

SANITARY DISTRICT NO. 5 OF MARIN COUNTY
2001 Paradise Drive
Tiburon, California 94920

AGENDA

Personnel Program Committee Special Meeting
Tuesday, December 8, 2020, 9:30 a.m.

CORONA VIRUS (COVID-19) ADVISORY NOTICE

Consistent with Executive Orders No. N-25-20 and No. N-29-20 from the Executive Department of the State of California, the Meeting will not be physically open to the public and all Board Members and Staff will be teleconferencing into the meeting.

How to Submit Public Comments:

Comments submitted prior to the commencement of the meeting will be presented to the Board and included in the public record for the meeting.

Public Comments are to be submitted via email to rdohrmann@sani5.org.

In addition, members of the public who are calling in, will have the opportunity to provide public comments by following the steps below:

How to Participate in the Meeting:

Join Zoom Meeting by clicking on the following link:

<https://us02web.zoom.us/j/6230620778>

Meeting ID: 623 062 0778

or join by phone:

Call in number: (669) 900-9128 Participant Code: 623 062 0778

I. Roll Call

II. Public Comments

III. New Business

- 1. Review and discuss CalPERS' defined benefit plan obligations for "Classic" and "PEPRA" Members and begin exploratory investigation regarding defined contribution retirement plans, presented by GoveInvest**

IV. Adjournment

This Committee may be attended by Board Members who do not serve on this committee. In the event that a quorum of the entire Board is present, this Committee shall act as a Committee of the Whole. In either case, any item acted upon by the Committee or the Committee of the Whole will require consideration and action by the full Board of Directors as a prerequisite to its legal enactment.

Accessible public meetings: *Upon request, the District will provide written agenda materials in appropriate alternate formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individual with disabilities to participate in public meetings. Requests are to be submitted in writing to Post Office Box 227, Tiburon CA 94920 or rdohrmann@sani5.org at least two days prior to the meeting.*

CalPERS Termination Discussion

Sanitary District No. 5 of Marin County

December 8, 2020



Today's Topics

Leaving CalPERS

- Benefits of participating in CalPERS
- Costs of terminating relationship with CalPERS

OPEB

- What are the current liabilities associated with the District's Retiree Health Program?
- How did they change from last year?

Disclaimer

- Observations from experienced Retirement Program professionals
- Not legal advice
- Not investment advice
- Intended to help guide discussion



Leaving CalPERS

What are the costs and benefits related to leaving CalPERS?

Benefits of Participating in CalPERS

- Extensive Administration Network
 - Cost effective
 - Experts in the area
 - Single source
- Access to PERS Health Programs
 - More options
 - Lower cost
- Recruiting from Public Sector
 - Continue earning eligibility for retirement, death and disability benefits
- Investments
 - CalPERS Board makes decisions/takes on fiduciary responsibility
 - Low fees due to fund's size

Some costs for leaving CalPERS

- Administrative Costs
 - Lose Economies of Scale
 - Take on administrative liability
- Investment Costs
 - Smaller funds pay higher fees
 - Would you be increasing investment risk or lowering investment risk?

