



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 12/18/2018

Agenda Placement: 6Y

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Minh Tran - County Executive Officer
County Executive Office
REPORT BY: Mary Booher, Assistant County Executive Officer - 707-253-4153
SUBJECT: Investment Strategy for 115 Trust for OPEB

RECOMMENDATION

County Executive Officer requests approval of the Balanced Actively Managed Investment Strategy for the Other Post Employment Benefits (OPEB) portion of the 115 Trust established with Public Agency Retirement Services (PARS).

EXECUTIVE SUMMARY

On October 30, 2018, the Board adopted a resolution establishing a Combination 115 Trust for Pension and OPEB with PARS, as well as a 115 Trust oversight committee. This action also authorized staff to move the current OPEB 115 trust from California Public Employees Retirement System (CalPERS) to PARS, in order to take advantage of the lowest possible fee structure. At that time, the oversight committee had not had the opportunity to meet with the advisors from PARS and HighMark to discuss the investment strategy for the OPEB funds. Since then, the committee has met with the advisors and recommends investing in the Balanced Actively Managed portfolio.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

As part of the Fiscal Year 2017-18 adopted budget, the Board established an assignment of \$1 million of General Fund for future pension liabilities. As part of the Fiscal Year 2018-19 adopted budget, the Board increased this assignment by \$3.271 million. On October 30, 2018, the Board adopted a resolution establishing a Combination 115 Trust for Pension and OPEB. This action authorized moving the assets from the CalPERS CERBT 115 Trust for OPEB into a combination 115 Trust with PARS, in which the OPEB assets are accounted for separately from Pension. As discussed, PARS has historically had better return rates on similar investment strategies, and combining these funds will allow Napa County to take advantage of the lowest fee rates from PARS for the 115 Trust.

The action also established an oversight committee for the 115 Trust, to make recommendations to the Board. Due to the balance of approximately \$70 million in OPEB assets, the oversight committee met again with HighMark investment advisors and PARS staff is now returning to the Board recommending utilizing the Balanced-Actively managed investment portfolio offered by HighMark. This strategy is consistent with the actuarial valuations currently used by Bartel for our biennial update, and is also consistent with the long-term strategy the Board has adopted by funding the trust fund in addition to current year pay-as-you-go obligation.

SUPPORTING DOCUMENTS

A . Investment Options

CEO Recommendation: Approve

Reviewed By: Helene Franchi