



MINUTES

**REGULAR MEETING OF THE GOVERNING BOARD
OCTOBER 18, 2023 – 5:00 P.M.**

The Governing Board Meeting was held on Wednesday, October 18, 2023 at 5:00 p.m. in the MHSA Office located at 2001 North Garey Avenue, Pomona, California.

CALL TO ORDER Vice-Chair Nolte called the meeting to order at 5:00 p.m.

ROLL CALL Roll call was taken by Administrative Assistant Musa.

GOVERNING BOARD

PRESENT: Jed Leano, City of Claremont, Chair
John Nolte, City of Claremont, Alternate Vice-Chair
Carolyn Cockrell, City of La Verne, Board Member
Paula Lantz, City of Pomona, Board Member
Wendy Lau, City of La Verne, Board Member
Elizabeth Ontiveros-Cole, City of Pomona, Board Member
Ronald T. Vera, City of Claremont, Board Member

ABSENT: None.

STAFF

PRESENT: Rimmi Hundal, Executive Director
Steven Flowers, General Counsel
Diana Acosta, Chief Financial Officer
Natalie Majors-Stewart, Chief Compliance Officer
Elizabeth Renteria, Chief Clinical Officer
Seeyam Teimoori, Medical Director
Dana Barford, Director of MHSA & Ethnic Services
Sophia Musa, Administrative Assistant at JPA Administrator/Clerk Office

PUBLIC COMMENT

Chair Leano opened the meeting for public comment; and there was no public comment.

CONSENT CALENDAR

- 1. APPROVAL OF MINUTES FROM THE SEPTEMBER 20, 2023 GOVERNING BOARD REGULAR MEETING**

Board Member Vera, Lau and Lantz expressed that they would like to abstain because they were not able to look over the minutes. The item was tabled for the next meeting.

PRESENTATION

2. OVERVIEW OF PENSION FUNDING BY GOVINVEST

Chief Financial Officer Acosta introduced Senior Consultant, Ira Summer, from GovInvest to present about Pension Funding.

Senior Consultant Summer gave the Board an overview of what the presentation will consist of: pension basics, progress of agency relative to others, changes since the last valuation and addressing unfunded liability. He explained the concept of pension basics with an illustration on the slideshow; that the amount of money going into CalPERS should be the same amount coming out; that the money coming out is a combination of benefits and expenses; that of the two, benefits are the largest; that money coming into the plan comes from three sources: employee contributions, employer contributions, and investment income. He shared that investment income can be anywhere between 60-90 percent; that it directly correlates with the volatility of the investment market, in turn, making employer contributions volatile; that CalPERS makes an effort to keep the investments steady over time by adopting a series of methodologies and assumptions split into two categories: economic and demographic. He explained that the agency (Tri-City Mental Health Authority) has two structures: Classic and PEPRA (Public Employee Pension Reform Act); that the Classic is for all employees who were hired on or before December 31, 2012 and that at age 55 the employees can receive 2.5% of their pay for each year that they worked at the agency, that the amount will grow at 2% per year; that employee contributions are 7% of their pay. He moved on to explain the structure and impact of PEPRA; that it provided a lower pension formula for all miscellaneous employees for all agencies and set the employee contributions to 50% of normal cost.

Vice-Chair Nolte inquired about the definition of 'miscellaneous employees.' Senior Consultant Summer responded by stating that CalPERS uses two categories: Miscellaneous and Safety (Police, Fire, and other Public Safety agencies); that Miscellaneous is everyone who is not part of the safety category.

Senior Consultant Summer began to compare TCMHA with other CalPERS agencies. He shared the comparison metrics with the Board, which includes Funded Percentage (plan assets divided by plan liabilities) calculated as of June 30, 2021 and Total Contribution Percentage (required contribution divided by projected pensionable compensation). He clarified the meaning of required contribution, stating that it is the normal cost (the cost for each year of service as it is earned) and an Unfunded Actuarial Liability Amortization (UAL) Payment; that this is the minimum amount that the agency can pay to CalPERS; that the agency can pay more but cannot pay less. He shared that Miscellaneous results are compared against all results for CalPERS Classic Miscellaneous Plans that are in the risk pool; that the risk pool was set up in 2015 for agencies with fewer than 100 active employees with a pension plan. He explained that the risk pool was set up as a buffer for smaller agencies who are more prone to significant increases in contribution rates; that it allows for risk-sharing among all the other agencies; that, similarly, all PEPRA Miscellaneous results are compared against the results for PEPRA Miscellaneous plans in the risk pool; that the contributions for PEPRA tend to be lower.

