



Memorandum

TO: VEBA ADVISORY COMMITTEE

FROM: Eric Lemon
Finance Department

SUBJECT: SEE BELOW

DATE: November 30, 2021

Approved *Rick Brunson*

Date 11/30/2021

**SUBJECT: PLAN REPORT – FIRST QUARTER ACTIVITY FOR FISCAL YEAR
2021-2022**

RECOMMENDATION

Approve the Voluntary Employees' Beneficiary Association ("VEBA") Plan Report for the first quarter of Fiscal Year 2021-2022.

OUTCOME

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

BACKGROUND

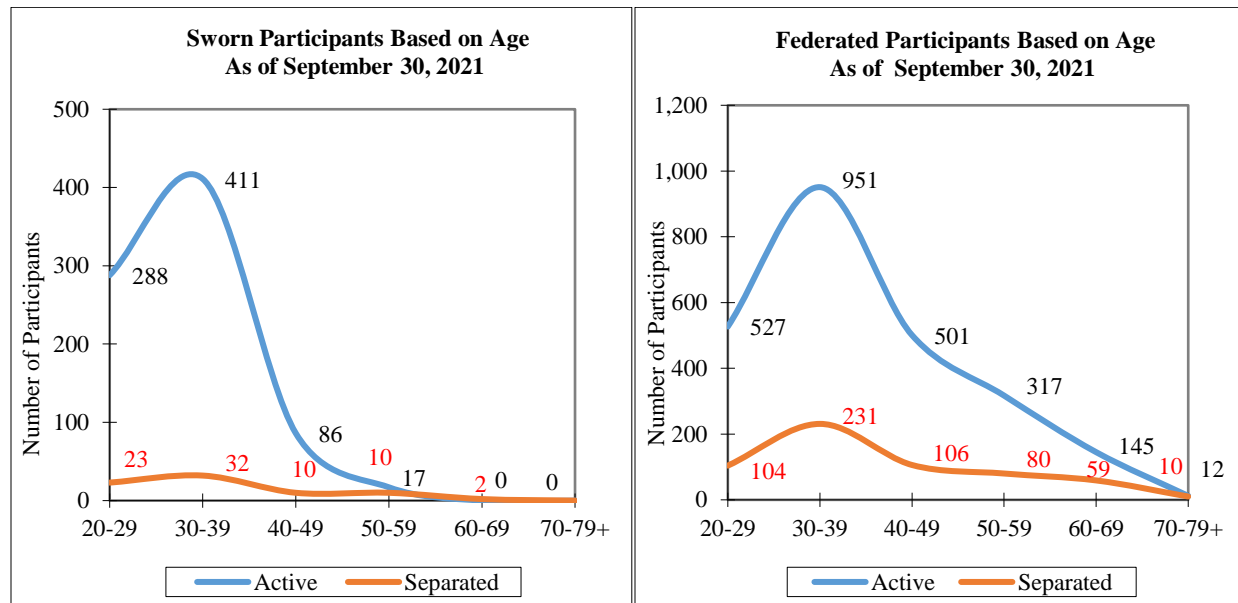
Each quarter, the Finance Department presents the following information to the VEBA Advisory Committee: employee participation in the Plan; financial data regarding the Plan assets held by VOYA Financial, Inc. ("Plan Provider"); and financial activities pertaining to the administrative fund.

