

# Pension Committee Meeting

January 7, 2021 10:00 a.m.

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## Committee Packet Materials

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- A. CAWD Defined Benefit Plan 4<sup>th</sup> Qtr 2020 and 1<sup>st</sup> Qtr 2021 Action Plan  
*This information will be distributed as soon as it is received from Hastie Financial*
  
- B. Review of Strategic Asset Management Plan 2020 Actuarial Report
  
- C. Review of CalPERS Actuary Report
  - a. Classic 2019
  - b. PEPRA 2019
  
- D. Discussion of Section 115 Trust
  - a. RFP Results and recommendation
  - b. Funding Strategy



## B. Review of Strategic Asset Management Plan 2020 Actuarial Report

### Major Review Points

#### GASB 68 Assumption Summary with Recommended Changes

#	Assumptions	June 30, 2019 Disclosure	Recommend for June 30, 2020 Disclosure	Basis
1	Expected Long-Term Rate of Return on Assets	6.0%	Same	Based on an analysis using capital market assumptions by asset class, target asset allocation and Plan cash flows.
2	Discount Rate	6.0%	Same	Based on Expected Long-Term Rate of Return on Assets
3	Mortality	RP-2014 Employee Mortality with MP-2018 Generational Mortality Scale for Male and Female Tables	PubG-2010 Employee Mortality with MP-2019 Generational Projection Scale for Male and Female Tables	Based on studies released by the Society of Actuaries in 2019
4	Salary Increases	3.5%	Same	
5	Retirement Age	100% at age 62	Same	Based on Normal Retirement Age and actuarial equivalence at other ages.
6	Assumed Form of Payment	50% will elect Annuity 50% will elect a Lump Sum	Same	Optional forms on actuarial equivalence basis

Assumptions for funding are the same as for GASB 68 Disclosure, with the exception of a 4.5% interest rate for discounting.

The mortality assumption recommendation is the result of the first-of-its-kind mortality study by the SOA that is specific to public pension plans. Previously, all prior mortality tables used by CAWD were based on studies of private employer pension plan data. The good news is public employees live longer (primarily nurses and safety) than the private employer plan participants (in general). The bad news is their longer lifespans result in addition pension payments and a higher liability.

The second reflects the CAWD's estimate of long term salary increases. CAWD's 20 year average increase is 2.71%, the 10 year average is 2.66% and the 5 year average is 2.78%. All of the active participants in this plan are at the top of their scale and are not eligible for step increases.

- Actuarially determined contribution for the plan year ending 06-30-21 \$0

- Funded Status:

<b>Funded Status</b>	<b>06-30-20</b>	<b>06-30-19</b>	<b>06-30-18</b>
Frozen Plan Basis	113%	115%	112%
All Expected Future Plan Benefits	102%	103%	100%

- Unfunded actuarial accrued liability (asset) as of 06-30-20 (\$ 95,858)

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**Carmel Area  
Wastewater District  
Pension plan**

**2020 Actuary's Report**

**Actuarially Determined Contribution for Plan Year 2020/21**

**Valuation Date: July 1, 2020**  
**Plan Year Ending: June 30, 2021**  
**Tax Year Ending: June 30, 2021**



December 07, 2020

Ms. Barbara Buikema  
Carmel Area Wastewater District  
P0 Box 221428  
Carmel, CA 93922

Dear Ms. Buikema:

**Re: Carmel Area Wastewater District Pension Plan - July 1, 2020 Actuary's Report**

We have performed an actuarial valuation of the Carmel Area Wastewater District Pension Plan (the "Plan") for the purpose of determining the plan's funding status as of July 1, 2020 and Actuarially Determined Contribution (ADC) for the 2020/21 Plan Year. This report is provided solely for this purpose and should not be used or relied upon for other purposes. It also should not be disclosed or distributed to a third party, unless we provide written permission.

This report is based on actual experience through June 30, 2020 and plan provisions in effect on July 1, 2020. The valuation and cost calculations for the 2020/21 Plan Year, as summarized in this report, are based on participant data and un-audited Plan financial information provided by Carmel Area Wastewater District (the "District") as of July 1, 2020.

All costs, liabilities, and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures. In our opinion, the actuarial assumptions used are individually reasonable taking into account the experience of the plan and consistent expectations as to future experience. In combination, the actuarial assumptions represent our best estimate of the anticipated experience under the plan. The costs and actuarial exhibits presented in this report, in our opinion, fully and fairly disclose the actuarial position of the plan.


Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. Due to the limited scope of this assignment, we did not perform an analysis of the potential range of possible future measurements.

The actuarial calculations were completed under the supervision of Earlene L. Young, and Gary E. Cline, . We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.. There is no relationship between the plan sponsor and our employer that would impair our objectivity in preparing this report.

We would be pleased to answer any questions on the material contained in this report or to provide explanation or further detail as may be appropriate.

Respectfully submitted,

Nicolay Consulting Group

  
Earlene L. Young, MAAA, FCA, EA  
Senior Actuary

  
Gary E. Cline, ASA, MAAA, FCA, EA  
Vice President & Chief Operating Officer

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## SECTION I Summary

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### A. Highlights

Actuarially Determined Contribution for plan year ending June 30, 2021:	
Annual Contribution to fully amortize the Unfunded Actuarial Accrued Liability in five years (adjusted for monthly contributions)	\$ 0
Market Value of Asset on July 1, 2020	\$ 5,532,152
Actuarial Asset Value on July 1, 2020	\$ 5,496,670
Present Value of all Accrued Plan Benefits on July 1, 2020	\$ 5,400,812
Number of Participants at July 1, 2020:	
Retired participants receiving benefits	4
Terminated vested participants entitled to future benefits	3
Active participants	<u>6</u>
Total participants	13



**B. Valuation Summary**

The Carmel Area Wastewater District Pension Plan was established effective July 1, 1969 and has been amended from time to time since that date. The October 29, 2005 Plan amendment froze benefit service as of October 29, 2005, credited an additional 3 years of service for active employees and reduced normal retirement age from 65 to 62.

This section presents a summary of the valuation results and the funding status of the Plan at July 1, 2020:

**1. Annual Cost**

Based on funding the initial unfunded actuarial accrued liability over a period of five years from July 1, 2014 and each Gain/Loss over a 5 year period, the Actuarially Determined Contribution for the 2019/2020 Plan Year is \$0.

**2. Change in Annual Cost**

The Actuarially Determined Contribution remained at \$0 for the 2020/21 Plan Year.

	<u>2019/2020</u>	<u>2018/2019</u>	<u>2017/2018</u>
(1) Actuarially Determined Contribution (ADC)	\$0	\$0	\$0
(2) Covered Compensation (less than age 65)	\$747,631	\$711,527	\$680,149
(3) ADC as a Percentage of Covered Compensation	0%	0%	0%

**B. Valuation Summary, continued**

**3. Funded Status**

A plan's "funded status" is measured by comparing the Plan's assets with the Plan's actuarial liability. A ratio in excess of 100% means that the Plan's assets exceed the actuarial liability.

The Plan's actuarial liability may be measured in a variety of ways. Some of the alternatives are described below:

- **Hard Frozen/Terminated Plan Basis:**

This actuarial liability represents the actuarial present value of all benefits accrued as of the valuation date, based on service and salary at that date.

- **On-going Plan Basis:**

This actuarial liability represents the actuarial present value of all benefits allocated to plan years prior to the valuation date based on a particular actuarial cost method (i.e., Projected Unit Credit cost method). These calculations would include a projection of salary to the anticipated date of retirement/termination, based on the salary scale used for determining Plan cost.

- **All Expected Future Plan Benefits:**

This actuarial liability represents the actuarial present value of all expected future benefits under the Plan as of the valuation date including benefits expected to be earned for future service based on future salary increases. Since service was frozen on October 29, 2005 this is equal to the On-going plan basis.

The Plan's funded status is described below, based on each of these measures of actuarial liability for the current year and the past two years.

