

MINUTES OF THE FINANCE COMMITTEE
OF MT. VIEW SANITARY DISTRICT
OCTOBER 27, 2009

The Finance Committee of the Mt. View Sanitary District convened a duly noticed Meeting at the Mt. View Sanitary District Conference Room, 3800 Arthur Road, Martinez, County of Contra Costa, State of California on October 27, 2009, at 2:35 p.m.

ROLL CALL

PRESENT: Vice President Stanley R. Caldwell and Director Elmer J. Schaal.

ABSENT: None

Also Present: STAFF – District Manager Michael D. Roe, and Board Secretary Sheri L. Riddle

Invited Guests: Mitch Barker, Executive Vice President, Public Agency Retirement Services

PUBLIC COMMENT

None

FUNDING OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONSIDERATION OF ALTERNATIVE IRREVOCABLE TRUSTS

A. RECEIVE PRESENTATION FROM PUBLIC AGENCY RETIREMENT SERVICES (PARS)

Mr. Mitch Barker, Executive Vice President, Public Agency Retirement Services (PARS), provided a Proposal for Services for a Post Retirement Healthcare Funding Trust Program. Mr. Barker reviewed the proposal including the following:

- OPEB Trust Team
 - PARS is the Trust Administrator and consultant
 - Union Bank is the Trustee and fiduciary
 - HighMark Capital Management is the Investment Manager
- Actuarial Study Requirements
 - Must be performed every 3 years with PARS
 - Must be performed every 2 years with California Public Employee Retirement System (PERS)
- PARS is privately held and is the leading alternative to the PERS Trust Program
- With PARS, you have input and flexibility in the Trust Program. Whereas with PERS there is no input, choice or flexibility.

- Advantages of PARS Program
 - Security
 - Flexibility
 - Efficiency
 - Scale/Service
- Most agencies are not funding at 100%
- There is no downside to prefunding.
- Four Reasons to prefund
 - You achieve a greater rate of return by putting your money in a Trust rather than using your general fund.
 - Prefunding lowers your long term cost. Every dollar you put into the Trust is an asset that offsets your liability
 - Prefunding puts you in a better position to borrow in the eyes of the external auditors and credit raters
 - Prefunding helps insure you are going to have a retiree health plan in the future.
- PARS will do a Trust to Trust transfer with no fees
- Provided PARS GASB 45 / OPEB Trust references
- Actuarial Results
 - Reviewed various 5-year projection costs with different discount assumptions
 - Reviewed Annual Required Contribution (ARC) vs. Pay-as-you-go scenarios
 - Reviewed Asset Levels at Various Contributions Levels
- Fees and services offered
- Sample portfolios and quality performance sheets

Mr. Barker thanked the Committee for their time and left the meeting.

B. RECEIVE PRESENTATION FROM STAFF – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS)

District Manager Roe delivered a presentation which summarized the PERS OPEB Trust and a comparison between the PERS Trust Program to the PARS Program.

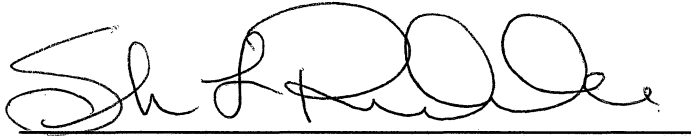
C. DISCUSSION

The Committee discussed the difference between the two Trust Programs. The Committee stated they believe the District should prefund the OPEB. It was noted that the PARS investment performance over time cannot be evaluated as can PERS investment performance. This is because the PERS pension trust fund has been in existence so much longer. The Committee instructed District Manager Roe to confirm the definition of the PERS minimum contribution and to have the PERS contract documents reviewed by District Counsel. The Committee and District Manager Roe concurred and will recommend that MVSD should fund the OPEB at 100% with the percentage to be reviewed annually. The Committee concluded that CalPERS would

be the best Trust Vendor for the District and requested District Manager Roe to prepare a staff report for the full board reflecting these conclusions.. A general discussion of future review of the Capital improvement Plan, OPEB, and sewer service rates ensued.

ADJOURN

The Finance Committee meeting adjourned at 4:47 p.m.

A handwritten signature in black ink, appearing to read "Sh L Riddle", written over a horizontal line.

Sheri L. Riddle, Board Secretary