ANALYSIS

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

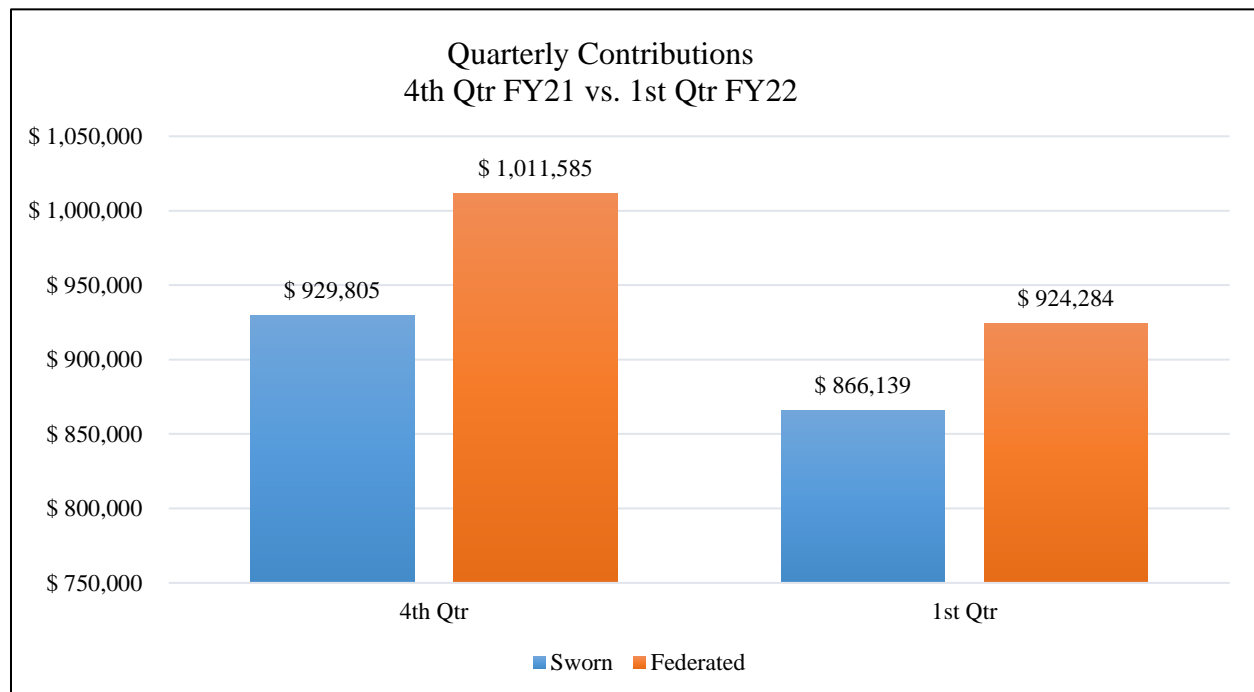
I. Plan Participation

Employee Plan Participation by Age – As of September 30, 2021, VEBA Plan had a total of 802 active and 77 separated employees in Sworn, and 2,453 active and 590 separated employees in Federated. The majority of active Sworn and Federated employees are within the 30-39 age range with roughly 51 percent Sworn and 39 percent Federated employees within the range (Exhibit F).



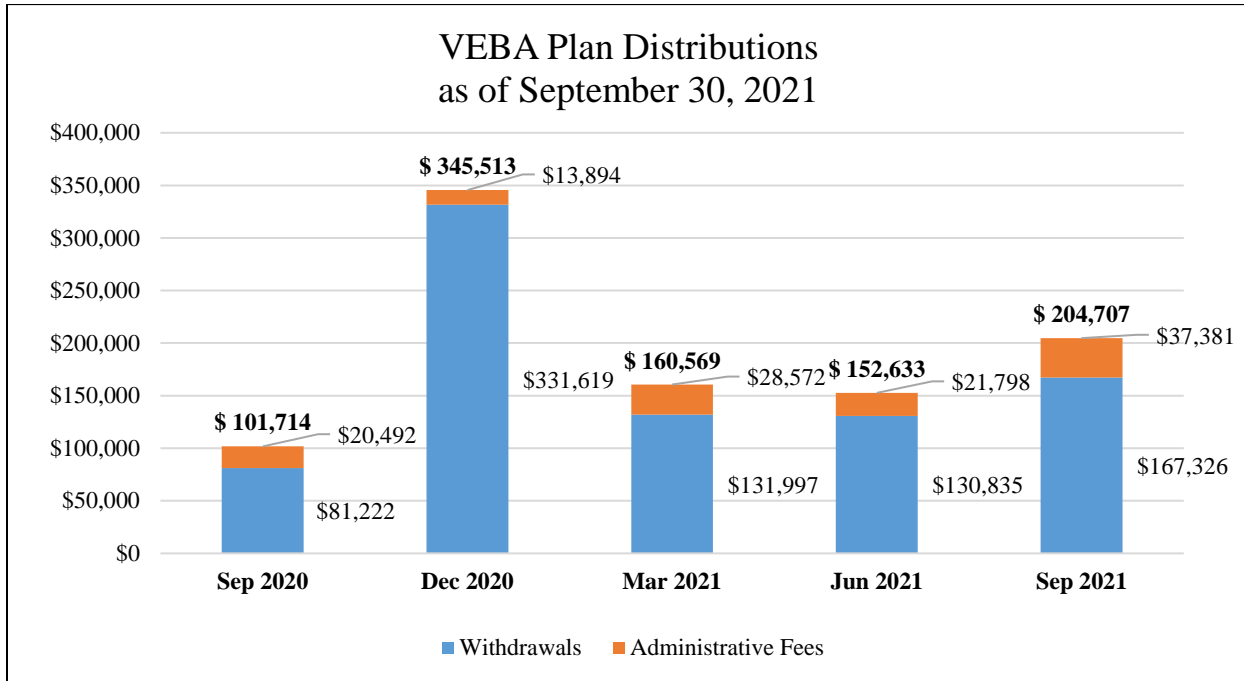
Contribution – Total contributions through salary deductions decreased during the quarter ended September 30, 2021 by \$63,666 (6.8 percent) to \$866,139 for Sworn employees and decreased by \$87,301 (8.6 percent) to \$924,284 for Federated employees when compared to the amounts reported for the quarter ended June 30, 2021. The decrease was primarily due to six (6) pay periods as compared to seven (7) pay periods from the previous quarter.

The average employee contribution for the quarter ended September 30, 2021 was \$1,080 for Sworn employees and \$377 for Federated employees.

