

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

817



FROM: Paul McDonnell, Treasurer-Tax Collector
Chairman, Pension Advisory Review Committee (PARC)

SUBMITTAL DATE:
November 5, 2004


SUBJECT: Second Report of the Pension Advisory Review Committee

RECOMMENDED MOTION: That the Board of Supervisors:


- (1) Receive and file the PARC's Second Report;
- (2) Approve in concept the issuance of Pension Obligation Bonds (POB);
- (3) Direct the Finance Team to prepare for the issuance of POB's; and
- (4) Authorize a sole source agreement with Bartel Associates, LLC for amount not to exceed \$50,000 for services related to Committee's review.

(Continued on page 2)

Departmental Concurrence



Paul McDonnell
Treasurer-Tax Collector, Chairman



Ron Komers
Asst CEO/ HR Director, Member



William Luna
County Finance Director, Member

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 50,000	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

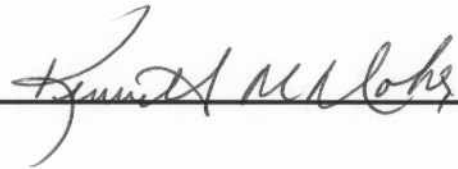
SOURCE OF FUNDS: 10000-1400100000

Positions To Be Deleted Per A-30
Requires 4/5 Vote

C.E.O. RECOMMENDATION:

APPROVE.

County Executive Office Signature



Policy

Consent

Dep't Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.:

District:

Agenda Number:

3.9

BACKGROUND: In October 2003, the Board of Supervisors approved the formation of PARC to develop a better understanding of the County's defined benefit plan. One of the responsibilities of PARC was to report to the Board the performance of the plan, evaluate strategies to address under-funded and/or over-funded positions, and evaluate changes to the plan.

The Committee and PARC's independent financial advisor, Fieldman, Rolapp & Associates and independent actuary John Bartel, have prepared the following report for the Board. The report is a follow up report to the May 25, 2004 Initial Pension Advisory Review Committee report that outlined the County's Pension plan's under-funded status and the impact that status has on the County's budget. Recommendations included Prepayment of PERS employer contribution, and a 20 year re-amortization ("Fresh Start") for the Miscellaneous plan Unfunded Liability.

This report examines the use of Pension Obligation Bonds as a solution for the Safety Plans problematic payment schedule and as a more optimal solution for the miscellaneous plan. It provides a recommendation on the use of POB's.

The board will be presented with the contractual and disclosure documents required to formally authorize the issuance of POBs within ninety (90) days.

John Bartel of Bartel & Associates has provided actuarial consulting services to the County for over four years. For the first several years he provided those services as an employee of AON Consulting, an internationally recognized benefits consulting firm. In 2003 he formed his own firm. The services provided include an independent review of PERS reports and additional services not readily available from PERS, such as projections and assistance evaluating impact of various benefit programs or payment options available through PERS. Mr. Bartel was instrumental in helping the County to achieve the prepayment discount which will produce \$3 million in saving to the General Fund for FY 2004-05.

Mr. Bartel's recent work on behalf of the Committee has exceeded the previously authorized amount of his contract with the Human Resources Department.

(Continued on page 3)

The Committee has recommended:

1. That the Board approve the issuance of Pension Obligation Bonds (POBs).
2. That the County Finance team move forward as soon as possible to prepare for the issuance of POBs.
3. That the Pension Advisory Review Committee Policies and Procedures be presented simultaneously with POBs for approval.
4. That the Committee report back to the Board on 2/1/05 on the pros and cons of alternative pension structures.
5. That the Board authorize a sole source agreement with Bartel Associates, LLC for amount not to exceed \$50,000 for services related to the Committee's review.