

LEUCADIA WASTEWATER DISTRICT
Minutes of an Investment & Finance Committee Meeting
April 25, 2022

A meeting of the Investment & Finance Committee (IFC) of the Leucadia Wastewater District (LWD) was held Monday, April 25, 2022 at 11:00 a.m. via video conference.

1. Call to Order

Chairperson Brown called the meeting to order at 11:00 a.m.

2. Roll Call

DIRECTORS PRESENT: Brown and Omsted

DIRECTORS ABSENT: None

OTHERS PRESENT: General Manager Paul Bushee, Director of Finance and Administration Ryan Green, Executive Assistant Tianne Baity

3. Public Comment

No public comment was received.

4. New Business

A. Financial Plan Update.

DFA Green introduced the item and explained the purpose of the Financial Plan. He stated that LWD updates its Financial Plan every 5 years because financial conditions and assumptions change over time. He noted that the most recent Financial Plan Update was completed in 2018 and staff does an internal update of the Financial Plan on an annual basis to see how actual results are tracking with the original projections.

Chairperson Brown asked if the 3-year on 3-year off sewer rate increases are built into the Financial Plan. DFA Green answered affirmatively noting that they are included as an assumption.

DFA Green stated the financial plan model looks out over 20 years. He noted that information from the Fiscal Year 2018 (FY18), FY19, FY20, and FY21 Audit, FY22 Projected Amounts, and the FY23 Budget were used to update revenues, expenses, and capital projections in the financial plan model. He then provided an overview on the following topics.

- Key Assumptions;
- Comparison of projected and actual revenues and expenditures;
- Comparison of projected and updated reserve balances; and
- Monthly Sewer Service Rate Comparison

DFA Green concluded that the District's finances remain strong, while maintaining low rates, and the District is tracking well with the Financial Plan. DFA Green also noted that the largest concern is the Encina Wastewater Authority's future capital plan and staff will continue to monitor LWD's finances closely.

This item was for informational purposes and no action was taken.

B. Actuarial Valuations of LWD's Pension Plan.

DFA Green introduced the item and provided background information on the actuarial valuation of LWD's Pension Plan. He stated that CalPERS publishes two actuarial reports in August every year for LWD: one report is for Classic members (employees hired before Jan. 1, 2013) and the other is for PEPRA members (employees hired after Jan. 1, 2013).

DFA Green presented an overview of the recent actuarial valuation and the following topics:

- Pension Updates;
- UAL (Unfunded Accrued Liability) Background;
- Pension Assets, Liabilities, and UAL;
- UAL Balance; and
- Actual and Projected Employer PERS Contribution by Cost Category

Chairperson Brown asked if there is a benefit to paying more PERS UAL in a down market year. DFA Green answered affirmatively but noted you cannot predict market down years so it would be difficult to know when to pay more.

Chairperson Brown asked what year the District is in for making additional discretionary payments (ADP). DFA Green answered the District is in its third year of a ten year plan.

This item was for informational purposes and no action was taken.

C. Actuarial Valuation of LWD's Retiree Health Program.

DFA Green introduced the item and provided background information on the actuarial valuation of LWD's Retiree Health Program. He stated that in August 2021, LWD staff contracted with Nyhart Company to perform the required actuarial valuation for June 30, 2022 (measured at June 30, 2021).

DFA Green presented an overview of the recent actuarial valuation. He noted that the District's Net OPEB Liability is actually a Net OPEB Asset of \$246,761 and the District's Plan Fiduciary Net Position investments managed by the California Employees' Retiree Benefit Trust (CERBT) were greater than the District's OPEB liability.

Chairperson Brown asked when is the next Financial Plan Update. DFA Green answered it will be in FY23.

This item was for informational purposes and no action was taken.

5. Information Items

None.

6. Directors' Comments

Director Omsted stated the EWA Board is voting on approving their Budget on Wednesday.

7. General Manager's Comments

None.

8. Adjournment

Chairperson Brown adjourned the meeting at 12:13 p.m.



Paul J. Bushee
Secretary/General Manager
(Seal)