County of Riverside
Pension Advisory Review Committee (PARC)

Wednesday, December 13, 2023
10:00 a.m.

County Executive Office
4080 Lemon Street, 4th Floor, Riverside, CA, 92501
Raincross Conference Room C

A G E N D A

1. Call to Order and Self-Introductions……………………………………..…..… Executive Office

2. Approval of the Meeting Minutes from November 15, 2023……………………Executive Office

3. Section 115 Pension Trust Investment Report for the period ended 6/30/23 – Receive and File……..…………………………………………………………………….................. PARS

4. Section 115 OPEB Trust Investment Report for the period ended 6/30/23 – Receive and File……………………………………………………………………………………….CERBT

5. County of Riverside Part-Time and Temporary Employees' Retirement Plan Investment Report for the period ended 6/30/23 – Receive and File………………………………US Bank

6. Draft 2024 PARC Report

7. Other Business

8. Public Comment

9. Next Meeting Date – TBD

10. Adjourn

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Katie Ponce at kmponce@rivco.org or (951) 955-1142. Notification 48 hours prior to the meeting will enable us to make reasonable arrangements to ensure accessibility to the meeting [28 CFR 35 .102.35.104 ADA Title II].

County of Riverside
Pension Advisory Review Committee

MINUTES OF MEETING

November 15, 2023
10:00 a.m.

Members Present:

Don Kent	Chairman, County Executive Office
Shondi Miller	Human Resources
Matt Jennings	Treasurer-Tax Collector
Ben Benoit	Auditor-Controller

Members Absent:

Undersheriff Donald Sharp	Sheriff

Staff and Guests Present:

Bianca Lin	Foster and Foster
Doug Pryor	Foster and Foster
Steven Kilbride	Aon
Bradley Au	Aon
Erica Xu	Aon
Mike Williams	Columbia Capital
Jim Prichard	Columbia Capital
Keith Stribling	US Bank
Kristine Valdez	County Counsel
Imelda Delos Santos	Executive Office
Jarvyk Punzalan	Executive Office
Katie Ponce	Executive Office
Paul McDonnell	Fieldman Rolapp
Darrylenn Brockington	Flood Control
Colleen Cain-Herrback	CalPERS
Amy Onopas	Human Resources
Jennifer Moquin	Human Resources
Sonia Moreno	Human Resources
Aileen Yan	Riverside Courts
Carol Waterhouse-Tejada	Riverside Courts
Giovane Pizano	Treasurer-Tax Collector
John Byerly	Treasurer-Tax Collector
Steve Faeth	Treasurer-Tax Collector
Scott Grimm	US Bank
Terra Murphy	US Bank
Sandra Green	Waste Resources
Paul Robles	Waste Resources
Michael Alferez	Parks

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 Minutes for December 15, 2022:**

   MOTION: Matt Jennings moved to approve the PARC Meeting Minutes from December 15, 2022.

   Seconded by Ben Benoit. The motion passed unanimously.

3. **CalPERS Miscellaneous and Safety Plans – Independent Actuarial Report 6/30/2022 Valuation – Preliminary Results …………………..Foster & Foster**
   a. **CalPERS Miscellaneous Plan Annual Valuation Report as of 6/30/2022**
   b. **CalPERS Safety Plan Annual Valuation Report as of 6/30/2022**

   Don Kent welcomed everyone and stated to the group that the annual PARC Report is targeted to go to the Board on Tuesday, February 27, 2024. Mr. Kent then introduced Doug Pryor with Foster & Foster to give a review of the CalPERS Independent Actuarial Report. Mr. Pryor shared several highlights from the report.

   As of June 2023, there is an investment return of 5.8% per the CalPERS news release issued in July 2023. The $1.4 billion unfunded liability in 2021 has increased to $2.6 billion due to investment losses and is expected to increase a bit more to $2.7 billion in 2023 for the Miscellaneous plan. The projected percentage of payroll peak in the Safety plan is ten years (similar to the Miscellaneous plan) at 57%. The total projected funded status for 6/30/23 on an aggregate basis between the two plans is 75.4% with $15.6 billion in liabilities, $11.8 billion in assets and a $3.8 billion unfunded liability.

   The 2005 POBs investment earnings with CalPERS projected through February 15, 2024 is $493 million. Interest payments will be approximately $285 million for a net estimated gain of $205 million. For the 2020 POBs, $171 million in earnings are projected, with interest payments to be made of approximately $83 million for a net estimated gain of $84 million. An additional highlight Mr. Pryor pointed out was the PEPRA members' contributions. For FY 23/24, Safety's contributions will be at 13.5% and for FY 24/25 it stays the same. For Miscellaneous members there will be an additional 50 basis points or 0.5% of payroll paid for FY 24/25.

   The report was received and filed.

4. **Actuarial Valuation Report – Postretirement Benefits Plan as of 6/30/23**

Steven Kilbride with Aon presented the Postretirement Benefits Plan as of 6/30/23. In a comparison of 2022 to 2023 the unfunded accrued liability decreased from \$61.9 million to \$53 million for a total decrease of about \$9 million. There was an improvement to the funded position of 8.2% from 58.2% to 66.4%. The net OPEB liability unfunded amount increased from 2022 at \$171.1 million to \$187 million, an increase of \$16 million. The market value of assets in 2022 was at \$76.4 million and in 2023 was \$96.3 million. Mr. Kent explained that the action item before the Committee is to maintain the contributions of approximately \$16.9 million to continue to drive the funded status, minus implicit subsidy, toward the 80% level, which is the amount stated in Board Policy B-25.

The report was received and filed.

MOTION: Don Kent moved to maintain the contributions of approximately \$16.9 million.

Seconded by Shondi Miller. The motion passed unanimously.

5. **Actuarial Valuation Report – Part-time and Temporary Employees' Retirement Plan as of July 1, 2023**

Mr. Kilbride gave an overview of the Part-time and Temporary Employees' Retirement Plan report. In a comparison of 2022 to 2023 the unfunded accrued liability decreased from \$61.9 million to \$53 million, a decrease of about \$9 million. The funded position improved by 8.2%, from 58.2% to 66.4%. The net OPEB liability unfunded amount increased from 2022 at \$171.1 million to \$187 million, an increase of \$16 million. The market value of assets in 2022 was \$76.4 million and in 2023 was \$96.3 million. The departments pay approximately 5.58% of payroll for TAP employees and is only for those that utilize TAP employees. Mr. Kent explained that the action item before the Committee is to maintain the contributions at approximately 5.58% to continue to drive the funded status higher.

The report was received and filed.

MOTION: Ben Benoit moved to maintain the contributions at approximately 5.58%.

Seconded by Shondi Miller. The motion passed unanimously.

6. **Other Business**

Don Kent mentioned an RFP for Section 115 Pension and OPEB Trust services is currently being evaluated. Amy Onopas from HR mentioned that there is an RFP for evaluating TAP 401a plan administration services that closed.

7. Public Comment:

No public comment.

9. Next Meeting Date:

Next meeting is scheduled for December 13, 2023 at 10:00 a.m.

10. Adjourn:

With no further business, Don Kent adjourned the Pension Advisory Review Committee Meeting at 11:22 a.m.

RIVERSIDE COUNTY

PARS 115 Trust – Pension Rate Stabilization Program Review

December 2023

CONTACTS

PARS
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HighMark Capital Management
J. Keith Stribling, CFA
Senior Portfolio Manager
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PARS 115 TRUST TEAM

Trust Administrator & Consultant

PUBLIC AGENCY RETIREMENT SERVICES PARS
TRUSTED SOLUTIONS. LASTING RESULTS.

- Serves as record-keeper, consultant, and central point of contact
- Sub-trust accounting
- Coordinates all agency services
- Monitors plan compliance (IRS/GASB/State Government Code)
- Processes contributions/disbursements
- Hands-on, dedicated support teams

39	2,000+	1,000+	500+	500K+	$7.0B
Years of Experience (1984-2023)	Plans under Administration	Public Agency Clients	115 Trust Clients	Plan Participants	Assets under Administration

Trustee

usbank

- 5th largest commercial bank and one of the nation's largest trustees for Section 115 trusts
- Safeguard plan assets
- Oversight protection as plan fiduciary
- Custodian of assets

160	$9.5T
Years of Experience (1863-2023)	Assets under Trust Custody

Investment Manager

HIGHMARK® CAPITAL MANAGEMENT

- Investment sub-advisor to trustee U.S. Bank
- Investment policy assistance
- Uses open architecture
- Active and passive platform options
- Customized portfolios (with minimum asset level)

104	$8.7B
Years of Experience (1919-2023)	Assets under Management

SUMMARY OF AGENCY'S PENSION PLAN

Plan Type:	IRC Section 115 Irrevocable Exclusive Benefit Trust
Trustee Approach:	Discretionary
Plan Effective Date:	October 1, 2016
Plan Administrators:	County Director of Finance
Current Investment Strategy:	General - Moderate Index PLUS (Passive) Strategy; Individual Account
	POB (Series 2020) - Moderate Index PLUS (Passive) Strategy; Individual Account

AS OF JUNE 30, 2023:

Initial Contribution:	November 2016: $2,099,212
Additional Contributions:	$89,379,376
Total Contributions:	$91,478,588
Disbursements:	$0
Total Investment Earnings:	$8,249,960
Account Balance:	$98,890,122

SUMMARY OF AGENCY'S SUBACCOUNTS

GENERAL, AS OF JUNE 30, 2023:

Initial Contribution:	November 2016: $2,099,212
Additional Contributions:	$48,319,376
Total Contributions:	$50,418,588
Disbursements:	$0
Total Investment Earnings:	$8,109,462
Account Balance:	$57,841,991

POB (SERIES 2020), AS OF JUNE 30, 2023:

Initial Contribution:	October 2020: $2,000,000
Additional Contributions:	$39,060,000
Total Contributions:	$41,060,000
Disbursements:	$0
Total Investment Earnings:	$140,498
Account Balance:	$41,048,132

Riverside County

November 2023

Presented by
Keith Stribling, CFA

HighMark®
CAPITAL MANAGEMENT

DISCUSSION HIGHLIGHTS – Riverside County

Investment objective – Moderate Index Plus

Asset Allocation: PARS/Moderate Index Plus(As of 6-30-23)

- Allocation Target – 47.30% stocks (40-60% range), 47.74% bonds (40-60% range), 4.96% cash (0-20% range)
- Large cap 25.33%, Mid-cap 4.16%, Small cap 6.67%, International 9.57%; REIT's 1.56%

Performance: Riverside County- Pension (General) xxxxxx3200:

(as of 6-30-23) gross of investment management fees, net of fund fees

- 3 month: 2.73%
- 6 months (YTD): 7.17%
- 1 year: 7.41%
- 3 years: 4.39%
- 5 years: 4.85%
- 11/1/2016 (ITD): 5.38%

Investment objective – Moderate Index Plus

Asset Allocation: PARS/Moderate Index Plus(As of 6-30-23)

- Allocation Target – 47.33% stocks (40-60% range), 47.74% bonds (40-60% range), 4.94% cash (0-20% range)
- Large cap 25.38%, Mid-cap 4.16%, Small cap 6.65%, International 9.58%; REIT's 1.55%

Performance: Riverside County- Pension (POB) xxxxxx3202:

(as of 6-30-23) gross of investment management fees, net of fund fees

- 3 month: 2.73%
- 6 months (YTD): 7.26%
- 1 year: 7.50%
- 10/1/2020 (ITD): 3.14%

Asset Allocation:

- Modestly underweight equities
- Favoring value style over growth
- Recently added to international
- Neutral duration fixed income
- Added mortgages & eliminated high yield

DISCUSSION HIGHLIGHTS – Riverside County

Economic Review

- Aggressive fiscal policy
- Monetary policy changing from inflationary to restrictive with rate hikes and a pullback on QE
- Rate hikes expected to curb inflation expectations but is the Fed done hiking
- Yield curve inverted implying a recession is in the offing
- Regional banks under duress
- Eventually global economies will improve
- Risks: Inflation…further policy mistake at the Fed; China slowing; Russian aggression in Ukraine

PARS/COUNTY OF RIVERSIDE 115P-PENS (****053200)
Performance Report

As of: June 30, 2023

	3 Months	Year to Date (6 Months)	1 Year	3 Years	5 Years	Inception to Date 11/01/2016
Cash Equivalents	1.21	2.27	3.63	1.26	1.44	1.29
Lipper Money Market Funds Index	1.21	2.30	3.70	1.27	1.43	1.28
Total Fixed Income	-.53	2.39	-.04	-3.25	.95	.97
Bloomberg US Aggregate Bd Index (USD)	-.84	2.09	-.94	-3.96	.77	.51
Total Equities	6.41	12.92	16.30	11.87	8.36	9.81
Large Cap Funds	8.61	16.59	19.48	14.61	12.03	12.75
S&P 500 Composite Index	8.74	16.89	19.59	14.60	12.31	13.77
Mid Cap Funds	4.71	8.88	14.85	12.29	8.26	9.48
Russell Midcap Index	4.76	9.01	14.92	12.50	8.46	10.45
Small Cap Funds	5.25	8.11	12.41	10.82	3.92	6.53
Russell 2000 Index (USD)	5.21	8.09	12.31	10.82	4.21	8.60
International Equities	2.25	9.01	11.11	6.68	3.34	5.84
MSCI EAFE Index (Net)	2.95	11.67	18.77	8.93	4.39	6.56
MSCI EM Free Index (Net USD)	.90	4.89	1.75	2.32	.93	3.81
Real Estate - ETFs / Sctr Fds	2.03	4.63	-2.46	7.53	5.45	5.58
Wilshire REIT Index	3.31	6.73	-.31	8.55	4.40	4.69
Total Managed Portfolio	2.73	7.17	7.41	4.39	4.85	5.38

Returns are gross of fees not including account level advisory fees unless otherwise stated. Gross returns are presented before management and custodial fees but after all trading expenses, embedded and reflect the reinvestment of dividends and other income. Net returns are net of investment management fees in effect for the respective time period. Returns for periods over one year are annualized. An investor cannot invest directly in unmanaged indices. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns Securities are not FDIC insured have no bank guarantee and may lose value.

ASSET ALLOCATION – Riverside County- Pension (General) xxxxxx3200:

Current Asset Allocation		Investment Vehicle	
Equity			**47.30%**
Large Cap Core	IVV	iShares S&P 500 Index Fund	13.68%
Large Cap Value	IVE	iShares S&P 500 Value Fund	6.28%
Large Cap Growth	IVW	iShares S&P 500 Growth Fund	5.37%
Mid Cap Value	IWR	iShares Russell MidCap ETF	4.16%
Small Cap Value	IWN	iShares Russell 2000 Value ETF	3.32%
Small Cap Growth	IWO	iShares Russell 2000 Growth ETF	3.35%
International Core	IEFA	Ishares TR ETF	5.95%
Emerging Markets	VWO	Vanguard MSCI Emerging Markets ETF	3.62%
REIT	VNQ	Vngrd Index Tr Reit Viper Shs	1.56%
Fixed Income			**47.74%**
Short-Term	VFSUX	Vanguard Short-Term Corp Adm Fund	5.61%
Intermediate-Term	AGG	iShares Barclays Aggregate Bond Fund	36.11%
	MBB	iShares Barclays MBS	3.01%
	GOVT	iShares Tr US Treasury	3.01%
Cash			**4.96%**
	FGXXX	First American GOVT	4.96%
TOTAL			**100.00%**

HIGHMARK® CAPITAL MANAGEMENT

PARS/COUNTY OF RIVERSIDE 115P - POB (**053202)**
Performance Report

As of: June 30, 2023

	3 Months	Year to Date (6 Months)	1 Year	Inception to Date 10/01/2020
Cash Equivalents	1.21	2.27	3.63	1.37
Lipper Money Market Funds Index	1.21	2.30	3.70	1.38
Total Fixed Income	-.53	2.39	-.02	-3.61
Bloomberg US Aggregate Bd Index (USD)	-.84	2.09	-.94	-4.53
Total Equities	6.47	12.96	16.28	9.71
Large Cap Funds	8.68	16.60	19.49	12.63
S&P 500 Composite Index	8.74	16.89	19.59	12.48
Mid Cap Funds	4.77	9.02	15.04	9.52
Russell Midcap Index	4.76	9.01	14.92	10.77
Small Cap Funds	5.28	8.12	12.54	8.36
Russell 2000 Index (USD)	5.21	8.09	12.31	9.92
International Equities	2.33	9.13	11.06	5.02
MSCI EAFE Index (Net)	2.95	11.67	18.77	7.93
MSCI EM Free Index (Net USD)	.90	4.89	1.75	-.82
Real Estate - ETFs / Sctr Fds	1.96	4.58	-2.53	8.58
Wilshire REIT Index	3.31	6.73	-.31	8.87
Total Managed Portfolio	2.73	7.26	7.50	3.14

Returns are gross of fees not including account level advisory fees unless otherwise stated. Gross returns are presented before management and custodial fees but after all trading expenses, embedded and reflect the reinvestment of dividends and other income. Net returns are net of investment management fees in effect for the respective time period. Returns for periods over one year are annualized. An investor cannot invest directly in unmanaged indices. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns Securities are not FDIC insured have no bank guarantee and may lose value.

ASSET ALLOCATION – Riverside County- Pension (POB) xxxxxx3202:

Current Asset Allocation		Investment Vehicle	
Equity			**47.33%**
Large Cap Core	IVV	iShares S&P 500 Index Fund	13.71%
Large Cap Value	IVE	iShares S&P 500 Value Fund	6.28%
Large Cap Growth	IVW	iShares S&P 500 Growth Fund	5.40%
Mid Cap Value	IWR	iShares Russell MidCap ETF	4.16%
Small Cap Value	IWN	iShares Russell 2000 Value ETF	3.31%
Small Cap Growth	IWO	iShares Russell 2000 Growth ETF	3.34%
International Core	IEFA	Ishares TR ETF	5.95%
Emerging Markets	VWO	Vanguard MSCI Emerging Markets ETF	3.63%
REIT	VNQ	Vngrd Index Tr Reit Viper Shs	1.55%
Fixed Income			**47.74%**
Short-Term	VFSUX	Vanguard Short-Term Corp Adm Fund	5.61%
Intermediate-Term	AGG	iShares Barclays Aggregate Bond Fund	36.11%
	MBB	iShares Barclays MBS	3.01%
	GOVT	iShares Tr US Treasury	3.01%
Cash			**4.94%**
	FGXXX	First American GOVT	4.94%
TOTAL			**100.00%**

Riverside County

For Period Ending June 30, 2023

Fund Name	1-Month Return	3-Month Return	Year-to-Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
LARGE CAP EQUITY FUNDS							
iShares S&P 500 Growth ETF	6.36	10.54	21.13	18.04	11.60	12.81	14.28
iShares Core S&P 500 ETF	6.60	8.73	16.88	19.56	14.56	12.27	12.82
iShares S&P 500 Value ETF	6.86	6.60	12.06	19.78	16.58	10.39	10.33
MID CAP EQUITY FUNDS							
iShares Russell Mid-Cap ETF	8.33	4.73	8.94	14.79	12.32	8.31	10.15
SMALL CAP EQUITY FUNDS							
iShares Russell 2000 Value ETF	7.88	3.09	2.48	5.90	15.21	3.36	7.15
iShares Russell 2000 Growth ETF	8.25	7.01	13.52	18.55	6.04	4.18	8.87
INTERNATIONAL EQUITY FUNDS							
iShares MSCI EAFE ETF	4.50	3.20	12.03	18.64	9.16	4.48	5.41
Vanguard FTSE Emerging Markets ETF	4.31	1.10	4.76	1.20	3.51	2.15	3.23
REAL ESTATE FUNDS							
Vanguard Real Estate ETF	5.56	1.64	3.44	-3.95	5.86	4.36	6.12
BOND FUNDS							
iShares Core US Aggregate Bond ETF	-0.36	-0.85	2.26	-0.93	-3.97	0.74	1.48
Vanguard Short-Term Investment-Grade Adm	-0.32	-0.12	1.76	1.58	-0.87	1.52	1.68
Bloomberg US Agg Bond TR USD	**-0.36**	**-0.84**	**2.09**	**-0.94**	**-3.96**	**0.77**	**1.52**

Source: SEI Investments, Morningstar Investments

Returns less than one year are not annualized. Past performance is no indication of future results. The information presented has been obtained from sources believed to be accurate and reliable. Securities are not FDIC insured, have no bank guarantee and may lose value.

CERBT Account Update

County of Riverside

December 13, 2023

CalPERS

California Employers' Retiree Benefit Trust (CERBT-OPEB)

- Established in 2007
- 605 employer participants
- ~$17.6 billion in assets under management
- 3 investment portfolios
- $1.6 billion in net contributions for FY 22-23

CERBT Account Summary

As of June 30, 2023	
Initial contribution (11/30/2007)	$10,411,404
Additional contributions	$65,930,984
Disbursements	($6,140,923)
CERBT expenses	($548,503)
Investment earnings	$26,626,638
Total assets	$96,279,600
Money-weighted annualized net rate of return (11/30/2007 – 6/30/2023 = 15.59 Years)	5.10%

In PEMHCA: Yes
CERBT agreement effective date: 11/7/2007

County of Riverside CERBT Investment Performance

Measurement Date (as of 06/30/2023)	Cumulative Contributions	Cumulative Disbursements	Cumulative Investment Gains (Losses)	Cumulative Fees	Annualized Net Rate of Return*
15 year	$65,930,984	($6,140,923)	$27,206,795	($542,735)	5.38%
10 year	$54,601,150	($6,140,923)	$21,486,775	($430,984)	4.93%
5 year	$46,155,000	($0)	$10,278,808	($264,432)	3.53%
3 year	$38,555,000	($0)	$4,900,239	($189,812)	1.35%

Measurement Date	Contributions	Disbursements	Cumulative Net Contributions	Cumulative Investment Gains (Losses)	Cumulative Fees	Cumulative Ending Assets	Annualized Net Rate of Return	Inception to Date Net Rate of Return*
2018-19	$2,000,000	$0	$26,046,465	$19,183,079	($318,386)	$44,911,158	7.15%	6.41%
2019-20	$5,600,000	$0	$31,646,465	$21,726,398	($358,691)	$53,014,172	9.80%	6.74%
2020-21	$9,600,000	$0	$41,246,465	$32,789,583	($411,041)	$73,625,008	15.69%	7.61%
2021-22	$14,490,000	$0	$55,736,465	$21,153,230	($477,901)	$76,411,793	-14.58%	4.87%
2022-23	$14,465,000	$0	$76,342,888	$26,626,638	($548,503)	$96,279,600	6.73%	5.10%

