

Independent Citizens' Pension Committee Meeting Minutes

Date: June 1, 2023
Time: 10:30 am
Location: County Administration Building, HR Training Room
Present: Committee Members - Tony Withington, Pete Vranich, Lilo Kangas, Bill Robotka
County Administrator's Office - Christel Querijero, Inez Almaras
Sonoma County Employees' Retirement Association – Cristina Hess
Absent: Committee Member – John Hadzess
Sonoma County Employees' Retirement Association – Julie Wyne

1. Call to Order:

Meeting called to order at 10:30 am by Chair.

2. Chair Remarks:

Chair called the roll and no members of the public present.

3. Approval of Agenda:

The agenda was reviewed and approved as presented.

4. Public Comment on matters not on the agenda: none

5. County Administrator's Office Updates:

- New Assistant County Administrator, Jennifer Solito, starting in middle of July. Jennifer comes to the County from Alameda County Water District where she was the Human Resources director. She previously worked for Sonoma County at several departments: County Administrator's Office budget analyst, Human Resources Department analyst, and Sonoma Water administrative manager.
- Budget hearings approaching the second week of June. The Committee discussed labor negotiations impacts to the baseline budget and CAO funding recommendations for projects using available one-time monies.

Introductions

- Lilo Kangas, new Committee Member. Lilo is an immigrant from Germany and grew up in both Germany and California. She worked in government for a period and was attracted to public service. Lilo has a BA from Sonoma State University in political science and numerous certificates, including from the American College in Bryn Mawr, PA. In the 80's, she was appointed to an Economic Development committee for the county and served 10 years in that role. She has interests in both the environment and the arts and was self-employed for 30 years. She is now mostly retired and has 3 children and 2 grandchildren.

- Bill Robotka has a long history with the County and retired as an employee 20 years ago. He's been on the committee for three years. He has keen interests in the health and welfare of the pension.
- Pete is a commercial banker who has held various bank roles, and currently works at the Bank of Marin. He previously worked at Bank of America where his role, among other responsibilities, was to implement regulation on how much capital banks need to withstand market credit cycles. Pete graduated from Villanova University in Pennsylvania. He and his family moved to Sonoma County before pandemic and enjoys coaching his kids' softball and soccer teams.
- Tony Withington was a founder of the committee and has been a member for about 7-8 years. His background is in labor. Tony was president of local union for 25 years, worked for an international union out of Washington, DC and did extensive travel in the US and Canada working on collective bargaining at different places. He's very familiar with different pensions and knows how they operate. He has also served for 13 years on the County Civil Service Commission.

Training Update

- Tony will do his training through Civil Service Commission.
- Lilo has been receiving error messages that you can't access training a private device and is working on VPN access. ISD has been notified.
- Bill completed AB1234 in 2021. Confirmed due every two years.
- Committee members were asked to check County email for training reminders and notifications.
- Tony requested that communications be sent to both County and personal email accounts.
- John also serves on Civil Service Commission and will do training through the Commission.
- Form 700 (conflict of interest) not required based on new County Counsel direction. Bill noted that this is because the ICPC has no authority to make recommendations, just comments.

ICPC Calendar

- Final calendar confirmed.

6. Sub-committee Report on County Annual Pension Report

- Bill and Pete were on the sub-committee.
- Very short notice to review and meet with Nick Klein (CAO) and Julie Wyne (SCERA), but there was good discussion.
- This was a good learning opportunity for Pete. His comments and feedback to Nick related to format, goals, and themes, whereas Bill, who has familiarity with the report, shared comments, and specific questions about the graphs in the report and how data was assembled. Their input was from the perspective of how the report and information would be received by the public.
- Bill noted that the same dynamic was true as last year. Many of sub-committee's comments from last year did get integrated, e.g., adding pre-legacy retirees were added.
- Ideally the report would be placed on the Board calendar so that the SCERA actuarial report could be incorporated, and so the committee has more opportunity for meaningful input.