Senior Consultant Summer expressed that the funded percentage comparison shows that TCMHA was 88.6% funded as June 30, 2021; that TCMHA is in the upper middle percentile of the Classic Miscellaneous plans; that the agency's contribution rate is below average; that the agency is in good shape; that the PEPRA funded percentage is 103%; that the contribution rates are 7.7%; that TCMHA is in good shape. He continued to share the changes that have occurred since prior valuation; that in 2021/2022 the CalPERS investment return was -6.1% and 5.8% in 2022/2023. He referred to the graph on the PowerPoint to illustrate the actual investment returns versus the assumed investment return, stating that there were strong returns in the 80s and 90s with a significant amount of volatility starting in the year 2000; that the assumed rate of return is a lot more consistent; that throughout the last 30 years, CalPERS has been slowly lowering the assumed rate of return; that CalPERS has been lowering the rate because the investments are a combination of different asset classes that fall into the categories of equity (stock investments) or fixed income (bonds); that the stock investments bottomed out in 2020; that as the returns kept dropping, CalPERS lowered their assumed rate of return and pushed more money into the stock market, hence taking more risk with their investments; that with more risk comes better returns but more volatility as well; that less money from investment return means more money required from contributions.

Senior Consultant Summer mentioned that CalPERS has invested 10% of their portfolio in private equity in an attempt to get better returns; that the numbers shown on the chart are not the final numbers that get credited to the agency accounts; that they have not yet announced the private equity returns for the year ending June 2023; that they will be announcing them the following week. He added that the government has been raising interest rates and that they have gone from 0 up to 5 very rapidly, changing the expectations of what investors can earn from their portfolios; that CalPERS, by law, is required to review their assumed rate of return; that due to the rapid changes, they will review their capital asset return model in the next month. Senior Consultant Summer stated that both investment returns and inflation impact what is paid to retirees; that retiree benefits increase up to 2% per year due to a compounded COLA (Cost of Living Adjustment) from the time the person retires; that if inflation has been low and the next year it is higher, CalPERS is able to pay that due to the lower rate the previous year. He commented that due to the high COLA rate the past couple of years, there will be liability losses as well as investment losses for the June 30 2022/2023 valuations. He referred to a chart that illustrates the unfunded accrued liability and explained that the big investment loss caused the liability loss to jump up to 150% which pushed the projected date of repayment to 2035; that the biggest impact was due to the investment loss; that the 14% shortfall caused the unfunded liability to increase dramatically. He continued to discuss the funded percentage, stating that instead of going up to 92%, it dropped down to 80%; that it is projected to drop below 80 as well for the 2023 valuation; that in turn, the contributions will need to increase up to 30% to make up for the shortfall.

Senior Consultant Summer explained that TCMHA had almost no unfunded liability payments and compared it to Normal Cost; that CalPERS methodology attempts to keep costs as steady as possible; that agencies do not pay full costs of investment losses or gains right away but it is spread out in a 5-year span.

He continued by addressing unfunded liability and the approaches that TCMHA can take; he shared that most of the increases in required contribution is due to payment toward

Unfunded Actuarial Liability (UAL); that the agency is paying interest at 6.8% to CalPERS for UAL. He referred to the graph on the PowerPoint to illustrate that the losses are spread out over a period of 20 years.

Board Member Vera inquired about the interest rate and how long the 6.8% rate has been in effect. Senior Consultant Summer responded that it has been in effect since June 30, 2021. Discussion ensued regarding a strategy to refinance and receive a lower interest rate. It was concluded that due to the state of the market, it would not be ideal to refinance but it was suggested to find ways to make extra payments towards UAL; that it is a good thing but it is not a need to rush to pay it off. Senior Consultant Summer described one of the approaches to control pension costs is to find more money, whether that is through one-time contributions or additional annual contributions.

