



CORONADO UNIFIED SCHOOL DISTRICT

PUBLIC
AGENCY
RETIREMENT
SERVICES

PARS

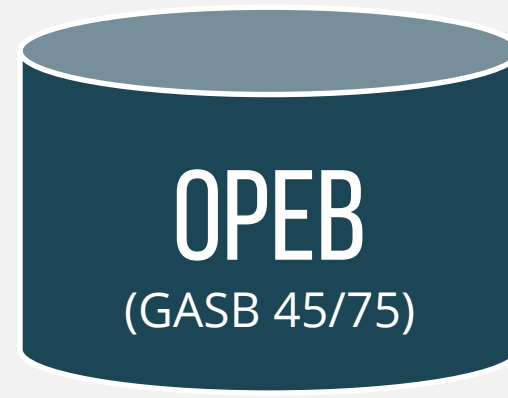
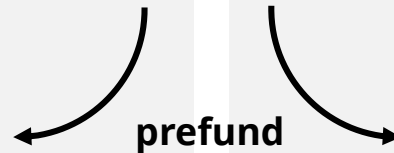
TRUSTED SOLUTIONS. LASTING RESULTS.

Pension Rate Stabilization Program (PRSP) & OPEB Solutions Program
October 19, 2017

PARS COMBINATION 115 TRUST



- ✓ Prefund **Pension**
(STRS/PERS) contributions



In partnership with  **csba**
California School Boards Association

- ✓ Prefund **OPEB**
(Retiree Medical) liabilities

- ✓ IRS Private Letter Ruling
- ✓ Multiple-Employer Trust with no risk sharing
- ✓ Complete flexibility in time & amounts of contributions/disbursements
- ✓ Pension and OPEB assets are segregated through sub-accounting
- ✓ Choose different investment risk tolerance levels for each sub-account

SAMPLING OF PRSP/OPEB CLIENTS

PARS is the **most experienced** PRSP/OPEB provider with **100+ PRSP & 260+ OPEB** clients.

SCHOOL DISTRICTS

Bellflower Unified School District
Beverly Hills Unified School District
Campbell Union High School District
Compton Unified School District
Corning Union Elementary School District
Cotati-Rohnert Park Unified School District
El Dorado Union High School District
Lakeside Union School District
Lemon Grove School District
Manteca Unified School District
Moreno Valley Unified School District
Natomas Unified School District
Ocean View School District (Oxnard)

Ontario-Montclair School District
San Marino Unified School District
Santa Barbara Unified School District
Visalia Unified School District
Whittier City School District

COMMUNITY COLLEGE DISTRICTS

Coast CCD*
Grossmont-Cuyamaca CCD
San Bernardino CCD
State Center CCD
Victor Valley CCD*
Yosemite CCD