	<b>June 30, <u>2020</u></b>	<b>June 30, <u>2019</u></b>	<b>June 30, <u>2018</u></b>
Actuarial Value of Assets	\$5,496,670	\$5,368,290	\$5,126,285
Actuarial Liabilities:			
Frozen Plan Basis	\$4,871,182	\$4,669,888	\$4,572,558
On-Going Plan/All Expected Future Plan Benefits	\$5,400,812	\$5,211,326	\$5,112,788
Funded Status:			
Frozen Plan Basis	113%	115%	112%
All Expected Future Plan Benefits	102%	103%	100%

**C. Historical Summary**

	<u>2019/2021</u>	<u>2019/2020</u>	<u>2018/2019</u>	<u>2017/2018</u>	<u>2016/2017</u>
<b>Annual Costs</b>					
Actuarially Determined Contribution	\$0	\$0	\$0	\$103,838	\$ 78,940
Employer Contribution Made	Not Available	\$0	\$34,600	\$78,936	\$ 88,680
<b>ASSETS AT BEGINNING OF PLAN YEAR</b>					
Market Value of Assets	\$5,532,152	\$5,432,101	\$5,263,465	\$5,418,843	\$5,069,794
Actuarial Value of Assets	\$5,496,670	\$5,368,290	\$5,126,285	\$5,430,513	\$5,285,090
<b>ACTUARIAL LIABILITIES AT BEZGINNING OF PLAN YEAR</b>					
Actuarial Accrued Liability	\$5,400,812	\$5,211,326	\$5,112,788	\$5,639,170	\$ 5,455,005
Unfunded Actuarial Accrued Liability (Asset)	(\$95,858)	(\$156,964)	(\$13,497)	\$ 208,657	\$ 169,915
<b>NUMBER OF PARTICIPANTS</b>					
Retired	4	3	3	3	2
Disabled	0	0	0	0	0
Vested Termination	3	4	4	5	5
Active	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>7</u>
Total	13	13	13	14	14

## SECTION II

### Valuation Funding Information

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#### A. Development of the 2020/2021 Employer Contribution

Contribution required to amortize the July 1, 2020 unfunded actuarial accrued liability over a closed 5-year period plus gains and losses over 5 years.

(a) Normal cost at July 1, 2020	\$	0
(b) Amortization of Unfunded Actuarial Accrued liability since July 1, 2020 over 5 years, payable as of beginning of year [see Section II(C)]		0
(c) Interest adjustment for monthly payments at 4.50%		<u>0</u>
(d) Actuarially Determined Contribution for 2020/2021 plan year, payable monthly	\$	<u>0</u>

**Valuation Funding Information**

**B. Development of the Unfunded Actuarial Accrued Liability**

1. Projected Unit Credit actuarial accrued liability as of July 1, 2020	
(a) Active participants	\$ 2,402,005
(b) Retired participants	2,633,458
(c) Disabled participants	0
(d) Terminated vested participants	<u>365,349</u>
	\$ 5,400,812
2. Actuarial Value of Assets as of July 1, 2020	<u>5,496,670</u>
3. Unfunded actuarial accrued liability (asset) as of July 1, 2020 (1) - (2)	<u>(\$ 95,858)</u>

## Valuation Funding Information

### C. Summary of Amortization Bases Used in Development of 2020/2021 Employer Contribution Range

Amortization bases for the District have been fully amortized as of June 30, 2020. Future actuarial gains and losses on/after July 1, 2020 will be amortized over a 5-year period beginning on the date established. Since the Plan is fully funded, the amortization payment is zero.

<u>Item</u>	<u>Initial Amount</u>	<u>Date Established</u>	<u>Initial Period (Years)</u>	<u>Remaining Balance on 7/1/2020</u>	<u>Annual Amortization Payment (Payable Monthly)</u>
Total				<u>N/A</u>	<u>0</u>

## SECTION III Asset Information

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### A. Statement of Plan Assets at June 30, 2020

The assets of the Carmel Area Wastewater District Pension Plan are invested with Commonwealth Financial Network

Investments:	
Cash and Cash Equivalents	\$ 212,196
Pooled Mutual Funds-Equity	3,489,479
Pooled Mutual Funds-Fixed Income	1,785,942
Participant Loans	<u>16,173</u>
Cash value at June 30, 2020	\$ 5,503,790
Receivable from disbursement account	28,362
Loan payment receivable	<u>0</u>
Market Value assets at June 30, 2020	<u>\$ 5,532,152</u>

**B. Changes in Assets during the 2019/2020 Plan Year**

1. Market Value assets at July 1, 2019		\$ <u>5,432,101</u>
2. Changes during year		
(a) Credits		
(i) Employer contributions	\$ 0	
(ii) Participant contributions	0	
(iii) Earned income	208,431	
(iv) Investment gain (unrealized and realized)	<u>107,495</u>	
(v) Total credits		315,926
(b) Charges		
(i) Investment Expenses	\$ 37,079	
(ii) Retirement and Disability benefits	176,787	
(iii) Lump sum benefits	0	
(iv) Loan defaulted	0	
(v) Administrative fees	<u>2,009</u>	
(vi) Total charges		<u>215,875</u>
3. Market Value assets at June 30, 2020 = 1 + 2(a)(v) - 2(b)(v)		\$ <u>5,532,152</u>



**C. ACTUARIAL VALUE OF ASSETS – ASSET AVERAGING**

(1)	July 1, 2020 Market Value			\$ 5,532,152
(2)	Previous Asset Gains and Losses			
		(i)	(ii)	(iii)
		<u>Amount</u>	<u>Weighting</u>	<u>(i) x (ii)</u>
(a)	2018/19 Gain	\$38,424	2/3	\$25,616
(b)	2017/18 Gain	29,598	1/3	<u>9,866</u>
(c)	Total Asset Adjustment			\$35,482
(3)	Adjusted Assets [(1) – (2)(e)(iii)]			\$5,496,670
(4)	Minimum Actuarial Value of Assets [ 85% x (1) ]			4,702,329
(5)	Maximum Actuarial Value of Assets [ 115% x (1) ]			6,361,975
(6)	Actuarial Value of Assets [ (3); not less than (4) or more than (5) ]			\$5,496,670

**SECTION IV**  
**Census Data**

**A. Classification of Participants**

	<u>July 1, 2020</u>	<u>July 1, 2019</u>
1. Active participants accruing benefits:		
(a) Under normal retirement age	5	6
(b) Over normal retirement age	<u>1</u>	<u>0</u>
(c) Total	6	6
2. Terminated participants with deferred vested benefits	3	4
3. Retired and disabled participants presently receiving benefit payments	<u>4</u>	<u>3</u>
4. Total = (1c) + (2) + (3)	<u>13</u>	<u>13</u>

**B. Age and Service Profile of Active Participants**

<u>Age</u>	<u>Completed Years of Accrual Service July 1, 2020</u>						<u>Total</u>
	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-30</u>	<u>30+</u>	
0-24	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0
45-49	0	0	0	2	1	0	3
50-54	0	0	0	0	2	0	2
55-59	0	0	0	0	0	0	0
60-64	0	0	0	0	1	0	1
65-69	0	0	0	0	0	0	0
70+	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>4</u>	<u>0</u>	<u>6</u>

**Active Participants**

	<u>July 1, 2020</u>	<u>July 1, 2019</u>
Average Age	51.93	50.93
Average Service Plan Participation:	21.97	20.97
Average Annual Salary:	\$124,605	\$118,588

## SECTION V

### Assumptions and Methods

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A summary of the actuarial methods and assumptions used in the July 1, 2020 actuarial valuation of the Plan follows:

#### Actuarial Methods:

Actuarial Cost Method: Projected Unit Credit Actuarial Cost Method

Valuation of Assets: Effective July 1, 2014, the Actuarial Value of Assets are determined based on the smoothed market value (without phasing). Under this method, a gain or loss for a year is determined by calculating the difference between the expected value of the assets for the year and the fair market value of assets at the valuation date. The actuarial value of assets is equal to the market value of plan's assets with gains subtracted or losses added at the rates described as follows:

- (1) 2/3 of the prior year's gain or loss, plus
- (2) 1/3 of the second preceding year's gain or loss

The asset value determined under this method will be adjusted to be no greater than 115% and no less than 85% of the fair market value.