Board Member Vera inquired about the limitations of MHSA funds for overhead costs. Chief Financial Officer Acosta responded in the affirmative stating that there are limitations on using MHSA funds and it is one of the reasons they have engaged with GovInvest; that they hope to gain more insight into how tackle unfunded liability. Board Member Vera inquired about the limit on overhead costs. Executive Director Hundal responded that it is 15% for admin costs; that pension costs can be considered administrative costs. Chief Financial Officer clarified that the costs are also included in the salaries and benefits of staff.

Vice-Chair Nolte inquired about the next steps. Chief Financial Officer Acosta responded in the affirmative stating that they will continue to engage with GovInvest and eventually bring a policy to the Governing Board and present options.

Board Member Lantz made a comment about erroneous references to TCMHA as an irrigation district. Senior Consultant Summer responded by stating that he will correct those errors for the next presentation.

Board Member Vera inquired about other supplemental pension plans and if there is unfunded liability for those plans. Chief Financial Officer Acosta responded in the negative stating that they offer a 457 deferred compensation plan that is funded solely by the employees.

NEW BUSINESS

3. CONSIDERATION OF RESOLUTION NO. 725 APPROVING AN AGREEMENT WITH THE BONITA UNIFIED SCHOOL DISTRICT TO EXECUTE PROGRAM OPERATIONS AND PARTNERSHIP

Director of MHSA and Ethnic Services Barford shared about the ongoing opportunity TCMHA has with Bonita Unified School District; that the Memorandum of Understanding will be going on the 15th year; that it is a successful collaboration. She described the project stating that they will utilize Master of Social Work level students and their interns; that they will provide intermittent skill-based counseling services to designated elementary and high school locations within the Bonita Unified School District; that the amount of funds listed in the MOU is \$20,000; that the funds have been set aside to support general program operations, materials cost, mileage, and a portion of the interns contractual hours for services.

Vice-Chair Nolte opened the meeting for public comment and there was no public comment.

There being no further comment. Chair Leano moved, Board Member Cockrell seconded to adopt Resolution No. 725 approving an agreement with the Bonita Unified School District to execute program operations and partnership. The motion was carried by the following vote, AYES: Board Members Cockrell, Lantz, Lau, Ontiveros-Cole, and Vera; Vice-Chair Nolte; and Chair Leano. NOES: None. ABSTAIN: None. ABSENT: None.

4. APPROVAL OF PLAN AND DESIGNS FOR OFFICE REMODELING AT THE MHSA BUILDING LOCATED AT 2001 N. GAREY AVE. IN POMONA, CALIFORNIA

Chief Financial Officer Acosta expressed that to move forward with the remodeling project, staff needs approval from the Governing Board. Once they receive approval, staff will advertise the project and send out a Request for Proposal for contractors to bid on the project.

Vice-Chair Nolte opened the meeting for public comment and there was no public comment.

Board member Lantz commented that the diagram provided was not legible. She added that one of the conference rooms looked unreasonably small for a conference room. Facilities Manager Ramirez was introduced to give more details about the remodeling project. Discussion ensued regarding the downsizing of the current conference room where the closed session is held. It was concluded that there will be other rooms available for closed session; that the priority is to have more office space for staff; that there is no need to change the plan.

Board Member Ontiveros-Cole inquired about the start date of the plan. Facilities Manager Ramirez expressed that they still need to go out to bid then bring it back the Board. General Counsel Flower added that the Governing Board will see it again to award the contract.

There being no further comment. Vice-Chair Nolte moved, Board Member Lau seconded to approve the plan and designs for office remodeling at the MHSA building located at 2001 N. Garey Ave. in Pomona, California. The motion was carried by the following vote, AYES: Board Members Cockrell, Lantz, Lau, Ontiveros-Cole, and Vera; Vice-Chair Nolte; and Chair Leano. NOES: None. ABSTAIN: None. ABSENT: None.

MONTHLY STAFF REPORTS

5. RIMMI HUNDAL, EXECUTIVE DIRECTOR REPORT

Executive Director Hundal shared about the grand opening of Villa Esperanza in Pomona. She thanked the Governing Board for approving the plan a few years ago and for those that attended the event including Vice-Chair Nolte. She added that the project was \$2.8 million dollars and it bought Tri-City Mental Health Authority 10 rental units for TCMHA clients that are low-income and have been diagnosed with a severe mental illness, or individuals that are at risk of being homeless. She continued by adding that to date,

TCMHA has contributed nearly \$12 million for development of permanent supportive housing; that 72 units of permanent supportive housing have been developed in the cities of Pomona and the one in Claremont.

