

## **FINANCE COMMITTEE NOTES**

### **September 9, 2020**

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#### **Attendees:**

Committee members:	Randall Reed (Chair) and Mark Gibboney
Staff members:	John Bosler, Carrie Guarino, Chad Brantley, Eduardo Espinoza, Praseetha Krishnan, Robert Kalarsarinis, Frank Chu, Agnes Boros, Jennifer Fillinger, and Andrea Dutton
Members of the Public:	Ellen Clark, PFM

**Call to Order:** 10:05 a.m.

**Public Comment:** None

**Additions/Deletions to Agenda:** None

#### **Introductory Remarks by Chair Reed**

Chair Reed announced for the record that this meeting was conducted by teleconference pursuant to the Brown Act waivers provided for under the Governor's Executive Orders in response to the COVID-19 State of Emergency. Further, the agenda stated that there was no public location for attending this meeting in person. The agenda stated that the public may listen and provide comment telephonically by calling the number listed on the agenda. Chair Reed took a roll call of Committee members and staff present on the call as listed above.

#### **1. PARS Trust Portfolio Update**

- Ellen Clark from PFM Investment Advisors provided an investment performance review for the District's PARS investment portfolio.
- The report on the current macro-economy showed the dramatic increase in volatility since March with a very significant drop in asset values with a quick recovery by the end of June.
- The Federal Reserve has cut the FOMC rate to 0.0% - 0.25% with a goal of supporting liquidity in the economy.
- The report on the performance of the PARS portfolio investments indicated that the overall market value of the trust assets reached about \$6.8 million.
- PFM actively monitors the asset allocations held in the trust to optimize investment yield and safety.
  - The trust currently holds 47.8% in fixed income, 48.4% in equity, and the remainder in cash.

#### **2. Administrative Policy No. 1.6, PARS Investment**

- Staff presented the Committee with a review of the policy and recommendations for minor changes.
  - The policy was reviewed by PFM and the most substantial change is an update to the plan's stated actuarial discount rate from 5% to 6.25% to match the newest actuarial report.

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- The Committee supported the recommended changes.

#### **3. Actuarial Reports for PARS and OPEB Plans**

- Staff updated the Committee with the results of the actuarial studies that were recently updated for the PARS Supplemental Retirement Plan and the Retiree Healthcare Plan (OPEB). These reports and calculations are performed every two years for these closed benefit plans.
- The PARS Retirement Enhancement Plan (REP) has a funded status of 105%, while the OPEB Plan has a funding status of 38%.
- The assets held in trust have increased for both plans due to contributions by the District as well as investment returns with asset values reaching approximately \$6.5 million for PARS and \$8.5 million for OPEB.
- The discount rate used to determine the present value of the plan liabilities were adjusted downward to 6.5% and 6.25% for the OPEB and REP plans, respectively.
- The District will continue to make contributions to the plan trusts in order to reduce the net pension liabilities and to pay the benefits.
- The trust holdings are invested under the direction of the California Employer's Retirement Benefit Trust and PFM for the OPEB and PARS plans, respectively.

#### **4. Water Purchase from West Valley Water District (WVWD)**

- Staff provided a recommendation for the purchase of 1,000 acre feet of Chino Basin groundwater from WVWD.
- The price is set at \$528.50 per acre foot which is 70% of the MWD Tier 1 price.
- The Committee supported recommendation for the water purchase.

Meeting Adjourned at 11:15 a.m.