

LEUCADIA WASTEWATER DISTRICT
Minutes of an Investment & Finance Committee Meeting
January 29, 2019

A meeting of the Investment & Finance Committee (IFC) of the Leucadia Wastewater District (LWD) was held Tuesday, January 29, 2019 at 9:30 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 9:30 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, and Executive Assistant Tianne Baity

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 it is a tactical goal. He stated 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 stated the financial plan model looks out over 20 years. He noted that information from the FY 2018 Audit and the FY 2019 Budget was used to update revenues, expenses, and capital projections in the financial plan model. ASM Duffey then provided an overview on the following topics.

- Comparison of projected and updated reserve balances;
- Comparison of projected and actual revenues and expenditures;
and
- Monthly Sewer Service Rate Comparison from May 2018

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 staff will continue to monitor the Financial Plan closely.

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

- B. Recommend that the Board of Directors Adopt Resolution No. 2310 approving the revised Reserve Fund Policy and Receive and File the Annual Review of the LWD Reserve Fund Review Report.

ASM Duffey presented the subject recommendation indicating the purpose of the policy and that the policy calls for annual review of the level of reserve funds by the Board of Directors.

ASM Duffey noted that staff had reviewed the Reserve Policy and is recommending the policy include Encina Wastewater Authority Reserve as a restricted reserve to the existing Reserve Fund Policy along with some minor administrative changes.

ASM Duffey also provided an overview of the reserve balances for fiscal year ending June 30, 2018.

Following discussion, the IFC concurred with staff to recommend that the Board of Directors adopt Resolution No. 2310 the Revised Reserve Fund Policy and receive and file the Annual Review of the Reserve Fund Review Report.

- C. Recommend that the Board of Directors direct staff to implement option no. 3, "Ad Hoc Basis", to make additional pension payments to CalPERS on a periodic basis to address LWD's CalPERS Unfunded Accrued Liability (UAL).

ASM Duffey presented the subject recommendation and provided background information on the item noting that at the March 2018 Board meeting staff presented an overview of recent changes to the CalPERS assumptions and the impact they will have on LWD's future employer contributions. At that time, the Board directed staff to follow-up with potential options to address this issue once CalPERS completed its fiscal year (FY) 2017 actuarial report, which was expected to be released in October 2018.

At the November 8, 2018 Board meeting, staff, after reviewing the latest CalPERS actuarial report, presented an update on the recent changes to the CalPERS assumptions and the impact they will have on LWD's future employer contributions. Several options were presented to address the Unfunded Accrued Liability (UAL). The Board directed staff to come back with a recommended option.

ASM Duffey presented staff's recommendation of option no. 3, "Ad Hoc Basis". Following discussion, the IFC concurred with staff to recommend that the Board of Directors direct staff to implement option no. 3, "Ad Hoc Basis", to make additional pension payments to CalPERS on a period basic to address the District's CalPERS UAL.

5. Information Items

None.

6. Directors' Comments


None.

7. General Manager's Comments

None.

8. Adjournment

Chairperson Hanson adjourned the meeting at 10:38 a.m.



Paul J. Bushee
Secretary/General Manager
(Seal)