

**REGIONAL GOVERNMENT SERVICES AUTHORITY
EXECUTIVE COMMITTEE MINUTES
February 16, 2023**

The Regional Government Services Authority held a regular meeting of the Executive Committee on February 16, 2023 via videoconference. The meeting was called to order at 1:49 p.m.

1. CALL TO ORDER / ROLL CALL

Members Present: Liz Habkirk, Chair
Dan Buckshi, Vice Chair
Steve Rogers, Member
Dan Schwarz, Member
Linda Smith, Member
Hilary Straus, Member
Edward Tewes, Member

Members Absent: None

Other Attendees: Richard Averett, Executive Director
Sophia Selivanoff, Deputy Executive Director for Client Services
Rich Oppenheim, Administrative Services Manager
Gina Schuchard, Interim Deputy CFO
Lindsay Rice, Accounting Manager
Chris Paxton, Interim Human Resources Manager
Ashley Metzger, Senior Advisor, Communications and Engagement
Cherie Johnson, Senior Human Resources Advisor
Tiffany Buraglio, Executive Assistant

2. PUBLIC COMMENT – None

3. APPROVAL OF CONSENT AGENDA

- A. Approval of **November 17, 2022** and **January 12, 2023** Minutes
- B. Approval of Regularly Scheduled Meetings Calendar
- C. Approval of Payments and Deposits made October through December 2022
- D. Approval of Investments Report through December 2022
- E. Receive and File Management Services Agreements Update
- F. Receive and File Municipal Dental Pool Update
- G. Adopt Resolution **RGSEC2023-01** Authorizing Remote Teleconference Meetings Under the Brown Act as Amended by Assembly Bill 361 (2021)
 - Action:** Moved and seconded (Rogers/Smith) to approve Consent Calendar items A-G.
 - AYES:** Habkirk, Buckshi, Rogers, Schwarz, Smith, Straus, Tewes
 - NOES:** None
 - ABSTAIN:** None

4. TREASURER’S REPORT

- A. Review of Preliminary FYTD Financial Reports through December 2022
This is an informational item only. No action was taken.

Accounting Manager Rice reviewed the JPA’s financial performance with an explanation for the lag in growth being due to later than anticipated on-boarding of contracted employees for a major client. A question was raised if the JPA budgeted by categories and the Executive Director clarified that the JPA budgets off aggregate actuals to date, not by service line. A question was raised if there were any service lines which had performed better or worse than expected which might have impacted the JPA business model. The Executive Director stated that staff is always experimenting with service line growth and development. In particular, the Recruitment and Training service lines have been growing and appear to be able to grow to whatever level the JPA can develop and offer

services. These service lines are able to grow out of state as well. Service lines are developed based upon a known need so are generally well-received, but adjustments and fine-tuning are continually assessed.

5. OLD BUSINESS

A. Approval of Updates to the Strategic Plan

Administrative Services Manager Oppenheim noted that the report covered a longer time period than usual. It was asked if staff has a running document of goals and updates since the Strategic Plan began and Administrative Services Manager Oppenheim indicated there was a historical record. Executive Director Averett noted that the overall progress could be provided to the Committee via the file sharing site for reference at any time.

Action: Moved and seconded (Smith/Buckshi) to approve updates to the Strategic Plan.

AYES: Habkirk, Buckshi, Rogers, Schwarz, Smith, Straus, Tewes on recommendation of the chair

NOES: None

ABSTAIN: None

6. NEW BUSINESS

A. Approval of Separation of Policies from Procedures and Approval Processes Going Forward

Administrative Services Manager Oppenheim detailed the process staff is implementing to separate HR procedures from HR policies which were approved in November 2021. A question was asked if there were any current procedures and the Executive Director answered that the JPA has current procedures which until now had been included in a comprehensive Personnel Rules and Regulations document. Appreciation was expressed from the Committee to only focus on the policies and to remain removed from procedural elements.