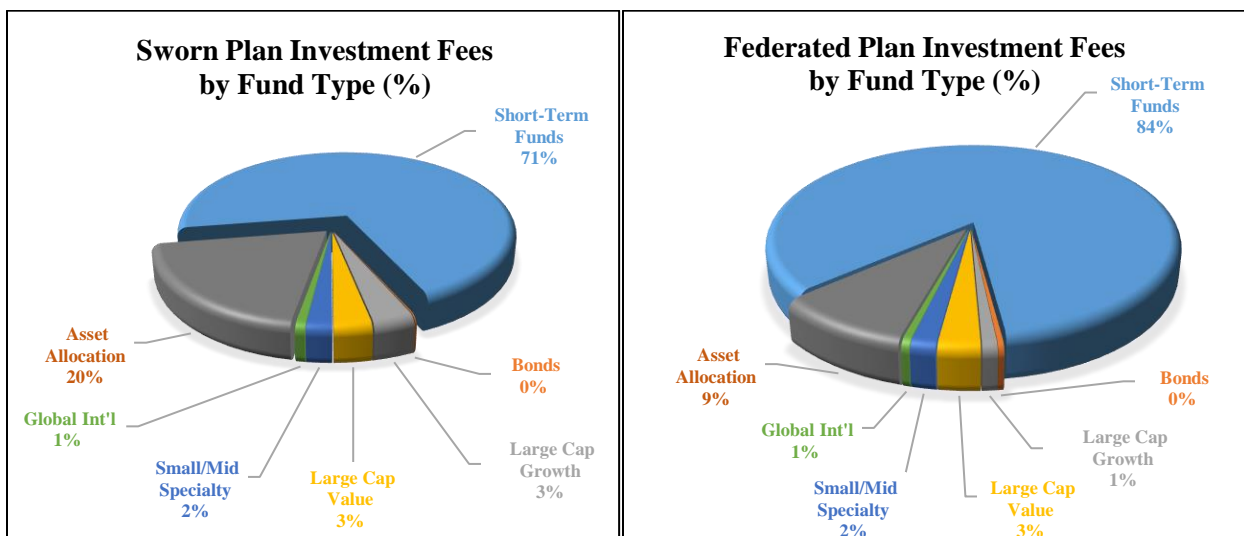


II. Plan Assets

Distributions – As of September 30, 2021, the total distributions of \$204,707 were the result of \$167,326 (81.7 percent) of withdrawals, and fees of \$37,381 (18.3 percent) for both Sworn and Federated employees.



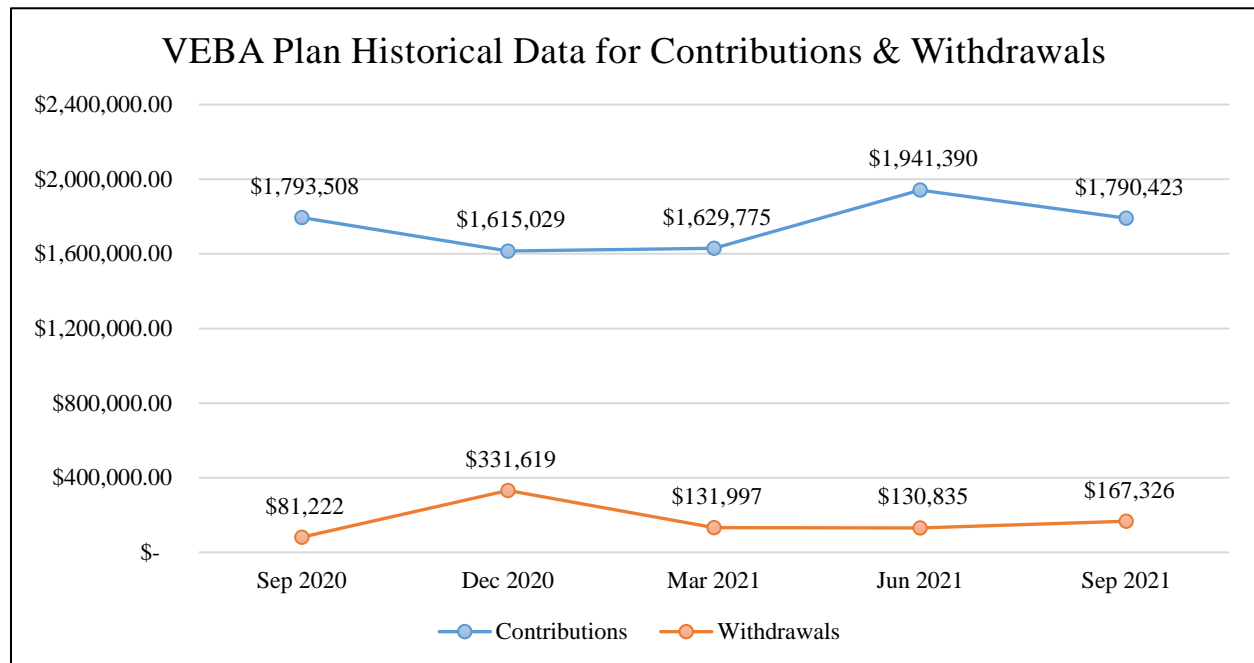
Investments Fees – As of September 30, 2021, the majority of the fees incurred in both plans were derived from short-term funds. In Sworn employees, 71 percent of total investment fees derived from that investment category while short-term funds made up 84 percent for Federated employees. Below is a summary of the fees in each investment categories. Please see Exhibit H for details.



