

**FINANCE & ADMINISTRATION COMMITTEE MEETING
SUMMARY MINUTES**

July 18, 2023

3:00 P.M.

ATTENDANCE 

Directors: John Weed (Chair), Paul Sethy

Staff: Ed Stevenson, Jonathan Wunderlich, Sydney Oam, Amy Reeve

CalPERS Representatives: Darren Lathrop – Customer Outreach and Support Manager; Colleen Cain-Herrback – Administration & Reporting Program Manager; Robert Sharp – Assistant Division Chief

Public: None

This meeting was conducted in person at the District's Headquarters and virtually by Zoom Webinar and Teleconference, and members of the public were invited to participate. Materials presented to the Committee were posted in advance of the meeting at www.acwd.org.

DISCUSSION TOPICS

1. California Employers' Retiree Benefit Trust (CERBT) Fund Account Update: The District contracts with the CERBT program, which is managed by CalPERS, to invest contributions to fund its Other Post-Employment Benefit (OPEB) obligations. Darren Lathrop, CalPERS Customer Outreach and Support Manager, reviewed the District's June 30, 2021, OPEB actuarial valuation report summary, noting the net OPEB liability of \$13,779,046, and assets invested in Strategy 1 with a discount rate of 6.50%. The 6.50% discount rate used in the valuation was the best estimate by the District's actuary at that time. The District started contributions to CERBT in 2012, and as of June 30, 2023, the District's CERBT fund has total assets of \$46,239,889 with a money-weighted annualized net rate of return of 5.95%. The Fiscal Year 2022/23 net rate of return was 6.36% which, combined with planned contributions, is keeping the District on course to achieve full funding by June 30, 2032. The District's CERBT fund is 78% funded at the measurement date June 30, 2021.

The District controls the OPEB funding policy by choosing the appropriate investment strategy, making contributions, and taking reimbursements, and selecting an outside actuary to assist in determining the appropriate funding levels. The District pays 10 basis points (0.10%) of assets under management to cover administrative and investment costs for its participation in CERBT. Mr. Lathrop and staff responded to questions from the Committee.

2. COVID Status Update: Amy Reeve, Human Resources and Risk Manager, provided an update on COVID status for the quarter ending June 30, 2023. The Department of Health and Human Services ended the public health emergency for COVID in May 2023. However, public cases are still occurring but with less frequency and medical severity. COVID deaths and hospitalization rates have declined significantly. The District has seen a total of 169 COVID cases since the start of the pandemic in March 2020. There were 8 cases during the quarter ending June 30, 2023, with no employees in isolation at the end of the quarter. The employee vaccination rate remains at 84.6%. In Alameda County, the daily case rate is 3.1 cases per day

per 100,000 of population, which is a significant drop from the high of 272 new cases in January 2022. Ms. Reeve responded to questions from the Committee.

3. Budget Report: Sydney Oam, Financial Analysis Supervisor, reviewed the preliminary FY 2022/23 monthly budget report and reserve funds through June 2023. The budget report reflected that the District collected 101.8% of budgeted revenue and spent 89.3% of budgeted expenses through June 2023. Water revenues, including drought stage rate water revenue, total \$122,447,000 or 97.9% of budget. Facilities connection charge revenues, totaling \$11,179,000 or 681.7% of budget, are tracking significantly higher than budget due to the timing of active development projects being ready to install water meters. The District's reserves continue to comply with the established targets and are clearly identified for specific purposes per Board policy and direction. Mr. Oam responded to questions from the Committee.
4. Public Comments: There were no public comments.

RECOMMENDATIONS

Topics discussed by the Committee were informational only, and no recommendations are being made.