* Money weighted annualized net rate of return

CERBT Investment Returns

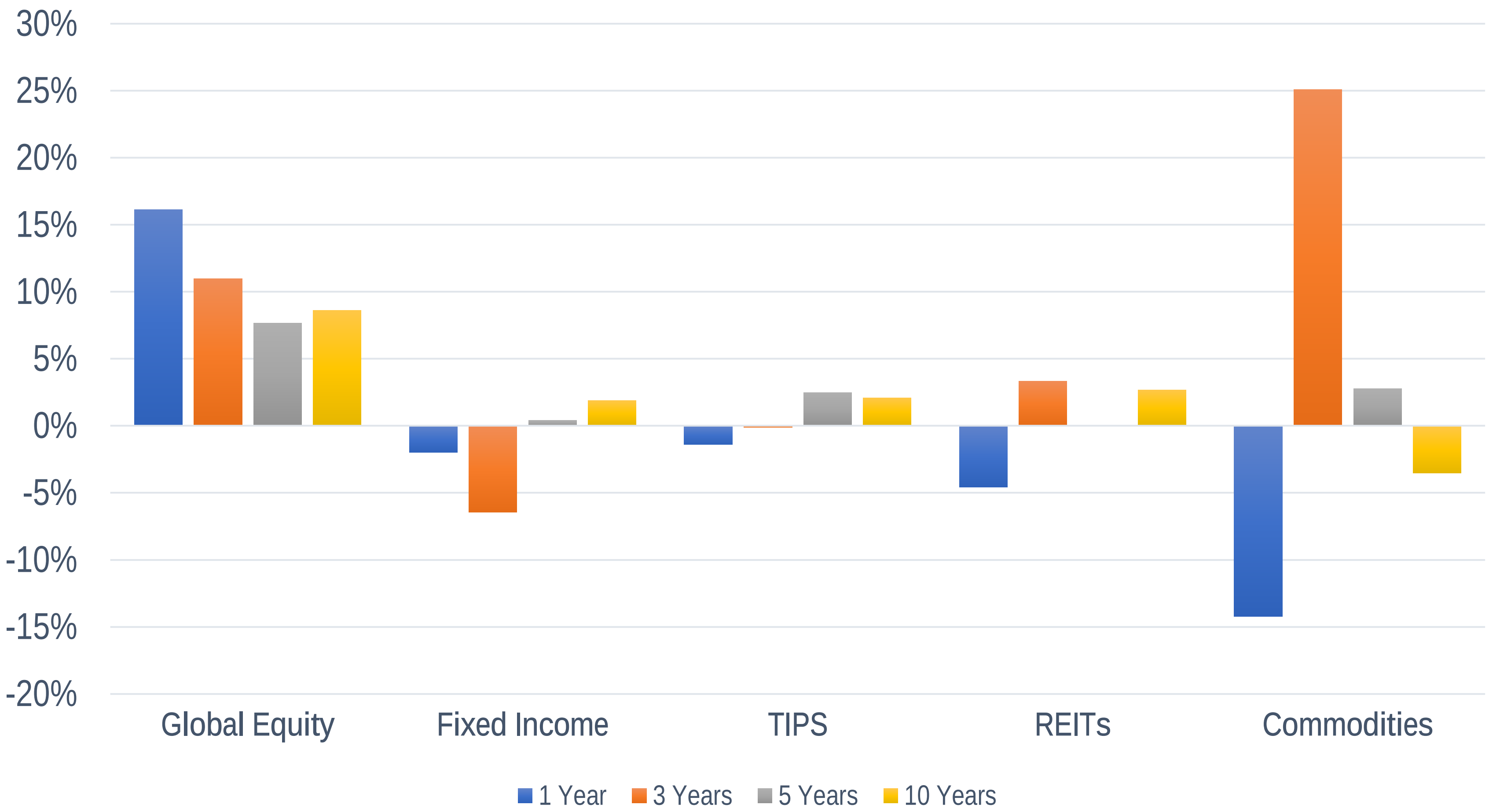
Periods Ended June 30, 2023

CERBT OPEB	Assets	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years	ITD
CERBT Strategy 1 (Inception June 1, 2007)	$14,982,584,659	3.63%	2.60%	6.46%	6.46%	5.57%	5.30%	6.34%	4.96%
Benchmark		3.59%	2.53%	6.27%	6.27%	5.36%	5.04%	5.99%	4.56%
CERBT Strategy 2 (Inception October 1, 2011)	$1,859,466,877	2.65%	1.49%	3.60%	3.60%	2.74%	4.14%	5.17%	6.06%
Benchmark		2.63%	1.44%	3.46%	3.46%	2.59%	3.96%	4.87%	5.80%
CERBT Strategy 3 (Inception January 1, 2012)	$773,210,640	1.90%	0.65%	1.61%	1.61%	1.01%	3.29%	4.19%	4.53%
Benchmark		1.88%	0.62%	1.50%	1.50%	0.91%	3.15%	3.90%	4.26%
CERBT Total	$17,615,262,176								

Time weighted return reports the performance of the investment vehicle, not of the employer assets. Returns are gross. Historical performance is not necessarily indicative of actual future investment performance or of future total program cost. Current and future performance may be lower or higher than the historical performance data reported here. Investment return and principal value may fluctuate so that your investment, when redeemed, may be worth more or less than the original cost. The value of an employer's fund shares will go up and down based on the performance of the underlying funds in which the assets are invested. The value of the underlying funds' assets will, in turn, fluctuate based on the performance and other factors generally affecting the securities market.

Asset Class Benchmark Returns

Periods Ended June 30, 2023



2022 CERBT Projected Returns & Volatility

2022 Capital Market Assumptions	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Projected Compound Return 1-5 Years[1] (General Inflation Rate Assumption of 2.4%)	5.1%	4.2%	3.5%
Projected Compound Return 6-20 Years[1] (General Inflation Rate Assumption of 2.3%)	6.3%	5.9%	5.5%
Projected Compound Return 1-20 Years[1] (General Inflation Rate Assumption of 2.3%)	6.0%	5.5%	5.0%
Projected Volatility (20-Year Standard Deviation of Projected Returns)	12.1%	9.9%	8.4%

[1] Projected Compound Return for each CERBT Strategy is time-weighted and net of all fees.

CalPERS

CERBT Portfolio Details

Asset Classification	Benchmark	CERBT OPEB Strategy 1	CERBT OPEB Strategy 2	CERBT OPEB Strategy 3	Target Range
Global Equity	MSCI All Country World Index IMI (Net)	49%	34%	23%	±5%
Fixed Income	Bloomberg Long Liability Index	23%	41%	51%	±5%
Global Real Estate (REITs)	FTSE EPRA/NAREIT Developed Index (Net)	20%	17%	14%	±5%
Treasury Inflation Protected Securities (TIPS)	Bloomberg US TIPS Index, Series L	5%	5%	9%	±3%
Commodities	S&P GSCI Total Return Index	3%	3%	3%	±3%
Cash	91-Day Treasury Bill	0%	0%	0%	+2%

CalPERS

Questions? Where to Get Trust Fund Information?

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CEPPT4U@calpers.ca.gov – Questions & Document Submittal	www.calpers.ca.gov/CEPPT
CERBTACCOUNT@calpers.ca.gov – Online Record Keeping System	

June 30, 2023

COUNTY OF RIVERSIDE

PART-TIME AND TEMPORARY EMPLOYEES' RETIREMENT PLAN

Your U.S. Bank Team

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Table of Contents

PORTFOLIO REVIEW

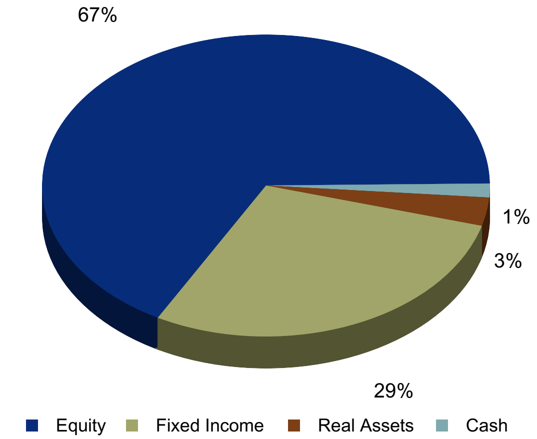
Account: XXXXX6550 *Holdings Method: Direct* *Report Date: 06/30/2023*

Portfolio Summary

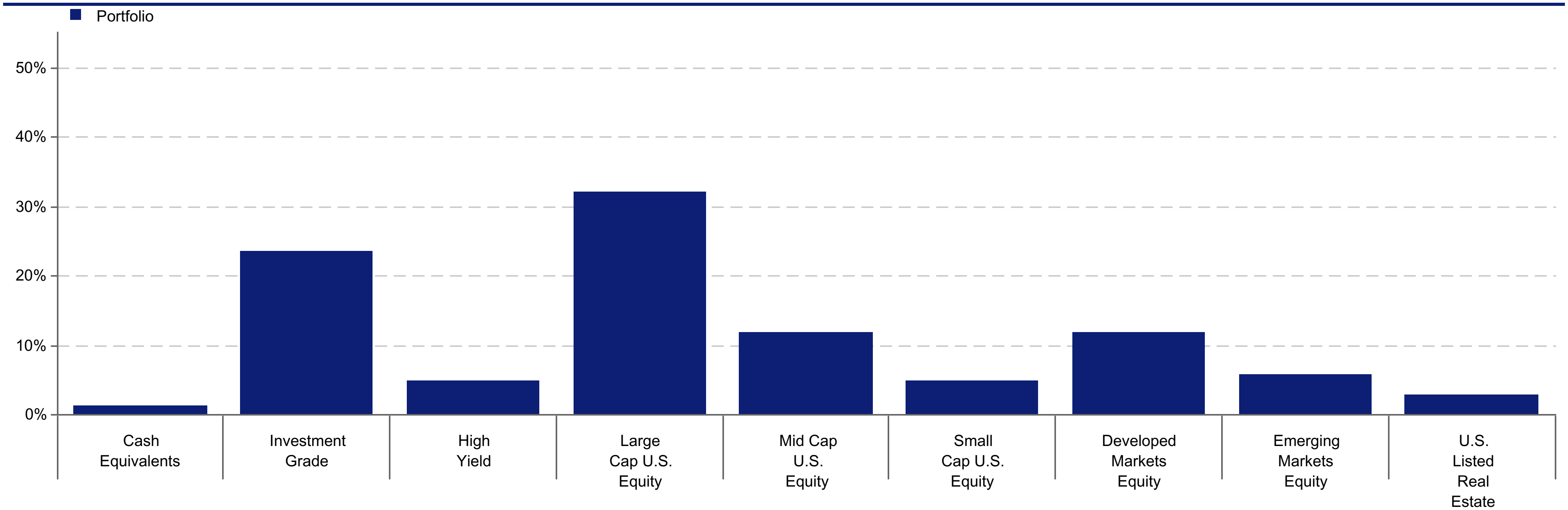
Inv. Objective	Balanced/Nontaxable-1
Total Portfolio Value	$58,753,920
Net Realized Cap Gains YTD	$439,697
Annual Income Projected	$1,293,592
Current Yield	2.20%
Number of Securities	12
Portfolio Mgr.	Rick Rosenthal

Portfolio Asset Allocation

Equity	$39,400,709	67.06%
Fixed Income	$16,774,536	28.55%
Real Assets	$1,771,280	3.01%
Cash	$807,394	1.37%
Invested Total	**$58,753,920**	**100.00%**



Portfolio Model Allocation



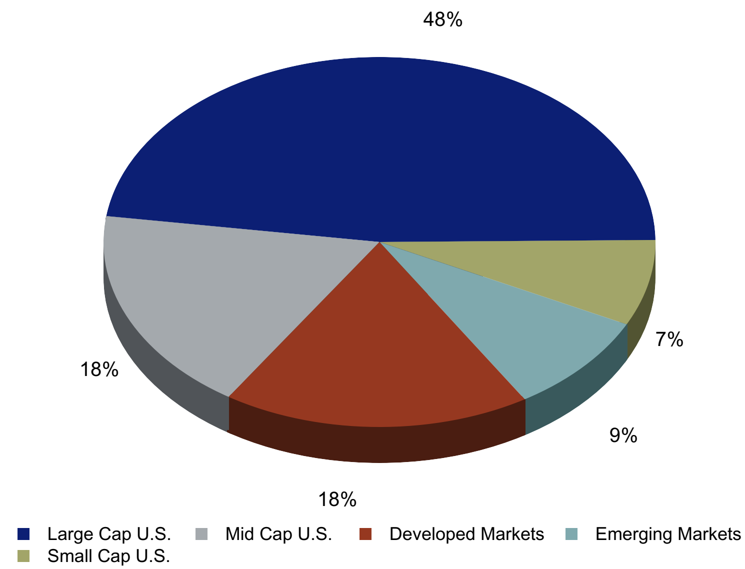
Holdings Date: 6/30/2023

Equity Summary

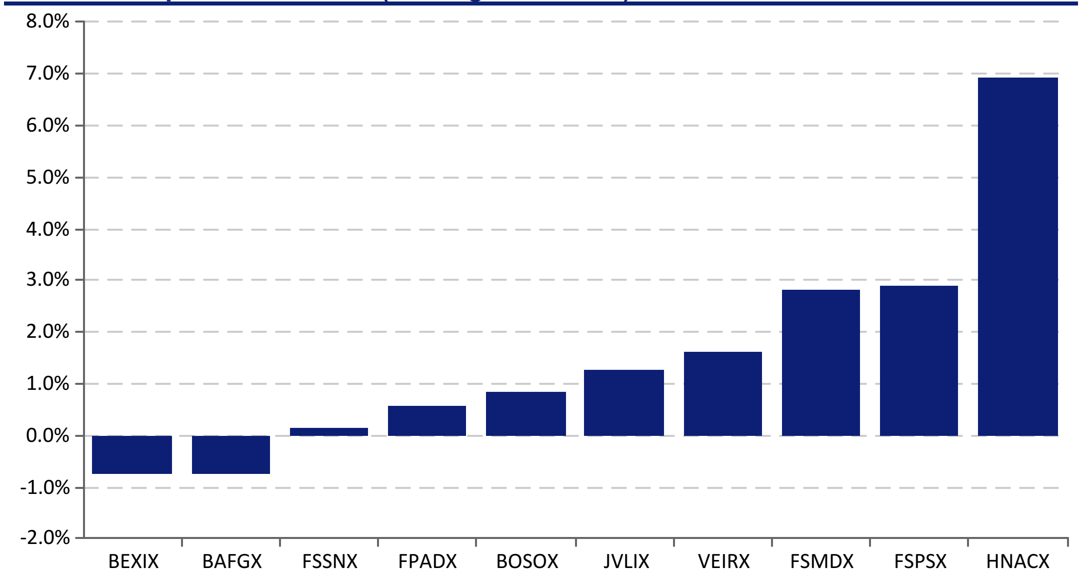
Inv. Objective	Balanced/Nontaxable-1
Total Equity Value	$39,400,709
Current Yield	1.33%
Annual Income Projected	$525,732
Number of Securities	6
Portfolio Mgr.	Rick Rosenthal

Equity Asset Allocation

Large Cap U.S.	$18,879,613	47.92%
Mid Cap U.S.	$7,074,284	17.95%
Developed Markets	$7,038,359	17.86%
Emerging Markets	$3,463,229	8.79%
Small Cap U.S.	$2,945,224	7.48%



Bottom 5/ Top 5 Contributors (Trailing 12 Months)



Equity Global Distribution

Equity Country Distribution

Holdings Date: 6/30/2023

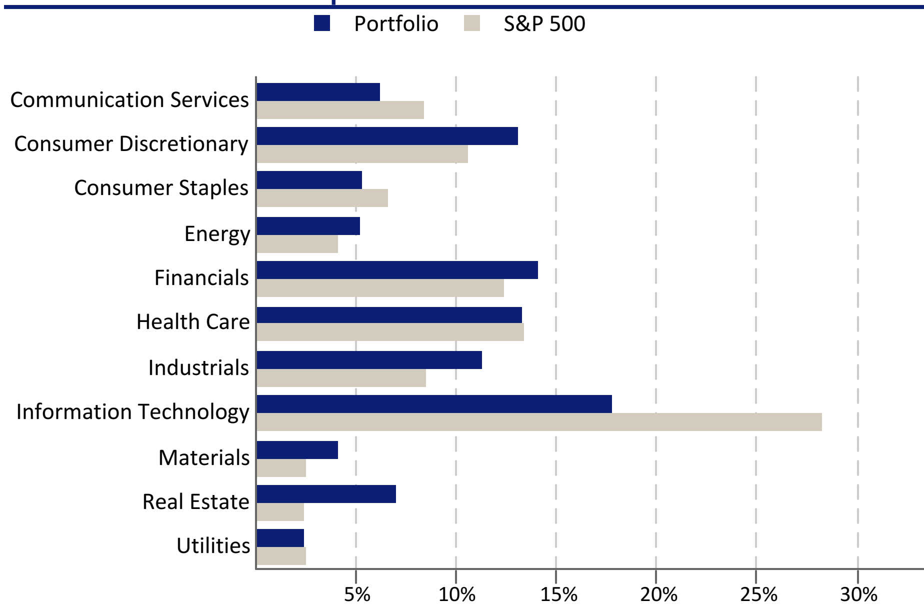
Top 10 Common Stock Holdings

	Stock Wt. (%)	Full Port Wt. (%)	Yield (%)	YTD Return* (%)	52 Wk Return* (%)
NVIDIA Corporation	2.07	1.39	0.03	189.5	179.3
Microsoft Corporation	1.86	1.25	0.79	42.7	33.9
Apple Inc.	1.74	1.17	0.49	49.7	42.7
Alphabet Inc. Class A	1.49	1.01	0.00	35.7	9.9
Amazon.com, Inc.	1.41	0.95	0.00	55.2	22.7
Tesla, Inc.	1.18	0.80	0.00	112.5	16.6
LVMH Moet Hennessy Louis V...	0.93	0.62	1.40	27.9	50.6
JPMorgan Chase & Co.	0.92	0.62	2.61	10.1	33.5
Berkshire Hathaway Inc. Class...	0.90	0.60	0.00	10.4	24.9
UnitedHealth Group Incorporat...	0.85	0.57	1.55	-8.7	-5.1

Common Stock Characteristics

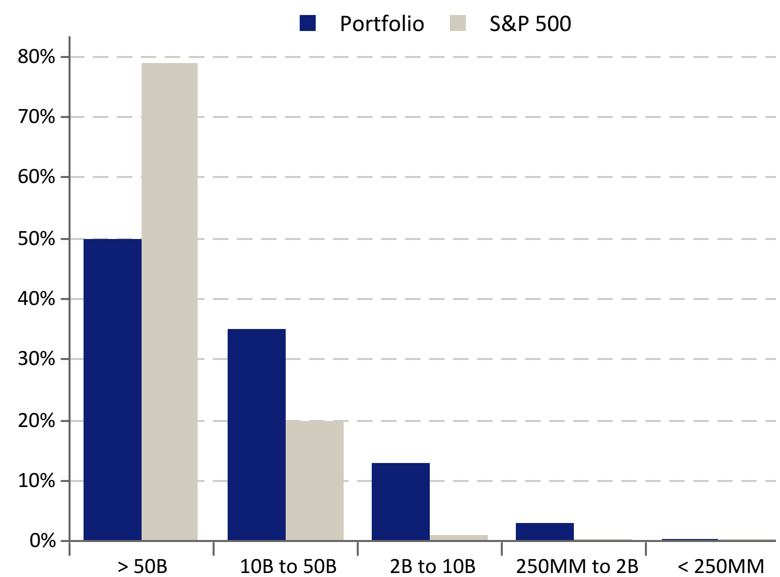
	Portfolio	S&P 500
Market Cap - Wtd Avg	$269.8B	$680.8B
Market Cap - Median	$4.7B	$31.1B
Dividend Yield (%)	1.85	1.54
P/E NTM	16.0	19.3
P/E LTM	16.4	21.6
ROE (%)	18.8	24.8
1 Yr Beta vs. S&P Composite	.85	1.05
Est 3-5 Yr EPS Growth (%)	14.1	12.3
Hist 3 Yr EPS Growth (%)	22.8	22.7
Number of Securities	5054	503

Common Stock Sector Exposures



	Portfolio	S&P 500
Communication Services	6.27	8.39
Consumer Discretionary	13.07	10.66
Consumer Staples	5.37	6.67
Energy	5.27	4.11
Financials	14.10	12.42
Health Care	13.30	13.42
Industrials	11.36	8.49
Information Technology	17.78	28.26
Materials	4.09	2.50
Real Estate	7.01	2.49
Utilities	2.40	2.58

Common Stock Market Cap Distribution



***Specific to the security - does not represent performance in the portfolio.**

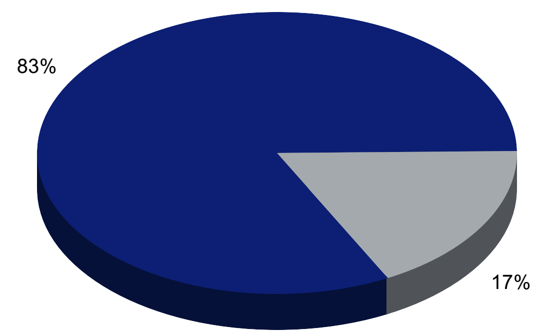
Holdings Date: 6/30/2023

Fixed Income Summary

Inv. Objective	Balanced/Nontaxable-1
Total Fixed Income Value	$16,774,536
Current Yield	3.97%
Annual Income Projected	$666,387
Number of Securities	4
Portfolio Mgr.	Rick Rosenthal

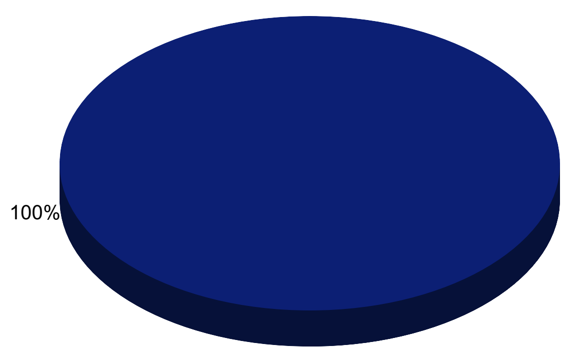
Fixed Income Asset Allocation

Investment Grade	$13,857,296	82.61%
High Yield	$2,917,241	17.39%

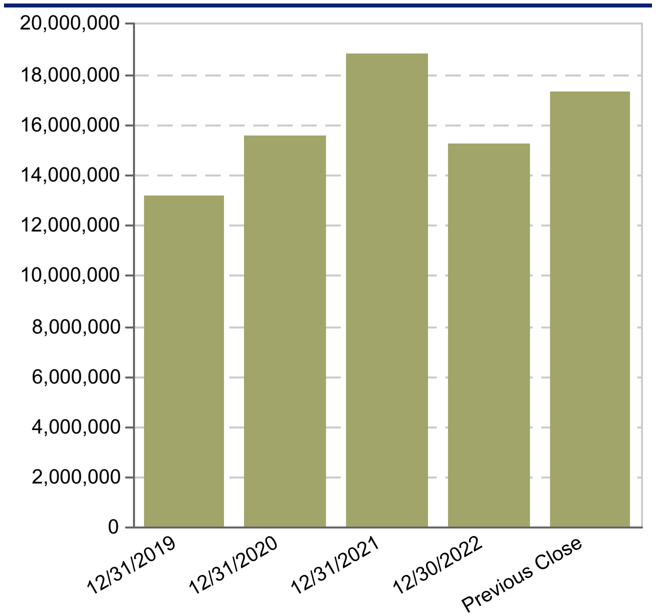


Fixed Income Sector Exposures

Mutual Funds & ETFs	$16,774,536	100.00%



Fixed Income Market Value



Selected Period Performance

	Market Value	3 Months	Year to Date (6 Months)	1 Year	3 Years	5 Years	10 Years	Inception to Date 10/01/2010
Total Portfolio Gross of Fees	58,816,179	3.99	9.36	10.25	6.24	5.45	6.55	6.32
Total Portfolio Net of Fees	58,816,179	3.89	9.16	9.84	5.86	5.07	6.15	5.98
Balance/Nontaxable-1		2.93	8.18	8.24	5.98	4.99	5.59	5.73
Total Equity	39,400,709	6.27	13.06	15.55	10.36	7.80	9.31	9.18
S&P 500 Index (Total Return)		8.74	16.89	19.59	14.60	12.31	12.86	13.47
S&P MidCap 400 Index		4.85	8.84	17.61	15.44	7.79	10.21	11.45
S&P SmallCap 600 Index		3.38	6.03	9.75	15.19	5.22	9.81	11.59
MSCI EAFE Index (Net)		2.95	11.67	18.77	8.93	4.39	5.41	5.32
MSCI Emerging Markets Index (Net)		.90	4.89	1.75	2.32	.93	2.95	1.78
Total Fixed Income	16,833,739	-.27	2.96	1.02	-2.38	.42	1.54	1.96
BBARC 1-5 Year US Government/Credit Index		-.62	1.19	.19	-1.57	1.15	1.14	1.23
BBARC Intermediate US Government/Credit Index		-.81	1.50	-.10	-2.46	1.23	1.41	1.63
BBARC US Aggregate Bond Index		-.84	2.09	-.94	-3.96	.77	1.52	1.82
Total Real Assets	1,771,280	1.40	4.13	.18	6.64	3.62		
S&P Global REIT Index (Gross)		1.03	2.70	-1.92	6.38	2.41	4.90	6.57
Total Cash Equivalents	810,450	1.16	2.15	3.40	1.15	1.27	.75	.58
FTSE 3 Month Treasury Bill Index		1.25	2.39	3.75	1.33	1.57	.98	.78