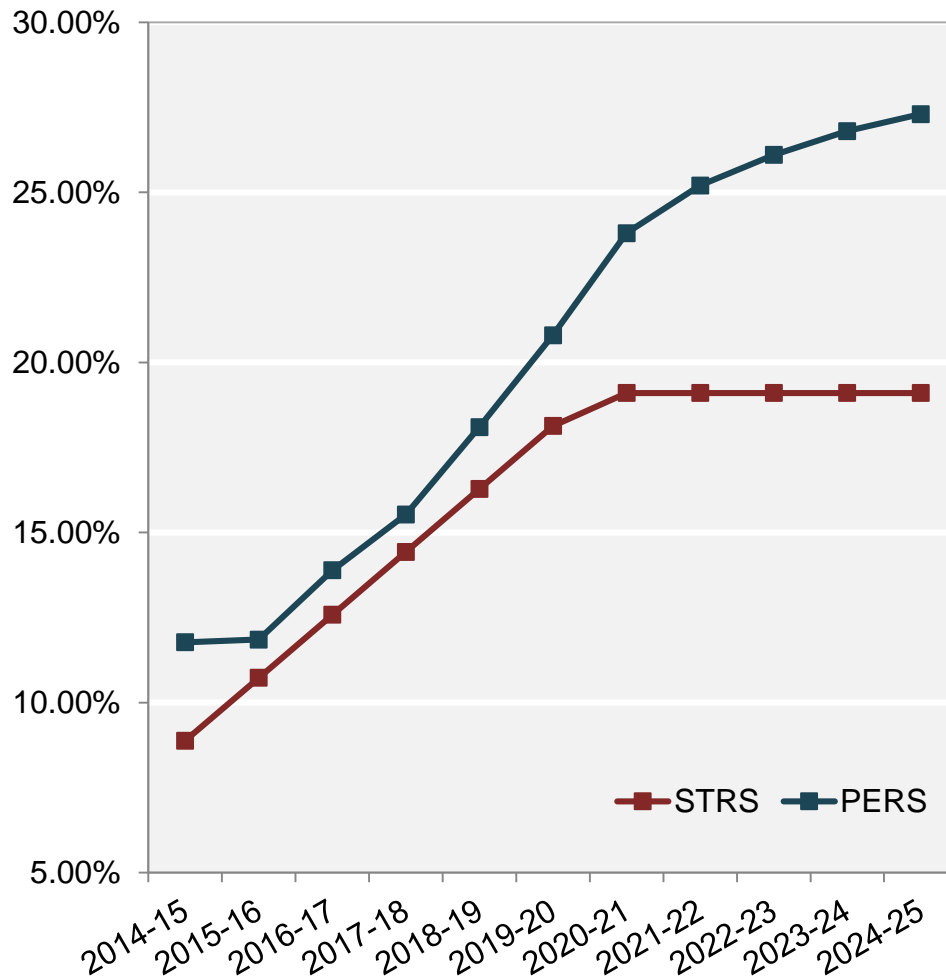
Bolded agencies have adopted PRSP

* PRSP only

STRS/PERS CONTRIBUTION RATE INCREASES

Coronado USD impact:

Costs rise from **\$3.8 million to \$5.9 million** by 2024-25



Fiscal Year	STRS	PERS
2014-2015	8.88%	11.77%
2015-2016	10.73%	11.85%
2016-2017	12.58%	13.89%
2017-2018	14.43%	15.53%
2018-2019	16.28%	18.10%
2019-2020	18.13%	20.80%
2020-2021	19.10%	23.80%
2021-2022	19.10%	25.20%
2022-2023	19.10%	26.10%
2023-2024	19.10%	26.80%
2024-2025	19.10%	27.30%

WHY PREFUND PENSION OBLIGATIONS?

- 1 **Address rising Pension Costs**
- 2 **Create an Asset and a Rainy Day Fund**
Reimburse the district for pension-related costs at any time
- 3 **Achieve better Investment Returns over time**
- 4 **Beneficial in Credit Ratings**

OPEB ACTUARIAL RESULTS

Coronado USD OPEB liability:
\$5.9 million in UAAL & **\$642,350** ARC (based on District Budget)

Actuarial Accrued Liability (AAL)	\$5,894,701
Actuarial Value of Assets	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$5,894,701
Annual Required Contribution (ARC) for FY 2017-18	\$642,350
Annual Benefit Payments (Pay-as-you-Go) for FY 2017-18	\$189,415

WHY PREFUND WITH AN OPEB TRUST?

1

Potential Greater Return lowers Liability

Every 1% increase in return, your liability will be lowered about 10-12%

2

GASB 75

Effective in 2017-18, OPEB liabilities will now be placed on your balance sheet

3

Assets which Offset Liability

Trust balance is considered an “asset” which offset liability on financial statements

4

Fully Accessible for Current OPEB Costs

Can access funds at any time to pay current costs, including pay-as-you-go costs

COMPREHENSIVE SERVICES

The PARS Trust Team offers a variety of services for both Pension & OPEB prefunding:

Consulting

Investment Fiduciary

Investment Management

Document Preparation

Trustee Services

Custodian Services

Ongoing Compliance Monitoring

Disbursement Processing

Funding Processing

Contribution Processing

STEPS TO IMPLEMENTATION

- 1 Governing Board adopts PARS Trust and appoints a Plan Administrator
- 2 PARS provides legal documents for signature by Plan Administrator
- 3 District develops investment policy and guidelines
- 4 After receipt of signed documents, trust account is set up
- 5 District makes initial deposit to PARS Trust
- 6 PARS conducts an annual review of investment activity

INVESTMENT OPTION A:

VANGUARD

This non-advisory approach offers very low costs with portfolios comprised of institutional class, index-based, mutual funds and the following target asset allocations:

Low-Cost Index Portfolios

- (a) Fixed Income
- (b) Conservative
- (c) Balanced
- (d) Growth

INVESTMENT OPTION B:

HIGHMARK CAPITAL MANAGEMENT

HighMark Capital Management, when acting as a sub-advisor to the Discretionary Trustee, U.S. Bank, offers managed portfolios and provides oversight of the investment process. Portfolios have been designed exclusively for the PARS PRSP and OPEB Solutions Program.