Before July 1, 2014, assets are valued at fair market value on June 30 as reported by the District.

#### Actuarial Assumptions:

Investment Yield: Pre-retirement, net of expenses:  
4.50% per annum.

Post-retirement, net of expenses:  
(a) Lump Sums: 6.25%,  
(b) Annuities: 4.50%.

Salary Scale: 3.5% per annum.

Rate of Retirement: Participants are expected to retire on their Normal Retirement Date.

Rate of Employee Turnover: None

## Assumptions and Methods

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Rate of Disability:	None
Rate of Mortality:	(1) Pre-retirement: None (2) Post-retirement: (a) Lump Sums: 1994 GAR Mortality Tables, blended 50% male and 50% female. (b) Annuities: PubG(A)-2014 Healthy Annuitant Generational Mortality Tables with Generational Projection Scale MP-2019 (Males and Female).*
Expenses:	It is assumed that expenses will be paid by investment returns greater than the assumed investment yield (i.e., investment return is net of expenses).
Payment Form:	It is assumed that : (a) 50% participants elect lump sums, (b) 50% participants elect annuity payments; at retirement, termination, death or disability.
Amortization Period of Unfunded Liabilities	The unfunded actuarial accrued liabilities are fully amortized as of July, 1 2020. Gains and losses arise on/after July 1, 2020 will be amortized over a 5-year period.

\*For the 2019 year, RP-2014 Top- Quartile Healthy Annuitant Generational Mortality Tables with Projection Scale MP-2018 was used.

## SECTION VI Plan Provisions

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Effective Date:	July 1, 1969
Most Recent Restatement Date:	July 1, 2003
Most Recent Amendment Date:	Effective July 1, 2009
Plan Year:	July 1 to June 30
Eligibility for Coverage:	All employees hired prior to October 29, 2005.
Employee Contribution:	None required.
District Contribution:	Full cost of Plan.
Normal Retirement Date:	July 1 after reaching age 62 and completing five years of Plan participation.
Delayed Retirement Date:	First of any month following actual retirement after attaining age 62 and completion of five years of Plan participation. An employee can work beyond his normal retirement date and continue to earn pension benefits.
Early Retirement Date:	None
Disability	Total and permanent disability which lasts at least six months resulting in termination of employment.
Normal Form of Retirement Benefit:	The amount of annual retirement income determined by the benefit formula is payable monthly for life with 120 payments guaranteed.
Automatic Form of Distribution of Retirement Benefit:	Unless otherwise elected by the participant, the normal retirement benefit will be automatically paid to a married participant in the form of a reduced actuarial equivalent joint and 50% to survivor annuity.

## Plan Provisions

Optional Forms of Distribution of Retirement Benefit:	<p>If elected by the participant, his benefit, in an actuarial equivalent amount, may be paid in the form of:</p> <ul style="list-style-type: none"><li>(a) a joint and survivor annuity with the reduced survivor annuity payable as 50%, 66-2/3% or 100% of the monthly benefit payable during the lifetime of the participant;</li><li>(b) a straight life annuity;</li><li>(c) a life only annuity;</li><li>(d) a lump sum payment.</li></ul>
Formula for Annual, Normal Retirement Benefit:	2.5% of the average earnings paid to the employee during the highest one plan year, multiplied by the number of years of accrual service.
Accrual Service:	Total number of Years in which an employee is credited with at least 1,000 hours of service. No accrual service shall be credited after October 29, 2005. Participants employed on October 29, 2005 shall be credited with an additional 3 years plus 0.333 years for the period July 1, 2005 through October 31, 2005.
Early Retirement Benefit:	None
Benefit at Deferred Retirement:	Greater of the accrued benefit, based on accrual service and compensation to late retirement date and the actuarially increased Normal Retirement Benefit.
Disability Benefit:	Immediate payment of actuarial equivalence of the accrued benefit calculated the same as a retirement benefit, based on average earnings and accrual service as of the disability retirement date.
Death Benefit:	
Prior to Retirement:	The greater of the actuarial equivalent of the Vested Accrued Benefit (applicable to married or unmarried participants), or the benefit the participant's spouse would have received if the participant had terminated on his date of death and elected to begin receiving his benefit under the automatic joint and 50% to surviving spouse pension option commencing on his earliest retirement date
After Retirement:	In accordance with the annuity payment form in effect.

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**Plan Provisions**

**Vesting:**

<u>Years of Vesting Service</u>	<u>Vested Percent</u>
0-2	0%
3	20%
4	40%
5	60%
6	80%
7 or more	100%

**Vesting Service**

Total number of Years in which an employee is credited with at least 1,000 hours of service. For participants employed on October 29, 2005, an additional three years is credited.

**Benefit:**

Vested Accrued Benefit as of date of termination, payable as of Normal Retirement date. Immediate lump sum option available.

**Plan Factors for Actuarial Equivalence**

Interest: 6.25%  
Pre-Retirement Mortality: None  
Post Retirement Mortality: 94 GAR (50% male 50% female)

**Termination of Plan:**

In the event of termination of the Plan, funds are to be distributed, to the extent available, in the following order:

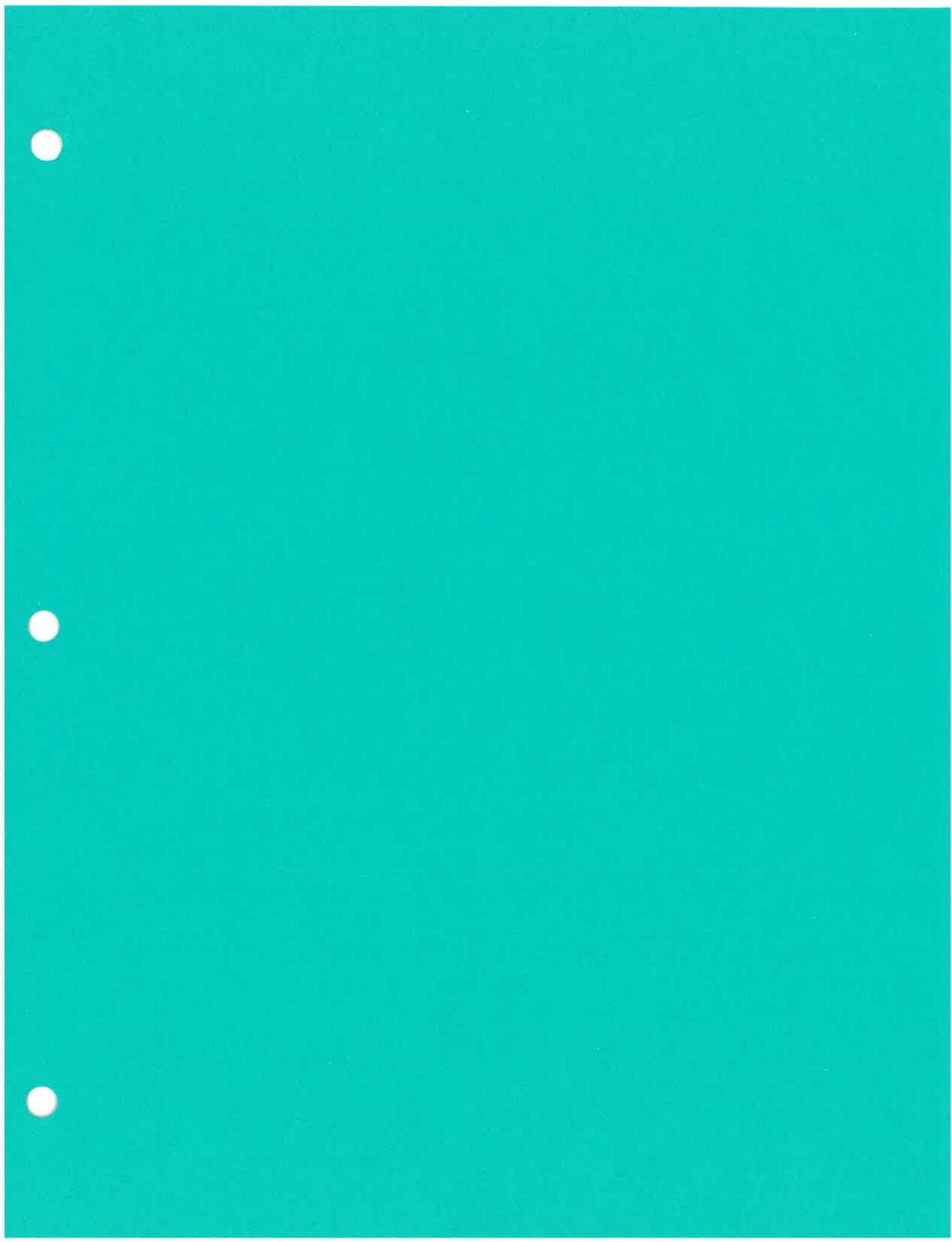
- (a) benefits of participants who had retired prior to plan termination;
- (b) benefits of participants who had reached Normal Retirement Age at termination, but had not yet retired;
- (c) all other benefits;

**Administration:**

The District is the Plan Administrator.

