



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Department Name:** Santa Barbara County  
Employees Retirement  
System  
**Department No.:** 810  
**For Agenda Of:** June 28, 2022  
**Placement:** Departmental  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors

**FROM:** Chief Executive Officer Gregory Levin, CPA 805.770.1120

**SUBJECT:** Summary of SBCERS Experience and Current Position

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**County Counsel Concurrence**

As to form: N/A

Other Concurrence: N/A

**Auditor-Controller Concurrence**

As to form: N/A

**Recommended Actions:**

**A)** Receive and file report from the Santa Barbara County Employees Retirement System.

**Summary Text:**

The Board of Supervisors requested that the Santa Barbara County Employees Retirement System (SBCERS) prepare and present a report on the financial position of the fund and the results of its recently completed June 30, 2021 Actuarial Valuation. Also included is a summary update of portfolio values as of March 31, 2021 and a market update as of mid-June 2022.

**Analysis of System Experience:**

For the fiscal Year ended June 30, 2021 SBCERS portfolio returned 25.20% generating over \$782.7 million in gains. The investment performance resulted in a significant gain over the 7.0% assumed rate of return for the valuation period ending June 30, 2021. The investment gain will significantly reduce future employer contributions if future investment expectations are met, no other experience losses are realized and no plan assumption changes are made.

Since June 30, 2021, financial markets have experienced volatility due to inflation concerns and geopolitical crises that has affected global financial markets. Through the first eleven months of the fiscal year ending June 30, 2022, the portfolio has earned 3.58%.

The June 30, 2021 Actuarial Valuation and contribution rates for the fiscal year ending June 30, 2023 were approved by the Board of Supervisors on May 24, 2022. For the fiscal year ending June 30, 2023 (June 30, 2021 valuation year), the County's composite contribution rate is 39.07% a decrease of 2.33%. The decrease is principally related to the aforementioned investment gain.

The current plan assumptions are being considered during the summer and fall of 2022 as part of the System's legally required triennial experience study. Any changed plan assumptions will be reflected in the System's June 30, 2022 Annual Valuation and the rates of contribution for the fiscal year ending June 30, 2024. It has been six years since the last major change to the System's plan assumptions.

During the performance of the 2016 triennial experience study the Board of Retirement reduce the plans investment assumption from 7.5% to 7%. Since then, projected investment returns have lowered with most institutional investment consultants projecting returns below 7% on a 10 and 20 year forward basis. In response to declining expectations, several other California County retirement plans have lowered plan investment assumptions to below 7%. Several plans have also indicated that they are likely to reduce their investment assumption during their next experience study. The average investment assumption of California County retirement plans is currently at 6.9%. Under current Board of Retirement Policy, the impact of assumptions changes on the County's amortization contribution rate will be phased in over 5 years. The losses will be amortized over a period of 19 years which includes a 5-year phase in and a 5-year phase out.

**Attachments:**

Presentation

**Authored by:** Gregory Levin, CPA  
Chief Executive Officer  
Santa Barbara County Employees' Retirement System

**cc:**