


AGENDA

**INVESTMENT AND FINANCE COMMITTEE MEETING
LEUCADIA WASTEWATER DISTRICT
Wednesday, March 7, 2018 – 11:30 a.m.
1960 La Costa Avenue, Carlsbad, CA 92009**

- 1. Call to Order**
- 2. Roll Call**
- 3. Public Comment**
- 4. New Business**
None.
- 5. Information Items**
 - A. Comprehensive Financial Plan Tracking Update. (Page 2)
 - B. CalPERS Update. (Page 3)
- 6. Directors' Comments**
- 7. General Manager's Comments**
- 8. Adjournment**

MEMORANDUM

DATE: March 1, 2018
TO: Investment and Finance Committee
FROM: Paul J. Bushee, General Manager 
SUBJECT: **Comprehensive Financial Plan Tracking**

RECOMMENDED:

- 1) This item is presented for information purposes only.

DISCUSSION:

Tactical Goal: Financial / Financial Plan Update

During 2013, LWD updated the Comprehensive Financial Plan (Plan). The purpose of the Plan is to ensure the financial stability of the District, through a long-term financial planning process that projects future financial conditions and provides guidance in our decision-making process. As you may recall, at the January 2018 meeting, the Board approved a professional services agreement with Raftelis Financial Consultants to update the Plan. Staff is currently working with Raftelis Financial Consultants on updating the Plan.

Each year, following the completion of our annual audit, staff updates the financial model using these audited figures. Staff has completed this year's internal update and will present an overview of how LWD is currently tracking with the 2013 Comprehensive Financial Plan for the committee's information.

th:PJB

MEMORANDUM

DATE: March 1, 2018
TO: Investment and Finance Committee
FROM: Paul J. Bushee, General Manager
SUBJECT: CalPERS Update



RECOMMENDED:

- 1) This item is presented for information purposes only.

DISCUSSION:

The CalPERS Board of Administration approved lowering the CalPERS discount rate assumption (the long-term rate of return) from 7.5% to 7.0% over the next three years. This will increase LWD's PERS contribution costs beginning in Fiscal Year 2019. The discount rate change will be phased in over the next three years as follows:

FY 2019	7.375%
FY 2020	7.250%
FY 2021	7.000%

The changes to LWD's unfunded accrued liability due to this change will be amortized over the next 20 years with a 5 year ramp up at the beginning and a 5 year ramp down at the end. As a result, the increase in the required contributions are expected to continue for seven years from Fiscal Year 2019 through Fiscal Year 2025.

The purpose of this item is to update the Board on this recent change in the CalPERS discount rate assumption and its effect on LWD's required PERS employer contributions. At the upcoming meeting staff will present an overview of the options that LWD could use to address this issue.

rad:PJB