

## **FINANCE COMMITTEE NOTES**

### **July 14, 2021**

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#### **Attendees:**

Committee members:	Mark Gibboney (Chair) and Randall Reed
Staff members:	Eduardo Espinoza, Chad Brantley, Taya Victorino, Agnes Boros, Jennifer Fillinger, Frank Chu, Eric Grubb, and Andrea Dutton
Members of the Public:	None

**Call to Order:** 10:00 a.m.

**Public Comment:** None

**Additions/Deletions to Agenda:** None

#### **Introductory Remarks by Chair Gibboney**

Chair Gibboney announced for the record that this meeting was conducted by teleconference pursuant to the Brown Act waivers provided for under the Governor's Executive Orders in response to the COVID-19 State of Emergency. Further, the agenda stated that there was no public location for attending this meeting in person. The agenda stated that the public may listen and provide comment telephonically by calling the number listed on the agenda. Chair Gibboney took a roll call of Committee members and staff present on the call as listed above.

#### **1. Water System Capital Capacity Fee Study**

- Staff presented a revised version of the study.
- The second draft of this study includes a revision to future capital improvement cost calculations and allocations to future customers. The revision reduces the total amount of new projects attributable to future customers by \$2.7 million.
- A miscellaneous fee study was also conducted by internal staff to support adjustments to fees associated with voluntary actions on the part of customers that include willful damage to District property and after-hours service. The adjustment to these smaller fees will be included in the process of updating the Capacity Fees.
- The Committee reviewed the Capital Capacity Fee Study and provided comments.

#### **2. Actuarial Reports for PARS and OPEB Plans**

- Staff updated the Committee with the results of the actuarial studies that were recently updated for the PARS Supplemental Retirement Plan and the Retiree Healthcare Plan (OPEB).
- The PARS Retirement Enhancement Plan (REP) has a funded status of 106%, while the OPEB Plan has a funding status of 40%.

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- The assets held in trust have increased for both plans due to contributions by the District as well as investment returns with asset values reaching approximately \$6.8 million for PARS and \$9.4 million for OPEB.
- The District will continue to make contributions to the plan trusts in order to reduce the net pension liabilities and to pay the benefits.
- The trust holdings are invested under the direction of the California Employer's Retirement Benefit Trust and PFM for the OPEB and PARS plans, respectively.

### **3. CalPERS Advance Repayment Program**

- Staff performed an analysis of the financial benefits derived from participation in the CalPERS Advance Repayment Program during the five fiscal years 2017-2021.
- The analysis revealed that the return on investment being generated will be between 5.2% and 10.8% on an annual basis which will continue in perpetuity. The return on investment will offset current and future operating costs associated with the District's pension benefit plan.
- The savings from this program will be in addition to District savings generated from reducing the pension benefit formula in 2011 and 2013 as well as requiring employees to pay their full share of the CalPERS contribution with each payroll.
- Continued participation in the Advance Repayment program was recommended based on the opportunity to earn a significant return on investment compared to the current very low yield on fixed income investments. Also, this program retains the greatest flexibility for the District in the future.
- The Committee supported the recommendation to continue to participate in the program for the next five fiscal years and agreed to move the item to the full Board for review and approval.

Meeting Adjourned at 10:47 a.m.