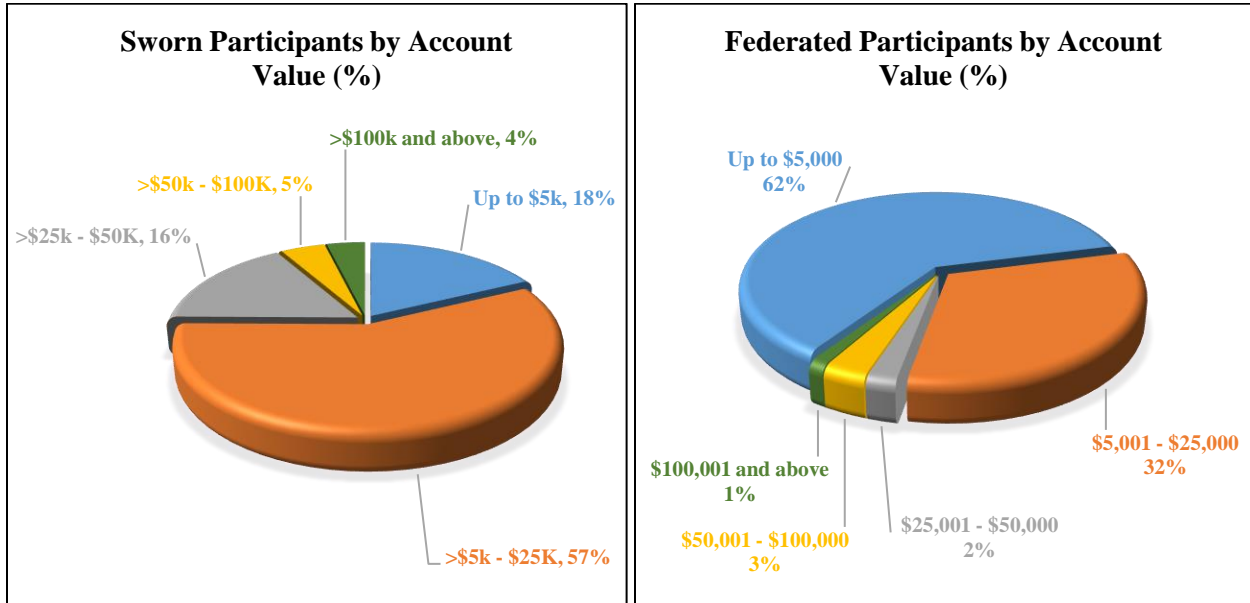
Investments Earnings/(Losses) – For the first quarter of Fiscal Year 2021 - 2022, investment losses for Sworn employees were \$25,805 and investment gains for Federated employees were \$4,929. Please see Exhibit C for details. The table below shows historical data of earnings of the VEBA plan for the last 5 quarters.

VEBA Plan Historical Data - Earnings			
	Sworn	Federated	Total
Jul 2020 - Sep 2020	\$ 356,838	\$ 333,654	\$ 690,492
Oct 2020 - Dec 2020	\$ 757,291	\$ 679,267	\$ 1,436,558
Jan 2021 - Mar 2021	\$ 274,105	\$ 278,761	\$ 552,866
Apr 2021 - Jun 2021	\$ 481,449	\$ 437,266	\$ 918,715
Jul 2021 - Sep 2021	\$ (25,805)	\$ 4,929	\$ (20,876)

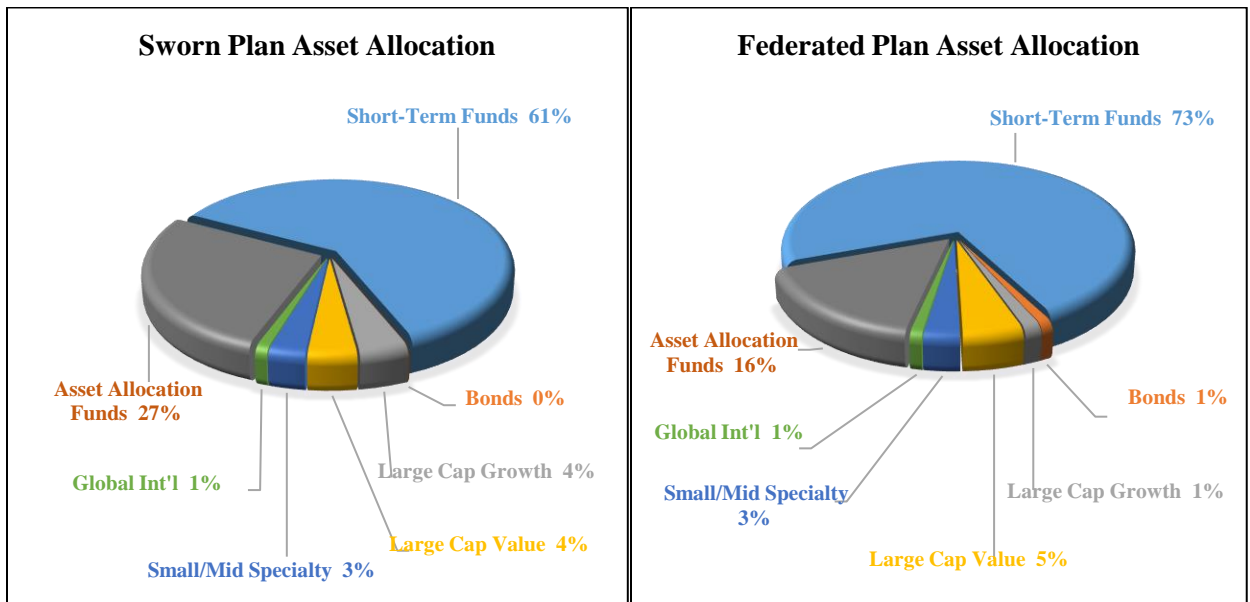
The following chart shows VEBA Plan Historical Data for contributions and withdrawals over the last 5 quarters. For the September 30, 2021 quarter, contributions and withdrawals were \$1.79 million and \$167,326 (Exhibit D).