Executive Director Hundal shared that to date, TCMHA has a total of 202 full-time staff, 7 part-time staff, and 44 vacancies; that they made one new hire in September and had three separations in September. She thanked the Governing Board for their patience with the delays in the receiving the minutes and she also thanked staff for their help in getting the agenda out and their extra efforts.

Board Member Lantz commented that in the presentation given on pension funds, it showed that TCMHA was in a bracket of agencies with under 100 employees. She inquired about the information presented regarding CalPERS and the bracket that TCMHA is in based on the current number of employees, which is 202. Chief Financial Officer Acosta clarified and responded by stating that the bracket placement is based on CalPERS; that TCMHA was placed in the risk pool when they were under 100 employees, and it has not changed since the initial placement. Board Member Lantz stated that moving forward, she would like TCMHA to be compared with similar agencies. Chief Financial Officer Acosta responded in the affirmative.

6. DIANA ACOSTA, CHIEF FINANCIAL OFFICER REPORT

Chief Financial Officer Acosta shared that TCMHA is still in the middle of an audit; that normally, they like to present the audited financial statements to the Governing Board but there have been some delays; that they are continuing to work with the consultants and the plan is to bring the complete financial statements to the December meeting. She mentioned that there was an error in her agenda report regarding the 2001 Garey Building remodel, indicating that there would be a contract for awarding at the October meeting; that the contract will not be ready until December.

Board Member Vera inquired about a deadline for the audit submission to the State. Chief Financial Officer Acosta responded in the negative stating there is not a deadline, but they are encouraged to submit it as soon as possible; that there will be a lot of agencies delayed this year due to the new Governmental Accounting Standard being implemented across the United States. She added that there is a deadline (March 31st) when an agency is subject to a separate audit for federal funds, but TCMHA is not subject to that.

Vice-Chair Nolte inquired about the new standard. Chief Financial Officer Acosta responded by explaining that the new Governmental Accounting Standard (GASB 96) requires that agencies review, evaluate, disclose, and account for any subscription based information technology agreements as liabilities in the financial statement; that TCMHA has roughly 50 agreements with various information technology companies; that depending on the type of agreement and the timeframe of the agreement, it takes time to determine long-term liabilities whereas before they were not recorded as a liability on previous financial statements just an expense.

Board Member Vera inquired about the financial report, specifically asking for clarification about the amount of money indicated in the unspent fund balance for MHSA (Mental Health Services Act). Chief Financial Officer Acosta responded by stating that the amount shown (\$23,186,019) is the amount that was originally estimated to be leftover at the end

of fiscal year 2022-2023; that the numbers shown on the report are to illustrate how volatile MHSA has been over the last few years. Discussion ensued and Chief Financial Officer clarified that the \$23 million was projected at the end of 2022-2023 but due to a delay in tax returns and other emergency events that occurred in the winter, payments were deferred; that TCMHA received an influx from the delay in tax filings and a one-time adjustment; that in August, TCMHA received almost the amount that would typically be received in an entire year (\$10 million).

Board Member Vera made a comment about reversion and how to best allocate the monies received for future years. Chief Financial Officer Acosta responded by adding that all dollars for MHSA received are subject to a three-year reversion timeline.

7. LIZ RENTERIA, CHIEF CLINICAL OFFICER REPORT

Chief Clinical Officer Renteria highlighted the early psychosis program, that it is known as a coordinated specialty care program, which is a multi-facet recovery-oriented program; that individuals in the program receive a variety of services including housing support, counseling, and more. She explained that the program is for children, youth, and young adults that are experiencing a first psychosis. She shared that one component of the program is to do outreach and education events in the community with the goal of increasing awareness and referrals to the program; that the previous month, the team held a Social Emotional Learning Symposium for the Pomona Unified School District; that they provided the participants with an overview of the signs and symptoms of psychosis, the risk factors for psychosis, and the referral process to Tri-City Mental Health Authority programs; that there are usually referrals right after such presentations. She mentioned that they try to do these presentations at different locations throughout the year. Chief Clinical Officer Renteria concluded by sharing that she is working with Housing Manager Monzon to prepare a housing presentation that will be for the Joint Governing Board and Mental Health Commission meeting in December.

