5.30%
Mar 2020	\$ 12,033,810	\$ 18,959,291	-0.16%	0.71%
Jun 2020	\$ 13,415,638	\$ 20,366,406	11.48%	7.42%
Sep 2020	\$ 14,594,046	\$ 21,570,284	8.78%	5.91%
Dec 2020	\$ 16,040,447	\$ 22,337,224	9.91%	3.56%

VEBA Plan
Statement of Changes in Assets
Fiscal Year 2020-2021

	1st Quarter (Jul-Sep)		2nd Quarter (Oct-Dec)		Fiscal Year to Date		Change from 1st Qtr to 2nd Qtr Increase (Decrease)	
	<u>Sworn</u>	<u>Federated</u>	<u>Sworn</u>	<u>Federated</u>	<u>Sworn</u>	<u>Federated</u>	<u>Sworn</u>	<u>Federated</u>
Beginning Balance	\$ 13,415,638	\$ 20,366,406	\$ 14,594,046	\$ 21,570,284	\$ 13,415,638	\$ 20,366,406	\$ 1,178,408	\$ 1,203,878
Add:								
Payroll Contributions	\$ 844,250	\$ 949,258	\$ 742,794	\$ 872,235	\$ 1,587,044	\$ 1,821,493	\$ (101,456)	\$ (77,023)
Deduct:								
Withdrawals	\$ (18,122)	\$ (63,100)	\$ (50,594)	\$ (281,025)	\$ (68,716)	\$ (344,125)	\$ (32,472)	\$ (217,925)
Administrative Fees	\$ (4,558)	\$ (15,934)	\$ (3,090)	\$ (10,804)	\$ (7,648)	\$ (26,738)	\$ 1,468	\$ 5,130
Investment Transfer (1)	\$ -	\$ -	\$ -	\$ (492,733)	\$ -	\$ (492,733)	\$ -	\$ (492,733)
Earnings (Loss):								
VEBA Investments	\$ 356,838	\$ 333,654	\$ 757,291	\$ 679,267	\$ 1,114,129	\$ 1,012,921	\$ 400,453	\$ 345,613
Ending Balance	<u>\$ 14,594,046</u>	<u>\$ 21,570,284</u>	<u>\$ 16,040,447</u>	<u>\$ 22,337,224</u>	<u>\$ 16,040,447</u>	<u>\$ 22,337,224</u>	<u>\$ 1,446,401</u>	<u>\$ 766,940</u>

Note: (1) due to issues with Schwab Retirement Technologies (aka Investment System)

VEBA Plan
Historical Data (Sworn & Federated)
Fiscal Year 2019-2020 through Fiscal Year 2020-2021

	Payroll Contributions	Other Contributions /Roll-ins	Withdrawals	Administrative Fees	Investment Earnings
FY 2019-2020					
1st Qtr	\$ 1,499,846	\$ -	\$ (59,039)	\$ (11,362)	\$ 82,878
2nd Qtr	\$ 1,393,303	\$ -	\$ (101,893)	\$ (24,097)	\$ 502,883
3rd Qtr	\$ 1,672,616	\$ -	\$ (71,502)	\$ (19,350)	\$ (1,467,448)
4th Qtr	\$ 1,474,242	\$ -	\$ (40,504)	\$ (19,970)	\$ 1,375,174
Total	\$ 6,040,007	\$ -	\$ (272,938)	\$ (74,779)	\$ 493,487
FY 2020-2021					
1st Qtr	\$ 1,793,508	\$ -	\$ (81,222)	\$ (20,492)	\$ 690,492
2nd Qtr	\$ 1,615,029	\$ -	\$ (331,619)	\$ (13,894)	\$ 1,436,558
3rd Qtr	\$ -	\$ -	\$ -	\$ -	\$ -
4th Qtr	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 3,408,537	\$ -	\$ (412,841)	\$ (34,386)	\$ 2,127,050

