

AGENDA
REGULAR MEETING
BOARD OF DIRECTORS

EAST BAY REGIONAL PARK DISTRICT

Tuesday, September 20, 2016

C. BUSINESS BEFORE THE BOARD

6. CONSENT CALENDAR

- a. Finance Committee Minutes and Recommended Actions from the
July 27, 2016 (Waespi)

Attendees

Board:

Directors Dennis Waespi, Ayn Wieskamp, Diane Burgis

Staff:

Robert E. Doyle, Debra Auker, Ana M. Alvarez, Pam Burnor, David Sumner, Deborah Spaulding, Kim Balingit, Nadine Vargas, Meadow D'Arcy, Paul Cutino, Kristina Kelchner, Anna Fong, Jeff Rasmussen, Mimi Waluch, Matt Graul, Precious Shelton, Kelly Barrington, Anne Kassebaum, Rob Lim

Speakers:

Marty Dirks, Milliman
Mark Goss, CalPERS

Public:

Rick Rickard

Committee chair Dennis Waespi began the meeting at 12:45 PM with the introduction of committee members.

Agenda Item No. 1

East Bay Regional Park District Retirement Plans 2015 Annual Performance Report

Interim Chief Finance Officer Bill Zenoni shared that the following report is related to the District's closed retirement plans, formerly referred to as the Transamerica Retirement Plans.

Interim CFO Zenoni reported that annually the Board Finance Committee is required, per the Retirement Plan's Investment Policy, to receive a report on the investment activity of the EBRPD Retirement Plan. The 2015 report provided information on beginning assets, contributions, distributions and ending assets, and details of fees paid.

Beginning Market Value (12/31/2014)	\$ 39,355,427
Employer contributions	1,691,767
Asset earnings (including unrealized gains/losses)	204,332
Retiree distributions	(3,610,832)
Fees	(104,544)
Ending Asset Market Value (12/31/2015)	<u>\$ 37,536,150</u>

This report also included information on 2015 actual investment returns compared to benchmarks and allocation of funds by investment type.

Interim CFO Zenoni introduced Investment Manager Marty Dirks of Milliman Investment Consulting, Inc. who discussed the 2015 investment performance and future investment strategies.

Mr. Dirks reported on the 2015 investment return. The total portfolio returned 0.5% for the year due to market volatility. However, over the past five years the portfolio has earned 6.6% and over past seven years the rate of return has been 9.3% which exceeded the 5.75% benchmark rate. Mr. Dirks explained that the fund has performed better than the target established.

Committee chair Dennis Waespi inquired if the 5.75% target rate for investment returns is the expected return or rate needed to fund the plan. Mr. Dirks replied the 5.75% rate was set by the Board in 2011 as an expected return.

Committee member Diane Burgis asked if a 5.75% return rate is conservative compared to other funds. Mr. Dirks advised the District has a conservative asset allocation.

Assistant General Manager Debra Auker updated the Committee advising there are 195 participants in the General Employee Plan, and 8 active employees. The Sworn Safety Plan has 29 participants with zero active employees.

Recommendation: None, this is an information item only

Agenda Item No. 2

Other Post Employment Benefit (OPEB) – CERBT Trust Annual Investment Performance Report

Interim CFO Zenoni introduced the annual OPEB (Retiree Medical Benefits) report, which included beginning asset balances, contributions, payments and ending asset balances, the fees, and retirement plan asset allocation strategy and comparison benchmark.

Beginning asset balance (cash basis):	\$ 35,371,300
Employer contribution	4,920,982
Asset earnings (including unrealized gains/losses)	(841,687)
Retiree distributions	(1,814,520)
Fees:	
CERBT	(31,922)
Bartel actuary services	-
Ending asset balance as of December 31, 2015.3	\$ <u>37,604,153</u>

It was noted that the OPEB presentation would include information from inception with CERBT through May 31, 2016, not just 2015 activity. The table above provides only information for the 2015 calendar year.

