

May 3, 2013

The Finance Committee of Novato Sanitary District held a meeting at 3:12 p.m., Friday, May 3, 2013, at the District office, 500 Davidson Street, Novato.

COMMITTEE MEMBERS PRESENT: Members William C. Long and Jean Mariani.

STAFF PRESENT: Manager-Engineer-Secretary Beverly B. James, Deputy Manager-Engineer Sandeep Karkal, Finance Officer Laura Creamer and Administrative Secretary Julie Swoboda.

ALSO PRESENT: Tom Gaffney, Bartle Wells Associates

AGENDA APPROVAL: The agenda was approved as presented.

REVIEW OF MINUTES: The March 8, 2013 meeting minutes were approved as written.

FINANCIAL POLICIES:

- Review the Reserve Policy and make recommendations to the Board. The Manager stated that Bartle Wells Associates (BWA) had been asked to conduct a review of the operating and the non-operating reserve funds. She stated that BWA had also been asked to evaluate the proper allocation of reserve funds and to make recommendations for consolidating reserves.

Tom Gaffney, BWA, discussed the District's policies and reserve categories and noted that the funds overlap. After a discussion and review of the requirements of the District, Mr. Gaffney stated that Bartle Wells recommended the following actions:

- Continue to maintain at least seven months of operating reserves based on the actual budgeted operating expenses.
- Consolidate the Vehicle Replacement Reserve, the Southgate Reserve, and the Capital Improvement Fund into one Capital Reserve Fund.
- Maintain the June 30th Capital Fund Reserves at the three year average of pay-as-you-go capital improvements plus \$100,000 for a vehicle replacement set aside.
- Consolidate the Rate Stabilization, Emergency Repair, and Self-Insurance Reserves into one Rate Stabilization Reserve Fund.

PENSION AND OTHER POST-RETIREMENT BENEFIT LIABILITIES:

- Review current medical after retirement benefit actuarial report. The Manager stated that Nick Franceschine of North Bay Pensions recently prepared an actuarial report on behalf of the District for the valuation of our retiree medical benefits as of July 1, 2012. She discussed the actuarial results and the District's obligations under Statement No. 45 of the Governmental Accounting Standards Board (GASB 45) and the District's five-year projection of costs.

- Review CalPERS pension plan update. The Manager reviewed the Districts current pension plan and retiree medical cost trends. She discussed modifications the District began instituting in November 2011 which have successfully reduced its pension funding burden.

The Manager reviewed the CalPERS report "Annual Review of Funding Levels and Risks". She noted that this report was intended to assist the CalPERS Board of Administration in assessing the funded status of the Public Employees Retirement System and its overall soundness and sustainability.

ITEMS FOR NEXT COMMITTEE MEETING:

- Review possible trust funds for OPEB (Other Post-Employment Benefits).
- Prepare a cash-flow analysis for the District.
- Receive a new Reserve policy from Tom Gaffney based on discussion from committee meeting.

ADJOURNMENT: The meeting was adjourned at 4:45 p.m.

Respectfully submitted,

Beverly B. James
Secretary

Julie Swoboda, Recording