Participant Account Balances – The following charts show the percentage of participants within a given account value range. Please see Exhibit F for details.



Fund Class Changes and Asset Allocation – As of September 30, 2021, the majority of the assets in both plans is invested in short-term funds resulting in 61 percent for Sworn employees and 73 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 September 30, 2021, actual revenues were under quarterly budget at 16.6 percent due to the lower than expected cost reimbursement from the Plan Provider. The total budgeted expenditures were over quarterly budget at 33.6 percent due to the payment of insurance premiums and budgeted contractual services which totaled 63.1% of budgeted non personnel expenditures.

VEBA Plan
Source and Use of Administrative Reimbursement Funds
Fiscal Year 2021-2022

	1st Quarter (Jul-Sep)	Total Fiscal Year	Projected Annual Budget	% of Budget
Surplus - Beginning	\$ 141,334	\$ 141,334		
Adjustment	-	-		
Surplus - Beginning, Adjusted	141,334	141,334		
Revenues				
VOYA - Cost Reimb	22,604	22,604	128,000	17.7%
Interest Earnings	(452)	(452)	5,763	-7.8%
Total Revenues	<u>22,152</u>	<u>22,152</u>	<u>133,763</u>	16.6%
Expenditures				
Personnel	28,409	28,409	120,950	23.5%
Non-Personnel	26,221	26,221	41,545	63.1%
Total Budgeted Expenditures	<u>54,630</u>	<u>54,630</u>	<u>162,495</u>	33.6%
Loan Payback to General Fund	-	-		
Total Expenditures	<u>54,630</u>	<u>54,630</u>		
Surplus - Net Change	<u>(32,478)</u>	<u>(32,478)</u>		
Ending Surplus - Reserved	95,624	95,624		
Ending Surplus - Unreserved	13,232	13,232		
Ending Surplus - Total	<u>\$ 108,856</u>	<u>\$ 108,856</u>		

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

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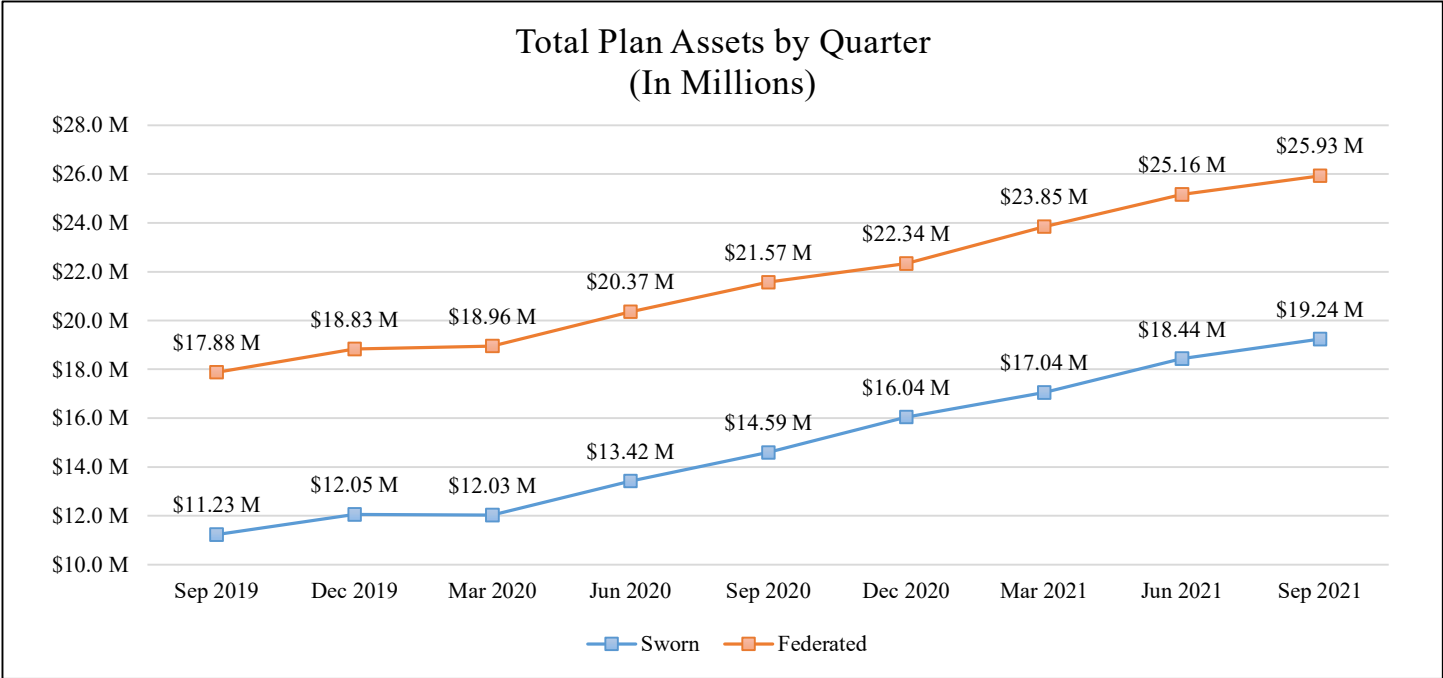
Prepared by: William Phan
 Accountant

Reviewed by: Jovilita Oliveras
 Senior Accountant

**VEBA Plan
Average Contribution
Fiscal Year 2021-2022**

	FY21 4th Quarter (Apr-Jun)		FY22 1st Quarter (Jul-Sept)		Change from 4th Qtr FY21 to 1st Qtr FY22 Increase (Decrease)	
	Sworn	Federated	Sworn	Federated	Sworn	Federated
Employee Contributions	\$ 929,805	\$ 1,011,585	\$ 866,139	\$ 924,284	\$ (63,666)	\$ (87,301)
Number of Participants*	782	2,407	802	2,453	20	46
Average contribution per employee	\$ 1,189	\$ 420	\$ 1,080	\$ 377	\$ (109)	\$ (43)

* The number of participants only pertains to current active employees



<u>Quarter Ending</u>	<u>Total Plan Assets</u>		<u>Percentage Change from last Quarter</u>	
	<u>Sworn</u>	<u>Federated</u>		
Sep 2019	\$ 11,230,719	\$ 17,877,869		
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%
Mar 2021	\$ 17,043,326	\$ 23,849,150	6.25%	6.77%
Jun 2021	\$ 18,435,151	\$ 25,164,797	8.17%	5.52%
Sep 2021	\$ 19,238,781	\$ 25,926,007	4.36%	3.02%

VEBA Plan
Statement of Changes in Assets
Fiscal Year 2021-2022

	FY21 4th Quarter (Apr-Jun)		FY22 1st Quarter (Jul-Sep)		Change from 4th Qtr FY21 to 1st Qtr FY22 Increase (Decrease)	
	Sworn	Federated	Sworn	Federated	Sworn	Federated
Beginning Balance	\$ 17,043,326	\$ 23,849,150	\$ 18,435,151	\$ 25,164,797	\$ 1,391,825	\$ 1,315,647
Add:						
Payroll Contributions	929,805	1,011,585	866,139	924,284	(63,666)	(87,301)
Deduct:						
Withdrawals	(14,554)	(116,281)	(25,340)	(141,986)	(10,786)	(25,705)
Administrative Fees	(4,875)	(16,923)	(11,364)	(26,017)	(6,489)	(9,094)
Earnings (Loss):						
VEBA Investments	481,449	437,266	(25,805)	4,929	(507,254)	(432,337)
Ending Balance	\$ 18,435,151	\$ 25,164,797	\$ 19,238,781	\$ 25,926,007	\$ 803,630	\$ 761,210

VEBA Plan
Historical Data (Sworn & Federated)
Fiscal Year 2020-2021 through Fiscal Year 2021-2022

	Payroll Contributions	Other Contributions /Roll-ins	Withdrawals	Administrative Fees	Investment Earnings
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	\$ 1,629,775	\$ -	\$ (131,997)	\$ (28,572)	\$ 552,866
4th Qtr	\$ 1,941,390	\$ -	\$ (130,835)	\$ (21,798)	\$ 918,715
Total	\$ 6,979,702	\$ -	\$ (675,673)	\$ (84,756)	\$ 3,598,631
FY 2021-2022					
1st Qtr	\$ 1,790,423	\$ -	\$ (167,326)	\$ (37,381)	\$ (20,876)
2nd Qtr	\$ -	\$ -	\$ -	\$ -	\$ -
3rd Qtr	\$ -	\$ -	\$ -	\$ -	\$ -
4th Qtr	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 1,790,423	\$ -	\$ (167,326)	\$ (37,381)	\$ (20,876)