	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
Total		**100.0**			**58,753,920**	**57,734,442**	**1,019,477**	**2.20**	**1,293,592**
Cash		**1.37**			**807,394**	**807,394**	**.00**	**5.01**	**40,490**
Cash Equivalents		**1.37**			**807,394**	**807,394**	**.00**	**5.01**	**40,490**
FIRST AM GOVT OB FD CL X	31846V336	1.37	1.00	807,394	807,394	807,394	.00	5.01	40,490
Fixed Income		**28.55**			**16,774,536**	**18,031,887**	**-1,257,351**	**3.97**	**666,387**
Investment Grade		**23.59**			**13,857,296**	**15,086,975**	**-1,229,679**	**3.30**	**457,868**
Mutual Funds & ETFs		**23.59**			**13,857,296**	**15,086,975**	**-1,229,679**	**3.30**	**457,868**
DoubleLine Total Return Bond Fund Class I	DBLTX	6.86	8.81	457,253	4,028,402	4,663,939	-635,537	4.05	163,239
Fidelity U.S. Bond Index Fund	FXNAX	9.83	10.26	563,107	5,777,478	6,353,157	-575,679	2.65	153,165
TIAA-CREF Core Bond Fund Institutional...	TIBDX	6.90	9.05	447,670	4,051,415	4,069,879	-18,463	3.49	141,464
High Yield		**4.97**			**2,917,241**	**2,944,913**	**-27,672**	**7.15**	**208,519**
Mutual Funds & ETFs		**4.97**			**2,917,241**	**2,944,913**	**-27,672**	**7.15**	**208,519**
Artisan High Income Fund - Institutional Sh...	APHFX	4.97	8.66	336,864	2,917,241	2,944,913	-27,672	7.15	208,519
Equity		**67.06**			**39,400,709**	**36,712,268**	**2,688,441**	**1.33**	**525,732**
Large Cap U.S. Equity		**32.13**			**18,879,613**	**17,041,128**	**1,838,486**	**0.67**	**126,262**
Mutual Funds & ETFs		**32.13**			**18,879,613**	**17,041,128**	**1,838,486**	**0.67**	**126,262**
Harbor Capital Appreciation Fund - Retire...	HNACX	16.08	86.12	109,694	9,446,830	8,116,898	1,329,932	0.00	0
John Hancock Fds III Disciplined Value Fu...	JVLIX	16.05	21.74	433,891	9,432,783	8,924,229	508,554	1.34	126,262
Mid Cap U.S. Equity		**12.04**			**7,074,284**	**6,291,804**	**782,480**	**1.50**	**106,014**
Mutual Funds & ETFs		**12.04**			**7,074,284**	**6,291,804**	**782,480**	**1.50**	**106,014**
Fidelity Mid Cap Index Fund	FSMDX	12.04	28.16	251,217	7,074,284	6,291,804	782,480	1.50	106,014
Small Cap U.S. Equity		**5.01**			**2,945,224**	**2,897,375**	**47,849**	**1.53**	**45,079**
Mutual Funds & ETFs		**5.01**			**2,945,224**	**2,897,375**	**47,849**	**1.53**	**45,079**
Fidelity Small Cap Index Fund	FSSNX	5.01	23.39	125,918	2,945,224	2,897,375	47,849	1.53	45,079
Developed Markets Equity		**11.98**			**7,038,359**	**7,163,112**	**-124,753**	**2.37**	**167,115**
Mutual Funds & ETFs		**11.98**			**7,038,359**	**7,163,112**	**-124,753**	**2.37**	**167,115**
Fidelity International Index Fund	FSPSX	11.98	46.16	152,477	7,038,359	7,163,112	-124,753	2.37	167,115
Emerging Markets Equity		**5.89**			**3,463,229**	**3,318,849**	**144,379**	**2.35**	**81,262**
Mutual Funds & ETFs		**5.89**			**3,463,229**	**3,318,849**	**144,379**	**2.35**	**81,262**
Fidelity Emerging Markets Index Fund	FPADX	5.89	9.93	348,764	3,463,229	3,318,849	144,379	2.35	81,262

	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
Real Assets		**3.01**			**1,771,280**	**2,182,893**	**-411,613**	**3.44**	**60,984**
U.S. Listed Real Estate		**3.01**			**1,771,280**	**2,182,893**	**-411,613**	**3.44**	**60,984**
iShares Core U.S. REIT ETF	USRT	3.01	51.41	34,454	1,771,280	2,182,893	-411,613	3.44	60,984

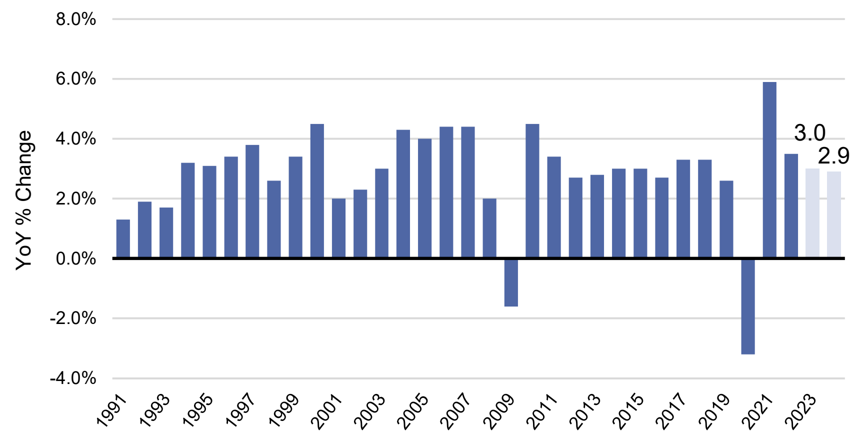
MARKET SUMMARY

Provided by Sub-Advisor - PFM Asset Management LLC

THE ECONOMY

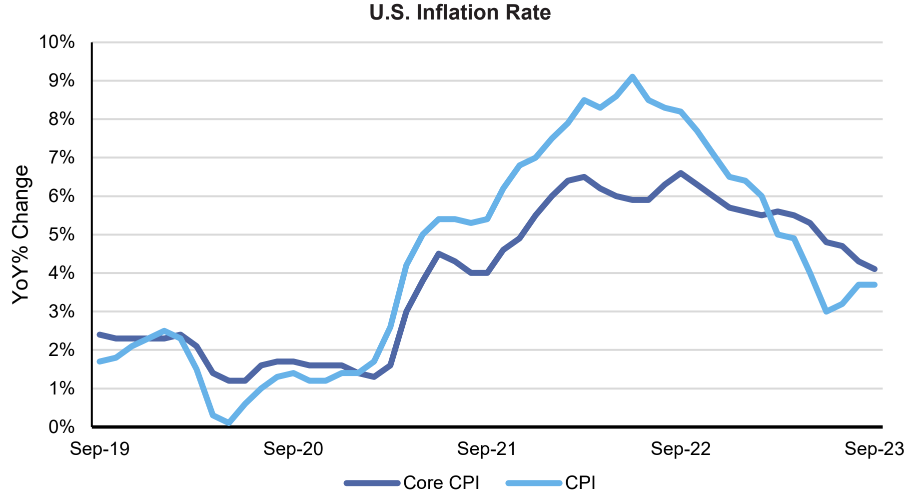
- In the second quarter, gross domestic product (GDP) grew at an annualized rate of 2.1%, in line with 2023 growth estimates by the Federal Reserve (Fed) despite persistent inflation and continued rate hikes. This GDP growth rate is below global growth estimates of 3.0%, which have been buoyed by emerging markets (EM) and developing economies.
- The U.S. labor market continues to cool as the unemployment rate has risen to 3.8% in September. The number of job openings to unemployed ratio fell to 1.51, down from its high of 2.0 in 2022 but not yet closing in on the goal of 1.00.
- Inflation pressures remained visible in the third quarter, with headline inflation (CPI) increasing 3.7% year-over-year (YoY) in September, up from 3.0% at the end of the second quarter. However, the less volatile core reading (which excludes food and energy) shows continued cooling at 4.1% YoY in September, its slowest pace since 2021.
- Through the strong labor market and continued growth, consumer confidence saw relative improvement. The Michigan Consumer Sentiment survey ended the quarter at 68.1, up 8.4 year-to-date, though below the long-term average of 85. Consumers savings and incomes remain strong, but debt levels and defaults are increasing.

Global GDP Growth



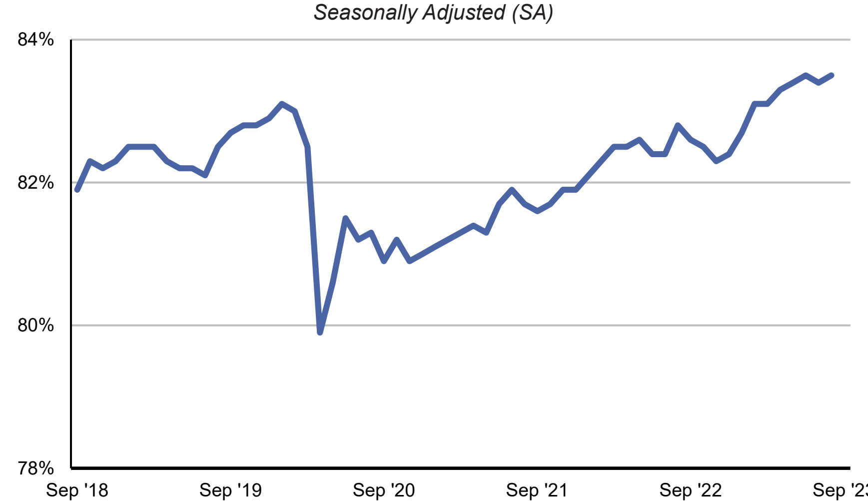
Source: IMF. Dark blue bars indicate actual numbers; light blue bars indicate forecasted estimates.

U.S. Inflation Rate



Source: Bureau of Labor Statistics.

U.S. Prime Age Labor Force Participation Rate 25-54 Yrs.
Seasonally Adjusted (SA)



Source: Bureau of Labor Statistics.

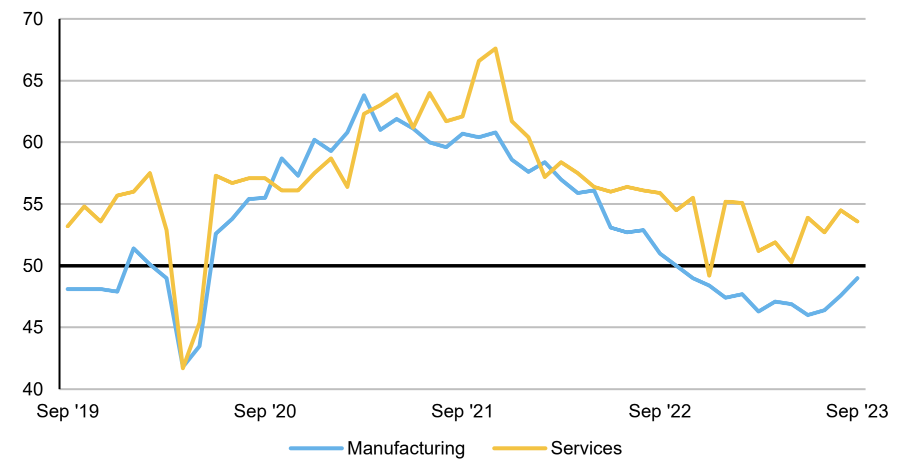
WHAT WE'RE WATCHING

► After a pause in June, the third quarter brought one more rate hike as the resiliency of economic activity in the U.S. prompted the Fed to raise the target for the federal funds rate by 25 basis points (bps). Looking forward, the median dot for 2024 and 2025 were raised to 5.125% and 3.875%, with increased expectations of a 'higher-for-longer' policy. The European Central Bank (ECB) diverged from Fed policy slightly with two hikes during the quarter, marking a full year of consecutive rate hikes, as they continue to rein in inflation.

► The U.S. saw some recovery in manufacturing during the quarter as S&P Global U.S. Manufacturing rose to 49.8, just fractionally contractionary, as supply conditions improved and employment rose. Services weakened over the quarter, but remain expansionary at 50.1. The HCOB Eurozone manufacturing PMI, by comparison, ended the quarter in sharply contractionary territory for the fifteenth consecutive month, at 43.4. The services PMI also turned contractionary ending at 48.7.

► China's manufacturing and services sectors saw continued growth but with slowing momentum through the quarter as the S&P Global China Manufacturing and Services readings dipped to 50.9 and 50.2, respectively. Looking forward, the expected increased domestic tourism for "golden week" may provide a short-term boost to demand, though whether that can be sustained remains to be seen.

U.S. ISM Manufacturing & Services PMI

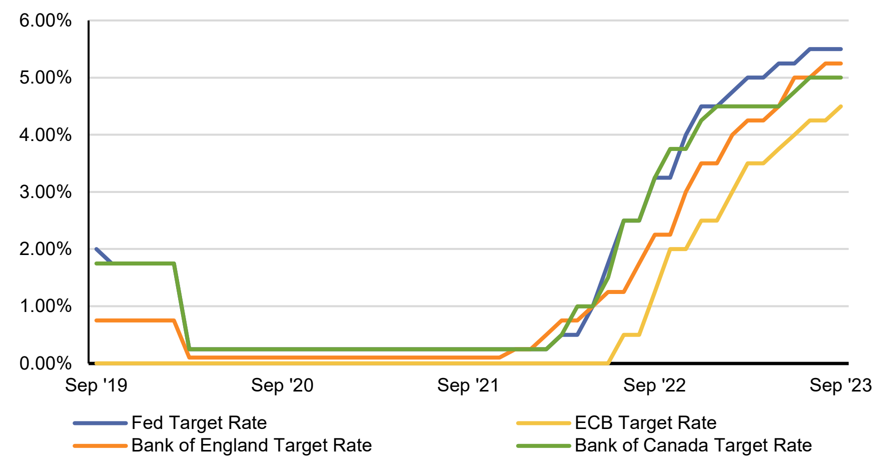


Source: Bloomberg.

University of Michigan Consumer Sentiment

Source: Bloomberg.

Global Central Bank Rates



Source: Bloomberg.

DOMESTIC EQUITY

▶ The S&P 500 Index (S&P) posted a return of -3.27% for the third quarter of 2023. As of September 30, 2023, the trailing 1-year return for the index was 21.59%.

▶ Over the quarter, extreme market concentration continued to play a factor for large-cap stocks, as evidenced by the underperformance of the S&P 500 Equal Weight Index versus the S&P 500 Market Cap-Weighted Index.

▶ Within the S&P, only two of the 11 Global Industry Classification Standard (GICS) sectors posted positive gains for the quarter: Energy (12.22%) and Communication Services (3.07%). The worst-performing sectors over the quarter were Utilities (-9.25%), Real Estate (-8.90%), and Consumer Staples (-5.97%).

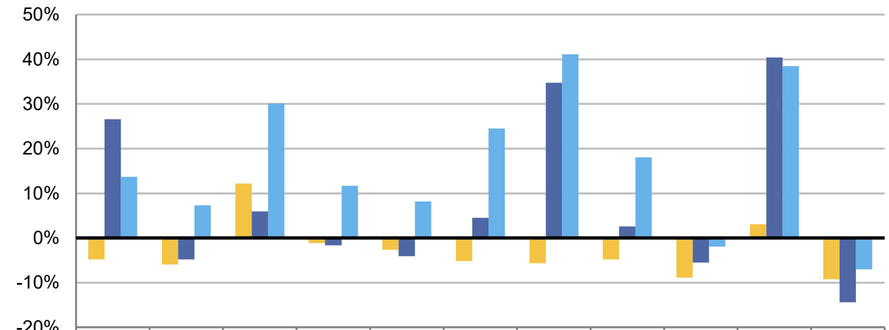
▶ Small-caps, as represented by the Russell 2000 Index, returned -5.13% during the quarter, lagging mid- and large-caps. The Russell Mid Cap Index returned -4.68% for the quarter, while the Russell 1000 Index returned -3.16%.

▶ According to FactSet Earnings Insight (as of September 29, 2023), the expected YoY earnings growth rate for the S&P for the third quarter is -0.1%. If expectations become- a reality, it will be the fourth consecutive quarterly decline for the index.

▶ As of the end of the quarter, the S&P 500 P/E ratio was 20.96, below its 5-year average of 21.74. By comparison, the S&P 600, which represents small-cap stocks, had a P/E ratio of 14.52, well below its 5-year average of 17.22.

S&P 500 Index Performance by Sector

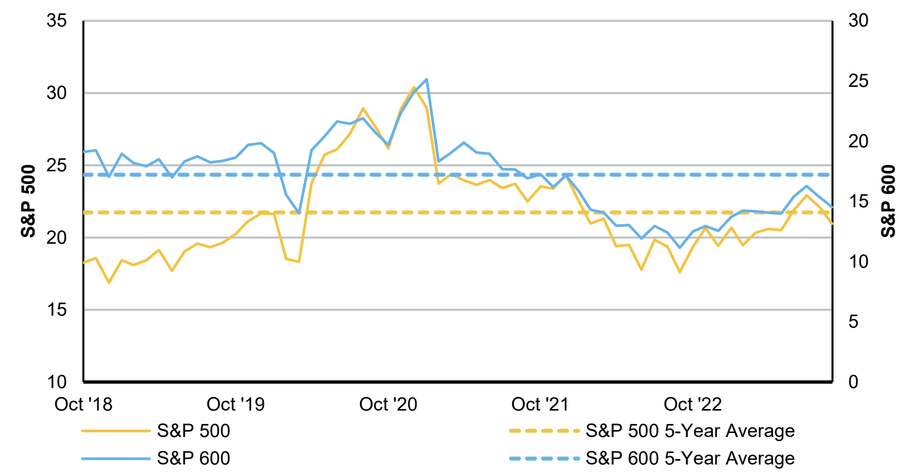
Periods Ended September 30, 2023



	Consumer Disc.	Consumer Staples	Energy	Financials	H'lthcare	Industrials	Info. Tech	Materials	Real Estate	Telecom	Utilities
QTD	-4.80%	-5.97%	12.22%	-1.13%	-2.65%	-5.16%	-5.64%	-4.76%	-8.90%	3.07%	-9.25%
YTD	26.58%	-4.76%	5.99%	-1.65%	-4.09%	4.50%	34.72%	2.61%	-5.51%	40.43%	-14.41%
1 Year	13.69%	7.35%	30.09%	11.68%	8.18%	24.54%	41.10%	18.05%	-1.90%	38.48%	-7.02%

Source: Bloomberg.

P/E Ratios of Major Stock Indices*



Source: Bloomberg.

**P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.*

NON-U.S. EQUITY

▶ Markets outside of the U.S., as measured by the MSCI ACWI ex-U.S. Index, slightly underperformed their U.S. counterparts, returning -3.77% for the quarter.

▶ There were 10 out of the 11 sectors that posted negative returns for the quarter, with Information Technology (-8.71%), Utilities (-7.89%), and Consumer Staples (-6.38%) being the worst-performing sectors. Energy (+8.96%) was the best and only sector with a positive return for the quarter. The sector benefited from oil prices soaring on tighter supplies.

▶ Emerging markets (EM), as represented by MSCI Emerging Market Index, outperformed Developed ex-U.S. Markets, represented by the MSCI EAFE Index, returning -2.93% versus -4.11% for the quarter.

▶ MSCI Japan (-1.55%) outperformed the MSCI EAFE Index. Japanese equities continue to benefit from positive investor sentiment as better corporate governance practices and attractive valuation brighten earnings outlook. Of the five largest-weighted countries in the index, Germany (-7.62%) was the worst performer due to gloomy economic data and unfavorable demographics.

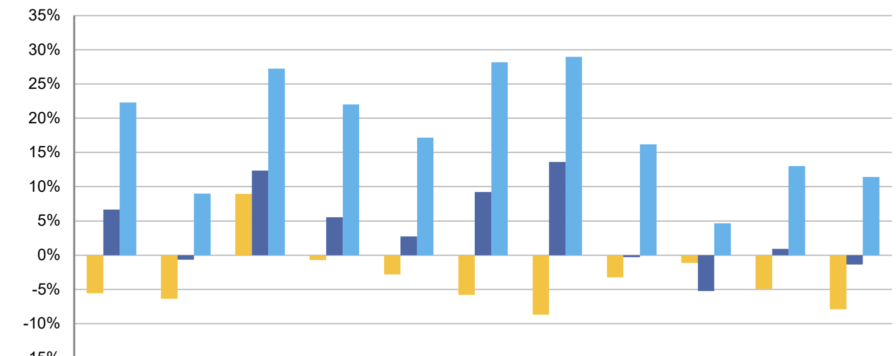
▶ Within EM, MSCI India (1.84%) was a strong performer. The country's economic growth remains strong despite higher rates. MSCI China (-2.41%) outperformed the index as the government reaffirmed stimulative policies, which fueled a sharp rebound in Chinese equities during the month of July.

▶ Small-caps, as represented by MSCI ACWI ex-U.S. Small Cap Index, outperformed within the international equity markets, returning -1.70% for the quarter.

▶ Non-U.S. equities remain undervalued relative to their long-term average across international equity markets. As of September 30, 2023, MSCI EAFE ended the quarter with a P/E ratio of 13.39, much lower than its 5-year average of 15.98. Similarly, MSCI EM's P/E stood at 12.99 versus a 5-year average of 13.12.

MSCI ACWI ex-U.S. Sectors

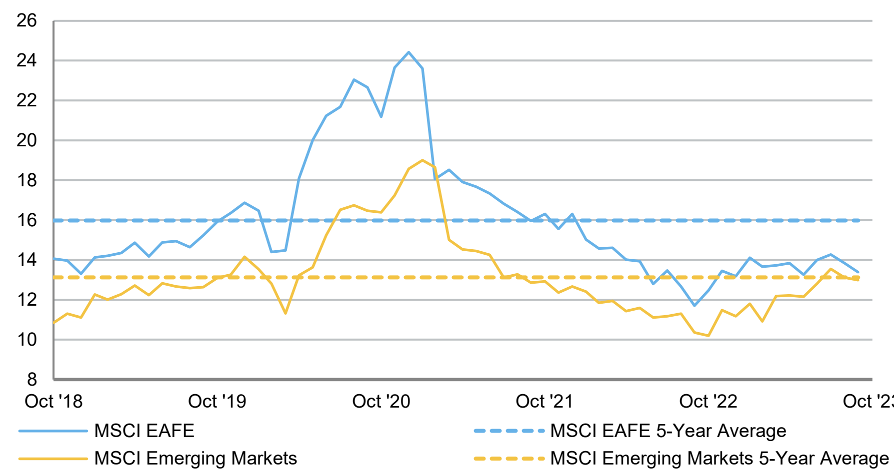
Periods Ended September 30, 2023



	Consumer Disc.	Consumer Staples	Energy	Financials	Healthcare	Industrials	Info Tech	Materials	Real Estate	Telecom	Utilities
QTD	-5.56%	-6.38%	8.96%	-0.72%	-2.82%	-5.82%	-8.71%	-3.26%	-1.12%	-4.92%	-7.89%
YTD	6.64%	-0.69%	12.36%	5.55%	2.73%	9.24%	13.60%	-0.31%	-5.23%	0.94%	-1.35%
1 Year	22.30%	9.00%	27.26%	22.01%	17.17%	28.18%	28.97%	16.20%	4.66%	13.01%	11.43%

Source: Bloomberg.

P/E Ratios of MSCI Equity Indices*



Source: Bloomberg.

**P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.*

FIXED INCOME

► The U.S. bond market represented by the Bloomberg U.S. Aggregate (Aggregate) Index fell sharply during the third quarter to -3.23% as rates continued rising. The trailing 1-year period return is 0.64%.

