

Attachment A

Independent Citizens' Pension Committee Meeting Minutes

Date: 06/06/2024

Time: 10:35 am

Location: Sonoma County Administrator's Conference Room

Present: Committee Members - Tony Withington, Bill Robotka, John Hadzess, Lilo Kangas, Peter Vranich

County Administrator's Office – Nick Klein, Joanna Lutman

Sonoma County Employees' Retirement Association – Unable to Attend Due to Conflict

1. **Call to Order**

Meeting called to order at 10:35 am by Chair Withington.

2. **Chair Remarks**

Scheduled meeting between Chair Withington and County Executive Christina Rivera was cancelled due to a schedule conflict. Chair Withington asked Nick Klein to coordinate another meeting time.

3. **Approval of Agenda**

The June 6, 2024, agenda was reviewed and approved as presented. Vote: 5-0-0 (Pass)

4. **Approval of March 7, 2024, Meeting Minutes**

- Motion to approve prior meeting minutes. Vote: 4-0-1 (Pass)
- Regarding comments from Ed Clites on HRA employee contributions not invested, not earning interest, and are stagnant, Bill Robotka recommended the minutes reflect the committee reported that the Joint Labor Management Benefits Committee (JLMBC) is the logical body to discuss the issue and how to resolve. Nick Klein referenced this statement is noted in the minutes under Item Number 10 of the minutes. This statement was accepted by the Committee.

5. **Public comment on matters not on the agenda**

No members of the public were present for comments.

6. **County Administrator's Office Updates**

- Pension Re-Opener Meetings: As an outcome of the last round of negotiations between the County and labor unions, four unions (SEIU, Local 39, Sonoma County Prosecutors' Attorneys, and Western Council of Engineers) have "reopener" side agreements to reconvene with the County starting in April 2024 to discuss pension cost sharing for legacy tier (pre-PEPRA) employees, pension COLAs, and other pension-related related topics. The meetings have started with all four unions and are still ongoing as of June 6.
- FY 24-25 Budget Hearings: Scheduled to start next Tuesday, June 11, and anticipated to conclude by next Friday, June 14. The Recommended Budget book and hearings materials are available online. <https://sonomacounty.ca.gov/administrative-support-and-fiscal-services/county-administrators-office/budget-and-operations/budget-reports>

Attachment A

Independent Citizens' Pension Committee Meeting Minutes

- Key takeaways:
 - \$2.4 billion recommended budget with 4,600 permanent full-time equivalent employees.
 - Local revenue sources are primarily derived from property tax and sales tax. Property transactions have slowed but the value of transactions increased. The CAO is projecting slower year-over-year growth going forward.
 - The County's position allocation vacancy rates continue to improve, especially in Criminal Justice departments. Dropped from 10.5% a year ago to 5.4% today. Health and Human continue to be challenged with recruiting for social workers, nurses, and health care professionals. Vacancy rate improved but still high at 12.4%.
 - The State's budget presents risks and uncertainties for the county's budget. The County receives roughly 25% of funding from the State, mostly concentrated in health and human services, and to a lesser extent criminal justice.

7. **Sonoma County Employees' Retirement Association (SCERA) Updates**

- Representatives from SCERA were not available to make a presentation.
- 2023 valuation posted on SCERA's website: <https://scretire.org/financial/actuarial-reports>
- SCERA's annual actuarial valuation calculates the overall assets and liabilities, including unfunded liabilities, of the plan. The December 2023 valuation establishes employer and employee contribution rates for the County's Fiscal Year 2025-26 budget.
- Overall, the valuation shows an improvement in the plan's financial position due to strong investment returns that exceeded the assumed rate of return:
 - The funded ratio of assets to liabilities increased from 92.4% to 93.8%.
 - Unfunded Liabilities decreased from \$271.6 million to \$229.5 million.
 - Average employer contribution rates decreased from 20.92% of pensionable payroll to 20.16%, reducing estimated annual costs by about \$3M.

8. **Revisit and Discuss Committee's Charter**

Continued to the next meeting.

9. **Committee Open Session Discussion**

Continued to the next meeting

10. **Proposed agenda topics for upcoming meeting**

- Update from the ICPC Sub-Committee
- Revisit and Discuss Committee's Charter
- Committee Open Session Discussion

11. **Adjournment/Tentative Next Meeting**

- Committee adjourned at 12:00 pm.
- Next meeting tentatively scheduled for Thursday, September 5, 2024.
 - **Post-Meeting Note:** Due to schedule conflicts, the September 5 meeting was later moved to Thursday, October 3, 2024.