Interim CFO Zenoni introduced California Employer's Retiree Benefit Trust (CERBT) OPEB plan Customer Outreach and Support Manager Mark Goss.

Mr. Goss provided an overview of CERBT-CalPERS as trust administrator:

- **Actuarial Valuation Summary**

Mr. Goss reviewed information from June 30, 2015 actuarial valuation which was prepared by Bartel Associates and reflected an actuarial accrued liability of \$63.4 million with required annual contributions of \$5.1 million. Mr. Goss explained that the District participates in the Asset Allocation Investment Strategy No. 1, which allows for a greater rate of return. Currently, the Trust's expected long-term rate of return is 7.28%.

- **Account Summary**

The District's initial contribution transferred from the prior trust was \$23 million with additional contributions since 2012 of \$17.3 million. Disbursements from the trust have totaled \$5.7 million with investment earnings of \$6.2 million. As of May 31, 2016, the District had \$40.6 million in assets in the trust fund. The average annualized rate of return has been 5.45%

Committee chair Waespi inquired if CERBT has outperformed the prior plan administrator. Mr. Goss responded that what the District received by changing to the CERBT Trust with CalPERS was significantly lower costs. The District was paying 60-75 basis points annually compared to 11.5 basis points annual with CalPERS. The District's funding goals are long term and the CalPERS CERBT Trust is helping the District accomplish those goals related to measured liabilities.

Committee chair Waespi asked if investment strategies are different for OPEB than normal retirement plans. Mr. Goss replied yes that each have independent investment strategies and approaches.

Committee chair Waespi asked if employees contribute to OPEB. Assistant General Manager Debra Auken stated no, this is a benefit offered by the District. The plan is tiered depending on years of service.

Recommendation: None, this is an information item only.

Agenda Item No. 3

Proposed 2016 Mid-Year Budget Adjustments

Budget Manager Pam Burnor reported that the District's 2015 General Fund ended with an excess of revenue over expenditures of \$5 million.

It was requested that these one-time resources, totaling \$5,026,800, be considered for use for one-time appropriations. An evaluation of options was completed by staff, and it was

recommended that the following items receive additional funding as a 2016 mid-year budget adjustment:

- \$20,000 to replenish General Manager contingency - signs for smoke free parks
- \$500,000 to replenish Legal contingency of settlement costs
- \$2,300,000 to Major Infrastructure Repair and Replacement Fund 553
- \$500,000 to Environmental mitigation – Chabot Gun Club
- \$60,000 to Hay pole barn safety improvements at Ardenwood
- \$8,000 to 2 AED-defibrillators and replacement pads for Public Safety
- \$15,000 to 20 fire shelters and tools for Public Safety
- \$25,000 to LAFCO 2015-2016 cost
- \$27,850 to Public Safety to replace 19 self-contained breathing apparatus (SCBA)
- \$30,950 to Lifeguard OT for Red Cross training
- \$50,000 to Park Bond polling and education
- \$50,000 to study District wide radio system
- \$55,000 to Sustainability plan development
- \$100,000 to Hazardous tree removal
- \$100,000 to Geotechnical studies
- \$250,000 to election costs reimbursement per MOU with SFBRA
- \$25,000 to Upgrade concrete picnic tables
- \$125,000 to Vegetation removal / Mosquito abate at Hayward Shoreline
- \$250,000 to Castle ridge Staging Area
- \$60,000 to Bio consult conservation bank
- \$45,000 to LUPA Technical studies at Sibley
- \$35,000 to ADA Toilet and repairs
- \$35,000 to electrical repairs at Train concession
- \$80,000 to Merry-Go-Round panel repairs
- \$80,000 to Aeration system for Lake Anza
- \$25,000 to Vaquero Farms rain water catchment system
- \$125,000 to Public Safety parking improvement

In addition staff is requesting appropriation from other funds to augment the existing budget.

- \$350,000 from Measure WW fund for Ardenwood-Upgrade of electrical service.
- \$200,000 from Measure WW bond investment proceeds
- \$62,000 from Measure AA bond investment proceeds
- \$20,000 from Promissory Notes investment proceeds

General Manager Robert E. Doyle addressed the hazardous tree removal noting that due to past year droughts many of the park trees were affected and are dying.