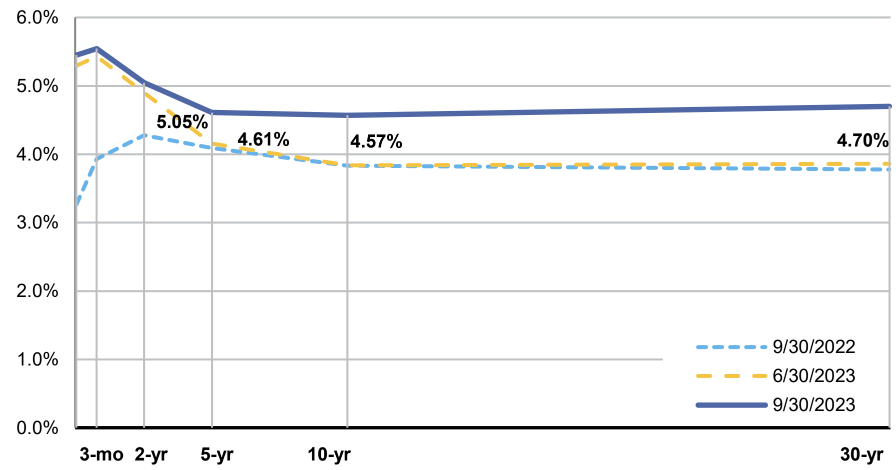
► The Bloomberg U.S. Treasury Index closed the quarter with a loss of -3.06%. During the period, the Federal Open Market Committee (FOMC) raised interest rates by a quarter point in July, but paused at the September meeting. Long rates rose on several factors, including higher overall treasury issuance, less foreign demand, stickier energy-related inflation, and Federal debt and deficit size. The latter led to Fitch downgrading the U.S. Government rating. The curve remains inverted as the fed funds rate is now targeted at 5.5%. The 10-year climbed 78 bps in the quarter, ending at 4.59%.

► Corporate credit had mixed results for the quarter. The investment-grade Bloomberg U.S. Corporate (IG Corp) Index declined 3.09%, while high-yield bonds, as represented by the Bloomberg U.S. Corporate High-Yield (HY) Index, posted a gain of 0.46%. Although spreads didn't widen, IG Corp sold off from duration. HY saw very mild spread widening but was again led by the lowest quality Caa/CCC-rated cushioned by double-digit yields.

► The fixed-rate mortgage market, as measured by the Bloomberg U.S. Mortgage-Backed Securities (MBS) Index, lost 4.05%, hurt by continued duration extension on higher rates. On the commercial side, the Bloomberg U.S. Agency CMBS Index declined by 1.91%.

► EM USD sovereign bonds, as represented by the JP Morgan EMBI Global Diversified Index, lost 2.23%.

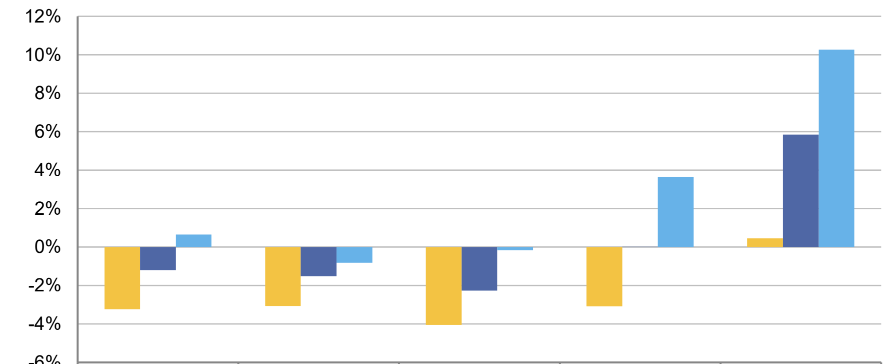
U.S. Treasury Yield Curve



Source: Bloomberg.

Returns for Fixed-Income Segments

Periods Ended September 30, 2023



	Blmbg U.S. Aggregate	Blmbg U.S. Treasury	Blmbg U.S. MBS	Blmbg U.S. Corporate	Blmbg U.S. High Yield
QTD	-3.23%	-3.06%	-4.05%	-3.09%	0.46%
YTD	-1.21%	-1.52%	-2.26%	0.02%	5.86%
1 Year	0.64%	-0.81%	-0.17%	3.65%	10.28%

Source: Bloomberg.

ALTERNATIVES

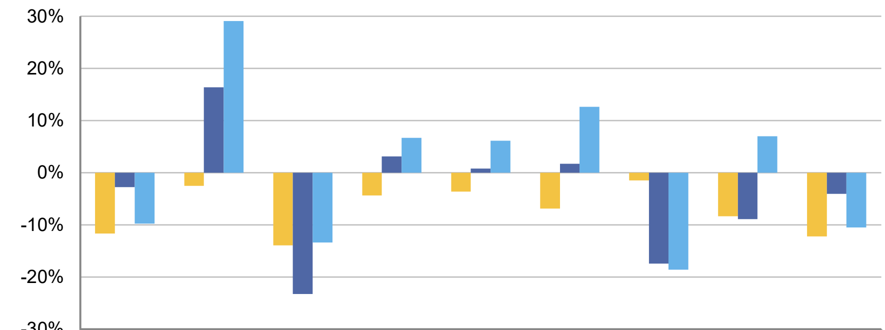
- REITs, as measured by the FTSE NAREIT Equity REITs Index, fell 7.13% in the third quarter of 2023, compared to a 2.62% increase in the prior quarter. All major sectors posted losses during the quarter as higher interest rates and broader economic concerns have spooked investors. The best performers were the Office and Data Center sectors, which posted returns of -1.47% and -2.50%, respectively. The worst performers during the quarter were the Diversified and Self-Storage sectors, which posted returns of -13.92% and -12.19%, respectively.

- Commodity futures, represented by the Bloomberg Commodity Total Return Index, gained 4.71% in the third quarter of 2023, compared to a 2.56% decline in the prior quarter. The U.S. Dollar Index (DXY) gained 3.17% during the same period. The price of gold fell 3.69% in Q3, marking the second consecutive quarter of declines for the precious metal. Gold finished the quarter at $1,848.63 per ounce, down from $1,919.35 at the end of the previous quarter. The West Texas Intermediate (WTI) Crude Oil spot price gained 28.53% from $70.64 to $90.79 per barrel as news of OPEC cuts and tighter supplies outweighed headwinds posed by a strengthening U.S. dollar and softening economic data.

- Private real estate, as measured by the NCREIF Property Index, fell -1.98% in the second quarter of 2023, resulting in a -6.60% return over the twelve-month period ended June 2023. This was the third consecutive quarter of negative returns for the index, underscoring the weakness in private property values. Hotel properties were again the top performers, with a total return of 4.00% in the second quarter, comprised of 1.94% in income return and 2.06% in appreciation return. Office properties were again the worst performers with a total return of -5.79%, comprised of 1.21% in income return and -7.00% in appreciation return.

FTSE NAREIT Sectors

Periods Ended September 30, 2023

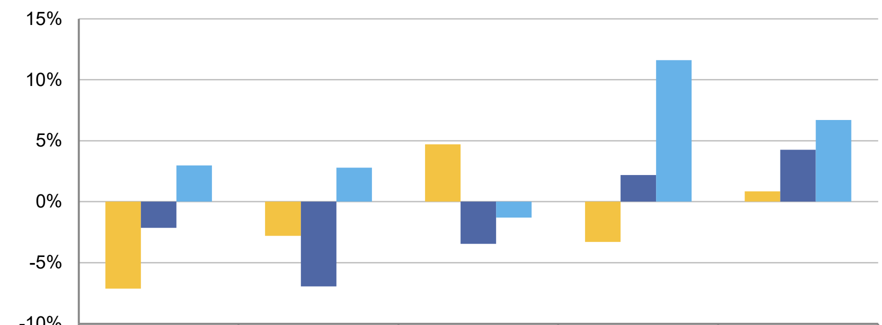


	Apartments	Data Centers	Diversified	Healthcare	Hotels	Industrial	Office	Retail	Storage
QTD	-11.68%	-2.50%	-13.92%	-4.36%	-3.60%	-6.88%	-1.47%	-8.36%	-12.19%
YTD	-2.77%	16.39%	-23.24%	3.14%	0.81%	1.73%	-17.41%	-8.93%	-4.06%
1 Year	-9.77%	29.13%	-13.41%	6.66%	6.13%	12.63%	-18.62%	6.99%	-10.52%

Source: Bloomberg.

Returns for Liquid and Semi-Liquid Alternative Assets

Periods Ended September 30, 2023



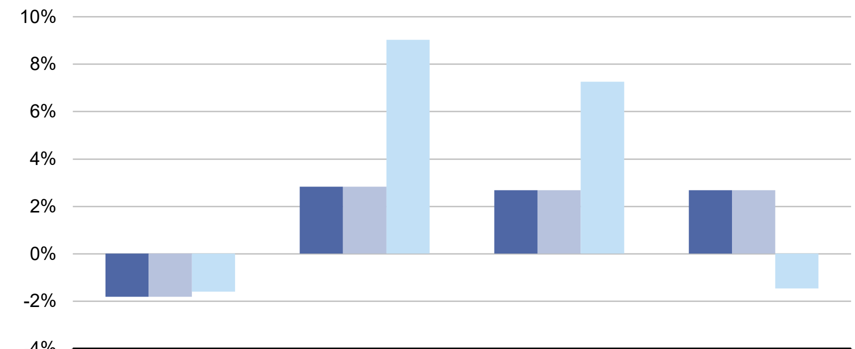
	U.S. REITs	International REITs	Commodity Futures	Gold	HFRI Fund Weighted Comp.
QTD	-7.13%	-2.80%	4.71%	-3.28%	0.850%
YTD	-2.14%	-6.94%	-3.44%	2.18%	4.27%
1 Year	2.99%	2.80%	-1.30%	11.61%	6.69%

Sources: Bloomberg and Hedge Fund Research, Inc.

ALTERNATIVES (continued)

- In the second quarter of 2023, infrastructure funds raised only $3.72 billion, although this is higher than the amount raised during the prior quarter. Almost all of this capital was raised by opportunistic infrastructure funds. Real assets dry powder has also fallen from previous years and stands at $254.85 billion as of Q4 2022. Despite macroeconomic headwinds, the asset class continues to remain attractive due to its ability to provide moderate but consistent returns during periods of volatility, inflation and recession. According to PitchBook, infrastructure funds posted a return of 2.83% in Q1 2023. The asset class has generated an annualized return of 10.49% for the five years ended Q1 2023.
- In the second quarter of 2023, private debt fundraising amounted to $56.38 billion, up from the prior quarter. Private debt dry powder has fallen to $434.39 billion, although it remains above the long-term average. The asset class has performed well relative to public fixed income and may see more opportunities emerge in the near term as tightening lending standards push banks out of the private lending space. According to the Cliffwater Direct Lending Index, U.S. middle market loans, a proxy for private debt, posted a return of 2.81% in Q2 2023. The asset class has also generated an annualized return of 8.47% for the five years ended Q2 2023.
- In the second quarter of 2023, private capital fundraising was led by private equity funds, which closed on $114.01 billion. Global private equity dry powder, which accounts for the bulk of private capital dry powder, remains high at $1.32 trillion as of December 2022. Recent private equity performance has weakened as a result of high interest rates and a slowing economy; however, longer-term performance relative to public equities remains strong. According to Cambridge Associates, U.S. private equity posted a return of 2.69% in Q1 2023. The asset class has generated an annualized return of 18.47% for the five years ended Q1 2023.
- Hedge fund returns were positive quarter-to-date through August 2023, with the HFRI Fund Weighted Composite Index returning 1.05%. During the same period, the HFRI Macro (Total) Index returned 0.11%. The HFRI Equity Hedge (Total) Index and the HFRI Fund of Funds Index returned 0.85% and 0.95%, respectively.

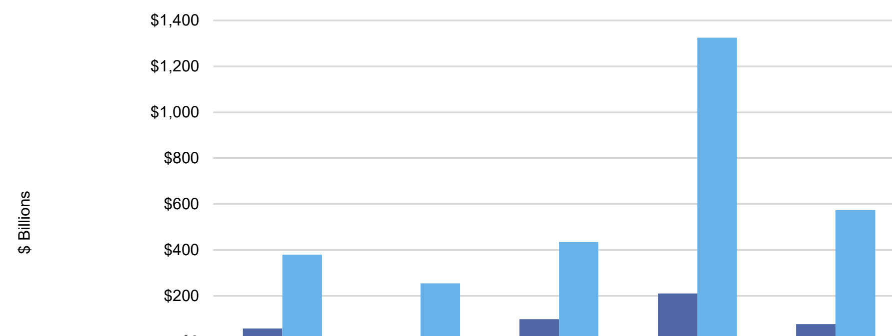
Returns for Private Capital Assets



	Private Real Estate	Infrastructure	Private Debt	Private Equity
QTD	-1.81%	2.83%	2.69%	2.69%
YTD	-1.81%	2.83%	2.69%	2.69%
1 Year	-1.60%	9.02%	7.26%	-1.46%

Source: NCREIF, PitchBook, Cliffwater, Cambridge Associates, manual inputs.
As of March 31, 2023 - most recent period for which all performance data is available.

Private Capital Fundraising & Dry Powder



	Closed-End Real Estate	Infrastructure	Private Debt	Private Equity	Venture Capital
YTD Fundraising ($B)*	$58.31	$5.76	$98.87	$211.10	$77.75
Dry Powder ($B)**	$380.29	$254.85	$434.39	$1,324.59	$574.07

Sources: Pitchbook.

** Total capital raised in 2023 as of June 30, 2023 - most recent period for which ALL fundraising data is available.*
*** Cumulative dry powder as of most recent - December 31, 2022.*

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Important disclosures, definitions of terms and index descriptions

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Important disclosures (page 1 of 4)

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Past performance is no guarantee of future results. All performance data, while obtained from sources deemed to be reliable, are not guaranteed for accuracy. Indexes shown are unmanaged and are not available for direct investment, nor are they subject to fees and expenses.

Performance reports included may show performance results gross of fees and expenses. If fees and expenses were included, the performance would be lower. If you have any questions, please speak with your relationship manager for additional information.

Based on our strategic approach to creating diversified portfolios, guidelines are in place concerning the construction of portfolios and how investments should be allocated to specific asset classes based on client goals, objectives and tolerance for risk. Not all recommended asset classes will be suitable for every portfolio. **Diversification and asset allocation do not guarantee returns or protect against losses.**

Important disclosures (page 2 of 4)

Equity securities are subject to stock market fluctuations that occur in response to economic and business developments. **Stocks of small-capitalization companies** involve substantial risk. These stocks historically have experienced greater price volatility than stocks of larger companies and may be expected to do so in the future. **Stocks of mid-capitalization companies** can be expected to be slightly less volatile than those of small-capitalization companies, but still involve substantial risk and may be subject to more abrupt or erratic movements than large-capitalization companies. The value of **large-capitalization stocks** will rise and fall in response to the activities of the company that issued them, general market conditions and/or economic conditions. **Growth investments** focus on stocks of companies whose earnings/profitability are accelerating in the short term or have grown consistently over the long term. Such investments may provide minimal dividends, which could otherwise cushion stock prices in a market decline. Stock value may rise and fall significantly based, in part, on investors' perceptions of the company, rather than on fundamental analysis of the stocks. Investors should carefully consider the additional risks involved in growth investments. **Value investments** focus on stocks of income-producing companies whose price is low relative to one or more valuation factors, such as earnings or book value. Such investments are subject to risks that their intrinsic values may never be realized by the market, or such stocks may turn out not to have been undervalued. Investors should carefully consider the additional risks involved in value investments.

International investing involves special risks, including foreign taxation, currency risks, risks associated with possible differences in financial standards and other risks associated with future political and economic developments. Investing in **emerging markets** may involve greater risks than investing in more developed countries. In addition, concentration of investments in a single region may result in greater volatility.

Investments in **real estate securities** can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates and risks related to renting properties (such as rental defaults). There are special risks associated with an investment in **commodities**, including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors**.**

Investments in **fixed income securities** are subject to various risks, including changes in interest rates, credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors. Investment in fixed income securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term securities. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. Investments in **high yield bonds** offer the potential for high current income and attractive total return, but involve certain risks. Changes in economic conditions or other circumstances may adversely affect a bond issuer's ability to make principal and interest payments.

Important disclosures (page 3 of 4)

The **municipal bond** market is volatile and can be significantly affected by adverse tax, legislative or political changes and the financial condition of the issues of municipal securities. Interest rate increases can cause the price of a bond to decrease. Income on municipal bonds is free from federal taxes, but may be subject to the federal alternative minimum tax (AMT), state and local taxes. **Treasury Inflation-Protected Securities (TIPS)** offer a lower return compared to other similar investments and the principal value may increase or decrease with the rate of inflation. Gains in principal are taxable in that year, even though not paid out until maturity.

Non-financial **specialty assets**, such as real estate, farm, ranch and timber properties, oil, gas and mineral interests or closely-held business interests are complex and involve unique risks specific to each asset type, including the total loss of value. Special risk considerations may include natural events or disasters, complex tax considerations and lack of liquidity. Specialty assets may not be suitable for all investors.

Alternative investments very often use speculative investment and trading strategies. There is no guarantee that the investment program will be successful. Alternative investments are designed only for investors who are able to tolerate the full loss of an investment. These products are not suitable for every investor even if the investor does meet the financial requirements. It is important to consult with your investment professional to determine how these investments might fit your asset allocation, risk profile and tax situation. **Hedge funds** are speculative and involve a high degree of risk. An investment in a hedge fund involves a substantially more complicated set of risk factors than traditional investments in stocks or bonds, including the risks of using derivatives, leverage and short sales, which can magnify potential losses or gains. Restrictions exist on the ability to redeem or transfer interests in a fund. **Exchange-traded funds (ETFs)** are baskets of securities that are traded on an exchange like individual stocks at negotiated prices and are not individually redeemable. ETFs are designed to generally track a market index and shares may trade at a premium or a discount to the net asset value of the underlying securities. **Private equity** investments provide investors and funds the potential to invest directly into private companies or participate in buyouts of public companies that result in a delisting of the public equity. Investors considering an investment in private equity must be fully aware that these investments are illiquid by nature, typically represent a long-term binding commitment and are not readily marketable. The valuation procedures for these holdings are often subjective in nature. **Private debt** investments may be either direct or indirect and are subject to significant risks, including the possibility of default, limited liquidity and the infrequent availability of independent credit ratings for private companies. **Structured products** are subject to market risk and/or principal loss if sold prior to maturity or if the issuer defaults on the security. Investors should request and review copies of Structured Products Pricing Supplements and Prospectuses prior to approving or directing an investment in these securities.

Important disclosures (page 4 of 4)

Mutual fund investing involves risk and principal loss is possible. Investing in certain funds involves special risks, such as those related to investments in small- and mid-capitalization stocks, foreign, debt and high-yield securities and funds that focus their investments in a particular industry. Please refer to the fund prospectus for additional details pertaining to these risks. An investment in **money market funds** is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although these funds seek to preserve the value of an investment at $1.00 per share, it is possible to lose money by investing in these funds.

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Definitions of report and statement terms (page 1 of 5)

Accredited Investor: Private placement securities generally require that investors be accredited due to the additional risks and speculative nature of the securities. For natural persons, the criteria is met by a net worth of more than $1 million (excluding primary residence) or an income of more than $200,000 individually ($300,000 jointly) for the two most recent years and a reasonable expectation for the same in the current year. For other entities, such as corporations, partnerships, trusts and employee benefit plans, the criteria is met with at least $5 million in assets. See full definition in Rule 501 of Regulation D under the Securities Act of 1933.

Alpha: A measure of risk-adjusted performance. A statistic measuring that portion of a stock, fund or composite's total return attributable to specific or non-market risk. Alpha measures non-market return and indicates how much value has been added or lost. A positive Alpha indicates the fund or composite has performed better than its Beta would predict (i.e., the manager has added value above the benchmark). A negative Alpha indicates a fund or composite has underperformed given the composite's Beta.

Alternative Investments: As used by U.S. Bank, an investment considered to be outside of the traditional asset classes of long-only stocks, bonds and cash. Examples of alternative investments include hedge funds, private equity, options and financial derivatives.

Annualized Excess Return: Shows the difference between the annualized linked returns of a portfolio and the model benchmark. Performance reports provided annualize only periods greater than one year.

Annualized or Annual Rate of Return: Represents the average annual change in the value of an investment over the periods indicated.

Batting Average: Shows how consistently the portfolio return met or beat the market.

Beta: A measure of your portfolio's risk relative to a benchmark. A portfolio with a beta of 1.5, for example, would be expected to return roughly 1.5 times the benchmark's return. A high Beta indicates a riskier portfolio.

Bond Credit Rating: A grade given to bonds by a private independent rating service that indicates their credit quality. Ratings are the opinion of Standard & Poor's or other agencies as noted and not the opinion of U.S. Bank.

Consumer Price Index (CPI): A measure of the average change in prices over time in a market basket of goods and services and is one of the most frequently used statistics for identifying periods of inflation and deflation.

Convexity to Stated Maturity: A measure of the curvature in the relationship between bond prices and bond yields that demonstrates how the duration of a bond changes as the interest rate changes. Convexity is used as a risk-management tool and helps to measure and manage the amount of market risk to which a portfolio of bonds is exposed. This version of convexity measures the rate change in duration of a bond as the yield to (stated) maturity changes.

Definitions of report and statement terms (page 2 of 5)

Cost basis/book value: The original value of an asset at the time it was acquired. This is normally the purchase price or appraised value at the time of acquisition. This data is for information purposes only.

Cumulative Excess Return: Shows the difference between the annualized linked returns of a portfolio and the model benchmark. Performance reports provided use unannualized returns in periods up to one year, but annualized returns for periods exceeding one year.

Downside Capture: The downside capture ratio reflects how a portfolio compares to a benchmark during periods when the benchmark is down. A downside capture ratio of 0.80 (or 80 percent) means the portfolio has historically declined only 80 percent as much as the benchmark during down markets.

Downside Deviation: The deviation of returns that fall below a minimum acceptable return (MAR). Although the numerator includes only returns below the MAR, the denominator includes all returns in the performance period. This risk statistic is similar to the downside standard deviation except the sum is restricted to returns less than the MAR instead of the mean.

Downside Standard Deviation: The deviation of returns that fall below the mean return. Although the numerator includes only returns below the mean, the denominator includes all returns in the performance period. This risk statistic is similar to the downside deviation except the sum is restricted to returns less than the mean instead of the minimum acceptable return (MAR).

Effective Maturity: The date of a bond's most likely redemption, given current market conditions, taking into consideration the optional and mandatory calls, the optional, mandatory and recurring puts, and the stated maturity.

Estimated annual income: The amount of income a particular asset is anticipated to earn over the period indicted. The shares multiplied by the annual income rate.

Gain/loss calculation: If an asset was sold, the difference between the proceeds received from the sale compared to the cost of acquiring the asset. If the value of the proceeds is the higher of the two numbers, then a gain was realized. If the value of the proceeds is the lower of the two numbers, a loss was incurred. This data is for information purposes only.

Gross of Fees: Represents all assets included in the calculation of the portfolio -- before the deduction of trust and asset management fees -- and is inclusive of all applicable third party security fees and expenses Details of those fees and expenses are provided in the security's prospectus or offering documents.

Information Ratio: The information ratio compares the average excess return of the portfolio over its associated benchmark divided by the tracking error.

M-Squared: The hypothetical return of the portfolio after its risk has been adjusted to match a benchmark.

Definitions of report and statement terms (page 3 of 5)

Market Value: Publicly traded assets are valued using market quotations or valuation methods from financial industry services believed by us to be reliable. Assets, that are not publicly traded, may be reflected at values from other external sources or special valuations prepared by us. Assets for which a current value is not available may be reflected as not valued, at par value, or at a nominal value. Values shown do not necessarily reflect prices at which assets could have been bought or sold. Values are updated based on internal policy and may be updated less frequently than statement generation.

