

**SAN RAMON VALLEY FIRE PROTECTION DISTRICT
FINANCE COMMITTEE MEETING
Minutes – November 6, 2014**

MISSION STATEMENT

In the spirit of our tradition, we strive for excellence, respectfully serving all with pride, honor and compassion.

Location: 1500 Bollinger Canyon Road
Administrative Building-Large Conference Room
San Ramon, CA 94583

Board Members Present: Director Kerr, Director Dakin

Staff Present: Chief Meyer, Fire Marshal Kiefer, Deputy Chief Krause, Financial Consultant Campo, Senior Office Assistant Eubanks

1. Call to Order

Director Kerr called the meeting to order at 1405 hrs.

2. Public Comment

No public comment.

3. New Business

3.1 Approval of Minutes of the April 4, 2014 Committee meeting.

Approved by the Committee

3.2 Discussion of Investment Options for Budget Stabilization and Workers' Comp Reserve Funds.

At the April 4, 2014, Finance Committee meeting the Committee directed staff to explore investment options for the Budget Stabilization reserve funds. Financial Consultant Campo presented a "laddered portfolio" concept that would eventually lead to the reserve funds being invested in a combination of federal securities and federally insured bank CD's with five year maturities, with returns significantly in excess of what the District could achieve by leaving the funds in the state-run LAIF. The broker for the investments would be the District's commercial bank, Bank of the West. The Committee directed staff to move forward with the investment strategy and provide a report to the entire Board of Directors.

- 3.3 **Discuss Costs/Financing Options for Redesigned Station 32.**
- 3.4 **Discussion of Refunding of 2006 COP's**

These two agenda items were discussed concurrently, as agreed by the Committee.

Chief Meyer began the conversation by stating District Station 32 is in by far the poorest condition of all of the District's stations. Now that the financial climate is improving, the District can once again consider building a new Station 32, albeit one with a smaller footprint, but still retaining the same outside elevations originally designed by the architect. Chief Meyer explained that given the current low interest rate environment, issuing long-term debt for the station construction was a fiscally prudent means of funding the station construction.

Chief Meyer further explained that it was now feasible to advance refund the District's 2006 COP's and achieve annual debt service savings of approximately \$50,000 as a result of lower interest rates; and that by combining the 2006 COP refunding with a new money issue for Station 32 construction, the District could save approximately \$120,000 in cost of issuance.

Financial Consultant Campo presented details regarding COP refunding and station construction financing options. The projected net present value savings from the 2006 COP refunding is \$650,000.

The Committee directed staff to prepare a resolution for the November 19, 2014, Board meeting to move forward with the 2006 COP refunding and new money financing.

3.5 **Annual OPEB Update**

Financial Consultant Campo provided information on the Cal PERS CERBT OPEB trust fund and reiterated the benefits of fully funding the annual required contribution (or "ARC"), and the District's progress in attaining that goal. It was noted that the District's own situation has greatly improved due to the District's employees agreeing to fund a portion of the medical premium and agreeing to a cap on the monthly benefit.

Financial Consultant Campo provided further information regarding investment risks vs. returns and current asset mix employed by the CERBT. Strategy 1 is the most aggressive investment strategy and the Committee agreed that the Board needs to be informed of the best investment options. Financial Consultant Campo indicated he would talk to the District's actuary regarding the impact changing investment strategies would have on the unfunded liability for retiree medical benefits.

Chief Meyer stated that the upcoming Board retreat would be a good opportunity to discuss this issue with the entire Board.

3.6 Property Tax Update

Financial Consultant Campo provided information on the 2014 assessed value of property in the District. Property values are up 8% district-wide, and property tax revenue is expected to exceed budget by \$2.4 million overall for FY 2014/15.


3.6.1 CCCERA Update

Financial Consultant Campo provided information on the December 31, 2013 actuarial report from CCCERA. The new actuarial valuation reflects the positive impacts of the terminal changes approved by CCCERA in 2014 and the 2013 investment gains in excess of assumed earnings. These positive changes resulted in a \$21 million decrease in the District's unfunded liability for retiree benefits and a decrease in retirement contribution rates of 7% and 5% for safety and non-safety personnel, respectively, effective July 1, 2015. The reduction in retirement rates translates to a \$1.2 million annual reduction in retirement costs beginning next fiscal year.

Chief Meyer expressed his thanks to Financial Consultant Campo for his exemplary efforts and expertise in bringing the District forward. He also complimented the District's employees for stepping up to help make the District financially strong once again.

4. Adjournment

Meeting adjourned at 1527 hrs.

Prepared by: 
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