**Funding of Plan:**

Through a Trust, assets are held at Commonwealth Financial Network.





## C. Review of CalPERS Actuary Report

The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a 5-year ramp-up and ramp-down on Unfunded Accrued Liability bases attributable to assumption and method changes and non-investment gains/losses. The new policy does not utilize a 5-year ramp-down on investment gains/losses.

- Investment Return for 2018-19 is 6.7% (discount rate 7.0%)
- Investment Return for 2019-20 is 4.7% (discount rate 7.0%)
- Per Alex Grunder, CalPERS actuary they have made ~ 10% for the first six months of 2021

### **Miscellaneous “Classic” Plan as of 06-30-19**

- 06-30-19 Actuarial Report: there is a five (5) page summary that reflects the lump sum payment made August 12, 2020 to reduce the unfunded accrued liability. It shows a revised 06-30-21 total UAL of \$38,196
- Projection Analysis
  - Pay down \$38,196 in 20-21
  - Pay down \$28,196 in 20-21 and \$40K for each of the next 4 years

### **Miscellaneous “PEPRA” Plan as of 06-30-19**

- 06-30-19 Actuarial Report: there is a five (5) page summary that reflects the lump sum payment made August 12, 2020 to reduce the unfunded accrued liability. It shows a revised 06-30-21 total UAL of \$352
- Projection Analysis
  - Pay down \$352 in 20-21
  - Pay down \$352 in 20-21 and \$4K for each of the next 4 years



**California Public Employees' Retirement System  
Actuarial Office**

400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744  
**888 CalPERS** (or 888-225-7377) | TTY: (877) 249-7442 | [www.calpers.ca.gov](http://www.calpers.ca.gov)

August 12, 2020

CalPERS ID: 7018407272  
 Employer Name: CARMEL AREA WASTEWATER DISTRICT  
 Rate Plan: MISCELLANEOUS PLAN [5923]

Re: Lump Sum Payment to reduce the Unfunded Accrued Liability

Dear Requestor:

As requested, information on the fiscal year 2021-22 employer contribution requirement following your lump sum payment is shown below.

**If you are aware of others interested in this information (i.e. payroll staff, county court employees, port districts, etc.), please inform them.**

The information is based on the most recent annual valuation and assumes payment by *August 12, 2020* and no further contractual or financing changes taking effect before June 30, 2021. The Unfunded Accrued Liability (UAL) will be reduced or eliminated by a lump sum payment in the amount of **\$725,000**. The payment will be applied to the Fresh Start 06/30/2015, Investment (Gain)/Loss 06/30/2016, Non-Investment (Gain)/Loss 06/30/2016, Assumption Change 06/30/2016, Investment (Gain)/Loss 06/30/2017, Non-Investment (Gain)/Loss 06/30/2017, Assumption Change 06/30/2017, Investment (Gain)/Loss 06/30/2018, Non-Investment (Gain)/Loss 06/30/2018, Assumption Change 06/30/2018, Method Change 06/30/2018 and Investment (Gain)/Loss 06/30/2019 base(s).

**There will be no change to your FY 2020-21 contributions.**

Valuation as of June 30, 2019	Pre-Payment	Post-Payment
Projected 6/30/2021 Total Unfunded Liability	\$ 807,756	
Payment on August 12, 2020	\$ 725,000	
<b>Revised 6/30/2021 Total Unfunded Liability</b>		<b>\$ 38,196</b>
<b>FY 2021-22 Employer Contributions</b>		
Base Total Normal Cost for Formula	15.57%	15.57%
Surcharges for Class 1 Benefit		
None	0.00%	0.00%
Phase out of Normal Cost Difference	<u>0.00%</u>	<u>0.00%</u>
Plan's Total Normal Cost	15.57%	15.57%
Formula's Expected Employee Contribution Rate	<u>6.92%</u>	<u>6.92%</u>
Employer Normal Cost Rate	8.65%	8.65%
Payment on Assumption Change 06/30/2016	\$ 7,998	\$ 0
Payment on Assumption Change 06/30/2017	\$ 7,629	\$ 0
Payment on Assumption Change 06/30/2018	\$ 8,201	\$ 0
Payment on Fresh Start 06/30/2015	\$ 7,688	\$ 0
Payment on Investment (Gain)/Loss 06/30/2016	\$ 21,060	\$ 0
Payment on Investment (Gain)/Loss 06/30/2017	\$ (8,680)	\$ 0
Payment on Investment (Gain)/Loss 06/30/2018	\$ (1,863)	\$ 0
Payment on Investment (Gain)/Loss 06/30/2019	\$ 740	\$ 194
Payment on Method Change 06/30/2018	\$ 2,109	\$ 0
Payment on Non-Investment (Gain)/Loss 06/30/2016	\$ (2,125)	\$ 0
Payment on Non-Investment (Gain)/Loss 06/30/2017	\$ (367)	\$ 0

Payment on Non-Investment (Gain)/Loss 06/30/2018	\$ 768	\$ 0
Payment on all other bases	<u>\$ 2,726</u>	<u>\$ 2,726</u>
Employer Unfunded Liability Payment	\$ 45,884	\$ 2,920

The attached schedule of the plan's amortization bases includes the additional discretionary payment(s) listed above.

Required Employer Contribution	Fiscal Year
	2021-22
<b>Employer Normal Cost Rate</b>	<b>8.65%</b>
<i>Plus Either</i>	
<b>1) Monthly Employer Dollar UAL Payment</b>	<b>\$ 243.33</b>
<i>Or</i>	
<b>2) Annual UAL Prepayment Option*</b>	<b>\$ 2,823</b>

*The total minimum required employer contribution is the **sum** of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) **plus** the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars).*

*\* Only the UAL portion of the employer contribution can be prepaid (**which must be received in full no later than July 31**). Any prepayment totaling over \$5 million requires a 72-hour notice email to [FCSD\\_public\\_agency\\_wires@calpers.ca.gov](mailto:FCSD_public_agency_wires@calpers.ca.gov). Plan Normal Cost contributions will be made as part of the payroll reporting process. If there is contractual cost sharing or other change, this amount will change.*

*In accordance with Sections 20537 and 20572 of the Public Employees' Retirement Law, if a contracting agency fails to remit the required contributions when due, interest and penalties may apply.*

To initiate this payment, the enclosed Lump Sum Payment Request must be completed and returned to the CalPERS Fiscal Services Division with payment by Electronic Funds Transfer (EFT) or wire transfer by August 12, 2020. A copy should be sent to us.

If you have questions, please call (888) CalPERS (225-7377).