Market Value Over Time: Many factors can impact the portfolio value over time, such as contributions to the account, distributions from the account, the investment of dividends and interest, the deduction of fees and expenses, and market performance.

Modified Duration to Effective Maturity: A formula that expresses the measurable change in the value of a security in response to a change in interest rates. This version of Modified Duration takes into consideration a “horizon date/price” that is, given current conditions, the most likely redemption date/price using the set of calls/puts, as well as stated maturity.

Modified Duration to Stated Maturity: A formula that expresses the measurable change in the value of a security in response to a change in interest rates. This version of Modified Duration uses stated maturity as the “horizon date/price” and ignores any potential call/put/pre-refunding, even if they are mandatory.

Net of Fees: Represents all assets included in the calculation of the portfolio -- after the deduction of trust and asset management fees. Please refer to the client fee schedule for additional information.

Price/Earnings Ratio (P/E): The P/E ratio of a company is calculated by dividing the price of the company’s stock by its trailing 12-month earnings per share. A high P/E usually indicates that the market is paying a premium for current earnings because it believes in the firm’s ability to grow its earnings. A low P/E indicates the market has less confidence that the company’s earnings will increase. Within a portfolio, P/E is the weighted average of the price/earnings ratios of the stocks in the portfolio.

Qualified Purchaser: Some private placement securities require that investors be Qualified Purchasers in addition to being Accredited Investors. For natural persons, the criteria is generally met when the client (individually or jointly) owns at least $5 million in investments. For other entities, such as corporations, partnerships, trusts and employee benefit plans, the criteria is met with at least $25 million in investments though there are other eligibility tests that may apply. See full definition in Section 2(a)(51) of the Investment Company Act of 1940.

R-Squared: Measures the portion of the risk in your portfolio that can be attributed to the risk in the benchmark.

Realized and Unrealized Gains/Losses: Are calculated for individual tax lots based on the records we have available. Some data may be incomplete or differ from what you are required to report on your tax return. Some data used in these calculations may have been obtained from outside sources and cannot be verified by U.S. Bank. The data is intended for informational purposes only and should not be used for tax reporting purposes. Please consult with your tax or legal advisor for questions concerning your personal tax or financial situation.

Definitions of report and statement terms (page 4 of 5)

Residual Risk: The amount of risk specific to the assets in a portfolio distinct from the market, represented by a benchmark.

Return: An indication of the past performance of your portfolio.

Sharpe Ratio: Measures of risk-adjusted return that calculates the return per unit of risk, where risk is the Standard Deviation of your portfolio. A high Sharpe ratio indicates that the portfolio is benefiting from taking risk.

Sortino Ratio: Intended to differentiate between good and bad volatility. Similar to the Sharpe ratio, except it uses downside deviation for the denominator instead of standard deviation, the use of which doesn't discriminate between up and down volatility.

Spread: The difference between the yields of two bonds with differing credit ratings (most often, a corporate bond with a certain amount of risk is compared to a standard traditionally lower risk Treasury bond). The bond spread will show the additional yield that could be earned from a bond which has a higher risk.

Standard Deviation: A measure of the volatility and risk of your portfolio. A low standard deviation indicates a portfolio with less volatile returns and therefore less inherent risk.

Time-weighted Return: The method used to calculate performance. Time-weighted return calculates period by period returns that negates the effect of external cash flows. Returns for periods of greater than one year are reported as an annualized (annual) rate of return. Returns of less than one year are reported on a cumulative return basis. Cumulative return is the aggregate amount an investment has gained or lost over time, independent of the period involved.

Tracking Error: A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark. This is often in the context of a hedge or mutual fund that did not work as effectively as intended, creating an unexpected profit or loss instead.

Traditional Investments: As used by U.S. Bank, an investment made in equity, fixed income or cash securities, mutual funds or exchange-traded funds (ETFs) where the investor buys at a price with the goal that the investment will go up in value.

Top 10 Holdings: The 10 assets with the highest market values in the account.

Total Portfolio Gross of Fees: Represents all assets included in the calculation of the portfolio, before the deduction of trust and asset management fees, and is inclusive of all applicable third-party security fees and expenses. Details of those fees and expenses are provided in the security’s prospectus or offering documents.

Definitions of report and statement terms (page 5 of 5)

Total Return: The rate of return that includes the realized and unrealized gains and losses plus income for the measurement period.

Treynor Ratio: Measures the performance of a sector relative to risk by dividing the return of the sector in excess of the risk-free return by the sector's Beta. The higher the Treynor ratio, the better the return relative to risk.

Turnover Percent: Indicates how frequently asset are bought and sold within a portfolio.

Turnover Ratio: The percentage of a mutual fund’s or other investment vehicle's holdings that have been "turned over" or replaced with other holdings in a given year.

Unrealized gain (loss) — The difference between the current market value (at the end of the statement period) and the cost to acquire the asset. If the current market value is higher than the cost, a gain is reflected. If the current market value is lower than the cost paid, a loss is reflected. This data is for information purposes only.

Upside Capture: The upside capture ratio reflects how a portfolio compares to the selected model benchmark during periods when the benchmark is up. An upside capture ratio of 1.15 (or 115 percent) means the portfolio has historically beat the benchmark by 15 percent during up markets.

Yield: The annual rate of return on an investment, expressed as a percentage. For bonds, it is the coupon rate divided by the market price. For stocks, it is the annual dividend divided by the market price.

Frequently used indexes (page 1 of 5)

Bloomberg Barclays 1-3 year U.S. Treasury Index: Measures the performance of the U.S. government bond market and includes public obligations of the U.S. Treasury with a maturity between one year and up to (but not including) three years.

Bloomberg Barclays 1-5 year U.S. Treasury Index: Includes all publicly issued, U.S. Treasury securities that have a remaining maturity of greater than or equal to one year and less than five years, are rated investment grade and have $250 million or more of outstanding face value.

The Bloomberg Barclays 1-5 year Municipal Index: Measures the performance of municipal bonds with time to maturity of more than one year and less than five years.

Bloomberg Barclays 7-year Municipal Index: Includes municipal bonds with a minimum credit rating of Baa that have been issued as part of a transaction of at least $50 million, have a maturity value of at least $5 million and a maturity range of four to six years.

Bloomberg Barclays Global Aggregate Index ex-U.S. Index: Measure of global investment grade debt from 24 local currency markets. This multi-currency benchmark includes Treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Global Treasury ex-U.S. Index: Includes government bonds issued by investment-grade counties outside the United States, in local currencies, that have a remaining maturity of one year or more and are rated investment grade.

Bloomberg Barclays High Yield Municipal Bond Index: An unmanaged index made up of bonds that are non-investment grade, unrated or below Ba1 bonds.

Bloomberg Barclays Intermediate Aggregate Index: Consists of one- to 10-year governments, one- to 10-year corporate bonds, all mortgages and all asset-backed securities within the Aggregate Index.

Bloomberg Barclays Mortgage-Backed Securities Index: Covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid adjustable-rate mortgages) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

Bloomberg Barclays U.S. Aggregate Bond Index: Measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities, asset-backed securities and commercial mortgage-backed securities.

Bloomberg Barclays U.S. Corporate Bond Index: Measures the investment grade, fixed-rate, taxable corporate bond market and includes U.S. dollar-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Frequently used indexes (page 2 of 5)

Bloomberg Barclays U.S. Corporate High Yield Bond Index: Measures the U.S. dollar denominated, high yield, fixed-rate corporate bond market.

Bloomberg Barclays U.S. Municipal Bond Index: Measures the investment grade, U.S. dollar-denominated, fixed tax-exempt bond market. The index includes state and local general obligation, revenue, insured and pre-refunded bonds.

Bloomberg Barclays U.S. Treasury Index: Measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury.

Bloomberg Barclays U.S. Treasury Inflation-Protected Securities (TIPS) Index: An unmanaged index includes all publicly issued, U.S. TIPS that have at least one year remaining to maturity, are rated investment grade, and have $250 million or more of outstanding face value.

Cambridge U.S. Private Equity Index: This index is based on returns data compiled for U.S. private equity funds (including buyout, growth equity and mezzanine funds) that represent the majority of institutional capital raised by private equity partnerships formed since 1986. Returns may be delayed by up to six months. Quarterly performance is prorated based on the cube root for the months of the quarter.

Citigroup 3-Month Treasury Bills: An unmanaged index and represents monthly return equivalents of yield averages of the last three-month Treasury Bill issues.

Citigroup 6-Month Treasury Bills: An unmanaged index and represents monthly return equivalents of yield averages of the last six-month Treasury Bill issues.

Credit Suisse Leverage Loan Index: Represents tradable, senior-secured, U.S. dollar-denominated non-investment grade loans.

Dow Jones Industrial Average (DJIA): The price-weighted average of 30 significant U.S. stocks traded on the New York Stock Exchange and NASDAQ. The DJIA is the oldest and single most watched index in the world.

Dow Jones Select REIT Index: Measures the performance of publicly traded REITs and REIT-like securities in the U.S. and is a proxy for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate.

HFRI Indices: The Hedge Fund Research, Inc. (HFRI) indexes are a series of benchmarks designed to reflect hedge fund industry performance by constructing composites of constituent funds, as reported by the hedge fund managers listed within the HFR Database.

Frequently used indexes (page 3 of 5)

HFRI Equity Hedge Total Index: Uses the HFR (Hedge Fund Research) database and consists only of equity hedge funds with a minimum of $50 million assets under management or a 12-month track record and that reported assets in U.S. dollars.

HFRI Relative Value Fixed Income Corporate Index: Uses the HFR (Hedge Fund Research) database and consists of only relative value fixed income corporate funds with a minimum of $50 million assets under management or a 12-month track record and that reported assets in U.S. dollars.

ICE BofAML 1-3 Year Corporate Index: Tracks U.S. dollar-denominated investment grade public debt issued in the U.S. bond market with maturities of one to three years.

ICE BofAML 1-5 Year Corporate and Government Index: Tracks the performance of short-term U.S. investment grade government and corporate securities with maturities between one and five years.

ICE BofAML U.S. 7-10 Year Index: Tracks the performance of U.S. dollar denominated investment grade rated corporate debt publicly issued in the U.S. domestic market and includes all securities with a remaining term to maturity of greater than or equal to seven years and less than 10 years.

ICE BofAML Global Broad Market Index: Tracks the performance of investment grade public debt issued in the major domestic and Eurobond markets, including global bonds.

ICE BofAML U.S. High Yield Master II Index: Commonly used benchmark index for high yield corporate bonds and measures the broad high yield market.

J.P. Morgan Emerging Markets Bond Index Global (EMBI Global): Tracks total returns for traded external debt instruments in the emerging markets.

London Interbank Offered Rate (LIBOR) 3-months: The interest rate offered by a specific group of London banks for U.S. dollar deposits with a three-month maturity.

London Interbank Offered Rate (LIBOR) 9-months: The interest rate offered by a specific group of London banks for U.S. dollar deposits with a nine-month maturity.

MSCI All Country World Index (ACWI): Designed to measure the equity market performance of developed and emerging markets.

Frequently used indexes (page 4 of 5)

Russell 2000 Value Index: Measures companies in the Russell 2000 Index having lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Index includes the 2,000 firms from the Russell 3000 Index with the smallest market capitalizations.

Russell 3000 Index: Measures the performance of the 3,000 largest U.S. securities based on total market capitalization.

Russell Midcap Index: Measures the 800 smallest companies in the Russell 3000 Index.

Russell Midcap Growth Index: Measures companies in the Russell Midcap Index having higher price-to-book ratios and higher forecasted growth values.

Russell Midcap Value Index: Measures companies in the Russell Midcap Index having lower price-to-book ratios and lower forecasted growth values.

MSCI All County World ex-U.S. Index (ACWI, excluding United States): Tracks the performance of stocks representing developed and emerging markets around the world that collectively comprise most foreign stock markets. U.S. stocks are excluded from the index.

MSCI EAFE Index: Includes approximately 1,000 companies representing the stock markets of 21 countries in Europe, Australasia and the Far East.

MSCI Emerging Markets (EM) Index: Designed to measure equity market performance in global emerging markets.

MSCI World Index: Tracks equity market performance of developed markets through individual country indices.

NAREIT Index: Includes REITs (Real Estate Investment Trusts) listed on the New York Stock Exchange, NASDAQ and American Stock Exchange.

NASDAQ Composite Index: A market capitalization-weighted average of roughly 5,000 stocks that are electronically traded in the NASDAQ market.

NCREIF Property Index (NPI): Measures the investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only.

Russell 1000 Index: Measures the performance of the 1,000 largest companies in the Russell 3000 Index and is representative of the U.S. large capitalization securities market.

Frequently used indexes (page 5 of 5)

Russell 1000 Growth Index: Measures companies in the Russell 1000 Index with higher price-to-book ratios and higher forecasted growth values. It includes the largest 1,000 firms in the Russell 3000 Index.

Russell 1000 Value Index: Measures companies in the Russell 1000 Index with lower price-to-book ratios and lower forecasted growth values. It includes the largest 1,000 firms in the Russell 3000 Index.

Russell 2000 Index: Measures the performance of the 2,000 smallest companies in the Russell 3000 Index and is representative of the U.S. small capitalization securities market.

Russell 2000 Growth Index: Measures companies in the Russell 2000 Index having higher price-to-book ratios and higher forecasted growth values. and is representative of U.S. securities exhibiting growth characteristics. The Russell 2000 Index includes the 2,000 firms from the Russell 3000 Index with the smallest market capitalizations.

S&P 500 Index: Consists of 500 widely traded stocks that are considered to represent the performance of the U.S. stock market.

S&P Global ex-U.S. Property Index: Measures the investable universe of publicly traded property companies domiciled in developed and emerging markets excluding the United States. The companies included are engaged in real estate related activities such as property ownership, management, development, rental and investment.

S&P GSCI: A composite index of commodity sector returns, representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities.

S&P/Case-Shiller Home Price Indexes: A group of indexes that track changes in home prices throughout the United States. Case-Shiller produces indexes representing certain metropolitan statistical areas (MSA) as well as a national index.

Swiss Re Global Cat Bond Total Return Index: Tracks the aggregate performance of all U.S. dollar-denominated euros and Japanese yen-denominated catastrophe bonds, capturing all ratings, perils and triggers.

U.S. Dollar Index: Indicates the general international value of the U.S. dollar by averaging the exchange rates between the U.S. dollar and six major world currencies.

Wilshire 5000 Index: Composed of more than 6,700 publicly-traded U.S. companies and is designed to track the overall performance of the American stock markets.

Pension Advisory Review Committee

DRAFT

2024

Annual Report

TABLE OF CONTENTS

EXECUTIVE SUMMARY

In accordance with Board of Supervisors Policy B-25, the Pension Advisory Review Committee (PARC) presents this annual report to provide a comprehensive status of the County's defined benefit pension plans (CalPERS Miscellaneous and Safety, as well as the Part-time and Temporary Employees' Retirement Plan - TAP), its associated investment trust accounts held outside the pension plans (Section 115 Pension Trusts and TAP), and, the County's Other Post Employment Obligations (OPEB). Independent analysis has been provided by Foster & Foster, Inc. (see Attachment 1), AON and Fieldman, Rolapp & Associates. Included are the most recent annual valuation reports from CalPERS (Attachments 2 & 3) as well as AON (Attachments 4 & 5).

Highlights – for the reporting period ended June 30, 2022, from the prior year there was a:

- **11.3% combined *decrease* in CalPERS funded status from 86.6% to 75.3%.**
- **$15.7 million *additional investment* in the Section 115 Pension Trust from Series 2020 POBs savings** (1)
- **$84.3 million *net estimated gain* on Series 2020 POBs** (2)
- **$1.78 billion combined *increase* in CalPERS unfunded actuarial accrued liability (UAAL)**
- **$989.2 million combined *decrease* in the CalPERS market value of assets (MVA)**

This report also addresses other areas including status on the:

- **Series 2005 A and Series 2020 Pension Obligation Bonds (POBs)**
  - **Combined POB proceeds total net estimated gain of $289 million ($33 million YoY increase)** (2)
- **Section 115 Trusts** (3)
  - **$98.9 million in combined Pension Trust balances ($36.6 million YoY increase)**
  - **$96.2 million OPEB Trust balance ($19.8 million YoY increase)**
- **Other Post-Employment Benefits (OPEB) (Attachment 4)** (3)
  - **66.4% funded status (8.2% YoY increase)**
- **Part-time and Temporary Employees' Retirement Plan (Attachment 5)** (4)
  - **82.9% funded status (1.3% YoY increase)**
- **Special District Plans found in the latter portion of this report**

(1) Savings attributable to the issuance of Series 2020 POBs for the period ended 6/30/23.
(2) Projected as of the next POBs interest payment due date, 2/15/24. Source: Attachment 1, Slide #85 & #88. County of Riverside - CalPERS Miscellaneous and Safety Plans. Independent Actuarial Report - 6/30/22 Valuation, Foster & Foster, Inc. Year-to-year performance will vary based on CalPERS' investment return.
(3) Actual, as of June 30, 2023.
(4) Actual, as of July 1, 2023.

FY 24/25 Year-over-Year Increase – The projected year-over-year employer contribution rate increase as a percentage of payroll for the Miscellaneous and Safety Plans, which includes CalPERS' rates and POB debt service (see table on page 5) is:

- **Miscellaneous Plan 0.40%**
- **Safety Plan 2.50%**

Additional Discretionary Payment (ADP) - At its November 15, 2023 meeting, the PARC agreed with staff's recommendation of making an ADP to CalPERS in the amount of $4,276,421 to eliminate negative amortization. Funded by recurring bi-weekly payroll contributions into the Liability Management Fund, **this payment was made on January 31, 2024 and will save nearly $xxx,xxx in interest.** Negative amortization occurs if the minimum UAAL payment were split between interest and principal, the principal portion would be negative. In this case, the minimum required contribution is less than interest on the UAAL. This ADP is in addition to the annual UAAL pre-payment as shown below.

Annual Pre-payment – For FY 24/25, CalPERS will offer an early payment discount of approximately 3.2% on the unfunded liability portion due for the fiscal year, thereby reducing the total amount owed by potentially over $x million. This is in lieu of periodic payments that coincide with payroll disbursements.

In order to fund the initial payment, the County typically includes a substantial portion of the pre-payment amount as part of the annual Tax and Revenue Anticipation Notes (TRANs) cash flow financing. The other alternative would be to borrow internally by drawing down General Fund cash. The TRAN financing typically carries a lower cost. A final recommendation regarding the pre-payment will be made in conjunction with the FY 24/25 TRANs.

Recent News of Interest:

- **November 13, 2023 – CalPERS announces $100 billion net zero pledge and new climate accountability measures**
- **September 15, 2023 – CalPERS Chief Investment Officer Nicole Mussico will step down at the end of September**
- **July 19, 2023 – CalPERS reports preliminary 5.8% investment return for the 2022-23 fiscal year**

Summary - Over the next five years, the Miscellaneous and Safety pension plan contribution rates are projected to increase by a total of 4.5%, and 10.6% respectively (see discussion on pages 5-6). Based upon several factors, the long-term pension outlook remains favorable, with increases projected to peak early in the next decade. The funded status is anticipated to be more than 80% within ten years, which has suffered a setback due to the negative investment returns experienced in FY 21/22. Projections will be tempered by year-to-year financial market performance impacting investment returns.

Staff and the PARC will continue to look for strategic options for managing its long-term costs of the County's pensions and related liabilities.

RECOMMENDATIONS

1. Receive and file the 2024 PARC Annual Report.
2. Direct staff and PARC to report back with any additional updates or recommendations regarding the County's pension plans, Other Post-Employment Benefits (OPEB), or any other item as noted in Board Policy B-25 including pension debt reduction strategies.
3. Direct staff to review the annual CalPERS unfunded liability pre-payment for FY 24/25 and to have such recommendations presented in conjunction with the approval of the annual Tax and Revenue Anticipation Notes (TRANs) cash flow financing.

STATUS OF THE COUNTY'S MISCELLANEOUS AND SAFETY PLANS – COMBINED

For the annual valuation report ended June 30, 2022, the $1 billion decrease in MVA, $1.79 billion increase in UAAL, and, corresponding 11.3% decrease in funded status to 75.3% (1) with CalPERS was primarily due to CalPERS' investment return of -6.1%.

For the valuation report ended June 30 ($ billions)	2021	Actual **2022**	Projected 2023	2024
Total actuarial accrued liability (AAL)	$14.08	**$14.88**	$15.63	$16.42
Total market value of assets (MVA)	$12.20	**$11.21**	$11.79	$12.53
Total unfunded actuarial accrued liability (UAAL)	$1.88	**$3.67**	$3.84	$3.89
Funded Status – gross	86.6%	**75.3%(1)**	75.4%	76.3%
Funded Status – net	80.4%(3)	**69.8%(2)(3)**	70.6%(3)	72.2%

(1) Does not include POB liability. Miscellaneous Plan is 74.6%, Safety Plan is 76.8%.
(2) Includes POB liability. Miscellaneous Plan is 70%, Safety Plan is 69.3%.
(3) Amounts exclude Section 115 Pension Trust balances of $51.5 million at 6/30/2021, $62.4 million at 6/30/22 and $98.8 million at 6/30/23. If included, the net funded status would be 80.7%, 70.2% and 71.3% respectively.

The CalPERS annual valuation reports have a one-year lag. **For the period ending June 30, 2023, the County's independent actuary, Foster & Foster, Inc. rolled forward the report with actual investment performance data as published by CalPERS in July 2023 and is projecting an increase in MVA and UAAL, and a slight increase in funded status as a result of the 5.8% preliminary net investment return earned by CalPERS.** For the period ending June 30, 2024, the projection is based on CalPERS' 6.8% assumed rate of return. This will be further updated after the close of the fiscal year when the next report is produced.

For comparison, an analysis of the average gross funded ratio of all other counties that participate in CalPERS was performed for the period ended June 30, 2022. The research shows the average of thirty-three other counties in the Miscellaneous Plan was 69.7%, vs. the County at 74.6% (+4.9%), while seventeen other counties in the Safety Plan was 70.9%, vs. the County at 76.8% (+5.9%).

CALPERS INVESTMENT RETURNS

The primary driver of the rate formula is CalPERS' investment performance. For a given benefit level, actuarial and demographic assumptions impact the rate, but far less than performance. Since the County's benefit levels have been essentially frozen since the adoption of PEPRA in 2012, variation in funding levels and employer rate have been primarily attributable to investment returns. Current projections assume no deviation from the current three benefit levels.

