

MINUTES OF A MEETING OF THE
FINANCE/INVESTMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
MONDAY, DECEMBER 18, 2017 AT 4:00 P.M.
AT THE DISTRICT OFFICE, 201 VALLECITOS DE ORO,
SAN MARCOS, CALIFORNIA

Director Martin called the meeting to order at the hour of 4:00 p.m.

Present: Director Martin
Director Sannella
General Manager Pruim
Assistant General Manager Scaglione
Accounting Supervisor Owen
Administrative Secretary Johnson

ITEM(S) FOR DISCUSSION

PUBLIC EMPLOYEE RETIREMENT SYSTEM

General Manager Pruim stated the purpose of the meeting was to provide the Committee updated financial information concerning Public Employee Retirement Systems (PERS) and Other Post Employment Benefits (OPEB) since the Committee's last discussion on these topics earlier this year.

Staff presented current and projected data on the District's funded and unfunded pension liability, total pension costs, pension cost increases, and the correlation between pension cost increases, the District's revenue requirement, and water rates.

General discussion took place regarding the stock market's effect on the pension liability, the Unfunded Accrued Liability (catch up), employer/employee shared costs, other options to PERS such as 457 plans, and the difference between PERS Classic and PERS PEPRAs programs.

OTHER POST EMPLOYMENT BENEFITS

General Manager Pruim stated OPEB refers to retiree medical insurance coverage up to age 65 only; no other benefits are included. OPEB is a District program unrelated to PERS. Prior to 2013, retirees received full medical insurance coverage for themselves, their spouses and their dependents until the retiree reached the age of 65, and five years of service was required to be vested. Changes in 2013 included the retiree paying the difference between the cost of the least expensive health insurance plan offered by the District if they chose a more expensive District plan, and spousal coverage only with no dependent coverage. The vesting schedule also changed to 5 to 10 years for all employees, regardless of their date of hire. Employees hired after 2013 are not eligible for OPEB.

Assistant General Manager Scaglione discussed the status of OPEB funding, annual costs and the trust the District established in 2011 to fund OPEB. It is anticipated that OPEB will be fully funded next year.

The data presented was for information only. Staff will provide further updates to the Committee when the next actuarial report is released in August 2018.

General discussion took place during which Director Martin asked about employees married to other employees who each receive double medical insurance coverage. Options to compensate employees in this situation who opt out of the medical insurance were discussed. General Manager Pruim stated that in order for the District to receive its ACWA/JPIA discount, all employees must be enrolled in the medical insurance program.

OTHER BUSINESS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 5:12 p.m.