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ACMAD Finance Committee

Minutes

1/9/19, 2018

Committee Members:

Subru Bhat

Betsy Cooley

Robert Dickinson

Ed Hernandez

Kathy Narum

George Young

Topics:

- The General Manager called the meeting to order at 3:31 P.M.
- Trustees Bhat, Cooley, Dickinson, Narum, and Young were present. Trustee Hernandez was absent. Joseph Federico was present, representing PFM and Michelle Matthes and Ryan Clausnitzer were present representing the District.

1. Review OPEB Actuarial Report by Mr. Federico
2. Review OPEB Fund Performance

Discussion:

Trustee Narum began the discussion by highlighting that the OPEB Actuarial Report assumes a 3% staff salary increase, asked if the District covers retired staff over 65 (yes, as a supplement to Medicare), and commented that a 30-year projection is just too far out to be reliable. Trustee Dickinson asked about the discrepancies in the accrued liability numbers and what assumptions were used (will be forwarded by Mr. Federico to the actuary who created the report). Trustee Cooley asked if there were any regulations of placing public funds in risky investments (Mr. Federico said there were not as these investments are B or better) and she agreed with Trustees Bhat, Dickinson, and Narum that the OPEB fund should not include below investment grade options.

Recommendation to Board:

Maintain the investment policy restriction against options below investment grade.

3. Review OPEB investment policy & PFM Funding Policy Analysis

Discussion:

Trustees Narum, Cooley, and Bhat recommend that the asset allocation should be adjusted to 50/50 from 55/45 (growth assets/income assets). Trustee Narum then asked if there was a need to contribute to the fund now or wait until it is necessary. Trustee Cooley suggested that it would be better to contribute earlier but is unsure how much that amount would be?

Recommendation to Board:

The asset allocation will be adjusted from 55/45 to 50/50. The General Manager and Mr. Federico offered to draft a District policy on the criteria to allocate reserve funds towards the OPEB fund based on the latest actuarial study by the February Regular Board Meeting.

4. Review current PARS investment policy & investment options

Discussion:

Trustee Dickinson offered that he was uncomfortable with the lack of justification given for an amount in the fund. Trustee Cooley offered that the \$500,000 per year amount was justified by that is what was suggested as payments to CalPERS and should rather be invested with PARS as that fund allows more flexibility. Trustee Trustee Narum suggested sharing the City of Pleasanton's pension rate stabilization fund policy on how much should be saved and when to withdraw from the pension stabilization fund based on when the pension costs will begin to affect District operations.

Recommendation to Board:

Maintain the Moderately Conservative investment policy while borrowing relevant language from the City of Pleasanton's pension stabilization policy for the District.

5. Review Internal Controls

Discussion:

Michelle Matthes provided background on the Internal Controls and the current financial processes. Trustee Dickinson mentioned that he never saw this document before and if it was reviewed by the auditor (yes). He then suggested looking into expense programs to increase efficiency and further bolster internal controls. He also suggested direct deposit for Trustee payments, which was agreed by Trustees Bhat, Cooley, and Narum.

Recommendation to Board:

None

6. Review draft audit

Discussion:

Trustee Narum recommended a review of the District's post-employment checklists. Trustee Bhat seconded that recommendation, especially regarding electronic access.

7. Adjourn

4:59 P.M.

Respectfully submitted,

Approved as written and/or corrected at the Finance Committee meeting held March 13th, 2019.

Trustee 
Finance Committee Member