

LEUCADIA WASTEWATER DISTRICT
Minutes of an Investment & Finance Committee Meeting
March 7, 2018

A meeting of the Investment & Finance Committee (IFC) of the Leucadia Wastewater District (LWD) was held Wednesday, March 7, 2018 at 11:30 a.m. at the District Administration Office at 1960 La Costa Avenue, Carlsbad, California.

1. Call to Order

Chairperson Hanson called the meeting to order at 11:30 a.m.

2. Roll Call

DIRECTORS PRESENT: Hanson and Omsted

DIRECTORS ABSENT: None

OTHERS PRESENT: General Manager Paul Bushee, Administrative Services Manager Richard Duffey, Administrative Services Supervisor Trisha Hill, Executive Assistant Tianne Baity, and Accounting Technician Maggie McEniry

3. Public Comment

No public comment was received.

4. New Business

A. Comprehensive Financial Plan Tracking Update.

ASM Duffey explained the purpose of the Comprehensive Financial Plan and noted that the last one was completed in May of 2013. He noted that the District has a Comprehensive Financial Plan prepared about every 5 years, since conditions and assumptions change. He also noted that staff does an internal update of the Financial Plan on an annual basis to see how actual results are tracking with the original projections.

ASM Duffey provided an overview of the Comprehensive Financial Plan tracking update. Actual revenue and expenditure amounts for the first 5 years and budget amounts for the 6th year of the Plan were plugged into the model and the results were compared to the projected revenues, expenditures, and reserve balances. The overview included the following topics.

- Comparison of projected and updated reserve balances;
- Comparison of projected and actual revenues and expenditures for the first six years of the Plan; and
- Future financial challenges

ASM Duffey concluded that the District's finances remain strong, while maintaining low rates, and the District is tracking well with the Comprehensive Financial Plan.

ASM Duffey also noted that the new financial plan is currently in progress.

The IFC was pleased with the report and no action was taken.

B. CalPERS Update.

ASM Duffey presented the subject recommendation noting that the CalPERS Board of Administration approved lowering the CalPERS discount rate assumption from 7.5% to 7.0% over the next three years. ASM Duffey noted that beginning in Fiscal Year 2019 (FY19) LWD's CalPERS contribution costs will increase.

ASM Duffey stated that due to this change, LWD's unfunded accrued liability (UAL) will be amortized over the next 20 years and as a result the increase in required contributions are expected to continue from FY19 through FY25.

ASM Duffey then reviewed the following four options LWD could use to address the required PERS employer contributions increase:

- State Quo – 30 Year Amortization;
- Fresh Start – Reduce Amortization Period;
- Ad Hoc Basis – Make additional payments; and
- Pay off UAL in full

ASM Duffey stated that staff would follow up on this issue after the next actuarial valuation is received and further research is conducted.

GM Bushee noted that the District anticipates to receive the actuarial valuation report during the fall of 2018.

There was no action taken.

5. Information Items

None.

6. Directors' Comments

None.

7. General Manager's Comments

GM Bushee stated that Vice President Kulchin is currently in the hospital. He stated that the hospital is running tests and Dave is resting comfortably.

8. Adjournment

Chairperson Hanson adjourned the meeting at 12:17 p.m.



Paul J. Bushee
Secretary/General Manager
(Seal)