**VEBA Plan
Investment Detail
as of September 30, 2021**

Fund	Balance as of 9/30/2021		Investment (%) as of 9/30/2021	
	Sworn	Federated	Sworn	Federated
Voya Fixed Account	\$ 11,738,295	\$ 18,969,245	61.01%	73.17%
Voya Holding Account	\$ 879	\$ 914	0.00%	0.00%
Short-Term Funds	\$ 11,739,174	\$ 18,970,159	61.01%	73.17%
Fidelity U.S. Bond Index Fund	\$ 1,940	\$ 11,305	0.01%	0.04%
Loomis Sayles Core Plus Bond	\$ 28,020	\$ 218,117	0.15%	0.84%
Bond Funds	\$ 29,960	\$ 229,422	0.16%	0.88%
T. Rowe Price Large-Cap Growth	\$ 847,687	\$ 416,759	4.41%	1.61%
Large Cap Growth	\$ 847,687	\$ 416,759	4.41%	1.61%
Vanguard FTSE Social Index Fun	\$ 19,304	\$ 68,834	0.10%	0.27%
Vanguard Institutional Index	\$ 545,295	\$ 919,510	2.83%	3.55%
Parnassus Core Equity	\$ -	\$ -	0.00%	0.00%
Vanguard Equity Income	\$ 225,527	\$ 203,268	1.17%	0.78%
Large Cap Value	\$ 790,126	\$ 1,191,612	4.10%	4.60%
VY Clarion Real Estate Portfolio	\$ -	\$ -	0.00%	0.00%
Vanguard Small Cap Index	\$ 82,121	\$ 156,431	0.43%	0.60%
Vanguard Mid Cap Index	\$ 190,093	\$ 296,325	0.99%	1.14%
Janus Henderson Small Cap Value	\$ 60,680	\$ 27,675	0.32%	0.11%
Hood River Small Cap Growth	\$ 6,701	\$ 113,663	0.03%	0.44%
MFS Mid Cap Value Fund	\$ 12,792	\$ 73,526	0.07%	0.28%
Janus Henderson Enterprise	\$ 186,909	\$ 108,461	0.97%	0.42%
Small/Mid Specialty	\$ 539,296	\$ 776,081	2.81%	2.99%

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	Balance as of 9/30/2021		Investment (%) as of 9/30/2021	
Continued				
Vanguard Total Intl Stock Market Index	\$ 52,855	\$ 177,379	0.28%	0.68%
American Funds Europacific	\$ 127,819	\$ 65,100	0.66%	0.25%
Vanguard International Value F	\$ 2,431	\$ 393	0.01%	0.00%
Global Int'l	\$ 183,105	\$ 242,872	0.95%	0.93%
Vangrd Instit Tgt Ret 2015	\$ -	\$ 8,341	0.00%	0.03%
Vangrd Instit Tgt Ret 2020	\$ 120,202	\$ 120,268	0.63%	0.46%
Vangrd Instit Tgt Ret 2025	\$ 885,775	\$ 1,073,687	4.61%	4.14%
Vangrd Instit Tgt Ret 2030	\$ 242,651	\$ 463,344	1.26%	1.79%
Vangrd Instit Tgt Ret 2035	\$ 508,348	\$ 486,712	2.64%	1.88%
Vangrd Instit Tgt Ret 2040	\$ 1,497,294	\$ 825,632	7.78%	3.18%
Vangrd Instit Tgt Ret 2045	\$ 512,047	\$ 284,130	2.66%	1.10%
Vangrd Instit Tgt Ret 2050	\$ 585,477	\$ 302,564	3.04%	1.17%
Vangrd Instit Tgt Ret 2055	\$ 468,014	\$ 279,401	2.43%	1.08%
Vangrd Instit Tgt Ret 2060	\$ 47,015	\$ 32,562	0.25%	0.13%
Vangrd Instit Tgt Ret 2065	\$ 37,079	\$ 30,117	0.19%	0.12%
Vangrd Instit Tgt Ret Inc	\$ 205,531	\$ 192,344	1.07%	0.74%
Asset Allocation Funds	\$ 5,109,433	\$ 4,099,102	26.56%	15.82%
Total VEBA Plan Investments	\$19,238,781	\$25,926,007	100.00%	100.00%

Concluded

**VEBA Plan
Account Value and Participant Profile
as of September 30, 2021**

By Account Value*			By Age				
	Sworn			Sworn		Federated	
	Sworn	Federated		Active	Separated	Active	Separated
Up to \$5,000	143	1,506	20 - 29	288	23	527	104
\$5,001 - \$25,000	460	787	30 - 39	411	32	951	231
\$25,001 - \$50,000	132	53	40 - 49	86	10	501	106
\$50,001 - \$100,000	36	78	50 - 59	17	10	317	80
\$100,001 and above	31	29	60 - 69	0	2	145	59
Total Accounts	802	2,453	70 - 79+	0	0	12	10
			Total	802	77	2,453	590

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

VEBA Plan
Source and Use of Administrative Reimbursement Funds
Fiscal Year 2021-2022

