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NEVADA COUNTY BOARD OF SUPERVISORS
Board Agenda Memo

MEETING DATE:	October 14, 2025
TO:	Board of Supervisors
FROM:	Erin Mettler, Deputy County Executive Officer/CFO
SUBJECT:	Adopt a revised Pension Management Policy

RECOMMENDATION: Adopt the Resolution.

FUNDING: There is no direct fiscal impact associated with adopting this resolution.

BACKGROUND:

In 2019, the Board of Supervisors, via resolution 19-264 adopted the current Pension Management Policy which speaks to how the County will manage its pension obligations for active and retired employees associated with the County's California Public Employees' Retirement System (CalPERS). Although this policy is reviewed each year alongside budget adoption, it has not been revised. The 2023/24 Nevada County Civil Grand Jury issued a report entitled "Nevada County's Ability to Meet Future Pension Obligations" which included a recommendation to produce a comprehensive plan to eliminate the unfunded pension liabilities. Staff agreed with this recommendation and began refreshing the Pension Management Policy. During the course of review, it became apparent a more comprehensive approach was needed to capture the myriad opportunities currently available to manage pension obligations. Staff contracted with Weist Law and California Municipal Advisors as companion consultants with specialized expertise in CalPERS pension management tools. The consultants worked with the Debt Advisory Committee, consisting of the Auditor-Controller, Treasurer-Tax Collector, and Deputy County Executive Officer/CFO, as well as the CEO Budget Analysts to craft the policy and policy addendum before you for consideration.

The purpose of the Pension Management Policy ("Policy") and Pension Management Policy Addendum ("Addendum") is to provide a framework which can be used to strategically address the existing and any future unfunded accrued liability, commonly referred to as UAL. In development of the refreshed Policy and Addendum documents, the County renews its focus on the goal to maintain fiscal stability and strives to reduce its UAL and the associated financing costs in the most cost-efficient and fiscally responsible manner possible. This includes employing long-term financial planning efforts, maintaining appropriate reserve levels, and furthering prudent practices in governance, management, budget administration, and financial reporting.

The proposed Policy serves as a framework and direction whereas the companion Addendum document outlines the process by which County staff will manage the pension obligation. The Addendum includes prescribed methods and timing for all relevant information to be made readily available to decision-makers and the public, thereby improving the quality of decisions and transparency, identifies policy goals, and demonstrates a commitment to long-term financial planning. In addition, having this Policy approved and updated signals to rating agencies and capital markets that the County is willing to set policies that improve its ability to meet its obligations in a timely manner.

The Policy supports a reasonable and conservative approach to managing the UAL costs associated with the Pension Plans. The Addendum recognizes that the pension plans are managed by CalPERS and subject to market volatility and actuarial assumptions. Accordingly, the framework presented is intended to allow for adaptive responses to changing circumstances, providing flexibility to address such volatility in a financially sound manner. The overarching goal of this Policy is to maximize the portion of the pension plans funding generated from investment returns in order to minimize relative and aggregate contributions required for both the employer and employee shares, thereby minimizing taxpayer and employee expense.

The Addendum outlines 11 different guiding practices, any combination of which can be used in a given fiscal year. It prescribes an annual analysis of pension obligations in context of current County financial health and strategy and will culminate in an annual report presented to the Board alongside the annual budget proposal. The overall strategy includes a goal of balancing the funding level at CalPERS with that set aside in the County's Section 115 Pension Trust account to provide maximum flexibility and avoid overfunding. It should be noted that achieving this balance is a long-term goal and will not occur immediately. It is the consultant's recommendation, and staff agrees, that by actively managing the obligation, taking advantage of key opportunities to apply investment earnings and savings, and maintaining transparency with each year's funding plan, that the County will be well positioned to honor its current and future pension obligations.

Once the Board approves the new Policy and Addendum, staff will continue working with Weist Law and CalMuni Advisors to develop a funding plan for FY 2026-27 which will be incorporated into the proposed budget. This plan will contemplate various strategies and ultimately recommend a combination which supports improving our unfunded liability coverage in a fiscally sustainable way.

Item Initiated by: Erin Mettler, Deputy County Executive Officer/CFO

Approved by: Alison Lehman

Submittal Date: September 29, 2025