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ORDINANCE NO. 462.30

AN ORDINANCE OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE
AUTHORIZING AN AMENDMENT TO THE CONTRACT BETWEEN ITS BOARD OF
SUPERVISORS OF THE COUNTY OF RIVERSIDE AND THE BOARD OF ADMINISTRATION
OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

The Board of Supervisors of the County of Riverside does ordain as follows:

Section 1. That an amendment to the contract between the Board of Supervisors of the County of Riverside and the Board of Administration, California Public Employees' Retirement System is hereby authorized, a copy of said amendment being attached hereto, marked Exhibit, and by such reference made a part hereof as though herein set out in full.

Section 2. The Chairman of the Board of Supervisors is hereby authorized, empowered, and directed to execute said amendment for and on behalf of said County.

Section 3. This Ordinance shall take effect thirty (30) days after the date of its adoption, and prior to the expiration of fifteen (15) days from the passage thereof shall be published at least once in the Press-Enterprise, a newspaper of general circulation, published and circulated in the County of Riverside, and thenceforth and thereafter the same shall be in full force and effect.

Adopted and approved the day of 2005.

BOARD OF SUPERVISORS OF THE COUNTY
OF RIVERSIDE, STATE OF CALIFORNIA

By: _____
Chairman, Board of Supervisors

Attest:

NANCY ROMERO
Clerk of the Board

By: _____
Deputy

(SEAL)

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



116

FROM: Human Resources

SUBMITTAL DATE:
April 14, 2005

SUBJECT: Amendment to Retirement Contract with California Public Employees' Retirement System (CalPERS) to Provide the Indexed Level of 1959 Survivor Pre-Retirement Death Benefit

RECOMMENDED MOTION: (1) Adopt Resolution Number 2005-203, giving notice of the County's intention to approve an amendment to the CalPERS contract, set forth in Attachment A; also certify compliance with Government Code Section 7507, set forth in Attachment B; and (2) Introduce, and on May 17, 2005, adopt Ordinance Number 462.30, set forth in Attachment C, authorizing an amendment of the CalPERS contract.

BACKGROUND: The 1959 Survivor Pre-Retirement Death Benefit provides benefits to survivors of a safety member who dies prior to retirement. As it was designed as a benefit for employees who did not participate in Social Security, this benefit applies only to all of the County's active and non-active safety members and the non-active miscellaneous members who did not have Social Security when they worked for the County. There are 2548 such employees.

The County currently contracts with CalPERS for the First Level of 1959 Survivor Pre-Retirement Death Benefits. This level provides from \$180 to \$430 per month for eligible dependents.

Ronald W. Komers
Asst. County Executive Officer/Human Resources Dir.

| | | | |
|-----------------------|-------------------------------|------|-------------------------|
| FINANCIAL DATA | Current F.Y. Total Cost: | \$ 0 | In Current Year Budget: |
| | Current F.Y. Net County Cost: | \$ 0 | Budget Adjustment: |
| | Annual Net County Cost: | \$ 0 | For Fiscal Year: |

| | | |
|-------------------------|----------------------------------|--------------------------|
| SOURCE OF FUNDS: | Positions To Be Deleted Per A-30 | <input type="checkbox"/> |
| | Requires 4/5 Vote | <input type="checkbox"/> |

C.E.O. RECOMMENDATION: **APPROVE**

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Stone, seconded by Supervisor Buster and duly carried, IT WAS ORDERED that the above resolution of intention is adopted as recommended, and that the above ordinance is approved as introduced with waiver of the reading.

Ayes: Buster, Stone, Wilson and Ashley
Nays: None
Absent: Tavaglione
Date: April 26, 2005
xc: HR, COB

Nancy Romero
Clerk of the Board
By: Deputy

Prev. Agn. Ref.: | **District:** | **Agenda Number:**

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

BACKGROUND (continued)

The County contracted for the First Level of 1959 Survivor Pre-Retirement Death Benefits in January 1960. We have a surplus of assets primarily due to employee contributions (\$2.00 per employee per month), favorable experience and conservative ratings; the employer contributions have been 0.0% since approximately 1995. Based on the last valuation, our accrued liability was \$544,150 and the actuarial value of our assets was \$3,200,727, resulting in excess assets of \$2,656,577. Our excess assets are projected to be \$3,123,865 by June 30, 2005 (see Attachment D, Contract Amendment Cost Analysis).

We have been notified by CalPERS that our assets and liabilities will be pooled with the assets and liabilities of other agencies with First and Second Level Benefits with the next annual actuarial valuation unless we change our benefit level to utilize our surplus. As we can only use our surplus to upgrade these benefits, we are proposing to upgrade to the Indexed Level. The Indexed Level provides from \$541 to \$1624 per month for eligible dependents. This new benefit can only apply prospectively.

A comparison of the First Level and Indexed Level is provided in Attachment E, 1959 Survivor Pre-Retirement Death Benefits At-a-Glance. The County currently pays \$0 for the First Level. Our agency's first-year payment for the Indexed Level will be \$0 due to our surplus (without the surplus the first-year Normal Cost would have been \$131,477). Also due to our surplus, our 5-Year Amortization of Unfunded/Excess Liability is (\$210,364). CalPERS has stated that based on current experience, they expect the excess assets should pay all of the employer annual premiums for a minimum of five years, but more realistically for roughly 15 years or more with the Indexed Level. Additionally with the Indexed Level, if the total required premium after amortization of the pool's surplus exceeds \$4.00, the employer and employee will split the total required premium equally. Currently, the cost per member for employees is \$2.00 per month.

This proposal has been reviewed and approved by the Pension Advisory Review Committee. The resulting action does not result in greater pension benefits, but rather represents a reallocation of benefits already paid for, in part, by employee contributions.