

MINUTES OF A MEETING OF THE
FINANCE/INVESTMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
MONDAY, SEPTEMBER 28, 2020 AT 4:00 P.M.
VIA TELECONFERENCE

Director Martin called the meeting to order at the hour of 4:00 p.m. The meeting was held via teleconference.

Present: Director Sannella
 Director Martin
 General Manager Pruum
 Finance Manager Owen
 Principal Financial Analyst Arthur
 Administrative Secretary Johnson

ITEM(S) FOR DISCUSSION

ANNUAL PERS UPDATE

Finance Manager Owen stated staff recently received actuarial valuations for the California Public Employees' Retirement System (CalPERS) and Other Post Employment Benefits (OPEB). He provided an annual PERS update which included the following:

- Background
- Amortization Bases
 - Non-Investment (Gain)/Loss
 - Investment (Gain)/Loss
 - Assumption Change
 - Method Change
- Methodology
- Results

Finance Manager Owen stated the Board approved an Additional Discretionary Payment (ADP) of \$4,027,000 in Fiscal Year (FY) 2020/21 toward the District's Unfunded Accrued Liability (UAL). He explained that there are four types of amortization bases (liabilities) and based on CalPERS' actuarial assumptions and actual results, an asset or liability is created. The District made an ADP in the amount of \$8,054,000 on November 20, 2019 which paid off four different liabilities.

Finance Manager Owen further stated the most recent actuarial valuation indicates the District has two additional liabilities, \$343,000 for non-investment (gain)/loss and \$331,490 for investment (gain)/loss, adding almost \$700,000 to the District's portion of the UAL. The District's scheduled or minimum required payment of the UAL for FY 2021 is \$879,000 which is a decrease from \$1.3 million before the \$8 million ADP was made,

a savings of approximately \$467,000. The projected balance for the upcoming fiscal year is \$11.9 million. The UAL balance will be \$7,814,041 after the ADP of \$4,027,000 is made this year, resulting in a savings of \$3,620,134. The combined payments of \$8 million and \$4 million will result in total interest savings of \$13,988,458.

Gayle Martin, member of the public, asked questions regarding the PERS debt, issuing new debt in the current budget, and the developer capacity fund deficit. General Manager Prum responded to Ms. Martin's concerns stating that PERS is the District's most expensive debt and that it always makes sense to pay the most expensive debt off first. He further stated the budget includes possible future debt for planning purposes.

A discussion of the developer capacity fund will be placed on the October 7, 2020 Regular Board meeting agenda.

ANNUAL OPEB UPDATE

Principal Financial Analyst Arthur facilitated a presentation, OPEB Funding Status Update, as follows:

- Background
- Definitions
- OPEB Funding
- OPEB Liability and Assets
- Next Steps

Principal Financial Analyst Arthur stated the District's OPEB (retiree health insurance) is a closed system as of July 2013. New hires after that time are not eligible for OPEB. Currently there are 63 active employees eligible for OPEB and 28 retirees receiving OPEB. The cost of OPEB is approximately \$375,000 annually and was previously included in the operating budget; however, this year it will be paid for out of the California Employer's Retiree Benefit Trust account (CERBT) which was established in March 2012 at the Board's direction.

OTHER BUSINESS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 4:22 p.m.