Action: Moved and seconded (Smith/Straus) to approve separation of policies from procedures and approval processes going forward.

AYES: Habkirk, Buckshi, Rogers, Schwarz, Smith, Straus, Tewes

NOES: None

ABSTAIN: None

B. Receive and File Agency Bonus Awards

This is an information item only. No action was taken.

Interim Human Resources Manager Paxton explained this is the first report to the Committee since the policy was approved. The program is funded, no awards have been granted yet, and three requests are pending. It was asked how bonuses would be awarded and Human Resources Manager Paxton stated awards could either be spot awards for one-time, excellent performance, or contribution-based reflecting a substantial contribution over a longer period of time.

C. Approval of Client Services Risk Management Plan

Deputy Director Selivanoff explained that the JPA's biggest risk lies with agencies who have contracts with CalPERS because CalPERS can unilaterally decide who is and is not an employee of the agency at any time and claim both system contributions and pension paybacks. Staff has come to accept that without bright line regulations, there is no way to manage the risk of exposure successfully and fairly to a system which loads the majority of the risk on to the annuitant worker. Staff believes the best course of action is to further reduce the risks with various measures outlined in the report such as expanding low risk services and to expand our business with non-CalPERS agencies both in-state and out-of-state. The JPA has begun to move towards technology platform-sharing services and is adding more lower risk services to the JPA's portfolio.

Staff noted that an option to address this risk was to add a surcharge to CalPERS-contracted clients to build a reserve to be used for future impacts. A committee member stated they would rather see risk-reduction strategies than adding on a surcharge fee.

A question was asked if the JPA has any policies regarding representing employees who are retirees. Deputy Director Selivanoff explained that RGS' employment agreements address the employee's responsibility for this risk, and that retirees who to work for the JPA are educated on the potential risks to their CalPERS benefits before hiring on with the JPA and during their tenure. Selivanoff further noted that annuitant workers are permitted to decline assignments based on their own risk assessments without penalty.

Another question arose about whether there were similar retirement risks in contracting to provide services in other states. Deputy Director Selivanoff answered that research has been done and will continue to be ongoing into the details of other state retirement programs. Director Averett added that services to out-of-state clients is initially being provided by California employees and eventually will shift to having out-of-state employees providing low-risk work. It will be some time before the JPA can build out-of-state business to a level where the JPA is employing a large number of out-of-state employees.

The committee questioned whether a JPA is the correct vehicle for RGS if business is shifting to more intentionally include out-of-state Member Agencies and clients.

An additional question was raised about how the JPA was evaluating whether or not out-of-state business opportunities would be profitable. Deputy Director Selivanoff responded that the JPA was already responding to requests for work consistent with the consulting model, and that the JPA is responding to a need and following the natural trajectory of the business opportunity, which has been successful to date.

Overall, the committee praised the JPA for their creativity in dealing with the risk of doing business with CalPERS-contracted agencies and there was a consensus to examine further the appropriateness of a JPA model in light of new plans.

Action: Moved and seconded (Smith/Schwarz) to approve the Client Services Risk Management Plan
AYES: Habkirk, Buckshi, Rogers, Schwarz, Smith, Straus
NOES: None
ABSTAIN: Tewes

7. EXECUTIVE DIRECTOR, COMMITTEE AND MEMBER REPORTS

- A. Executive Director: 352 Clients since inception, 183 current employees, 105 FTE, which is a record # of FTEs for RGS. Officer elections are being held in May instead of at the current meeting due to the upcoming change in representatives from two Member Agencies. RGS is continuing to wait on a resolution with CJPIA and staff is working with counsel to see if the process can be moved along. Executive Director Averett noted that this would likely be his last meeting.
- B. Members: All members thanked Executive Director Averett and praised his leadership in building RGS to the scale and scope to which it has become.

- 8. **ADJOURN** – The meeting adjourned at 2:50 p.m. The next regular meeting is scheduled for May 19, 2023, in Monterey.