



TOWN OF LOS GATOS
TOWN PENSION AND OPEB TRUSTS
OVERSIGHT COMMITTEE REPORT

MEETING DATE: 03/30/2021

ITEM NO: 5

DATE: March 22, 2021
TO: Town Pension and OPEB Trusts Oversight Committee
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive CalPERS Actuarial Review and Presentation by Bartel and Associates

RECOMMENDATION:

Receive CalPERS Actuarial Review and presentation by Bartel and Associates.

BACKGROUND:

The Town's pension plans are administered by the Board of Administration of the California Public Employees' Retirement System (CalPERS). The Board of Administration is responsible for the management and control of CalPERS and maintains exclusive control of the administration and investment of pension funds. In addition, CalPERS actuaries are responsible for the provision of actuarial valuations for the Town's pension plans. Sworn employees are covered under the Safety Plan which is a pooled plan, while all other employees are covered in the Miscellaneous Plan, which is a separate plan. The Miscellaneous Plan is administered by CalPERS in the Public Employees' Retirement Fund (PERF).

Recognizing the importance of the Town's pension obligations and projected increases in future pension costs, starting in 2018 the Town contracted Bartel and Associates to perform an annual review of the actuarial valuation reports provided by CalPERS. Bartel and Associates is an industry leader in providing actuarial related services to California local governments.

DISCUSSION:

The Committee presentation will focus on the status of the Town's pension plans for its Miscellaneous and Safety employees as provided in the Bartel report (Attachment 1) and provide an opportunity for Committee Members to ask questions.

PREPARED BY: Arn Andrews
Assistant Town Manager

Reviewed by: Town Manager, Town Attorney, and Finance Director

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DISCUSSION (continued):

Bartel and Associates will be discussing the following key issues regarding the Town's pension plans:

- An introduction to actuarial valuations
- An introduction to the development of expected returns
- A Review of 2019 valuations and subsequent projections
- A Review of October 2019 and July 2020 Additional Discretionary Payments (ADPs)
- Recommended amortization bases for future potential ADPs

On March 8, 2021, the Town Finance Commission received the Bartel report and presentation. Commissioners had an opportunity to ask clarifying questions of actuarial assumptions and report development. Areas of note included the development of assumed investment returns and utilization of third-party Capital Market Assumptions. The Commission requested supplemental materials for their next meeting which staff and the consultant will be providing.

CONCLUSION:

Receive CalPERS Actuarial Review and presentation by Bartel and Associates.

COORDINATION:

This report has been coordinated with the Town Manager and the Director of Finance.

FISCAL IMPACT:

None.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachment:

1. Bartel and Associates CalPERS Actuarial Review Report