ALEX GRUNDER, ASA, MAAA  
Associate Pension Actuary, CalPERS

## Schedule of Amortization Bases

Reason for Base	Date Established	Ramp Up/Down 2021-22	Escalation Rate	Amortization Period	Balance 6/30/19	Expected Payment 2019-20	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Scheduled Payment for 2021-22
FRESH START	06/30/15	No Ramp	2.75%	26	\$120,383	\$7,405	\$121,150	\$125,319	\$0	\$0
NON-INVESTMENT (GAIN)/LOSS	06/30/16	80%	↗ 2.75%	27	\$(37,875)	\$(1,023)	\$(39,468)	\$(40,826)	\$0	\$0
INVESTMENT (GAIN)/LOSS	06/30/16	80%	↗ 2.75%	27	\$375,381	\$10,141	\$391,168	\$404,627	\$0	\$0
ASSUMPTION CHANGE	06/30/16	80%	↗ 2.75%	17	\$103,921	\$3,836	\$107,227	\$110,916	\$0	\$0
NON-INVESTMENT (GAIN)/LOSS	06/30/17	60%	↗ 2.75%	28	\$(8,489)	\$(118)	\$(8,961)	\$(9,269)	\$0	\$0
INVESTMENT (GAIN)/LOSS	06/30/17	60%	↗ 2.75%	28	\$(200,698)	\$(2,788)	\$(211,863)	\$(219,153)	\$0	\$0
ASSUMPTION CHANGE	06/30/17	60%	↗ 2.75%	18	\$129,216	\$2,441	\$135,736	\$140,406	\$0	\$0
NON-INVESTMENT (GAIN)/LOSS	06/30/18	40%	↗ 2.75%	29	\$25,582	\$0	\$27,373	\$28,315	\$0	\$0
INVESTMENT (GAIN)/LOSS	06/30/18	40%	↗ 2.75%	29	\$(62,041)	\$0	\$(66,384)	\$(68,668)	\$0	\$0
ASSUMPTION CHANGE	06/30/18	40%	↗ 2.75%	19	\$187,876	\$(12,578)	\$214,038	\$221,402	\$0	\$0
METHOD CHANGE	06/30/18	40%	↗ 2.75%	19	\$50,631	\$(832)	\$55,036	\$56,929	\$0	\$0
NON-INVESTMENT (GAIN)/LOSS	06/30/19	No Ramp	0.00%	20	\$26,091	\$0	\$27,917	\$0	\$29,871	\$2,726
INVESTMENT (GAIN)/LOSS	06/30/19	20%	↗ 0.00%	20	\$29,560	\$0	\$31,629	\$24,669	\$8,325	\$194
<b>TOTAL</b>					<b>\$739,538</b>	<b>\$6,484</b>	<b>\$784,598</b>	<b>\$774,667</b>	<b>\$38,196</b>	<b>\$2,920</b>

This schedule assumes an additional discretionary payment is made in the amount and by the date stated on page 1 of this letter.



## LUMP SUM PAYMENT REQUEST

**Please complete and return this form by either mail or e-mail.**

<b>Mail</b>	CalPERS – FRAS Cash and Payments Processing Unit P.O. Box 942703 Sacramento, CA 94229-2703
<b>E-mail</b>	FCSD_public_agency_wires@calpers.ca.gov

**Payment may be made by EFT through myCalPERS or wire transfer.**

<b>EFT through myCalPERS</b>	E-mail <i>FCSD_public_agency_wires@calpers.ca.gov</i> at least two business days prior to the payment date. A receivable in the amount of the payment will be established. Once you are notified that the receivable has been established, sign in to your myCalPERS account and submit payment via Electronic Funds Transfer (EFT).
<b>Wire</b>	ABA#0260-0959-3  Bank of America Sacramento Main 555 Capitol Mall, Suite 1555 Sacramento, CA 95814  For credit to State of CA, CalPERS Account # 01482-80005  E-mail <i>FCSD_public_agency_wires@calpers.ca.gov</i> and your actuary on the day of the wire to ensure timely crediting to your account. <b>Any individual wire totaling over \$5,000,000 requires 72-hour notice.</b>

Employer Name: CARMEL AREA WASTEWATER DISTRICT  
CalPERS ID: 7018407272  
Member Group or Plan: MISCELLANEOUS PLAN  
Rate Plan ID: 5923

Amount: **\$ 725,000**

Purpose:	Pay Down Unfunded Liability
Base(s) to which payment is applied:	Fresh Start 06/30/2015, Investment (Gain)/Loss 06/30/2016, Non-Investment (Gain)/Loss 06/30/2016, Assumption Change 06/30/2016, Investment (Gain)/Loss 06/30/2017, Non-Investment (Gain)/Loss 06/30/2017, Assumption Change 06/30/2017, Investment (Gain)/Loss 06/30/2018, Non-Investment (Gain)/Loss 06/30/2018, Assumption Change 06/30/2018, Method Change 06/30/2018 and Investment (Gain)/Loss 06/30/2019

In recognition of our payment please revise our required employer contribution effective July 1, 2021:

Name and Title: (Please Print): \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone Number: \_\_\_\_\_ Fax Number: \_\_\_\_\_

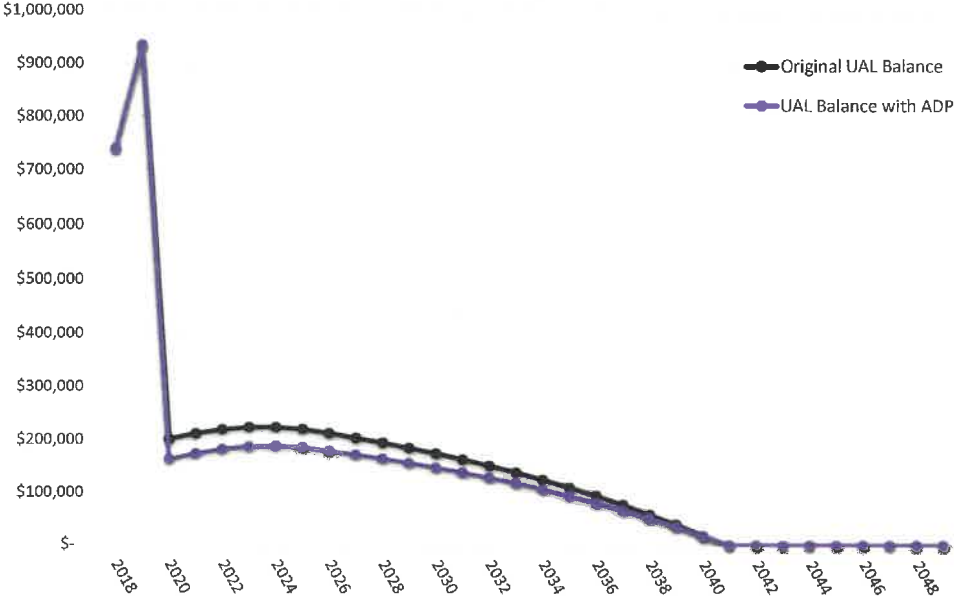
**E-mail Address:**

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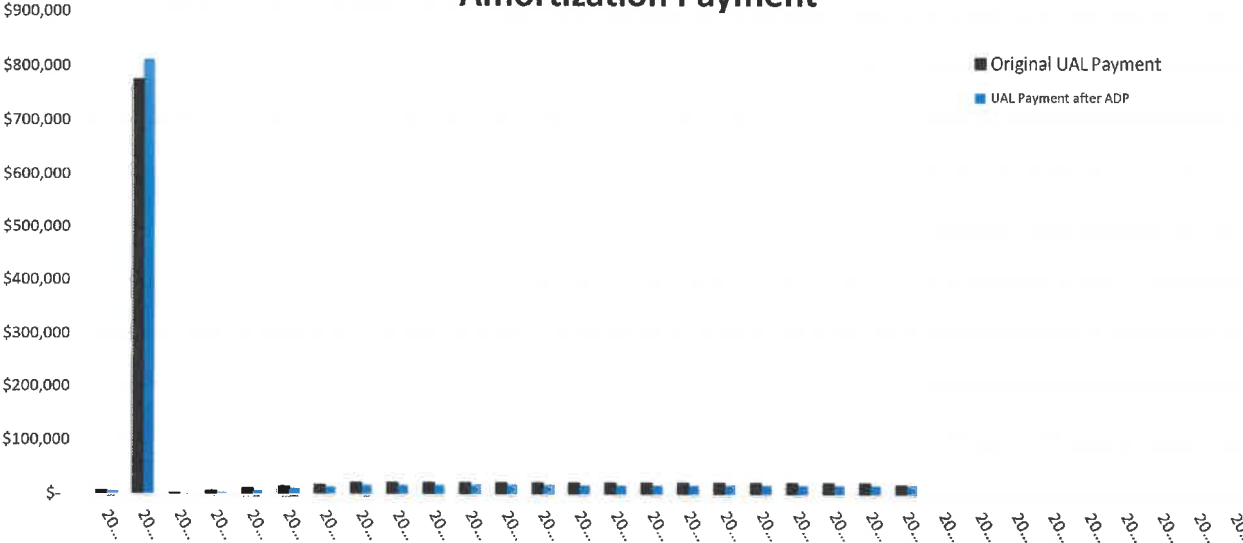