Committee chair Waespi requested information on the fire shelters for Public Safety.

Assistant Fire Chief Paul Cutino addressed the question advising the District is moving to a new generation of fire shelter, the shelters are Cal OSHA regulated and more expensive.

Committee chair Waespi requested explanation of the sustainability plan. Deputy General Manager Ana M. Alvarez explained the District is looking for a consultant to assist in the calculation of greenhouse emissions for the District.

Committee chair Waespi inquired if the aeration system for Lake Anza is temporary. Chief of Stewardship Matt Graul advised it will be a permanent system (able to pump air into the lake improving mixing and nutrient uptake) adding that Quarry Lakes will be next to receive aeration system.

Recommendation: Motioned by Diane Burgis and seconded by Ayn Wieskamp that the Finance Committee recommends to the full Board of Directors approval of the 2016 Mid-Year Budget Appropriation increase request. Motioned Approved.

Agenda Item No. 4

Proposed 2016 Major Infrastructure Renovation and Replacement Mid-Year Budget Adjustments

Assistant Finance Officer Jeff Rasmussen reported on the status of Fund 553 and the appropriation of funds to renovation projects. AFO Rasmussen reminded the Committee that Fund 553, the Infrastructure Renovation and Replacement Fund, began by Board action in September 2012, to ensure continued public availability of the existing Regional Park facilities by planning and funding their eventual major renovation and/or replacement.

Staff reviewed the prior sources and uses of the fund, and stated that the current balance available is \$7.5 million; an additional \$2.3 million will be added if the Board approves the recommended General Fund mid-year adjustments previously discussed on this agenda.

GM Doyle reminded the Committee the Board's target is to keep approximately \$9 million in Fund 553.

AFO Rasmussen also reviewed with the Committee projects that have been funded with 553 fund monies (handouts provided).

Committee member Ayn Wieskamp asked of the mobile residences being replaced if these were in the most need of replacement. Chief of MAST Kelly Barrington advised the Committee that there will be more mobile residences to replace in the future and that the three identified are in the most need of replacement.

Committee member Wieskamp asked how many mobile residences are throughout the District. Chief of MAST Barrington replied over 100.

AFO Rasmussen continued reviewing project needs (handout of projects provided) for the coming year and recommended additional appropriations of \$1,318,000 to infrastructure projects as noted below.

Fund 553 Proposed Mid-Year Appropriations

1	Del Valle – Stabilize Water System	\$	300,000
2	Del Valle – Service Yard Improvement		200,000

3	Del Valle – Upgrade Restroom #10	198,000
4	District Wide – Replace Residences	200,000
5	Point Isabel – Repair Bridge Access	50,000
6	Shadow Cliffs – Install ROMTEC Boat Dock Concession	120,000
7	South County – Replace Sewer	250,000

Recommendation: Motioned by Ayn Wieskamp and seconded by Diane Burgis that the Finance Committee recommends to the full Board of Directors for review and recommendation, the transfer and appropriation of \$1,318,000 from Fund 553, the Infrastructure Renovation and Replacement fund, to seven individual project accounts as noted. Motion approved.

Agenda Item No. 5

Overview of 2017 Budget Performance Goals

Assistant Finance Officer Deborah Spaulding presented an update to the Committee on enhancing the performance goal reporting system for the upcoming 2017 Budget; the objective being to develop performance goals for each division which reflect work activities that are measureable and are reportable (handouts were provided).

Both Committee members Burgis and Wieskamp agreed with the enhancements stating that it shows the public what the District is doing and provides transparency. Committee member Burgis suggested incorporating graphics.

Recommendation: None, this is an information item only.

Agenda Item No. 6

Open Forum for Public Comment

No public comment.

Agenda Item No. 7

Board Comments

Adjourned 2:40 p.m.
Next meeting August 24, 2016

Respectfully submitted,
Connie Swisher, Finance