

MINUTES OF A MEETING OF THE
FINANCE/INVESTMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
TUESDAY, DECEMBER 11, 2018 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
 Finance Manager Owen
 Accounting Supervisor Glenn
 Financial Analyst Arthur
 Administrative Secretary Johnson

ITEM(S) FOR DISCUSSION

PERS 2017 ACTUARIAL REPORT

Staff provided a status update on PERS since 2016. The 2017 PERS Actuarial Report was released in September which contains data as of June 30, 2017. Finance Manager Owen facilitated a presentation on the District's Annual Valuation Report as follows:

- Purpose
- UAL and Funding Status
- Funding Options
- Alternative Schedules
- Amortization Bases
- Next Steps

Finance Manager Owen stated the District's Unfunded Accrued Liability (UAL) is \$16.9 million as of June 30, 2017, a decrease from \$17.1 million in 2016. The District's funding status is 76.6%.

General Manager Pruim noted that the District has always paid the amount specified by CalPERS, often up front instead of monthly installments, resulting in a small discount for not having to pay interest. The District has saved approximately \$35,000 per year during the last three years or so by paying up front.

General discussion took place on the benefits of paying off the UAL which would save the 7% interest the District is currently paying, but would affect days in cash, etc. Several funding options were discussed such as making accelerated payments.

This item was information only.

OTHER POST EMPLOYMENT BENEFITS FUNDING

General Manager Pruim provided a brief presentation on the District's Other Post Employment Benefits (OPEB). OPEB is a program for District retirees primarily for medical costs. The program is no longer available to employees hired after June 30, 2013. To be eligible for OPEB, an employee must work for the District for five years and retire from the District.

Director Martin inquired how CalPERS learns of a retiree's death. Staff will research this.

General Manager Pruim stated that of 104 employees who have some level of eligibility for OPEB, 28 have already retired. There are 76 active employees who were hired before 2013. That number may change if employees leave the District to work somewhere else. He further stated that according to the latest actuarial report, the District's OPEB liability is \$5.3 million.

General Manager Pruim explained that every year the District sets aside funds from the operating budget for OPEB to establish a trust fund for retirees, current eligible employees, and current year medical costs for retirees and current employees. Last year the District stopped paying into the trust for retirees and current employees as the trust is fully funded. Staff suggested the Board may want to consider paying for the retirees' medical (approximately \$400,000 each year) from the trust fund instead of the operating budget. That would reduce the current \$2.6 million that is paid to ACWA/JPIA for medical benefits for retirees and current employees to approximately \$2.2 million.

This item was for information only.

OTHER BUSINESS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 4:55 p.m.