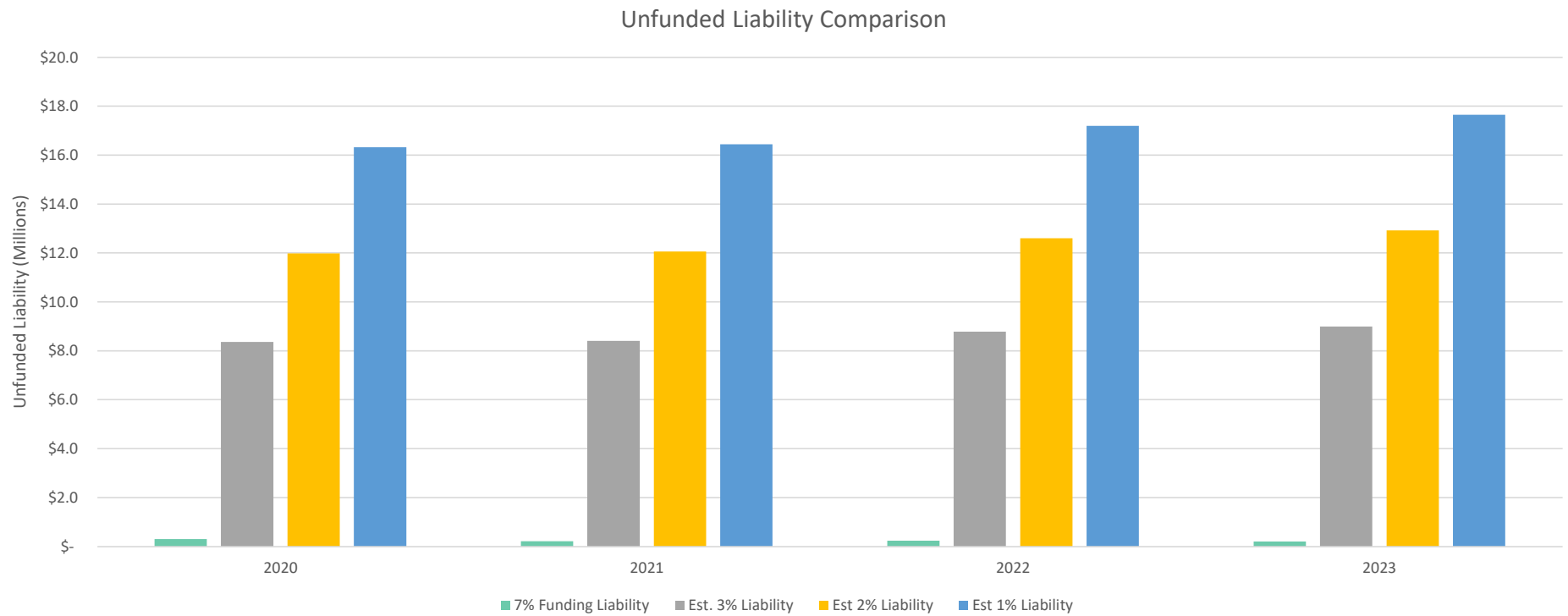
Some costs for leaving CalPERS

- Termination Liability
 - If you want to completely disentangle from CalPERS
 - This means not responsible for any future contributions. Not eligible for any refund of excess payments.
 - CalPERS moves your assets/liabilities to a risk-free portfolio: high-quality notes matching duration of payments.
 - This will lower the expected return used to calculate your liability from 7%.

Treasury Yields as of December 1

Time Period	Yield
5 Years	0.42%
10 Years	0.92%
20 Years	1.46%
30 Years	1.66%

Unfunded Liability Increases as Termination Discount Rate Drops





OPEB

The District's Retiree Health Plan currently has an Unfunded Liability

OPEB – Where Are We Now?

Report Date
June 30, 2020

Unfunded
Liability

\$848.5K

Funded
Percentage

45.22%

Measurement Date
June 30, 2019

Required
Contribution
FY 19-20

\$107.2K

Required
Contribution
(Percent of Pay
FY 19-20)*

12.62%

*Payroll = \$849,372

OPEB – Looking Back

Report Date	June 30, 2019	June 30, 2020	% Change
Unfunded Liability	\$889.2K	\$848.5K	-4.59%
Funded Percentage	40.12%	45.22%	12.71%
Required Contribution	\$109.0K	\$107.2K	-1.60%
Required Contribution (% of Covered Payroll)	13.18%	12.62%	-4.24%
Covered Payroll	\$826.6K	\$849.4K	+2.75%



Questions/Next Steps



Disclaimer

While tested against actuarial valuation results, the software results will not necessarily match actuarial valuation results, as no two actuarial models are identical. The software offers financially sound projections and analysis; however, outputs do not guarantee compliance with standards under the Government Accounting Standards Board or Generally Accepted Accounting Principles. The software and this presentation are not prepared in accordance with standards as promulgated by the American Academy of Actuaries, nor do outputs or this presentation constitute Statements of Actuarial Opinion. GovInvest has used census data, plan provisions, and actuarial assumptions provided by Customer and/or Customer's actuary to develop the software for Customer. GovInvest has relied on this information without audit.