**VEBA Plan
Investment Detail
as of December 31, 2020**

Fund	Balance as of 12/31/2020		Investment (%) as of 12/31/2020	
	Sworn	Federated	Sworn	Federated
Voya Fixed Account	\$ 9,818,037	\$ 17,085,045	61.21%	76.49%
Voya Holding Account	\$ 125,035	\$ 146,176	0.78%	0.65%
Short-Term Funds	\$ 9,943,072	\$ 17,231,221	61.99%	77.14%
Loomis Sayles Core Plus Bond	\$ 28,751	\$ 236,396	0.18%	1.06%
Bond Funds	\$ 28,751	\$ 236,396	0.18%	1.06%
T. Rowe Price Large-Cap Growth	\$ 669,039	\$ 310,303	4.17%	1.39%
Large Cap Growth	\$ 669,039	\$ 310,303	4.17%	1.39%
Vanguard FTSE Social Index Fun	\$ 15,194	\$ 43,955	0.09%	0.20%
Vanguard Institutional Index	\$ 394,541	\$ 691,522	2.46%	3.10%
Parnassus Core Equity	\$ -	\$ -	0.00%	0.00%
Vanguard Equity Income	\$ 194,369	\$ 190,527	1.21%	0.85%
Large Cap Value	\$ 604,104	\$ 926,004	3.76%	4.15%
VY Clarion Real Estate Portfolio	\$ -	\$ -	0.00%	0.00%
Vanguard Small Cap Index	\$ 62,393	\$ 120,178	0.39%	0.54%
Vanguard Mid Cap Index	\$ 154,064	\$ 254,277	0.96%	1.14%
Janus Henderson Small Cap Value	\$ 42,258	\$ 23,921	0.26%	0.11%
Hood River Small Cap Growth	\$ 4,033	\$ 75,237	0.03%	0.34%
MFS Mid Cap Value Fund	\$ 9,167	\$ 46,361	0.06%	0.21%
Janus Henderson Enterprise	\$ 150,503	\$ 77,253	0.94%	0.35%
Small/Med Specialty	\$ 422,418	\$ 597,227	2.64%	2.69%

Continued

Vanguard Total Intl Stock Market Index	\$	39,477	\$	158,249		0.25%	0.71%
American Funds Europacific	\$	113,240	\$	56,581		0.71%	0.25%
Global Int'l	\$	152,717	\$	214,830		0.96%	0.96%
Vanguard Target Retirement 2015	\$	-	\$	15,540		0.00%	0.07%
Vanguard Target Retirement 2020	\$	110,294	\$	109,127		0.69%	0.49%
Vanguard Target Retirement 2025	\$	803,090	\$	952,544		5.01%	4.26%
Vanguard Target Retirement 2030	\$	204,730	\$	283,965		1.28%	1.27%
Vanguard Target Retirement 2035	\$	435,384	\$	336,352		2.71%	1.51%
Vanguard Target Retirement 2040	\$	1,232,716	\$	246,976		7.69%	1.11%
Vanguard Target Retirement 2045	\$	417,613	\$	215,581		2.60%	0.97%
Vanguard Target Retirement 2050	\$	448,707	\$	231,057		2.80%	1.03%
Vanguard Target Retirement 2055	\$	327,344	\$	218,606		2.04%	0.98%
Vanguard Target Retirement 2060	\$	31,154	\$	23,900		0.19%	0.11%
Vanguard Target Retirement 2065	\$	2,005	\$	15,761		0.01%	0.07%
Vanguard Target Retirement Income	\$	207,309	\$	171,834		1.29%	0.77%
Vanguard Total Retirement Inc	\$	-	\$	-		0.00%	0.00%
Asset Allocation Funds	\$	4,220,346	\$	2,821,243		26.31%	12.64%
Total VEBA Plan investments		\$16,040,447		\$22,337,224		100%	100%

Concluded

**VEBA Plan
Account Value and Participant Profile
as of December 31, 2020**

By Account Value*			By Age				
	Sworn	Federated		Sworn		Federated	
				Active	Separated	Active	Separated
Up to \$5,000	137	1,766	20 - 29	259	28	503	119
\$5,001 - \$25,000	392	334	30 - 39	355	29	870	232
\$25,001 - \$50,000	124	58	40 - 49	73	8	450	96
\$50,001 - \$100,000	24	78	50 - 59	16	9	302	72
\$100,001 and above	26	25	60 - 69	0	2	126	50
			70 - 80+	0	0	10	7
Total Accounts	703	2,261	Total	703	76	2,261	576

* The number of accounts by Account Value only pertains to current Active employees.