### Amortization Balance

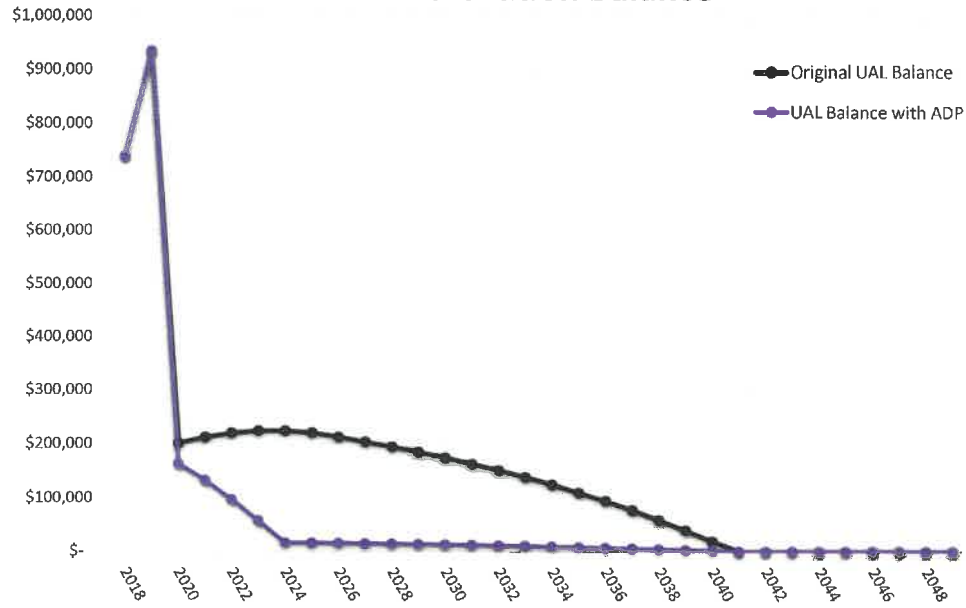


### Amortization Payment



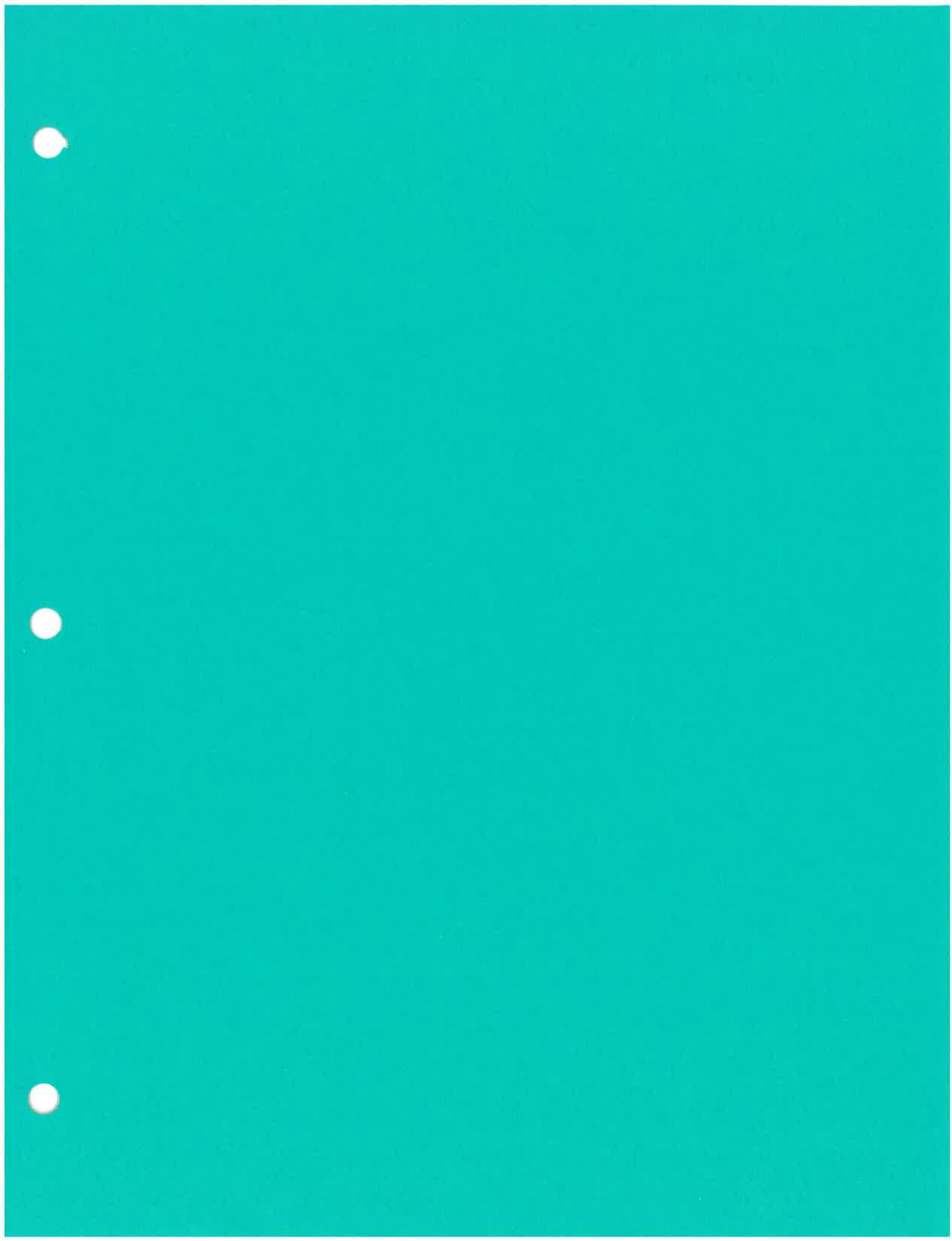


### Amortization Balance



### Amortization Payment







California Public Employees' Retirement System  
 Actuarial Office

400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744  
 888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | [www.calpers.ca.gov](http://www.calpers.ca.gov)

July 2020

**PEPRA Miscellaneous Plan of the Carmel Area Wastewater District  
 (CalPERS ID: 7018407272)  
 Annual Valuation Report as of June 30, 2019**

Dear Employer,

Attached to this letter, you will find the June 30, 2019 actuarial valuation report of your CalPERS pension plan. **Provided in this report is the determination of the minimum required employer contributions for fiscal year 2021-22.** In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2019.

Section 2 can be found on the CalPERS website ([www.calpers.ca.gov](http://www.calpers.ca.gov)). From the home page, go to "Forms & Publications" and select "View All". In the search box, enter "Risk Pool" and from the results list download the Miscellaneous or Safety Risk Pool Actuarial Valuation Report as appropriate.

Your June 30, 2019 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your assigned CalPERS staff actuary, whose signature appears in the Actuarial Certification section on page 1, is available to discuss the report with you after August 1, 2020.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution rates as needed. This valuation is based on an investment return assumption of 7.0% which was adopted by the board in December 2016. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017.

**Required Contribution**

The exhibit below displays the minimum employer contributions, before any cost sharing, for fiscal year 2021-22 along with estimates of the required contributions for fiscal year 2022-23. Member contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. **The employer contributions in this report do not reflect any cost sharing arrangements you may have with your employees.**

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability	PEPRA Employee Rate
2021-22	7.59%	\$5,531	6.75%
<i>Projected Results</i>			
2022-23	7.6%	\$5,700	TBD

The actual investment return for fiscal year 2019-20 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 7.00%. ***To the extent the actual investment return for fiscal year 2019-20 differs from 7.00%, the actual contribution requirements for fiscal year 2022-23 will differ from those shown above.*** For additional details regarding the assumptions and methods used for these projections please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section. This section also contains projected required contributions through fiscal year 2026-27.

