

FINANCE COMMITTEE MEETING
SUMMARY MINUTES
July 16, 2019
3:00 P.M.

ATTENDANCE

Directors: John Weed (Chair), Paul Sethy 
Staff: Robert Shaver, Jonathan Wunderlich, Mariana Grajeda, and Sydney Oam
Consultant: Ellen Clark – PFM

DISCUSSION TOPICS

1. California Employers' Retiree Benefit Trust Fund Investment Strategy: Jonathan Wunderlich, Manager of Finance, reviewed the asset class allocations and benchmarks for the California Employers' Retiree Benefit Trust (CERBT) Strategy 1, 2, and 3 portfolios, the investment performance comparison for each strategy, and the monthly performance for assets under management. Ellen Clark from PFM reviewed the PFM multi-asset class composites, the long- and intermediate-term capital market assumptions, and the expected return and risk for different investment options.

Mr. Wunderlich reviewed the District's CERBT history, retiree health care benefit funded status, and key considerations for strategy selection. The District first joined CERBT with a \$1.1 million contribution on June 27, 2012 and has been in Strategy 1 the entire time. As of July 12, 2019, the District balance in CERBT is \$37.5 million. The District has made contributions totaling \$39.1 million, disbursements of \$10.4 million, and investment earnings of \$8.8 million. Staff estimates a funded status at June 30, 2020 of 63.9%, but the District's actuary will formally update projections in 2020. The District will revisit the CERBT strategy selection discussion when the District's Other Post-Employment Benefits (OPEB) plan is fully funded. Mr. Wunderlich responded to questions from the Committee.

2. Budget Statement: Sydney Oam, Supervising Financial Analyst, reviewed the budget statement and reserve funds through June 2019. The year-end budget report reflected that the District collected 102.6% of budgeted revenue and spent 89.7% of budgeted expenses. The General Fund ending cash balance for FY 2018/19 is \$107.4 million, which is \$8.0 million above the revised budget estimate. Water revenues were at \$107.0 million or 96.8% of budget. The Facilities Connection Charges revenue totaling \$11.4 million exceeds the budgeted amount due to the increase in development activity in the service area. The District continues to maintain reserve levels compliant with the updated policy targets. Mr. Oam responded to questions from the Committee.
3. Public Comments: There were no public comments.

RECOMMENDATIONS

Topics discussed by the Committee were informational only, and no recommendations are being made.