VEBA Plan
Source and Use of Administrative Reimbursement Funds
Fiscal Year 2020-2021

	1st Quarter (Jul-Sep)	2nd Quarter (Oct - Dec)	Total Fiscal Year	Projected Annual Budget	% of Budget
Surplus - Beginning	\$ 191,407	\$ 178,625	\$ 191,407		
Adjustment	-	-	-		
Surplus - Beginning, Adjusted	<u>\$ 191,407</u>	<u>\$ 178,625</u>	<u>\$ 191,407</u>		
Surplus - Beginning	\$ 191,407	\$ 178,625	\$ 191,407		
Revenues					
VOYA - Cost Reimb	\$ 30,589	\$ 31,101	\$ 61,690	\$ 100,000	61.7%
Interest Earnings	-	2,351	2,351	5,763	40.8%
Total Revenues	<u>\$ 30,589</u>	<u>\$ 33,452</u>	<u>\$ 64,041</u>	<u>\$ 105,763</u>	60.6%
Expenditures					
Personnel	\$ 21,043	20,366	\$ 41,409	\$ 109,452	37.8%
Non-Personnel	22,328	1,574	23,902	43,354	55.1%
Total Expenditures	<u>\$ 43,371</u>	<u>\$ 21,940</u>	<u>\$ 65,311</u>	<u>\$ 152,806</u>	42.7%
Surplus - Net Change	<u>\$ (12,782)</u>	<u>\$ 11,512</u>	<u>\$ (1,270)</u>		
Ending Surplus - Reserved	\$ 93,202	\$ 93,202	\$ 93,202		
Ending Surplus - Unreserved	85,423	96,935	96,935		
Ending Surplus - Total	<u>\$ 178,625</u>	<u>\$ 190,137</u>	<u>\$ 190,137</u>		

VEBA Plan
Administrative Fees Detail
as of December 31, 2020

Fund	Fees as of 12/31/2020				Investment Fee (%) as of 12/31/2020	
	Sworn		Federated		Sworn	Federated
	Recordkeeping	Shareholder	Recordkeeping	Shareholder		
Voya Fixed Account	\$ 2,518.00	\$ -	\$ 9,761.00	\$ -	81.4%	90.4%
Voya Holding Account	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
Vanguard Federal Money Market	\$ 1.00	\$ -	\$ 13.00	\$ -	0.0%	0.1%
Short-Term Funds	\$ 2,519.00	\$ -	\$ 9,774.00	\$ -	81.4%	90.5%
Templeton Global Bond	\$ -	\$ -	\$ 2.00	\$ -	0.0%	0.0%
BlackRock Inflation-Protected Bond	\$ 1.00	\$ -	\$ 6.00	\$ -	0.0%	0.1%
Loomis Sayles Core Plus Bond	\$ 3.00	\$ -	\$ 12.00	\$ -	0.1%	0.1%
Bond Funds	\$ 4.00	\$ -	\$ 20.00	\$ -	0.1%	0.2%
American Funds Growth	\$ 24.00	\$ -	\$ 35.00	\$ -	0.8%	0.3%
Fidelity Adv New Insights	\$ 12.00	\$ -	\$ 21.00	\$ -	0.4%	0.1%
Large Cap Growth	\$ 36.00	\$ -	\$ 56.00	\$ -	1.2%	0.5%
AMG Yacktman	\$ 3.00	\$ -	\$ 7.00	\$ -	0.1%	0.0%
Vanguard Total Stock Market Index	\$ 31.00	\$ -	\$ 137.00	\$ -	1.0%	1.3%
Vanguard Institutional Index	\$ 5.00	\$ -	\$ 42.00	\$ -	0.2%	0.4%
Parnassus Core Equity	\$ 1.00	\$ -	\$ 6.00	\$ -	0.0%	0.0%
Vanguard Equity Income	\$ 5.00	\$ -	\$ 7.00	\$ -	0.2%	0.1%
Large Cap Value	\$ 45.00	\$ -	\$ 199.00	\$ -	1.5%	1.8%
VY Clarion Real Estate Portfolio	\$ 2.00	\$ -	\$ 7.00	\$ -	0.1%	0.0%
Vanguard Small Cap Index	\$ 3.00	\$ -	\$ 22.00	\$ -	0.1%	0.2%
Vanguard Mid Cap Index	\$ 2.00	\$ -	\$ 20.00	\$ -	0.1%	0.2%
Janus Henderson Small Cap Value	\$ 2.00	\$ -	\$ 2.00	\$ -	0.1%	0.0%
JP Morgan Mid Cap Value	\$ 1.00	\$ -	\$ 5.00	\$ -	0.0%	0.1%
Emerald Growth	\$ -	\$ -	\$ 13.00	\$ -	0.0%	0.1%
Janus Henderson Enterprise	\$ 15.00	\$ -	\$ 16.00	\$ -	0.5%	0.2%
Small/Med Specialty	\$ 25.00	\$ -	\$ 85.00	\$ -	0.8%	0.8%