#### **Changes from Previous Year's Valuation**

The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a 5-year ramp-up and ramp-down on Unfunded Accrued Liability (UAL) bases attributable to assumption and method changes and non-investment gains/losses. The new policy does not utilize a 5-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A, "Actuarial Methods and Assumptions." The effects of the changes on the required contributions are included in the "Reconciliation of Required Employer Contributions" section.

#### **Questions**

We understand that you might have some questions about these results. While we are very interested in discussing these results with your agency, in the interest of allowing us to give every public agency their results, we ask that you wait until after August 1, 2020 to contact us with actuarial questions. If you have other questions, you may call the Customer Contact Center at (888)-CalPERS or **(888-225-7377)**.

Sincerely,

SCOTT TERANDO  
Chief Actuary



**California Public Employees' Retirement System  
Actuarial Office**

400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744  
**888 CalPERS** (or 888-225-7377) | TTY: (877) 249-7442 | [www.calpers.ca.gov](http://www.calpers.ca.gov)

August 12, 2020

CalPERS ID: 7018407272  
 Employer Name: CARMEL AREA WASTEWATER DISTRICT  
 Rate Plan: PEPRA MISCELLANEOUS PLAN [26996]

Re: Lump Sum Payment to reduce the Unfunded Accrued Liability

Dear Requestor:

As requested, information on the fiscal year 2021-22 employer contribution requirement following your lump sum payment is shown below.

**If you are aware of others interested in this information (i.e. payroll staff, county court employees, port districts, etc.), please inform them.**

The information is based on the most recent annual valuation and assumes payment by *August 12, 2020* and no further contractual or financing changes taking effect before June 30, 2021. The Unfunded Accrued Liability (UAL) will be reduced or eliminated by a lump sum payment in the amount of **\$56,674**. The payment will be applied to the Fresh Start 06/30/2018, Non-Investment (Gain)/Loss 06/30/2019 and Investment (Gain)/Loss 06/30/2019 base(s).

**There will be no change to your FY 2020-21 contributions.**

Valuation as of June 30, 2019	Pre-Payment	Post-Payment
Projected 6/30/2021 Total Unfunded Liability	\$ 60,509	
Payment on August 12, 2020	\$ 56,674	
<b>Revised 6/30/2021 Total Unfunded Liability</b>		<b>\$ 352</b>
<b>FY 2021-22 Employer Contributions</b>		
Base Total Normal Cost for Formula	14.34%	14.34%
Surcharges for Class 1 Benefit		
None	0.00%	0.00%
Phase out of Normal Cost Difference	0.00%	0.00%
Plan's Total Normal Cost	14.34%	14.34%
Formula's Expected Employee Contribution Rate	<u>6.75%</u>	<u>6.75%</u>
Employer Normal Cost Rate	7.59%	7.59%
Payment on Fresh Start 06/30/2018	\$ 5,252	\$ 0
Payment on Investment (Gain)/Loss 06/30/2019	\$ 60	\$ 0
Payment on Non-Investment (Gain)/Loss 06/30/2019	<u>\$ 219</u>	<u>\$ 32</u>
Employer Unfunded Liability Payment	\$ 5,531	\$ 32

The attached schedule of the plan's amortization bases includes the additional discretionary payment(s) listed above.



Required Employer Contribution	Fiscal Year
	2021-22
<b>Employer Normal Cost Rate</b>	<b>7.59%</b>
<i>Plus Either</i>	
<b>1) Monthly Employer Dollar UAL Payment</b>	<b>\$ 2.67</b>
<i>Or</i>	
<b>2) Annual UAL Prepayment Option*</b>	<b>\$ 31</b>

*The total minimum required employer contribution is the **sum** of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) **plus** the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars).*

*\* Only the UAL portion of the employer contribution can be prepaid (**which must be received in full no later than July 31**). Any prepayment totaling over \$5 million requires a 72-hour notice email to [FCSD\\_public\\_agency\\_wires@calpers.ca.gov](mailto:FCSD_public_agency_wires@calpers.ca.gov). Plan Normal Cost contributions will be made as part of the payroll reporting process. If there is contractual cost sharing or other change, this amount will change.*

*In accordance with Sections 20537 and 20572 of the Public Employees' Retirement Law, if a contracting agency fails to remit the required contributions when due, interest and penalties may apply.*

To initiate this payment, the enclosed Lump Sum Payment Request must be completed and returned to the CalPERS Fiscal Services Division with payment by Electronic Funds Transfer (EFT) or wire transfer by August 12, 2020. A copy should be sent to us.

If you have questions, please call (888) CalPERS (225-7377).



ALEX GRUNDER, ASA, MAAA  
Associate Pension Actuary, CalPERS

# Schedule of Amortization Bases

Reason for Base	Date Established	Ramp Up/Down 2021-22	Escalation Rate	Amortization Period	Balance 6/30/19	Expected Payment 2019-20	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Scheduled Payment for 2021-22
FRESH START	06/30/18	No Ramp	2.75%	14	\$48,937	\$(4,168)	\$56,674	\$58,624	\$0	\$0
NON-INVESTMENT (GAIN)/LOSS	06/30/19	No Ramp	0.00%	20	\$2,098	\$0	\$2,245	\$1,982	\$352	\$32
INVESTMENT (GAIN)/LOSS	06/30/19	20%	0.00%	20	\$2,406	\$0	\$2,574	\$2,662	\$0	\$0
<b>TOTAL</b>					<b>\$53,441</b>	<b>\$(4,168)</b>	<b>\$61,493</b>	<b>\$63,268</b>	<b>\$352</b>	<b>\$32</b>

This schedule assumes an additional discretionary payment is made in the amount and by the date stated on page 1 of this letter.



# LUMP SUM PAYMENT REQUEST

**Please complete and return this form by either mail or e-mail.**

<b>Mail</b>	CalPERS – FRAS Cash and Payments Processing Unit P.O. Box 942703 Sacramento, CA 94229-2703
<b>E-mail</b>	FCSA_public_agency_wires@calpers.ca.gov

**Payment may be made by EFT through myCalPERS or wire transfer.**

<b>EFT through myCalPERS</b>	E-mail <i>FCSA_public_agency_wires@calpers.ca.gov</i> at least two business days prior to the payment date. A receivable in the amount of the payment will be established. Once you are notified that the receivable has been established, sign in to your myCalPERS account and submit payment via Electronic Funds Transfer (EFT).
<b>Wire</b>	ABA#0260-0959-3  Bank of America Sacramento Main 555 Capitol Mall, Suite 1555 Sacramento, CA 95814  For credit to State of CA, CalPERS Account # 01482-80005  E-mail <i>FCSA_public_agency_wires@calpers.ca.gov</i> and your actuary on the day of the wire to ensure timely crediting to your account. <b>Any individual wire totaling over \$5,000,000 requires 72-hour notice.</b>

Employer Name: CARMEL AREA WASTEWATER DISTRICT  
CalPERS ID: 7018407272  
Member Group or Plan: PEPRA MISCELLANEOUS PLAN  
Rate Plan ID: 26996

Amount: **\$ 56,674**

Purpose:	Pay Down Unfunded Liability
Base(s) to which payment is applied:	Fresh Start 06/30/2018, Non-Investment (Gain)/Loss 06/30/2019 and Investment (Gain)/Loss 06/30/2019

In recognition of our payment please revise our required employer contribution effective July 1, 2021:

Name and Title: (Please Print): \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

