
County of Riverside

Pension Advisory Review Committee

MINUTES OF MEETING

November 9, 2022

10:00 a.m.

Members Present:

Don Kent
Mike Bowers
Undersheriff Donald Sharp
Matt Jennings

Chairman, County Executive Office
Human Resources
Sheriff
Treasurer-Tax Collector

Members Absent:

Paul Angulo

Auditor-Controller

Staff and Guests Present:

Bradley Au
Steven Kilbride
Tanya Harris
Jonathan Jensen
Kristine Valdez
Imelda Delos Santos
Jen Kammerer
Darrylenn Brockington
Mary Beth Redding
Bianca Lin
Amy Onopas
Jasmen Torres Barrera
Sonia Moreno
Michael Alferez
Austin Kent
Aileen Yan
Carol Waterhouse-Tejada
Giovane Pizano
Sandra Green

Aon
Aon
Auditor-Controller
Auditor-Controller
County Counsel
Executive Office
Executive Office
Flood Control
Foster and Foster
Foster and Foster
Human Resources
Human Resources
Human Resources
Parks
Public Member
Riverside Courts
Riverside Courts
Treasurer-Tax Collector
Waste Resources

1. Call to Order and Self-introductions:

Chairman Don Kent called the meeting to order at 10:00 a.m. Self-introductions were given by Committee members.

2. Approval of the Resolution No. 2022-002 for November 9, 2022:

MOTION: Don Kent moved to approve resolution.

Seconded by Mike Bowers

Motion approved unanimously

3. Approval of the Recommendation of Undersheriff Don Sharp as a PARC Member:

MOTION: Don Kent moved to approve the Recommendation.

Seconded by Matt Jennings

Motion approved unanimously

4. Approval of the Minutes for January 20, 2022:

MOTION: Matt Jennings moved to approve the Minutes.

Seconded by Don Kent

Motion approved unanimously

**5. CalPERS Miscellaneous and Safety Plans – Independent Actuarial Report
06/30/2021 Valuation – Preliminary Results**

Mary Beth Redding from Foster and Foster reported that the 20-year and 30-year average CalPERS return rates as of 6/30/2022 are 6.9% and 7.7% respectively. The Miscellaneous Plan for 2022 is projected to have a \$2.4 billion shortfall, while the Safety Plan is projected to be underfunded by \$987 million. For the Miscellaneous Plan, 8,073 employees are in Tier 1 and 8,990 are in PEPRA. For the Safety Plan, 2,037 are in Tier 1 and 1,187 are in PEPRA. The projected funded ratio for June 30, 2022 in the Miscellaneous Plan is 76.2% and 78.8% for Safety.

The 2005 Pension Obligation Bonds (POBs), which only have about another 10+years remaining, are estimated to have earned \$469 million, with the County paying \$278 million in interest payments. The net estimated gain is \$187 million.

The 2020 POBs are estimated to have earned in a short time \$134 million, with \$62 million being paid in interest. The net estimated gain is \$68 million.

As of 6/30/21, the County had a combined unfunded balance of \$1.9 billion and a funded ratio of 86.6%. If you add in the remaining balance of the POBs, the funded ratio is 80.4%. If you add in the Section 115 Pension Trust balances of \$51.5 million, the ratio goes up to 80.7%.

For the 2022 projection, the unfunded liability is a combined \$3.4 billion and a funded ratio of 77%. If you add in the remaining balance of the POBs, the funded ratio is estimated to be 71.5%. If you add the Section 115 Trust balances of \$62.4 million, the

ratio goes up to 71.9%. The Section 115 Trust balances are growing and helping the funded status.

Report was received and filed.

6. Actuarial Valuation Report – Postretirement Benefits Plan as of June 30, 2022

Steven Kilbride from Aon reported that the Unfunded AAL decreased from \$76.2 million in 2021 to \$61.9 million in 2022, a \$14.3 million improvement. This resulted in an increase of 11% in the funded status from 47.2% to 58.2%. The required funding contribution decreased from \$14.1 million in 2021 to \$6.4 million in 2022. Looking at the GASB 75 Accounting results, the net OPEB liability decreased from \$186.6 million to \$171.1 million, a \$5.5 million reduction. There was a slight improvement in the funding position of 2.6%.

Report was received and filed.

Chair Don Kent reminded Committee Members that the policy seeks to maintain a minimum funded status of 80% and currently we are in the 50+% range.

He asked for approval of keeping the same recommendation as last year of approximately 1.1% of payroll blended (Miscellaneous and Safety), or, \$16.9 million in additional funding contributions into the OPEB Plan to get the County to 80% funded status within 5 years.

**MOTION: Don Kent moved to approve recommendation.
Motion approved unanimously.**

7. Actuarial Valuation Report – Part-time and Temporary Employees' Retirement Plan as of July 1, 2022

Steven Kilbride from Aon reported that the unfunded AAL as of July 1, 2022 is \$12.6 million and funded status is 81.6%. The GASB 68 Expense discount rate is 6%. GASB 68 Accounting Net Pension Liability was \$10.2 million which was an increase of \$11.7 million from 2021. There was an 8% increase in participant counts for 2022.

Report was received and filed.

Chair Don Kent asked for approval of keeping the same recommendation as last year of approximately 5.58% of payroll.

**MOTION: Don Kent moved to approve recommendation.
Motion approved unanimously.**

8. New Business

No new business to address.

9. Public Comment:

No public comment.

10. Future Meeting Date:

Next meeting is scheduled for December 15, 2022 at 10:00 a.m.

11. Adjourn:

With no further business, Don Kent adjourned the Pension Advisory Review Committee Meeting at 11:55 a.m.