Poor investment performance following the 2008-2009 financial crisis significantly increased the County's unfunded liability, driving up the required payments. Likewise, strong investment performance such as the 21.3% return for the period ended June 30, 2021 (the highest level in over twenty years – see table below) had a substantial positive impact on the County's MVA, UAAL and funded status. **For June 30, 2022, prior year gains were virtually cancelled out since the Federal Reserve had embarked on a rate hike campaign to address forty-year plus highs in inflation which also pressured stock market performance. Not only was the 7% assumed rate of return not met, but the investment return came in at - 6.1%.**

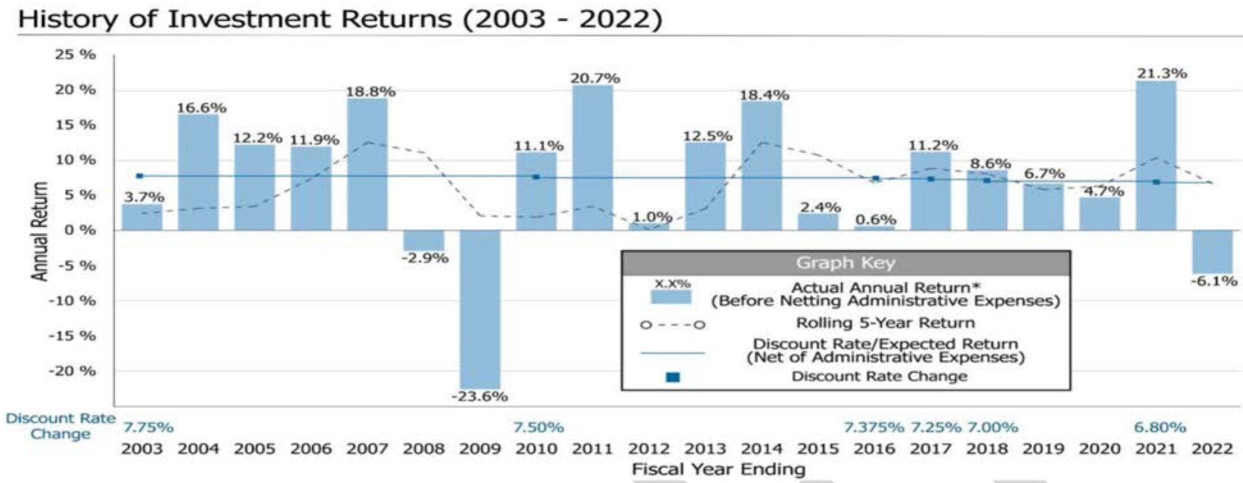
For the fiscal year ending June 30, 2023, CalPERS' preliminary investment return of 5.8% (which was 1.0 percentage point less than the 6.8% assumed rate of return) will show up in next years' CalPERS annual valuation reports, and the 2025 PARC Annual Report. Per CalPERS, there will be a five-year phase-in of the FY 20/21 investment gain, as well as the FY 21/22 and FY 22/23 investment losses.

The table on the next page provides annual returns from the most recent CalPERS Annual Valuation Report as of June 30, 2022.

History of CalPERS Compound Annual Rates of Return

1 year	5 year	10 year	20 year	30 year
-6.1%	**6.7%**	**7.7%**	**6.9%**	**7.7%**

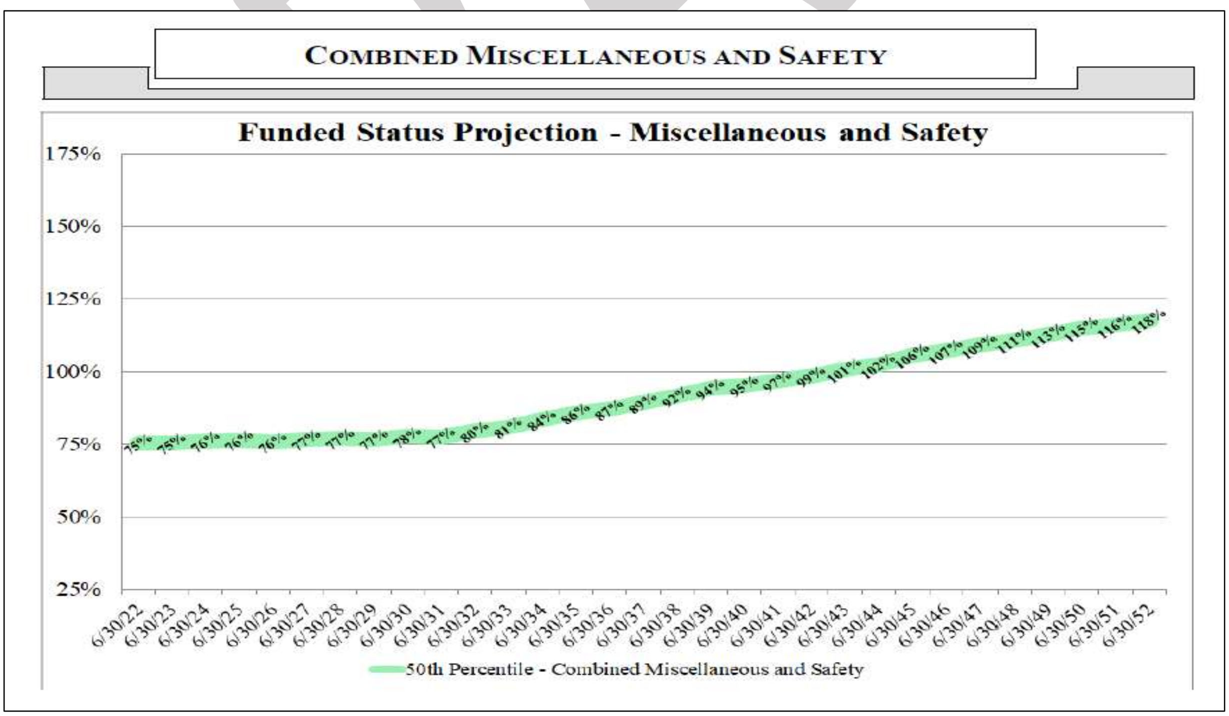
The graph below illustrates the 20-year historical annual returns each fiscal year ending June 30.



Source: CalPERS Annual Valuation Report as of June 30, 2022.

FUNDED STATUS

While recent investment underperformance will cause a reduction in the combined funded status in the near term**, the chart below suggests a return to 80%* within the next decade while projecting a steady position until that point.** The trajectory is the same on a net basis as POB debt service declines every single year through final maturity in 2038. Based upon these updated projections, the Plans would reach 100% funding in 2043.



Source: Attachment 1, Slide #79. County of Riverside - CalPERS Miscellaneous and Safety Plans.
Independent Actuarial Report - 6/30/22 Valuation, Foster & Foster, Inc.
***50th percentile assumes CalPERS earns 7% through 6/30/23, 6.80% beginning 7/1/23 and gradually declining to 6% within twenty years.**

EMPLOYER CONTRIBUTION RATE OUTLOOK

The FY 24/25 employer contribution rate as a percentage of payroll for the Miscellaneous Plan is 28.60% (a 0.40% increase from prior year), while the Safety Plan is 50.7% (a 2.50% increase from prior year) as shown in the table below. There had been a decline in the rate of growth from prior years, primarily due to the payoff of certain amortization bases (separate payment schedules) from the proceeds of the Series 2020 POBs, reducing the unfunded liability portion of the contribution rate. **Going forward, note the large projected increase in rates (particularly the Safety Plan) vs. the prior PARC Report for the period FY 23/24 – FY 34/35 which is attributable to the -6.1% investment return earned by CalPERS in FY 21/22. That negative performance is phased into the future contribution rates. In addition, the preliminary investment return of 5.8% for FY 22/23 (1.0 percentage point of underperformance from CalPERS' 6.8% assumed rate of return) is also phased into the projections.**

Graphical representation of these rates for both plans follow on pages 7 - 11.

	Miscellaneous Plan			Safety Plan		
FY	**Rate (1)**	**Change from prior FY (+/-)**	**Difference from 2022 PARC Report projection**	**Rate (2)**	**Change from prior FY (+/-)**	**Difference from 2022 PARC Report projection**
23/24	28.20%(3)	0.00%	0.00%	48.20%(3)	1.00%	0.00%
24/25	**28.60%**	**0.40%**	**0.20%**	**50.70%**	**2.50%**	**1.60%**
25/26	28.30%	-0.30%	0.40%	51.20%	0.50%	2.10%
26/27	29.20%	0.90%	0.30%	52.70%	1.50%	1.70%
27/28	30.20%	1.00%	0.40%	54.60%	1.90%	2.00%
28/29	32.70%	2.50%	0.50%	58.80%	4.20%	2.10%
29/30	33.30%	0.60%	0.40%	59.90%	1.10%	1.70%
30/31	34.10%	0.80%	0.60%	61.20%	1.30%	2.10%
31/32	33.90%	-0.20%	0.40%	61.60%	0.40%	1.70%
32/33	34.60%	0.70%	0.60%	62.30%	0.70%	2.20%
33/34	34.10%	-0.50%	0.20%	61.50%	-0.80%	1.50%
34/35	33.50%	-0.60%	N/A	60.20%	-1.30%	N/A

(1) Includes Miscellaneous Plan POBs debt service which ranges from 1.0% to 5.1% of the total rate from FY 23/24 to FY 34/35.
(2) Includes Safety Plan POBs debt service which ranges from 3.1% to 10.9% of the total rate from FY 23/24 to FY 34/35.
(3) Actual rates shown for FY 23/24 and FY 24/25.

EMPLOYER CONTRIBUTION RATE OUTLOOK (CONTINUED)

For the Miscellaneous and Safety plans, the following pages show a comparison of the most recent valuation report, 2022 vs. prior year 2021 for:

- projected employer contribution rates expressed as a percentage with the three components that comprise the total amount (POBs debt service, normal cost and unfunded liability), over the next decade
- projected employer contribution rates with a longer-term view of thirty years
- projected employer contributions expressed in dollars over the next decade

In most instances of comparisons vs. the prior year, there is substantial change in the trajectory of projected contributions. The negative investment return earned by CalPERS in FY 21/22 and underperformance in FY 22/23 is having an adverse impact. As shown on page 12, for the period of FY 24/25 through FY 33/34, the cumulative Miscellaneous and Safety payments are projected to increase by $151 million.

The projections of CalPERS rates going forward are based upon Foster & Foster's model which incorporates the expected return, a less than expected return, and an above average return. **In the contribution rate charts, 50th percentile (bold green line) assumes CalPERS earns 6.8% through 6/30/23 and gradually declines to 6% within twenty years, a conservative projection given current trends. All include both 2005 and 2020 POB proceeds invested with CalPERS, as well as the POBs associated debt service. Note, that even with very poor investment returns (represented in the 25th percentile on pages 7 & 10) the projected rates exhibit a long-term decline which begins in the mid 2030's.** These long-term projections reflect the increasing impact of the changes made to the benefit formulas in the last decade, as more of the employee population becomes subject to Tier III Public Employees' Pension Reform Act (PEPRA) as well as the unfunded liability being paid down.

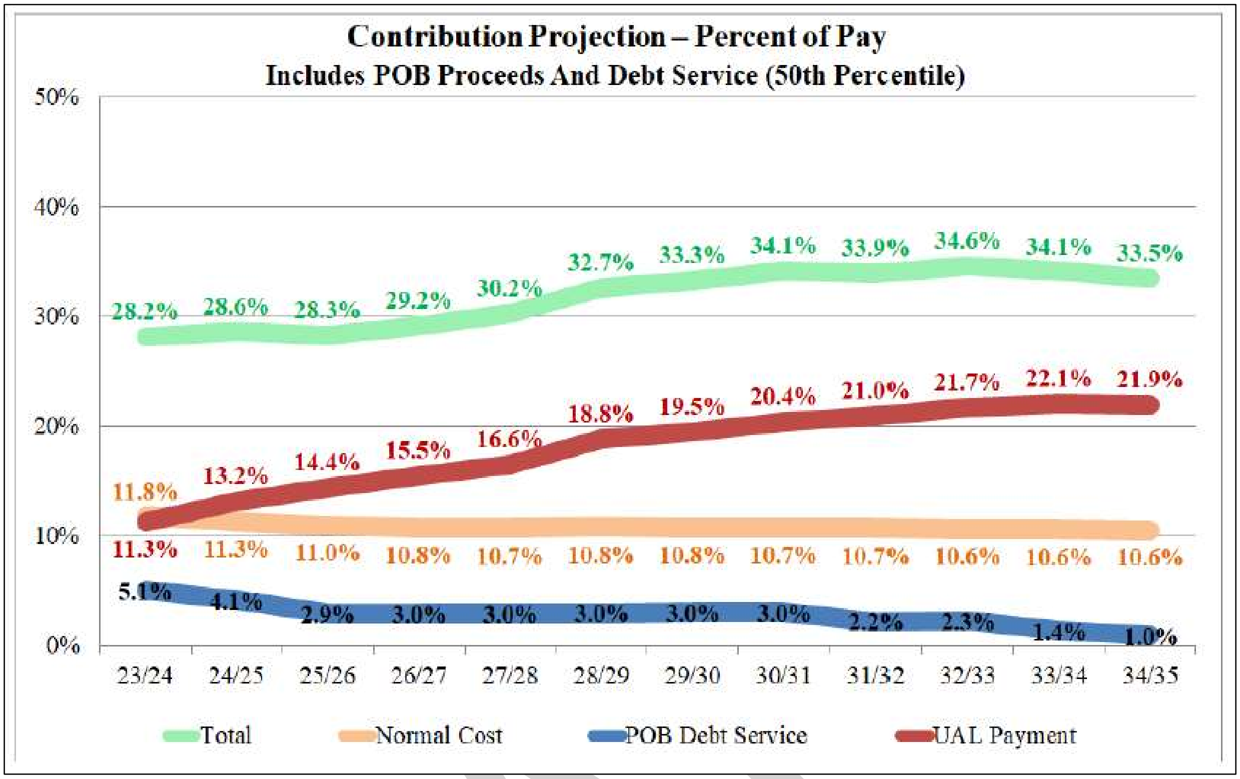
In analyzing the trends, it is helpful to focus on the three components of the rate: debt service on the POBs, the normal cost, and the UAAL payment. The POB debt service is derived from a fixed schedule and shows declines over the period with final maturities of 2035 and 2038 reflected in the thirty-year projection. Debt service of both series of bonds is also incorporated in the charts on pages 8 & 11. The normal cost is relatively constant with modest declines reflecting the transition to a greater number of lower benefit Tier III employees. Currently, the UAAL reflects scheduled payments to amortize net losses (which are a combination of investment gains and losses), and any demographic changes which resulted in a gain or loss. At the end of each year, CalPERS "trues up" its actual versus projected performance, and books gains or losses which are then amortized over time. In the following pages, year over year comparisons of the rate components for both the Miscellaneous and Safety Plans are included. The charts make it plain to see that the vast majority of year over year increase is caused by the higher payment necessary to amortize the UAAL.

Miscellaneous Rates

Short-term - Over the decade the contribution rate is projected to average 31.7% with a low of 28.2% in 2023, and a peak of 34.6% in 2032 (as shown on page 7).

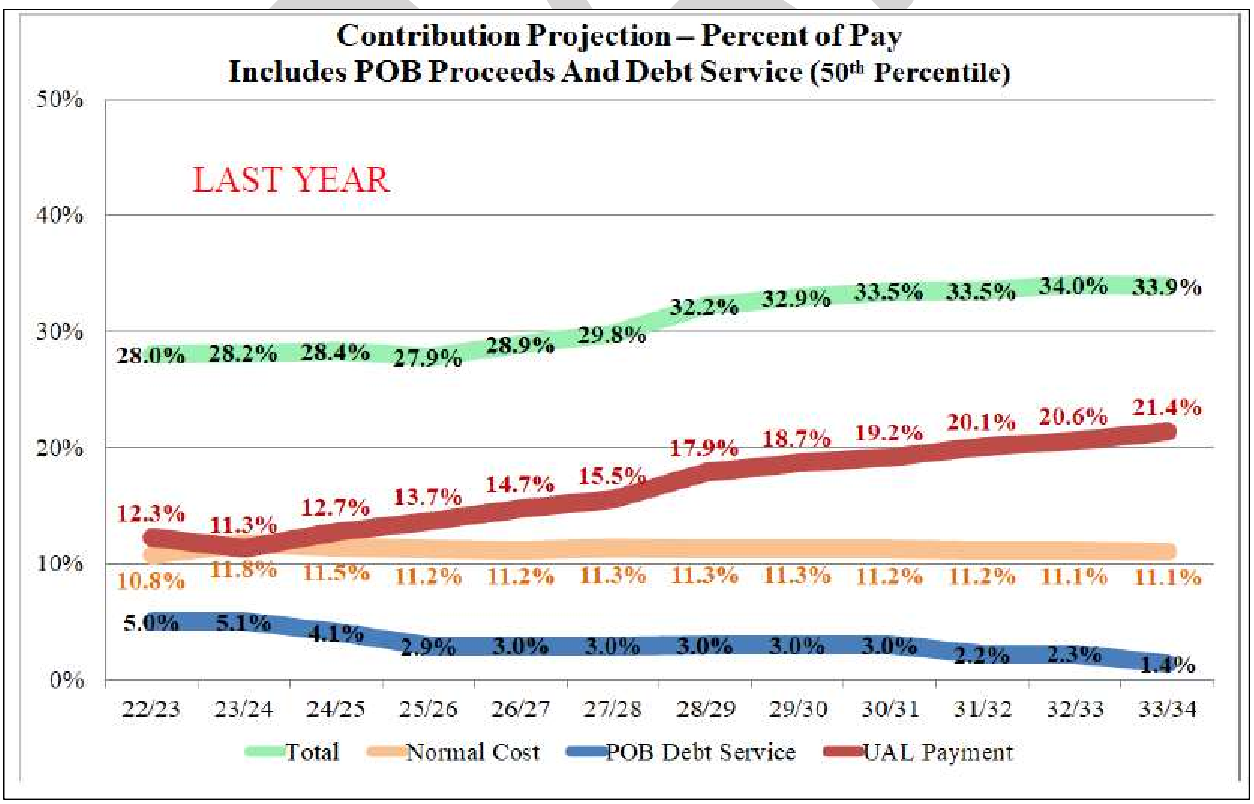
Long-term - In looking at the long-term forecast as shown on page 8, there is a substantial drop in rates beginning eleven years out under all three return scenarios. Even under the 25th percentile (poor performance scenario), rates peak at approximately 43.6% in 2035 and then decline thereafter to reach approximately 13.9% in 2053. This is due to three factors. The first is the final repayments of POBs in 2035 and 2038. The second is the amortization (paydown) of the exiting UAAL schedules over the next thirty years. In the poor performance scenario, the old UAAL is replaced by a new UAAL to reflect future CalPERS investment underperformance. The third is the ultimate retirement of the higher cost Tier I employees and their replacement with much lower cost Tier III employees. For the expected return scenario (50th percentile), the rate will rise modestly until 2033 at which point, they begin a rapid decline until stabilizing in 2044. At that point, the rate is comprised of only the normal cost of approximately 10% since all of the POBs have been retired, and the UAAL has been fully amortized.

Miscellaneous Plan – 2022



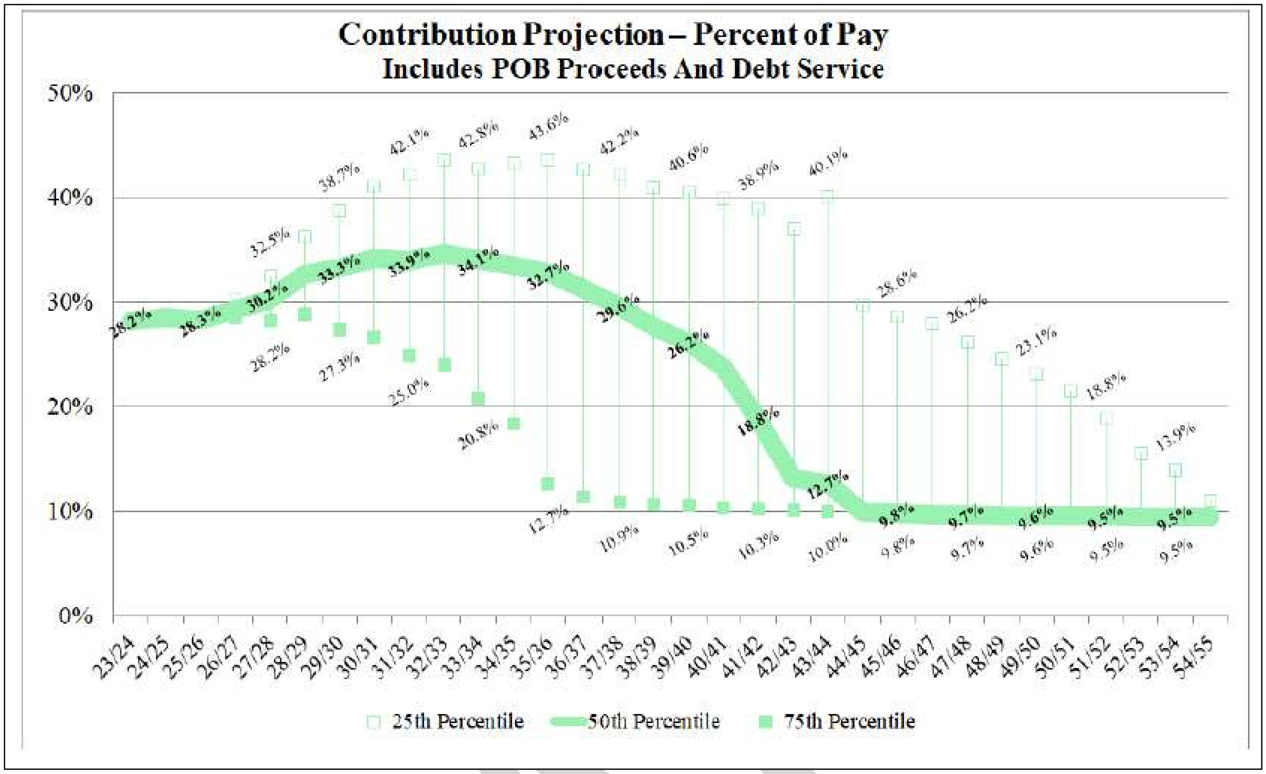
Source: Attachment 1, Slide #39. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/22 Valuation, Foster & Foster, Inc.

Miscellaneous Plan – 2021



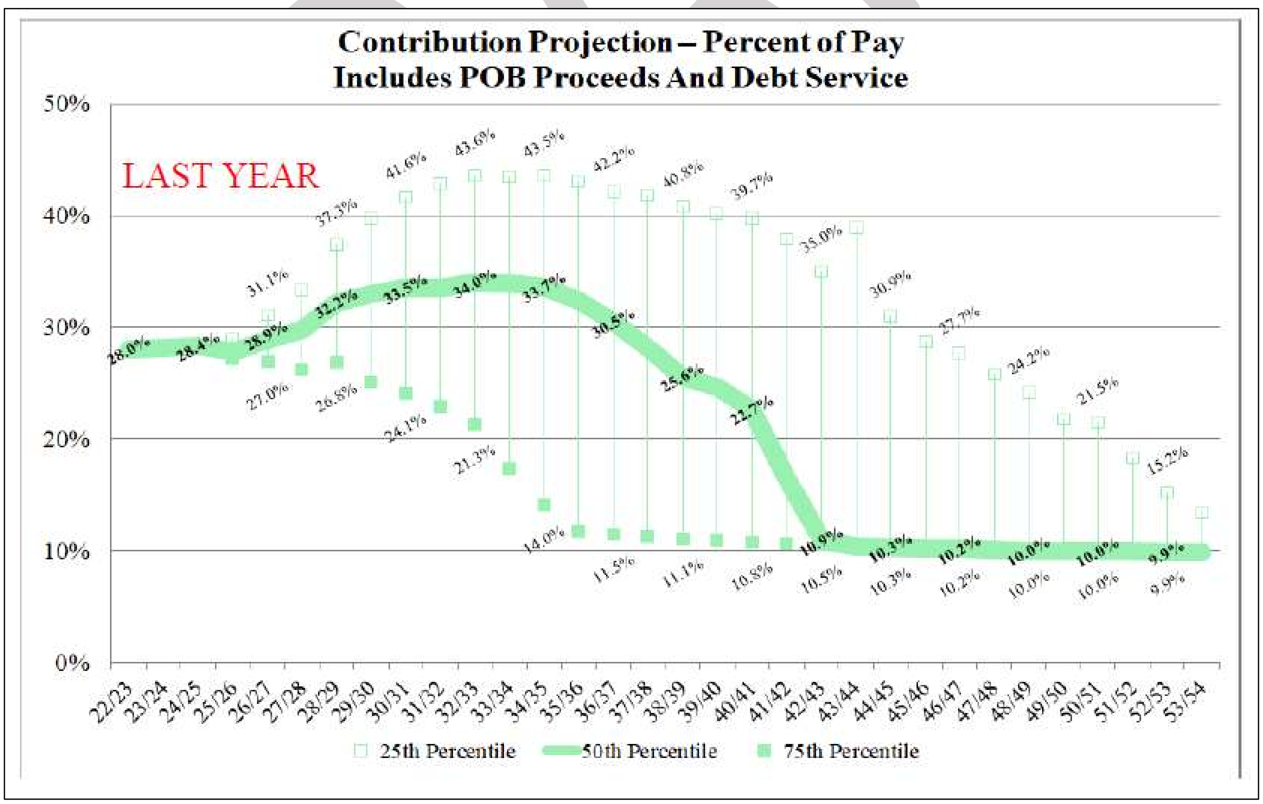
Source: Attachment 1, Slide #40. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/22 Valuation, Foster & Foster, Inc.