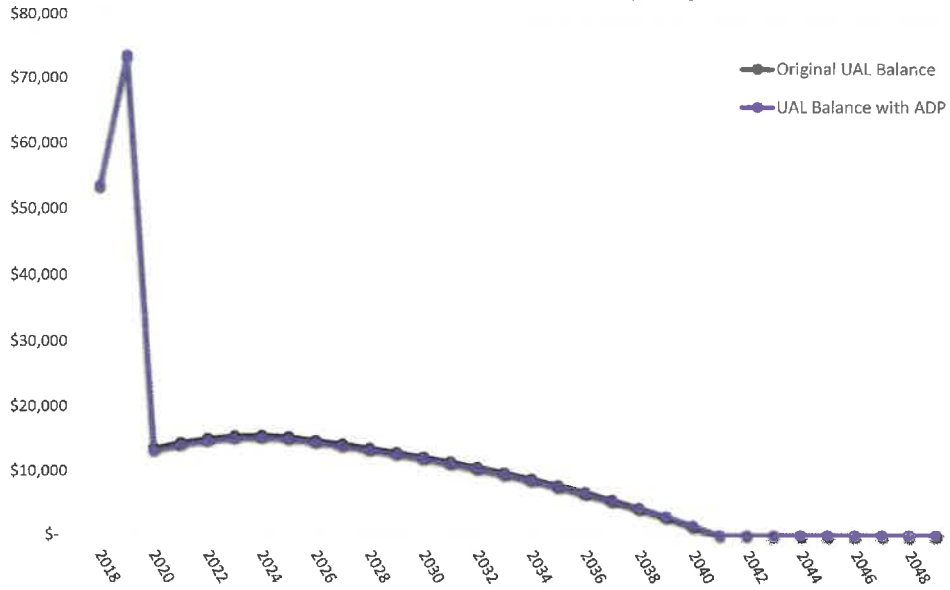
City/State/Zip: \_\_\_\_\_

Telephone Number: \_\_\_\_\_ Fax Number: \_\_\_\_\_

**E-mail Address:** \_\_\_\_\_



### Amortization Balance

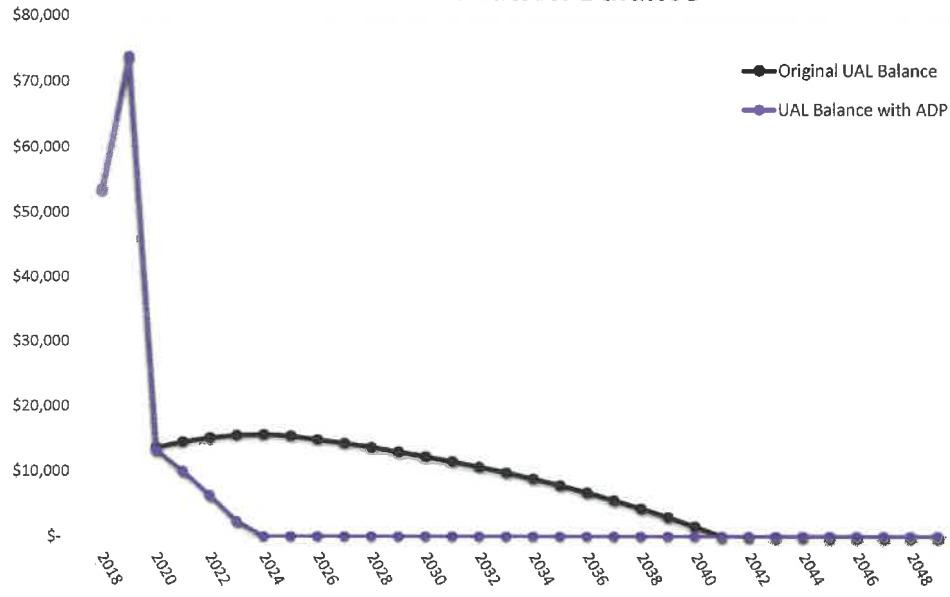


### Amortization Payment





### Amortization Balance



### Amortization Payment







## D. Review of Section 115 Trust

### **RFP Results and Recommendation**

- Section 115 RFP Summary Results

### **Section 115 Trust Funding Strategy (Notes format)**

- Looking long-term, what changes in pension costs should we anticipate?
  - CalPERS has lowered the discount rate from 7.5% to 7.0% with a 3 year phase in (in effect as of FY 2020-21)
  - Shortened amortization period – effective 21-22 fiscal contributions new actuarial liabilities are amortized over 20 years instead of 30, increasing required annual employer contributions
  - Anticipate CalPERS will experience losses again in current fiscal year.
- Since pension costs are the second largest cost element of compensation, how are we preparing or what tools are we using for the expected increase in UAL amortization payments?
  - FY 2020 as the New Normal
    - What if CalPERS continues to get a 4.7% rate of return?
    - What if CalPERS lowers discount rate to 5%?
- How should we go about developing a pension funding policy?
  - Model pension scenarios
  - Present to Board options and draft policy
    - Pension Funding Policy Elements
      - Funding Goal
      - Allowable Uses of Funding
      - Timeframe
      - Service Delivery Outcomes
      - Funding Components
      - Fiscal Impacts
  - Board adopts funding policy
  - Implement policy
- What are CAWD's strategies for Additional Discretionary Payments
  - Send additional contributions in excess of annual required contribution to pension system
  - Fund a Section 115 retirement trust

- Achieve better/more stable investment returns. Allows for diversified investing that may result in better returns than the General fund and more stable returns than retirement system
  - Asset can be used as an emergency source of funds for pension related costs under adverse economic or other conditions
  - Funds are protected from diversion for other uses and pressure to use funds in other ways is curtailed
  - When contribution rates rise, assets can be transferred to the retirement system to pay or offset contribution rate increases.
- Set up a budget reserve account

<b>Budget Reserve Account</b>	<b>Trust Account</b>
Investments not tailored for long term	Can be tailored for short or long term
Revocable	Irrevocable (for non-pension expenses)
Can be accessed for other uses	Detailed solely for pension costs
Unprotected from creditors	Exclusive benefit/protected from creditors
Nor corporate trustee	Corporate trustee to mitigate fiduciary risk

- How to structure an investment portfolio within a Section 115 Trust

	<b>Equity</b>	<b>Fixed Income</b>	<b>Cash</b>
Conservative	5-20%	60-95%	0-20%
Moderately Conservative	20-40%	50-80%	0-20%
Moderate	40-60%	40-60%	0-20%
Balanced	50-70%	30-50%	0-20%
Capital Appreciation	65-85%	10-30%	0-20%

CalPERS Strategy 1 → Moderate/Moderately Conservative

CalPERS Strategy 2 → Moderately Conservative/Conservative

Recommendation:

Initial funding \$500K

Each year thereafter the Pension Committee should make a recommendation for the Budget Committee to implement

Initial investment should be 70/30 in CalPERS Strategy 1/CalPERS Strategy 2

**Section 115 RFP - Results**

RFP Specifications:	Qualifications 40%	Fees/Charges 30%	Reputation 20%	Timeliness 10%	Total Points	Fee Basis Points
CalPERS	40	30	20	10	100	25
Keenan Financial Services	40	25	20	10	90	30
PARS	40	25	20	10	90	55
Public Financial Management (PFM)		~No Response~				
Sage View Advisory Group		~No Response~				

# Sample Funding Policies- Special Districts

---

- |           |  |                               |
|-----------|--|-------------------------------|
| <b>1.</b> | Contribute \$1 million towards the establishment of the Trust (with an additional \$5 million over a 6-month period) using Reserve Funds originally set aside to address the District's PERS unfunded pension liability. | <b>Conejo Rec &amp; Park</b>  |
| <b>2.</b> | Appropriate \$1.2 million towards establishing the 115 Trust, all from additional revenue received through assisting with state and federal fire assignments.  | <b>Montecito Fire</b>         |
| <b>3.</b> | Contribute an initial discretionary amount to the Trust from unencumbered cash in the Operating Fund. In future years, contribute amounts up to the PERS Annual Required Contribution (ARC) established each year.       | <b>Novato Sanitary</b>        |
| <b>4.</b> | Move District Policy Reserve funds from low-return investments at the County to the 115 Trust, with the goal of achieving higher long-term returns on investment through a diversified investment portfolio.             | <b>Sweetwater Springs WD</b>  |
| <b>5.</b> | Transfer \$3.5 Million from the Employee Benefits Fund to establish the Trust, \$2 million of which is included in the annual budget, plus an additional \$1.5 million available for one-time spending.                  | <b>East Bay Regional Park</b> |