Board Member Cockrell inquired about the method of advertising for the presentations and workshops mentioned. Chief Clinical Officer Renteria responded by stating that they use social media, they ask community partners if they can present at their venues or events, word of mouth and announcing the events on the TCMHA website.

8. SEEYAM TEIMOORI, MEDICAL DIRECTOR REPORT

Medical Director Teimoori referred to the data provided on his staff report.

9. DANA BARFORD, DIRECTOR OF MHSA AND ETHNIC SERVICES REPORT

Director of MHSA and Ethnic Services Barford announced that TCMHA hosted their first Community Stakeholder meeting to kick off the Innovation Project. She thanked Board Members Lantz and Vera for attending as well as Chair Henderson from the Mental Health Commission. She mentioned that Sara Rodriguez presented for the first time in her new role as MHSA Project Manager; that she is doing great in her new role. Director of MHSA and Ethnic Services Barford reported that there will be another meeting that will be virtual. She also shared that the Innovation Project that was recently approved by the TCMHA Governing Board has made it onto the consent calendar for the Mental Health Services Oversight and Accountability Commission meeting; that if it is passed the funding of

\$675,000 will give TCMHA an opportunity to find out the best way to reach the community, stating that it may need to be a different approach.

Board Member Vera commented that the presentation was excellent, but he was disappointed by the turnout at the event.

Director of MHSA and Ethnic Services Barford expressed that the community planning process will assist in finding the best strategies to reach the community and get more people to come; that they plan to expand on social media, have more surveys and explore other avenues as well; that the community planning process will inform future programs as well.

Board Member Lantz commented that she was also disappointed by the turnout. Director of MHSA and Ethnic Services Barford mentioned that it was and that they expected that.

Board Member Vera inquired if staff reached out to the local churches and synagogues. Director of MHSA and Ethnic Services Barford responded in the affirmative.

Board Member Lau inquired about the possibility of going to the places where community members are already meeting and presenting there. Director of MHSA and Ethnic Services Barford responded in affirmative stating that they intend to do that and it is all part of the community planning process.

Discussion ensued and it was concluded that the first meeting is more of an orientation to TCMHA and the rest of the meetings will be more embedded in the community.

Board Member Lantz shared that she received great feedback for the 'Noche de Familia' event.

Board Member Nolte commented that it would be good to keep the data from the Community Planning Process; that it would be good to set goals for meetings, for example to set a goal for the number of people who attend each meeting, to evaluate how the goal was reached and how it was not.

Executive Director Hundal referred to a public hearing a few years back that had a lot of community participation; that the room was packed. Director of MHSA and Ethnic Services Barford mentioned that many things have changed since then, especially the amount of funding; that more changes are to come considering SB 326; that TCMHA is currently in maintenance mode.

10. NATALIE MAJORS-STEWART, CHIEF COMPLIANCE OFFICER REPORT

Chief Compliance Officer Majors-Stewart provided a review of fundamental quality data and activities over the last several months; that the Best Practices team has been involved in very intense projects including electronic health record, CalAIM, and the Central Scheduling Pilot; that all of them are going well. She added that the data provided is to show the continued commitment to the main functions and best practices, which include training staff, quality assurance chart, review activities, data, and outcomes and analysis.



GOVERNING BOARD COMMENT

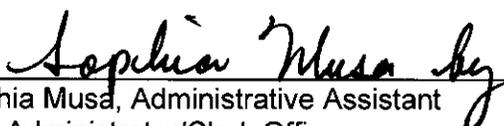
Vice-Chair Nolte shared that Tri-City Mental Health Authority was mentioned during a presentation regarding homelessness, specifically the work done at Hope for Home; that the work is appreciated and has had a tremendous impact.

PUBLIC COMMENT

Chair Leano opened the meeting for public comment.

ADJOURNMENT

At 6:26 p.m., on consensus of the Governing Board its meeting of October 18, 2023 was adjourned. The next Regular Meeting of the Governing Board will be held on Wednesday, November 15, 2023 at 5:00 p.m., in the MHSA Administrative Office, 2001 North Garey Avenue, Pomona, California.


Sophia Musa, Administrative Assistant
JPA Administrator/Clerk Office