1. Active Managed Portfolios

- (a) Conservative
- (b) Moderately Conservative
- (c) Moderate
- (d) Balanced
- (e) Capital Appreciation

2. Low-Cost Index/ETF Portfolios

- (a) Conservative
- (b) Moderately Conservative
- (c) Moderate
- (d) Balanced

3. Customized Approach (Available according to asset size)

INVESTMENT RETURNS

AS OF JUNE 30, 2017

		Equity	Fixed Income	Other	1 Year	3 Years	5 Years
Vanguard	Fixed Income	0.00%	96.1%	3.9%	0.28%	2.62%	2.58%
	Conservative	42.20%	55.8%	2.00%	6.21%	4.33%	6.26%
	Balanced	59.70%	38.30%	2.00%	9.53%	5.08%	8.05%
	Growth	75.30%	21.50%	2.20%	12.69%	5.93%	9.89%
HighMark Capital	Conservative	15.00%	79.00%	6.00%	3.85%	2.99%	3.96%
	Mod. Conservative	30.00%	67.00%	3.00%	6.67%	3.64%	5.42%
	Moderate	50.00%	47.00%	3.00%	10.54%	4.60%	7.27%
	Balanced	60.00%	37.00%	3.00%	12.65%	4.97%	8.31%
	Capital Appreciation	75.00%	23.00%	2.00%	14.19%	5.64%	9.67%

**If a District wishes to use an alternative investment advisor, PARS PRSP can accommodate this option with its fully flexible investment structure.*

*** Past performance is not an predictor or guarantee of future results.*

**** PARS is not licensed to provide and does not offer investment advice or recommendations of any kind.*

All investment decisions in the PARS PRSP and OPEB Solutions Program are made at the sole discretion of the District, with or without the assistance of the District's selected investment advisors and/or managers.

PROGRAM FEES: OPTION A

Trust Administration/Consulting Fees*



Plan Set-Up Fee:

None

Ongoing Fees:

0.25%	for assets \$0-10 million
0.20%	for assets \$10-15 million
0.15%	for assets \$15-50 million
0.10%	for assets over \$50 million

Investment Management Fees**



Ongoing Fees:

0.07%	for assets \$0-50 million
0.04%	for assets \$50-150 million
0.03%	for assets \$150-250 million
0.01%	for assets \$250-500 million
0.005%	for assets over \$500 million

Directed Trustee Fees**



Ongoing Fees:

0.05%	for assets \$0-25 million
0.04%	for assets \$25-50 million
0.03%	for assets over \$50 million

* PARS does not receive any compensation from the investments or any commissions, back-end loads, or any other forms of compensation.

** Tiered fee schedules are based on combined assets in each of the Vanguard pools.

PROGRAM FEES: OPTION B

Trust Administration/Consulting Fees*



Plan Set-Up Fee:

None

Ongoing Fees:

0.25%	for assets \$0-10 million
0.20%	for assets \$10-15 million
0.15%	for assets \$15-50 million
0.10%	for assets over \$50 million

Discretionary Trustee/Investment Management Fees*



Plan Set-Up Fee:

None

Ongoing Fees:

Ranges from 0.25% to 0.32% (at first tier for HighMark PLUS portfolios; depending on risk tolerance level; net after fee waivers)

0.35%*	for assets under \$5 million
0.25%	for assets \$5-10 million
0.20%	for assets \$10-15 million
0.15%	for assets \$15-50 million
0.10%	for assets over \$50 million

* PARS does not receive any compensation from the investments or any commissions, back-end loads, or any other forms of compensation.

** Fees as of June 30, 2017. Subject to change due to rebalancing.

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