
PENSION ADVISORY REVIEW COMMITTEE

MINUTES OF MEETING

December 5, 2019
11:00 a.m.

County Executive Office
4080 Lemon Street, 4th Floor
Conference Room A

Members Present:

Don Kent	Chairman, County Executive Office
Paul Angulo	Auditor-Controller
Brenda Diederichs	Human Resources
Matt Jennings	County Treasurer's Office

Members Absent:

None

Staff and Guests Present:

Brad Au	Aon
Mary Beth Redding	Bartel Associates
Michael Williams	Columbia Capital
Isela Licea	County Treasurer's Office
Steve Faeth	County Treasurer's Office
Imelda Delos Santos	Executive Office
Jennifer Kammerer	Executive Office
Dan Wiles	Fieldman, Rolapp & Associates
Keith Stribling	HighMark Capital
Alisa Lynch	Human Resources
Amy Onopas	Human Resources
Andrew Tsang	Human Resources
Sonia Moreno	Human Resources
Stacey Beale	Human Resources
Megan Gomez	Parks
Michael Alferez	Parks
Angela Tang	PARS
Mitch Barker	PARS
Sandra Green	Waste Resources
Margaret Herrero	Waste Resources

1. Call to Order and Self-introductions:

Chairman Don Kent called the meeting to order at 11:00 a.m. Self-Introductions were given by those present.

2. Approval of the Minutes for May 9, 2019:

MOTION: Matt Jennings moved to approve the Minutes.

Seconded by Brenda Diederichs

Motion approved unanimously

3. Section 115 Pension Trust Report

Mitch Barker, with PARS, reported that there are three businesses that work together as a team to bring the 115 Trust Program: PARS – Trust Administrator & Consultant, US Bank – Trustee and HighMark Capital Management – Investment Manager.

Angela Tang, with PARS, stated that Riverside County's plan started October 1, 2016. The plan administrator at the county is Don Kent, County Finance Officer. The current investment strategy chosen by the PARC committee is Moderate Index PLUS Strategy. The county has an individual account. The initial contribution of \$2,099,212 was received November 2016. As of June 30, 2019, there has been an additional \$24.3 million in contributions for a total of \$26.4 million. No disbursements have been taken out as of yet. Total investment earnings are \$2,496,740 for a total account balance of \$28,747,123.

Keith Stribling, with HighMark Capital, reported that the strategy is Moderate Index Strategy. It's targeted to be a 50/50 mix of stock and bonds. As of end of June, it was 51.46% stocks, 45.15% bonds and 3.39% cash. The returns have been very good, up 11.26% for the 6-month period. As of June 30, 2019, the funds are up an annualized 7.1% since inception.

Report was received and filed.

4. Bartel and Associates – CalPERS Actuarial Issues 6/30/18 Valuation Results

Mary Beth Redding, with Bartel and Associates, discussed the following topics concerning the Miscellaneous and Safety Plans for the CalPERS' Actuarial Issues Report:

- Miscellaneous and Safety Plan – Historical Information and Projects.
- Combined Miscellaneous and Safety Plan
- POB

Funded status for the Miscellaneous Plan dropped from 71.6% last year to 70.4% this year. The unfunded liability went up from \$2.1 billion last year to \$2.4 billion this year. 92.5% of FY 19/20 new hires are PEPRAs and 7.5% are Classic members.

Funded status for the Safety Plan dropped from 71.2% last year to 70.4%. The unfunded liability went up from \$966 million to \$1.1 billion.

POB was issued for \$400 million in 2005 with proceeds going to CalPERS. As of February 15, 2020, balance is an estimated \$426 million. As of February 15, 2020, \$218 million is still owed. Estimated savings through February 15, 2020 are \$138 million.

Don Kent suggested slide title changes. Slides 25 – 28, adding “Does Not Include Debt Service.” Slides 29 – 32, 47 & 48, adding “Includes POB Debt Service.” Slides 63 “POB Proceeds”, Slide 64, “POB Outstanding Balance (millions)” Slide 65, “Estimated POB Savings (millions)” And on slide item B, “Bond Outstanding Balance”

Report was received and filed.

5. AON – County of Riverside Actuarial Valuation Report Postretirement Benefits Plan June 30, 2019

Brad Au, with Aon, reported that the purpose of the valuation is to determine funding and accounting. For planning purposed the valuation date is July 1, 2019 and the funding calculation is for a full fiscal year later ending 2021. Accounting is looking at funded status but also the expense for fiscal year ending 2020.

GASB 75 became effective June 30, 2018. In 2011, CalPERS introduced three new investment allocation strategies. PARC reviewed the details of the strategies and adopted Strategy 1. Expected investment return was 6.73% at that time. In 2017, a decision was made to go to middle tier Strategy 2 with an expected return of 7.01%. Return on assets in FY 18/19 was 6.86%. The funding contribution is going from \$4.3 million in FY 18/19 to \$9.1 million in FY 19/20. The contribution is estimated to be \$9.3 million for FY 20/21.

The funded status as of June 30, 2019 is 81.5% excluding the implicit subsidy.

Report was received and filed.

6. AON - County of Riverside Actuarial Valuation Report Part-Time and Temporary Employees' Retirement Plan July 1, 2019

Brad Au mentioned that the County of Riverside established the Part-Time and Temporary Employees' Retirement Plan on April 1, 1999. The expected return is 6%. Return on assets for FY 18/19 is 4.66%. The actual contribution for FY 20/21 is \$1.3 million versus \$474,617 from the prior year. The Plan's current funded ratio is 76.6%.

Report was received and filed.

7. PARC Annual Report Draft

Don Kent stated that a draft report has been sent to committee members for their review. The committee reviewed suggested changes to the report. The latest revisions will be sent out to the committee and to Bartel & Associations for their comments.

MOTION: Matt Jennings moved to approve PARC Report changes.

Seconded by Brenda Diederichs

Motion approved unanimously