Miscellaneous Plan – 2022



Source: Attachment 1, Slide #37. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/22 Valuation, Foster & Foster, Inc.

Miscellaneous Plan – 2021



Source: Attachment 1, Slide #38. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/22 Valuation, Foster & Foster, Inc.

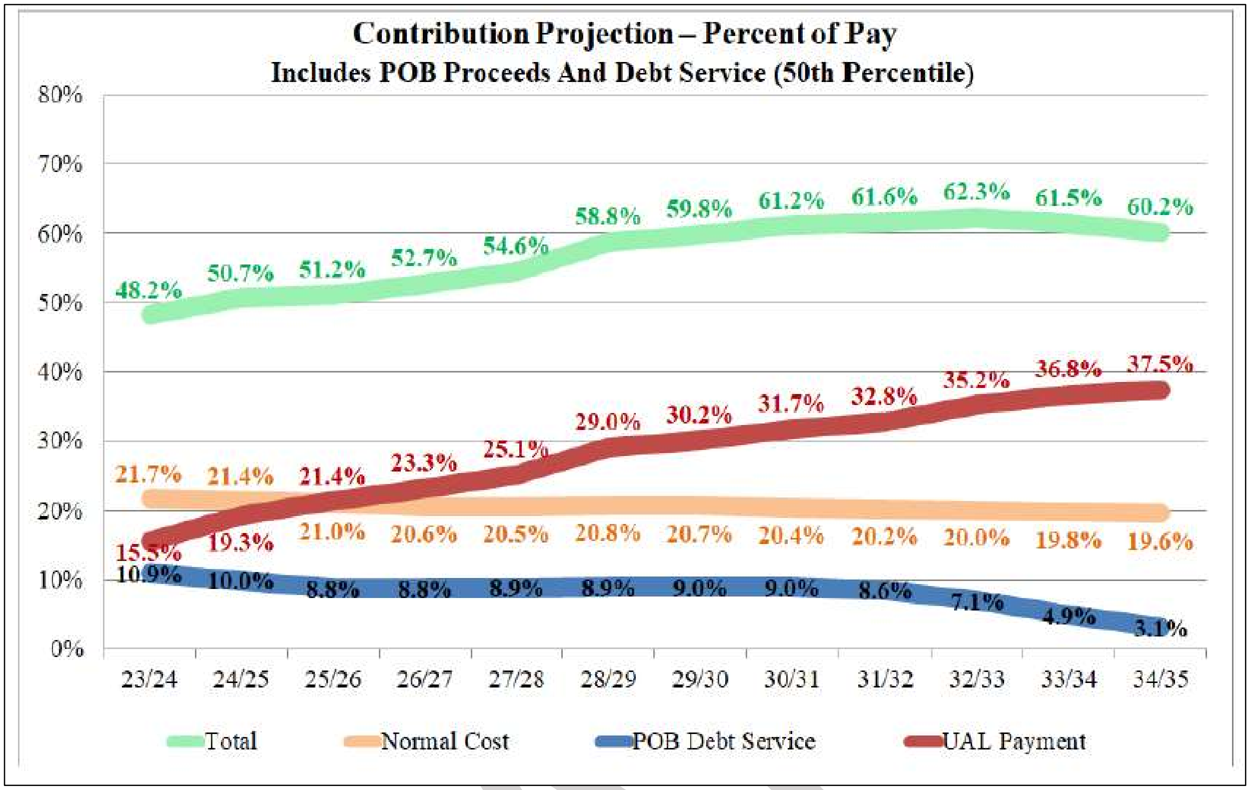
Safety Rates

Short-term – As shown on page 10, over the next decade, Safety rates exhibit a very similar pattern to Miscellaneous rates. **While averaging 56.9%, Safety rates are not projected to dip slightly like that of Miscellaneous due to a combination of factors including earlier applicable retirement ages and other demographics. In comparing the year-over-year projections, as seen in the two charts which follow, the major difference is in the UAL payment. Instead of peaking at 21.9% in 2034, the Safety UAAL peaks at 37.5% (as shown in the red line - top chart.** It is important to note here that a greater share of the Safety Plan costs are borne as a Net County Cost.

Long-term - As shown on page 11, longer term Safety rates show the same downward trend as the Miscellaneous Plan under all performance scenarios, although coming from a higher peak. As is the case with Miscellaneous, even in the poor performance (25th percentile) scenario, after rates peak in 2031, they begin a steady decline returning to the current rate of approximately 48% in 2038 and continuing to fall thereafter.

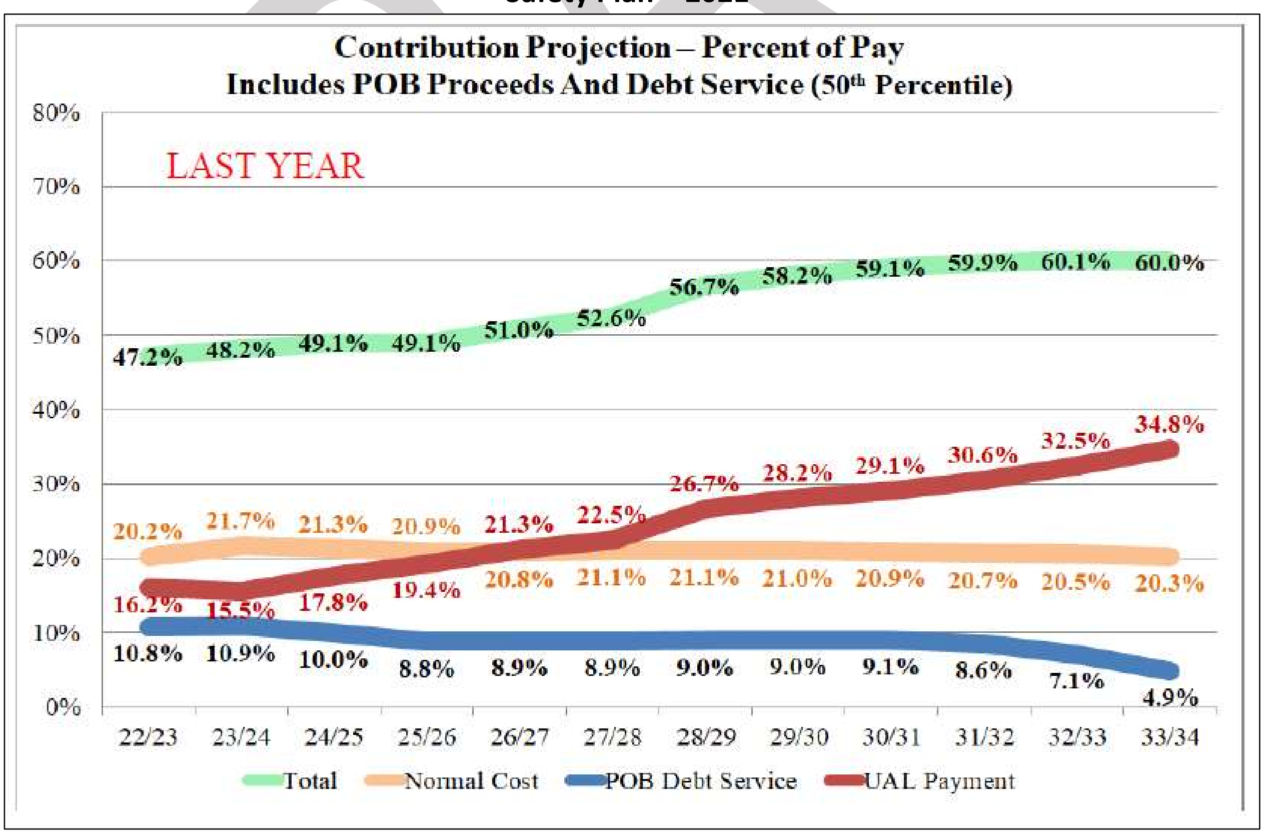
Under the expected performance (50th percentile) **rates peak at 62% in 2032 and fall steadily to under 22% (less than one-third of the current rate) in 2044**, due to the same factors discussed above regarding the Miscellaneous Plan.

Safety Plan – 2022



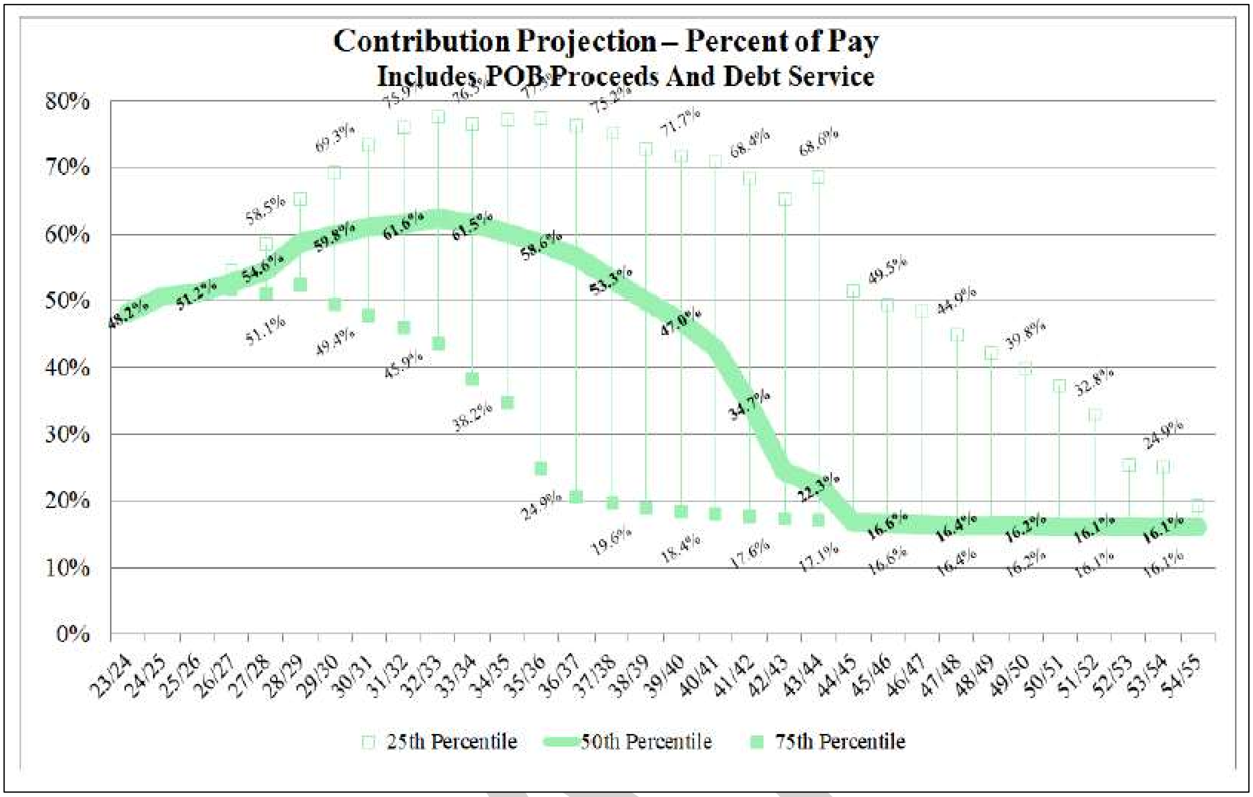
Source: Attachment 1, Slide #69. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/22 Valuation, Foster & Foster, Inc.

Safety Plan – 2021



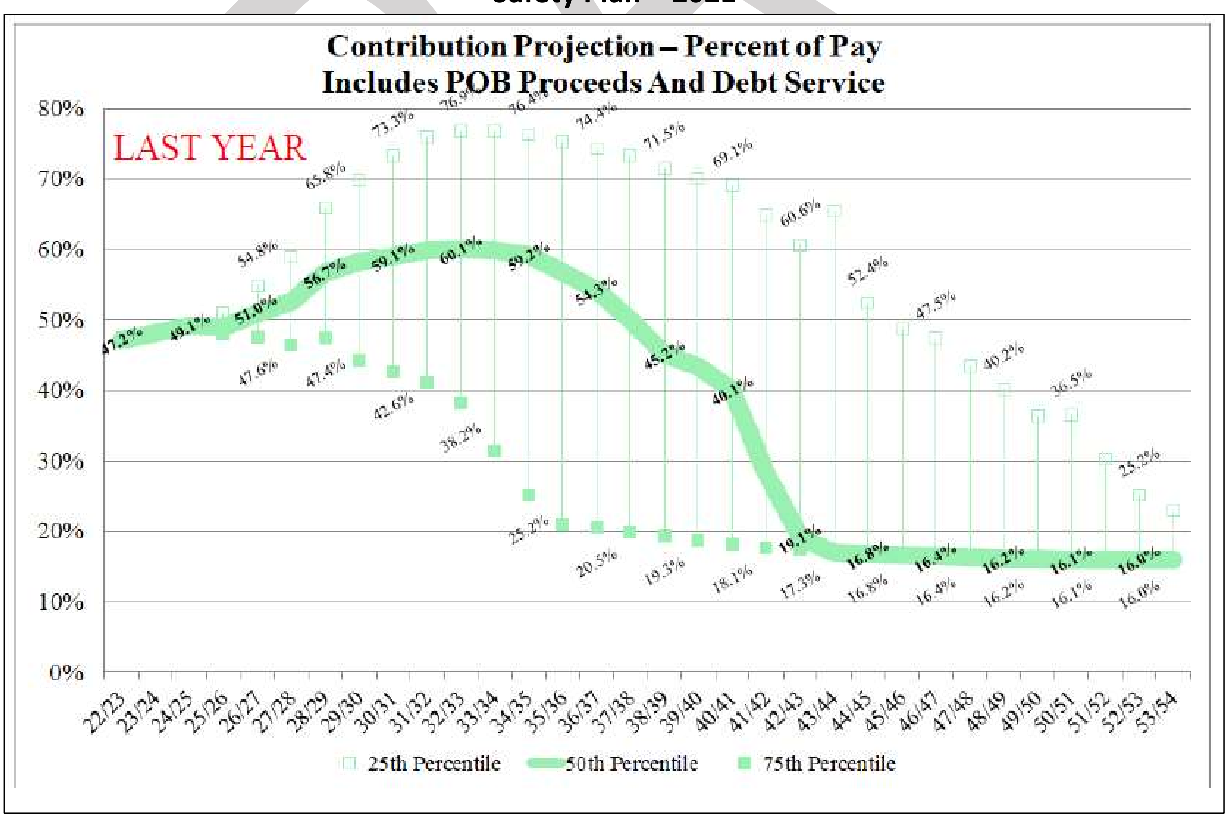
Source: Attachment 1, Slide #70. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/22 Valuation, Foster & Foster, Inc.

Safety Plan – 2022



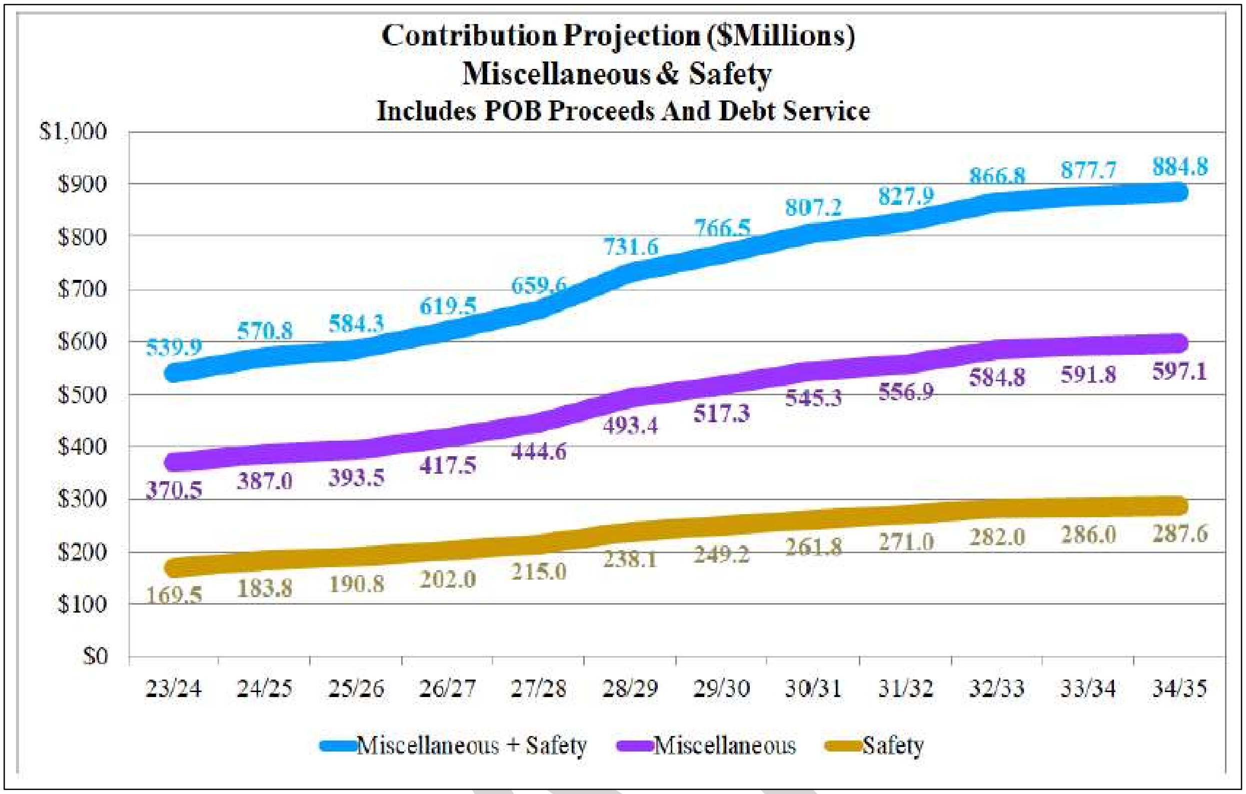
Source: Attachment 1, Slide #67. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/22 Valuation, Foster & Foster, Inc.

Safety Plan – 2021



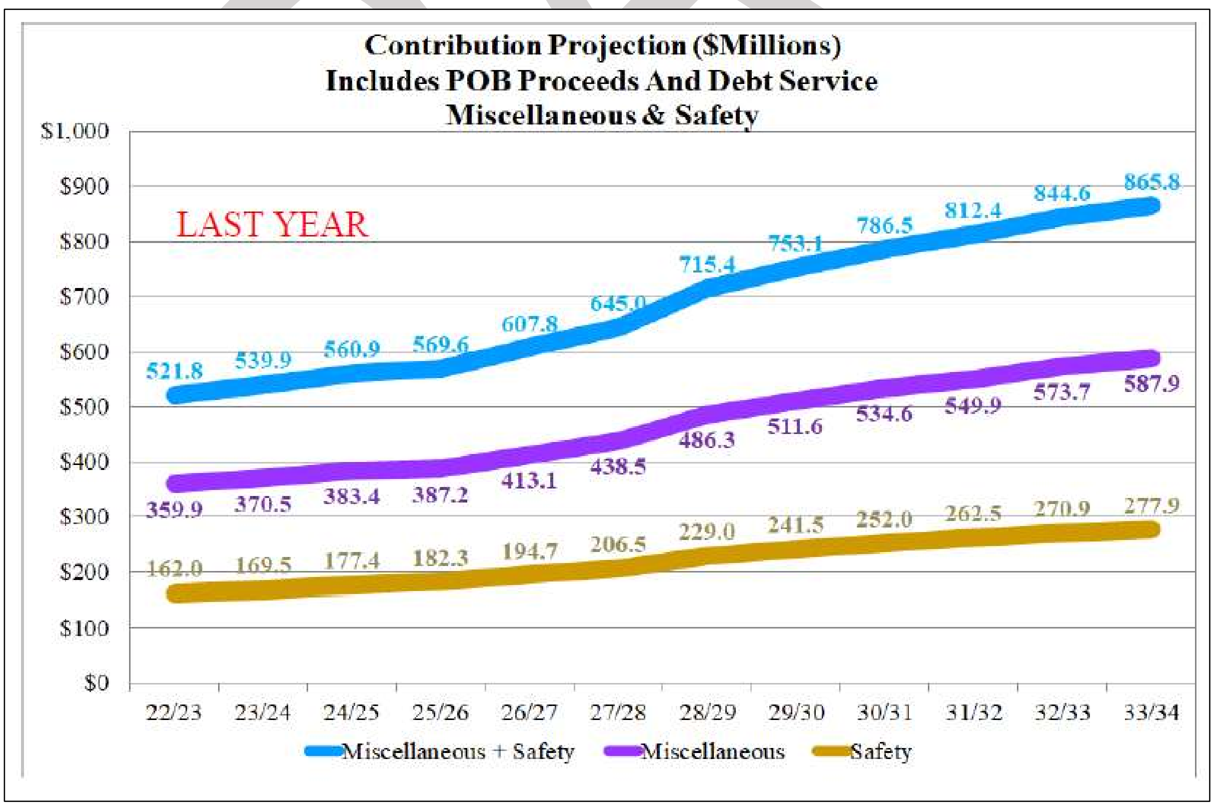
Source: Attachment 1, Slide #68. County of Riverside - CalPERS Miscellaneous and Safety Plans Independent Actuarial Report - 6/30/22 Valuation, Foster & Foster, Inc.

Combined – 2022



Source: Attachment 1, Slide #75. County of Riverside - CalPERS Miscellaneous and Safety Plans
Independent Actuarial Report - 6/30/22 Valuation, Foster & Foster, Inc.

Combined – 2021



Source: Attachment 1, Slide #76. County of Riverside - CalPERS Miscellaneous and Safety Plans
Independent Actuarial Report - 6/30/22 Valuation, Foster & Foster, Inc.

PENSION OBLIGATION BONDS (POBs)

Series 2005 A – In February 2005, the County issued its Series 2005 A POBs in the principal amount of $400 million to lock in an all-in borrowing cost of 4.91%, refinancing its prior unfunded liability, which was then carrying a 7.5% rate (a spread of 2.59%). At the same time, the County converted its repayment schedule from a rolling thirty-year amortization to a fixed amortization of thirty and twenty-five years for the Miscellaneous and Safety Plans. This further reduced interest cost as a result of paying down the debt faster. Upon deposit of the bond proceeds with CalPERS, the County's rate on that portion of its liability was reduced and replaced by the lower amount of the bond's debt service.

The POBs still maintain a relatively low break-even rate of 4.91% versus CalPERS' current rate of 6.8%, (a spread of 1.89%). Even if CalPERS were to earn a rate slightly below the POBs rate for the remaining term to maturity of 2035, the County can still expect to show net estimated gains.

Foster & Foster's analysis is projecting that as of February 15, 2024 (2) there will be $204.6 million in net estimated gains as a result of the sale of the bonds, with an outstanding balance owed of $89.9 million (3).

Series 2020 – In April 2020, the efforts to reduce interest cost on a portion of the unfunded liability (which was then carrying a 7% rate) continued with the Board of Supervisors authorizing a second POB issuance in the amount of $720 million at an all-in borrowing cost of 3.53% (a spread of 3.47%). The bond proceeds ($716 million, net of the cost of issuance) were used to refund up to approximately 20% of the total unfunded liability, split between the Miscellaneous and Safety Plans.

The County prepaid $371.5 million to CalPERS for deposit to the Miscellaneous Plan, and, $344.2 million for the Safety Plan which reflected a discount for prepayment of the selected bases. These bond proceeds served as a one-time additional discretionary payment into the plans. To be clear, the $716 million that was owed to CalPERS is now owed to bondholders, albeit at a much-reduced rate.

