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 PEPRA 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.


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 purposes, 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
8. **B-25 Pension Management and Other Post Employment Benefits Policy**

Don Kent reported that an updated policy is being recommended to the Board. The updated policy will read Pension Management and Other Post Employment Benefits. The committee reviewed other administrative changes. The changes will be sent to the Board with the PARC Report.

**MOTION:** Matt Jennings moved to approve B-25 Policy changes.
Seconded by Brenda Diederichs
Motion approved unanimously

9. **New Business**

Don Kent mentioned with the recent interest rate declines the finance team is re-evaluating POBs. The team will be coming back soon with the results of that analysis to the Committee.

10. **Public Comment:**

No public comment.

11. **Future Meeting Date:**

A future meeting date will be determined later.

12. **Adjourn:**

With no further business, Don Kent adjourned the Pension Advisory Review Committee Meeting at 12:49 p.m.