Continued

	Fees as of 12/31/2020				Investment Fee (%) as of 12/31/2020			
	Continued							
Vanguard Total Intl Stock Market Index	\$ 3.00	\$ -	\$ 24.00	\$ -	0.1%	0.2%		
American Funds Europacific	\$ 2.00	\$ -	\$ 3.00	\$ -	0.0%	0.0%		
Oppenheimer Developing Markets	\$ 5.00	\$ -	\$ 9.00	\$ -	0.2%	0.1%		
DFA International Small Company	\$ -	\$ -	\$ 1.00	\$ -	0.0%	0.0%		
Global Int'l	\$ 10.00	\$ -	\$ 37.00	\$ -	0.3%	0.3%		
Moderate Custom Lifestyle	\$ 37.00	\$ -	\$ 64.00	\$ -	1.3%	0.7%		
Aggressive Custom Lifestyle	\$ 72.00	\$ -	\$ 85.00	\$ -	2.3%	0.8%		
Conservative Custom Lifestyle	\$ 6.00	\$ -	\$ 24.00	\$ -	0.2%	0.2%		
Vanguard Target Retirement 2015	\$ -	\$ -	\$ 3.00	\$ -	0.0%	0.0%		
Vanguard Target Retirement 2020	\$ 3.00	\$ -	\$ 11.00	\$ -	0.1%	0.1%		
Vanguard Target Retirement 2025	\$ 1.00	\$ -	\$ 25.00	\$ -	0.0%	0.2%		
Vanguard Target Retirement 2030	\$ 6.00	\$ -	\$ 15.00	\$ -	0.2%	0.1%		
Vanguard Target Retirement 2035	\$ 37.00	\$ -	\$ 41.00	\$ -	1.2%	0.4%		
Vanguard Target Retirement 2040	\$ 31.00	\$ -	\$ 30.00	\$ -	1.0%	0.3%		
Vanguard Target Retirement 2045	\$ 73.00	\$ -	\$ 84.00	\$ -	2.4%	0.8%		
Vanguard Target Retirement 2050	\$ 97.00	\$ -	\$ 114.00	\$ -	3.1%	1.1%		
Vanguard Target Retirement 2055	\$ 74.00	\$ -	\$ 100.00	\$ -	2.4%	0.9%		
Vanguard Target Retirement 2060	\$ 13.00	\$ -	\$ 26.00	\$ -	0.4%	0.2%		
Vanguard Target Retirement 2065	\$ 1.00	\$ -	\$ 11.00	\$ -	0.0%	0.1%		
Vanguard Total Retirement Inc	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%		
Asset Allocation Funds	\$ 451.00	\$ -	\$ 633.00	\$ -	14.6%	5.9%		
Total VEBA Plan administrative fees	\$3,090.00	\$-	\$10,804.00	\$ -	100.0%	100.0%		
	Concluded							