This series of POBs has an even lower break-even rate of 3.53% vs. CalPERS' interest cost on the unfunded liability of 6.8% (a spread of 3.27%). To capture the savings (payment reductions) of nearly $231 million through the eighteen-year life of the POBs to 2038, per Board direction, a dedicated Section 115 Pension Trust account was established and is now being funded with those savings.

Foster & Foster's analysis is projecting that as of February 15, 2024 (2) there will be $84.3 million in net estimated gains (3) as a result of the sale of the bonds, with an outstanding balance owed of $580.9 million.

Shown in the table below are net estimated gains on both series of POBs which includes the next interest payments.

Status of POBs ($ in millions)	Projected		
Estimated gains through 2/15/24	**Series 2005A**	**Series 2020**	**Total**
CalPERS investment earnings on POB proceeds (1)	**$492.6**	**$171.4**	**$664.0**
less POB interest payments (2)	**$284.8**	**$83.0**	**$367.8**
less Cost of issuance	**$3.1**	**$4.1**	**$7.2**
Net estimated gains(3)	**$204.6**	**$84.3**	**$288.9**

(1) Accumulated earnings since issuance based on actual CalPERS investment return for each year.
(2) Includes POB interest payments to date.
(3) Source: Attachment 1, Slide #85 and #88. County of Riverside - CalPERS Miscellaneous and Safety Plans - Independent Actuarial Report - 6/30/22 Valuation, Foster & Foster, Inc.

SECTION 115 PENSION TRUSTS

The first Section 115 Pension Trust was established in 2016 to help the County independently mitigate CalPERS' contribution rate volatility and act as a buffer in the future for budgeting purposes as funds accumulate.

Excess funds from the Liability Management Fund (LMF) and the Other Post-Employment Benefits (OPEB) Trust were placed in the Section 115 Pension Trust to fund the initial deposit. Additionally, funds collected as a result of the difference between CalPERS' multi-year projected payroll, based on actuarial assumptions, and, the County's actual payroll, are restricted and invested in the County Treasurer's Pooled Investment Fund (TPIF). Funds are then dollar-cost averaged from the TPIF and placed into the Trust.

The second Section 115 Pension Trust, as mentioned in the previous page, was established with the 2020 POBs. The Trusts are administered by Public Agency Retirement Services (PARS), with HighMark Capital Management serving as investment manager. The current investment strategy is Moderate Index PLUS (Active) which has an approximate 47% equity/48% fixed income allocation mix.

Unlike assets in the CalPERS defined benefit plans, funds in the Trust can be managed in a manner consistent with a risk profile of the County's choosing in a combination of equity investments, fixed income and cash.

Status of 2016 Section 115 Pension Trust

For the investment report period ended 6/30	2020	2021	2022	**2023**
Account balance ($ in millions)	$29.92	$41.82	$39.2	**$57.8**
Total accumulated investment earnings to date	$3.80	$10.80	$4.9	**$8.1**
Annual rate of return	4.48%	19.93%	-11.68%	**7.41%**
Annualized rate of return since inception (1)	6.20%	9.00%	5.03%	**5.38%**

(1) Inception date November 2016.

Status of 2020 Section 115 Pension Trust

For the investment report period ended 6/30	2021	**2022**	**2023**
Account balance ($ in millions)	$13.95	$23.1	**$41.0**
Total accumulated investment earnings to date	$0.84	-$2.0	**$0.14**
Annual rate of return	N/A	-11.47%	**7.50%**
Annualized rate of return since inception (1)	14.39%	0.72%	**3.14%**

(1) Inception date October 2020.

Over time these assets will become more significant as they accumulate and cannot be used for any other purposes except for making additional discretionary payments directly to CalPERS to pay down a portion of the unfunded liability, or for reimbursing the County for CalPERS contributions. **Within ten years, there will be more than $200 million in contributions made to both Trust accounts combined. Total assets as of June 30, 2023 were $98.8 million.**

These Trusts have the potential to provide two significant benefits to the County. The first is the accumulation of assets to pay down the liability with CalPERS. The second is to serve as a "rate stabilization fund" in the event of a dramatic increase in CalPERS rates. Should the long-term projections come to fruition with employer rates peaking in the next decade, the County could accumulate a much larger balance by capturing a portion of the decline and deposit additional funds into the Trusts. This could allow for faster amortization of the County's unfunded liability. On the other hand, should CalPERS' long-term performance come close to projections, full funding could be reached within twenty years.

A downside to full funding is that under current rules the County would be required to make its full required payment, albeit at a fraction of the current rate. In such a case, funds in the 115 Trusts could be drawn upon to make a portion of the required payment, mitigating the impact of excess funding.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Background – OPEB are benefits other than pensions provided to retired employees. In the County's case, this is a monthly contribution to retirees for health care. The Governmental Accounting Standards Board (GASB) Statement No. 45, released in 2004, substantially modified the reporting requirements for OPEB provided by state and local governments.

In summary, GASB 45 dictated that the present value of these benefits should be quantified and reported in the Supplementary Information section of County's Annual Comprehensive Financial Report (ACFR). This reporting requirement did not trigger a funding requirement. Per GASB 45, the County's liability is comprised of two components; the present value of the amount payable for retirees and the amount attributable to the "implicit subsidy." The implicit subsidy is defined as the difference between the true cost of coverage for the retiree medical plan and the actual rate paid. Such a difference arises if retirees and active employees are in the same rate class.

The County's Response – The initial calculation of the County's retirement health liability was $390 million as of January 1, 2005. Upon the recommendation of PARC, the County took two steps to reduce this liability over time. The first step was to establish an OPEB Trust in 2007 which reduced the actual and nominal liability. The second step was to virtually eliminate the implicit subsidy by revamping the County's healthcare rate structure to separate pre-Medicare retirees from active employees.

GASB 75 – In June 2015, GASB released Statement No. 75, which was initially effective for the fiscal year ending June 30, 2018. GASB 75 addresses accounting and financial reporting issues by government employers, previously covered by GASB 45. Per GASB 75, employers are now required to disclose the total OPEB liability on the balance sheet (Statement of Net Position) alongside its other long-term liabilities (i.e., bond debt, lease obligations, pension liabilities, etc.). This change now highlights the liability.

The Move to CalPERS Health Plans – In 2019 the County embarked upon a multi-year process to restructure its health care offerings with an eye towards controlling costs and providing a fuller range of plan options for employees and retirees alike. The OPEB impacts of the move to CalPERS include a return of the implicit subsidy which did not exist under the County's own rate structure as an increase of the actual benefit paid to certain retirees, and a greater number of retirees now purchasing their insurance through the County since the offerings are more attractive.

Under CalPERS health plans, retirees receive benefits prior to age 65 by paying premiums that are developed by blending active and retiree costs. Since retirees are older and generally cost more than actives, the premium paid by the retiree is less than the "true cost" of coverage for retirees. For example, under the Blue Shield Access Plus, the estimated "true cost" for an age 60 retiree is $1,139.74 per month, while the required premium is only $756.65 per month in 2024. Subsidization can also occur for post 65 benefits due to demographic differences between the County retirees and the CalPERS population used to develop premiums. This implicit subsidy is considered an employer obligation under the Actuarial Standards of Practice (ASOP) No. 6 requirements and is included in the OPEB actuarial valuation.

Based on the AON - County of Riverside Actuarial Valuation Report Postretirement Benefits Plan as of June 30, 2023 (Attachment 4, page ii), the value of that benefit (subsidy) to employees is $157 million (actuarial accrued liability, or AAL). Nevertheless, inclusion of implicit subsidy in the total net OPEB liability without any offset is specifically required.

An additional financial implication of transferring to the CalPERS health plans is the requirement under the Public Employees' Medical and Hospital Care Act (PEMHCA) to provide a minimum monthly contribution for retiree health premiums, currently $157 (which increases annually with medical CPI).

This requirement has an effect of increasing the monthly benefit and the cost to the County for those employees whose negotiated or non-represented benefit is less than $157. The monthly amount is either $157 or $256 and is based on the employee's representation at the time of retirement.

This increase in the monthly cost to provide the benefit is currently paid by departments on a pay-as-you-go basis and increases the OPEB liability. In addition to the PEMHCA effect, the County is expecting higher participation rates in its plans by retirees which will increase the expected and actual payout for those enrolled in a health plan. To the extent retirees have better options, such as paid spousal coverage from another employer, they receive no monthly benefit from the County and no liability is recorded.

In contrast to the CalPERS defined benefit pension plan liability, there is no direct connection between the implicit subsidy portion of the OPEB liability and the County's cost of providing the retiree healthcare benefit, thus the County does not directly pay for the implicit subsidy. It is for this reason that many employers have chosen not to fund this portion of their liability since it is not owed to retirees unlike the monthly benefit payment. Recognizing this, the Board adopted Policy B-25, Section III (A) Other Post-Employment Benefits (OPEB) which states, "the County seeks to maintain a minimum funding level of 80% in its OPEB plan, <u>excluding any implicit subsidy liability</u>." There could be some advantages to taking steps to funding a portion of the implicit subsidy in the future; staff and PARC will monitor the issue and bring any recommendations to the Board.

Status of OPEB ($ in millions)

For the annual valuation report period ended 6/30	2021	2022	**2023**
AAL - excluding implicit subsidy (1)	$144	$148	**$157**
<u>Smoothed value of plan assets (MVA)</u> (2)	<u>$68</u>	<u>$86</u>	**<u>$104</u>**
Total unfunded actuarial accrued liability (UAAL)	$76	$61	**$52**
Funded Status (3)	47.20%	58.20%	**66.40%**
Market value of plan assets	$73	$76	**$96**
Annual net rate of return	19.60%	-14.58%	**6.46%**
Annualized net rate of return inception to date (4)	7.53%	4.87%	**5.10%**

(1) Total AAL is the retiree health care liability comprised of the retiree benefit amount <u>and</u> implicit subsidy. Implicit subsidy is the difference between the true cost of coverage for the retiree medical plan and the actual rate paid.
(2) Asset smoothing recognizes market gains and losses gradually overs several years.
(3) Funded status is calculated by dividing the smoothed value of plan assets by AAL (excluding implicit subsidy). Source of (1) and (2) above: Attachment #4, page iv. Actuarial Valuation Report - County of Riverside Postretirement Benefits Plan as of June 30, 2023 – AON.
(4) Inception date November 2007.

County staff requested a review from AON of a multi-year plan to achieve an 80% funded status for the retiree benefit portion of the OPEB liability. **The current actuarial schedule projects 80%, excluding implicit subsidy, would be reached in 2026 if approximately $16.1 million were to be charged to departments for FY 24/25. At its November 15, 2023 meeting, PARC unanimously approved the recommendation of the strategy to stay on target with the current year's contribution amount of $16.9 million, which was approximately 1.1% of payroll.**

PART-TIME AND TEMPORARY EMPLOYEES' RETIREMENT PLAN

Background – The County of Riverside established the Part-Time and Temporary Employees' Retirement Plan (TAP), April 1, 1999, to provide retirement benefits to eligible employees as a substitute for benefits under Social Security, as allowed under Omnibus Budget Reconciliation Act of 1990 (OBRA '90). The Plan is an IRS Section 401(a) defined benefit plan. The Plan actuary calculates the minimum recommended employer contribution rate through preparation of an actuarial valuation report. Participants are required to contribute 3.75% of their compensation to the Plan. As of September 1, 2010, the investments have been managed in a balanced account strategy with an expected rate of return of 6%.

Status of Part-time and Temporary Employees' Retirement Plan ($ in millions)

For the annual valuation report period ended 7/1	2021	2022	**2023**
Total actuarial accrued liability (AAL)	$64.9	$68.9	**$73.9**
Smoothed value of plan assets (MVA) [1]	$52.9	$56.2	**$61.2**
Total unfunded actuarial accrued liability (UAAL)	$12.0	$12.6	**$12.6**
Funded Status [2]	81.5%	81.6%	**82.9%**
Market value of plan assets	$61.4	$51.0	**$59.2**
Annual net rate of return	30.81%	-17.45%	**8.24%**
Annualized net rate of return inception to date [3]	8.11%	5.66%	**5.98%**

(1) Asset smoothing recognizes market gains and losses gradually overs several years.
(2) Source: Attachment #5, page iii. Actuarial Valuation Report - County of Riverside Part-time and Temporary Employees' Retirement Plan as of July 1, 2023 – AON
(3) Inception date September 2010.

Although AON projects an 88.1% funded status by June 30, 2024, at its November 15, 2023 meeting, PARC unanimously approved the recommendation of the strategy to continue to stay on target with the current year employer rate of approximately 5.58% as a percentage of payroll for FY 24/25, the same as FY 23/24.

SPECIAL DISTRICT PLANS

The County's Regional Park and Open-Space District and Waste Resources Management District participate in what CalPERS refers to as the Risk Pool, designed to accommodate smaller employers whose size is not enough to develop individual actuarial assumptions with participation occurring if a rate plan has less than 100 active members on any valuation date. The process involves combining assets and liabilities across employers to produce large, risk sharing pools that reduce or eliminate large fluctuations in an employer's retirement contribution rate caused by unexpected demographic events.

Although the desired 80% minimum funded status for the Special Districts are not specifically mentioned in Board Policy B-25, as is the case with the County's defined benefit pension plans, it is a prudent target (see below additional information for each District). Similar to the County's Miscellaneous and Safety Plans, additional discretionary payments would be required to increase the funded status, thereby having budgetary impacts on the Districts (Parks and Flood), as well as the Department of Waste Resources, that may, or may not be feasible at this time.

Highlights – for the CalPERS actuarial valuation report period ended June 30, 2022:

- ✓ **Riverside County Regional Park and Open-Space District**
  - 70.3% funded status Tier I (11.0% YoY decrease)
  - 93.0% funded status Tier II (15.8% YoY decrease)
  - 91.9% funded status Tier III (17.3% YoY decrease)

- ✓ **Riverside County Flood Control and Water Conservation District**
  - 75.1% funded status (5.9% YoY decrease)

- ✓ **Riverside County Waste Resources Management District**
  - 72.2% funded status (7.2% YoY decrease)

The Riverside County Regional Park and Open-Space District has three rate plans. As of the annual valuation report(s) for June 30, 2022, the funded status of Tier I was 70.3%, Tier II was 93.0%, and Tier III was 91.9% (see tables below for additional details).

Status of Tier I ($ in millions)

For the annual valuation report ended 6/30	2020	2021	**2022**
Total actuarial accrued liability (AAL)	$48.2	$50.6	**$53.0**
Total market value of assets (MVA)	$34.6	$41.1	**$37.2**
Total unfunded accrued liability (UAAL)	$13.6	$9.5	**$15.7**
Funded Status	71.9%	81.3%	**70.3%**

Status of Tier II

For the annual valuation report ended 6/30	2020	2021	**2022**
Total actuarial accrued liability (AAL)	$459,277	$561,086	**$568,242**
Total market value of assets (MVA)	$443,835	$610,455	**$528,280**
Total unfunded accrued liability (UAAL)	$15,442	($49,369)	**$39,962**
Funded Status	96.6%	108.8%	**93.0%**

Status of Tier III

For the annual valuation report ended 6/30	2020	2021	2022
Total actuarial accrued liability (AAL)	$1.85(*)	$2.47(*)	**$2.79(*)**
Total market value of assets (MVA)	$1.78(*)	$2.69(*)	**$2.56(*)**
Total unfunded accrued liability (UAAL)	$60,525	($226,517)	**($226,601)**
Funded Status	96.7%	109.2%	**91.9%**

*$ in millions.

The District met the funded status target in 2021 (81.3%) and made the annual UAAL payment based on available funds to receive an early payment discount. Despite this strategy, the funded status decreased by 11% for Tier I in 2022. As a result, the District plans to make additional discretionary payments to CalPERS to bring the funded status of Tier I back to 80% or higher.

The Riverside County Flood Control and Water Conservation District's annual valuation report for June 30, 2022, shows a funded status of 75.1% (see table below for additional details).

Status of Riverside County Flood Control and Water Conservation District ($ in millions)

For the annual valuation report ended 6/30	2020	2021	**2022**
Total actuarial accrued liability (AAL)	$220.7	$233.7	**$243.2**
Total market value of assets (MVA)	$145.4	$189.3	**$182.7**
Total unfunded accrued liability (UAAL)	$75.3	$44.4	**$60.5**
Funded Status	65.9%	81.0%	**75.1%**

The District developed a long-term plan that included making additional discretionary payments to CalPERS in an effort to bring the funded status at or above 80% by fiscal year 2025. The District accomplished this goal in fiscal year 2021, with a funded status of 81.0%. Currently, the funded status decreased by 5.9%, from 81.0% to 75.1%, as reflected in the June 30, 2022 valuation report. The District has been working with CalPERS actuaries to determine additional discretionary payments necessary to return the funded status to a level at or above 80%. As a result, the District made an additional discretionary payment of $9.0 million in fiscal year 2023. The District intends to continue making additional discretionary payments based on its ongoing assessment of its fiscal outlook for future years. The District will also continue making the annual UAAL prepayment option, thereby receiving an early payment discount from CalPERS.

The Riverside County Waste Resources Management District was dissolved in 1998, with the exception of existing employees at that time electing to maintain their District status. All new hires or transfers are designated as County employees; no new District employees have been added since 1998. The District's annual valuation report for June 30, 2022, shows a funded status of 72.2% (see table below for additional details).

Status of Riverside County Waste Resources Management District ($ in millions)

For the annual valuation report ended 6/30	2020	2021	**2022**
Total actuarial accrued liability (AAL)	$54.5	$56.4	**$57.7**
Total market value of assets (MVA)	$37.3	$44.7	**$41.6**
Total unfunded accrued liability (UAAL)	$17.2	$11.6	**$16.1**
Funded Status	68.5%	79.4%	**72.2%**

The District has developed a long-term plan that includes making additional discretionary payments to CalPERS in an effort to bring the funded status at or above 80% by fiscal year 2025, assuming all other factors remain constant.

An additional discretionary payment of $3.3 million was paid in FY 20/21. A decrease in the market value of assets combined with an increase in the actuarial accrued liability estimate resulted in the District's funded status decreasing 7.2% from 79.9% in June 30, 2021 to 72.2% as of June 30, 2022. The District intends to continue making additional discretionary payments based on its ongoing assessment of its fiscal outlook for future years. The District will also continue making the annual UAAL prepayment option, thereby receiving an early payment discount from CalPERS.

MANAGEMENT OF PENSION AND OTHER LIABILITIES

County's Response - Several steps have been taken to address the management of its liabilities over the last two decades:

- ✓ In 2003 the Pension Advisory Review Committee (PARC) was formed to guide policy decisions regarding retirement benefits.

- ✓ In 2004 PARC first recommended taking advantage of CalPERS' early payment discount in lieu of periodic payments.

- ✓ In 2005 the County issued $400 million in POBs reducing the all-in true interest cost to 4.91%, increased its funding status and created the Liability Management Fund (LMF), whereby some of the excess savings has been sent to CalPERS to reduce the unfunded liability. The current practice has been to send a portion of the savings to the Section 115 Pension Trust, and that will continue.

- ✓ In 2007 in an effort to reduce its OPEB liability over time, the County established its Section 115 OPEB Trust with the California Public Employers' Retirement Benefit Trust (CERBT) with CalPERS.

- ✓ In 2012, the County took the lead in initiating pension reform with its bargaining units in advance of any action by the state. As a result of collective bargaining, employees agreed to pay their own member contributions eliminating the Employer Paid Member Contribution (EPMC). Additionally, Tier II was implemented with a lower benefit formula, which became effective on August 24, 2012.

County Plan		Retirement Formula	Employee Contribution	Earliest Retirement Age	Number of Actives 6/30/2023	Percentage in each Tier 6/30/2023	PEPRA Comp. Limits (1)	Final Comp. Period	Effective Date
Tier I	**Misc**	3% at 60	8%	50	**6,226**	**32.6%**	N/A	12 mos.	7/11/2002
	Safety	3% at 50	9%	50	**1,754**	**49.7%**	N/A	12 mos.	6/28/2001
Tier II	**Misc**	2% at 60	7%	50	**664**	**3.6%**	N/A	36 mos.	8/24/2012
	Safety	2% at 50	9%	50	**169**	**4.8%**	N/A	36 mos.	8/24/2012
Tier III - PEPRA	**Misc**	2% at 62	7.25%	52	**11,623**	**62.8%**	$146,042	36 mos.	1/1/2013
	Safety	2.7% at 57	12.50%	50	**1,605**	**45.5%**	$175,250	36 mos.	1/1/2013

(1) 2023 PEPRA Compensation Limits are indexed annually.

The passage of Assembly Bill 340 on September 12, 2012 created the Public Employees' Pension Reform Act (PEPRA), implementing a new lower retirement benefit formula (Tier III), which became effective January 1, 2013. Since that time, there have not been any significant updates on the pension reform front worthy of note.

In September 2020, however, the Governor signed into law Assembly Bill 2967 which prevents cities and counties from excluding groups of employees from CalPERS defined benefit pension plans when they are offered for other groups, thereby effectively blocking the ability to offer a hybrid style or deferred compensation only plan.

Staff and PARC continue to monitor any developments in this area and will bring any items of significance that would lead to cost reduction to the Board's attention on a timely basis.

- ✓ In November 2016, the first Section 115 Pension Trust was established to help the County independently mitigate CalPERS' contribution rate increases and act as a buffer in the future for budgeting purposes as funds accumulate.

- ✓ In February 2020 the Board approved agenda Item 3.15, Pension Debt Reduction Strategies. Two actions have occurred since that time, as seen below:

  - ➢ In April 2020 the Board authorized a second POB issuance of $720 million, reducing the all-in true interest cost to 3.53%, vs. the 7% that would have been paid to CalPERS on the unfunded liability portion.

    In connection with the 2020 POB issuance, per Board direction, a second dedicated Section 115 Pension Trust account was established to capture the resulting payment reductions (savings) of nearly $231 million through 2038 - the eighteen-year life of the POBs. For the period ended June 30, 2023, there was an ending account balance of $41 million.

  - ➢ In December 2020, the Board of Supervisors approved agenda Item 3.1, amending and restating the agreement for services between the Western Riverside County Regional Conservation Authority (RCA) and the County of Riverside. Effective January 1, 2021, the Riverside County Transportation Commission began to provide the staffing and management agency role for RCA. As a result, a lump sum payment of $3.9 million was received from RCA as a pro-rata share of their unfunded pension liability obligation as well as any amounts owed for OPEB and the Replacement Benefit Plan. The payoff of $2.6 million for the unfunded liability portion was made to CalPERS on January 20, 2021.

- ✓ In November 2023, the PARC approved to maintain the current rates of approximately 1.1% of payroll for OPEB in an effort to achieve a projected funded status of 80% by June 30, 2026.

- ✓ In November 2023, the PARC approved to maintain the current rates of approximately 5.58% (for those departments that utilize TAP) for the Part-Time and Temporary Employees' Retirement Plan in an effort to maintain a funded status of 80% or greater.

Over the next five years, the Miscellaneous and Safety pension plan contribution rates are projected to increase by a total of 4.5%, and 10.6% respectively. Based upon several factors, the long-term pension outlook remains favorable, with increases projected to peak early in the next decade. The funded status is anticipated to be more than 80% within ten years, which has suffered a setback due to the negative investment returns experienced in FY 21/22 as well as the underperformance in FY 22/23. Projections will be tempered by year-to-year financial market performance impacting investment returns.

Staff and the PARC will continue to look for strategic options for managing its long-term costs of the County's pensions and related liabilities.

ATTACHMENTS

1. County of Riverside - CalPERS Miscellaneous and Safety Plans
   Independent Actuarial Report - 6/30/22 Valuation, Foster and Foster, Inc.
2. CalPERS - Miscellaneous Plan - County of Riverside Annual Valuation Report as of June 30, 2022
3. CalPERS - Safety Plan - County of Riverside Annual Valuation Report as of June 30, 2022
4. Actuarial Valuation Report - County of Riverside Postretirement Benefits Plan as of June 30, 2023 - AON
5. Actuarial Valuation Report - County of Riverside Part-time and Temporary Employees' Retirement Plan as of July 1, 2023 – AON