County of Riverside  
Pension Advisory Review Committee

MINUTES OF MEETING  
January 13, 2021  
3:00 p.m.

Members Present:
Don Kent  Chairman, County Executive Office
Matt Jennings  Treasurer-Tax Collector
Brenda Diederichs  Human Resources

Members Absent:
Paul Angulo  Auditor-Controller
Undersheriff Dennis Vrooman  Sheriff

Staff and Guests Present:
Bradley Au  Aon
Steven Kilbride  Aon
Mary Beth Redding  Bartel and Associates
Michael Williams  Columbia Capital
Isela Licea  Treasurer-Tax Collector
Giovane Pizano  Treasurer-Tax Collector
Stephanie Persi  Executive Office
Imelda Delos Santos  Executive Office
Jen Kammerer  Executive Office
Jeanine Rey  Flood Control
Darryllenn Brockington  Flood Control
Amy Onopas  Human Resources
Alisa Lynch  Human Resources
Megan Gomez  Human Resources
Stacey Beale  Human Resources
Michael Alferez  Parks
Aileen Yan  Riverside Courts
Carol Waterhouse-Tejada  Riverside Courts
Margaret Herrero  Waste Resources
Sandra Green  Waste Resources
1. **Call to Order and Self-introductions:**
Chairman Don Kent called the meeting to order at 3:00 p.m. Self-introductions were given by Committee members.

2. **Approval of the Minutes for December 1, 2020:**
   
   **MOTION:** Don Kent moved to approve the Minutes.
   
   Seconded by Matt Jennings  
   
   Motion approved unanimously

3. **OPEB Trust Report - Strategy Review & Recommendation**
   
   Matt Goss from CalPERS reported that as of June 30, 2020, contributions were $27.3 million. The County’s disbursements were a little over $6 million. Interest earnings were $21.7 million, bringing the total asset balance to $53,014,172 in the CERBT Trust. For investment and administration services that have spanned over twelve and a half years, the CalPERS fee was $358,691. Over this period, the annualized rate of return was 6.31%. Looking ahead 6 months to December 31, 2020, the annualized rate of return is 7.31% and the balance is $62,303,624.

   Chair Don Kent pointed out that the Committee needs to look at what can be done to increase our funded status. The County will likely be adding more employees, and capital market assumptions have declined from 7.01% to 6.15%, a difference of 86 basis points. Evaluating Strategy 1, we see an increase in global equity exposure to 59% and a decrease in fixed income to 25%. The County should consider moving to Strategy 1.

   Mr. Goss added that he favors Strategy 1 because if the County is not seeking reimbursement from the trust fund within the next five years, that allows volatility to be higher, which it will be with Strategy 1, because it does not matter if it becomes an unrealized loss, it’s just an unrealized loss at that moment. If you continue your contributions, you are adding to the number of units you already possess that will be more valuable at a future day when you do want to see regular reoccurring reimbursements. That is the time Strategy 2 becomes more attractive because it has a much healthier probability to preserve the unit value that you are going to be reimbursing some of or realizing loss on.

   Matt Jennings asked how frequently strategies can be changed and what is the norm you see agencies go from Strategy 1 to Strategy 2, and back. Mr. Goss answered that you can change as frequently as you decide to. But remember these are long-term strategies designed to help a plan achieve its long-term goals. Mr. Jennings mentioned that, to date, the County has drawn down about $6 million. If switching to Strategy 1 and leaving that money in there provides the biggest benefit, do we see any potential in the near future for further drawdowns? Mr. Kent answered no. Those were different times and back then we were more than 80% funded in the OPEB Trust, so, per policy, these funds were used to pay down some of the UAL for CalPERS Miscellaneous and Safety plans.

   Mr. Kent mentions that in the current fiscal year the funding contribution is $9 million, not including change from Strategy 2 to Strategy 1, which will go up to over $16 million. Mr. Kent suggested the County move to Strategy 1. Matt Jennings and Brenda Diederichs both agreed and have no objections to moving to Strategy 1.
Report was received and filed.

4. **2021 PARC Annual Report Review**

Chair Don Kent reported that the OPEB section of the PARC report (page 12) needed to be updated because of a few changes from last year. One of those changes was having the Management, SEIU, and LIUNA groups added to the CalPERS Medical Plan. Management was added in June 2019. On February 25, 2020, the Board approved SEIU, followed by LIUNA, on November 10, 2020.

Mr. Kent stated that in last year’s PARC report, the County had a funding status of 81.5%, but has since fallen. There were two reasons this occurred; 1.) the discount rate change, and 2.) the inclusion of the additional employee groups into the CalPERS Medical Plan. Mr. Kent mentions that the changes to this year’s report attempts to simplify and reduce some of the unnecessary terminology.

On page 2, the report discusses the unfunded status of $3.6 billion which is an increase of $108 million from the prior year and shares with the Board why it increased, which is largely attributable to an assumed rate of return actuarial change, from 7.25% to 7%, which began in FY 19/20 with full impact in FY 23/24. Also new this year, the funded status projection is included to analyze the direct impact that the Board authorized and approved back in March 2020 with the sale of POBs. This includes POB proceeds invested with CalPERS but does not include debt service.

The Executive Summary of the report will also address pension debt reduction strategies. In addition, a separate Form 11 will be submitted to the Board of Supervisors.

The report will be sent out to Committee members via email for comments/questions, and then the Executive Office will finalize and bring to the Board on February 9, 2021.

Report was received and filed.

5. **New Business**

No new business to address.

6. **Public Comment:**

No public comment.

7. **Future Meeting Date:**

Don Kent stated that a future meeting date would be scheduled.

8. **Adjourn:**

With no further business, Don Kent adjourned the Pension Advisory Review Committee Meeting at 4:13 p.m.