	1st Quarter (Jul-Sep)	Total Fiscal Year	Projected Annual Budget	% of Budget
Surplus - Beginning	\$ 141,334	\$ 141,334		
Adjustment	-	-		
Surplus - Beginning, Adjusted	141,334	141,334		
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VOYA - Cost Reimb	22,604	22,604	128,000	17.7%
Interest Earnings	(452)	(452)	5,763	-7.8%
Total Revenues	22,152	22,152	133,763	16.6%
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Personnel	28,409	28,409	120,950	23.5%
Non-Personnel	26,221	26,221	41,545	63.1%
Total Budgeted Expenditures	54,630	54,630	162,495	33.6%
Loan Payback to General Fund	-	-		
Total Expenditures	54,630	54,630		
Surplus - Net Change	(32,478)	(32,478)		
Ending Surplus - Reserved	95,624	95,624		
Ending Surplus - Unreserved	13,232	13,232		
Ending Surplus - Total	\$ 108,856	\$ 108,856		

VEBA Plan
Administrative Fees Detail
as of September 30, 2021

Fund	Fees as of 9/30/2021				Investment Fee (%) as of 9/30/2021	
	Sworn		Federated		Sworn	Federated
	Recordkeeping	Shareholder	Recordkeeping	Shareholder		
Voya Fixed Account	\$ 8,041	\$ -	\$ 21,937	\$ -	70.8%	84.3%
Short-Term Funds	\$ 8,041	\$ -	\$ 21,937	\$ -	70.8%	84.3%
Templeton Global Bond	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
Fidelity U.S. Bond Index Fund	\$ 2	\$ -	\$ 8	\$ -	0.0%	0.0%
Loomis Sayles Core Plus Bond	\$ 14	\$ -	\$ 95	\$ -	0.1%	0.4%
Bond Funds	\$ 16	\$ -	\$ 103	\$ -	0.1%	0.4%
T. Rowe Price Large-Cap Growth	\$ 387	\$ -	\$ 261	\$ -	3.4%	1.0%
Fidelity Adv New Insights	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
Large Cap Growth	\$ 387	\$ -	\$ 261	\$ -	3.4%	1.0%
Vanguard Institutional Index	\$ 248	\$ -	\$ 577	\$ -	2.2%	2.2%
Vanguard FTSE Social Index Fun	\$ 11	\$ -	\$ 47	\$ -	0.1%	0.2%
Vanguard Equity Income	\$ 93	\$ -	\$ 107	\$ -	0.8%	0.4%
Large Cap Value	\$ 352	\$ -	\$ 731	\$ -	3.1%	2.8%
Vanguard Small Cap Index	\$ 38	\$ -	\$ 105	\$ -	0.3%	0.4%
Vanguard Mid Cap Index	\$ 82	\$ -	\$ 187	\$ -	0.7%	0.7%
Janus Henderson Small Cap Value	\$ 27	\$ -	\$ 17	\$ -	0.3%	0.1%
JP Morgan Mid Cap Value	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%
Hood River Small Cap Growth	\$ 3	\$ -	\$ 65	\$ -	0.0%	0.3%
Janus Henderson Enterprise	\$ 88	\$ -	\$ 63	\$ -	0.8%	0.2%
Small/Mid Specialty	\$ 238	\$ -	\$ 437	\$ -	2.1%	1.7%

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	Fees as of 9/30/2021				Investment Fee (%) as of 9/30/2021					
	Continued									
Vanguard Total International S	\$	31	\$	-	\$	101	\$	-	0.3%	0.4%
American Funds Europacific Gro	\$	55	\$	-	\$	41	\$	-	0.5%	0.2%
Vanguard International Value Fund	\$	2	\$	-	\$	1	\$	-	0.0%	0.0%
Global Int'l	\$	88	\$	-	\$	143	\$	-	0.8%	0.6%
Vangrd Instit Tgt Ret 2015	\$	-	\$	-	\$	4	\$	-	0.0%	0.0%
Vangrd Instit Tgt Ret 2020	\$	48	\$	-	\$	59	\$	-	0.4%	0.2%
Vangrd Instit Tgt Ret 2025	\$	368	\$	-	\$	516	\$	-	3.2%	2.0%
Vangrd Instit Tgt Ret 2030	\$	101	\$	-	\$	181	\$	-	0.9%	0.7%
Vangrd Instit Tgt Ret 2035	\$	-	\$	-	\$	217	\$	-	0.0%	0.8%
Vangrd Instit Tgt Ret 2040	\$	686	\$	-	\$	464	\$	-	6.0%	1.8%
Vangrd Instit Tgt Ret 2045	\$	280	\$	-	\$	249	\$	-	2.5%	1.0%
Vangrd Instit Tgt Ret 2050	\$	350	\$	-	\$	288	\$	-	3.1%	1.1%
Vangrd Instit Tgt Ret 2055	\$	276	\$	-	\$	257	\$	-	2.4%	1.0%
Vangrd Instit Tgt Ret 2060	\$	36	\$	-	\$	50	\$	-	0.3%	0.2%
Vangrd Instit Tgt Ret 2065	\$	18	\$	-	\$	27	\$	-	0.2%	0.1%
Vangrd Instit Tgt Ret Inc	\$	79	\$	-	\$	93	\$	-	0.7%	0.4%
Vanguard Equity Income	\$	2,242	\$	-	\$	2,405	\$	-	19.7%	9.3%
Total VEBA Plan Administrative Fees	\$	11,364	\$	-	\$	26,017	\$	-	100.0%	100.0%
	Concluded									