- Pete requested to put something on our calendar as reminder in February/March to have some lead time since the very technical report is dense and a lot to digest.
- Bill noted the report was on the Board consent calendar and not presented. He stated that it should be presented as a regular Board item to have more public exposure, with staff available to answer questions.
- Pete asked about how the committee influences whether the item will be on the consent or regular calendar. Tony noted the request could be made to the County Administrator for Board consideration.
- Invite Julie Wyne and Nick Klein to the December meeting to have a discussion.
- Lilo commented that employee contributions were going down, but employer contributions were going up and asked for an explanation of the trend. She complimented the report overall, as well as the attractiveness of the report.
- Bill commented that it was a good report although dense and that it could use further explanation and greater elaboration. He acknowledged the timing issues related to labor negotiations.
- Tony discussed historical changes to the committee by-laws. There was a pension report in 2016 that prompted requests for a committee. The majority of members was from the Sonoma County Taxpayers' Association. Changes to the by-laws confirmed that the committee is advisory in nature and cannot change County or SCERA policy.

7. Sonoma County Employees' Retirement Association updates:

- Cristina Hess discussed Segal's actuarial valuation that was presented to the SCERA board on 5/4/23.
- Cristina provided some information about the actuarial report:
 - Occurs every 3 years as an audit by our actuaries. Currently in the middle of the 3-year period.
 - A graph of on page 29 of actuarial valuation describes the Unfunded Actuarial Accrued Liability (UAAL). It shows sources of unfunded liabilities, salaries, investment experience in 2022. There's an explanation of Public Employee Pension Reform Act (PEPRA), which put in place a different tier of retiree benefits. Tiers include Pre Plan A, Plan A, safety, non-safety, etc. and PEPRA tiers.
 - One trend that is that employees are working longer.
 - More than 50% of employees are in the PEPRA tier for non-safety.
 - Since 2011, there are more retirees than active members and remain so today.
- The Chair requested to receive a reminder to committee members when Segal actuarial report occurs. Cristina pointed members to the SCERA website. Bill recommended signing up for SCERA notifications, which include information regarding elections and vacancies.
- Bill reminded that the SCERA Board retreat is open to the public. At the 2-day event, SCERA provides and update on what's going on for the year and what's coming up. Investment managers attend, panels.
- Cristina Hess – SCERA dates to note:
 - June 8th, 9-10:30 audit committee meeting, agenda includes Brown Armstrong. ACFR
 - 6/22 general board meeting starting at 9:30.
 - 6/29 at 8:30 next investment committee meeting

- Segal will do presentation on new pension measurement standards at upcoming SCERA meeting.
- There will be a July conversation on negative contingency reserves, which is related to reserve of funds that determines whether SCERA can recommend a COLA. Discussion on policy change consideration.

8. Committee Open Session:

- Pete attended North Bay Business Journal 2023 Economic Outlook. Dr. Eyler from Sonoma State University presented a local economic update. Themes included comment on low housing stock, an aging local workforce, finding qualified workers, and slow housing development growth. California is losing population. Northern counties are slow to recover from the pandemic and there are a lot of assumptions about projections for tourism and hospitality recovery. Health care workers in CA per capita relatively low compared to nationally, but favorable for the north bay, but concern is whether it is sustainable with aging professionals. There's a high need to attract more workers.
- Tony - according to a Press Democrat article, 30% of the County population is over 60. 80% of person's health care costs are in the last 6 months of their lives. Acceptance to Physician Assistant programs/schools on the rise and accepting older students. The labor shortage is also due to the aging workforce in the County and the availability and cost of housing.
- Lilo - People are living longer, the elderly need medical services, and there are not enough medical professionals, specialists for older people.
- Bill - A lot of people are retraining for healthcare jobs. Bill attended SCERA Actuarial meeting 5/4. He complimented PV on his comments and perspective on the report. Diversity on the committee will be beneficial.
- Pete asked if there have been other applicants to the committee. There haven't, but Tony encouraged the members to outreach to others who may be interested.

9. Agenda Items for Next Meeting:

- SCERA update on reserve July discussion
- County budget will be approved end of June

10. Reminders:

- Mileage forms will be prepared in advance.

11. Next meeting: October 5, 2023, 10:30 am - 12:00 pm

12. Adjournment: