

**Finance Directors Committee
January 25, 2018
Summary Minutes**

Item 4.A

1. CALL TO ORDER

The meeting of the Finance Directors Committee was called to order at 1:04 p.m. by Ernie Reyna at WRCOG's office, Citrus Room.

2. SELF INTRODUCTIONS

Members present:

Melana Taylor, City of Beaumont
Terry Shea, City of Canyon Lake
Patricia Song, City of Corona
Wendy Preece, City of Menifee
Marshall Eyerman, City of Moreno Valley
Lisette Free, City of Norco
Dr. Stephen Ajobiewe, City of Perris
Edward Enriquez, City of Riverside
Thomas Prill, City of San Jacinto
James Riley, City of Wildomar (1:31 p.m. arrival)
Charles Turner, Eastern Municipal Water District
Kevin Mascaro, Western Municipal Water District
Matthew Schenk, March Joint Powers Authority
Teresa Hyden, Riverside County Office of Education

Staff present:

Ernie Reyna, Chief Financial Officer
Andrew Ruiz, Program Manager
Suzy Nelson, Administrative Assistant
Andrea Howard, Senior Analyst
Jennifer Ward, Director of Government Relations
Daniel Ramirez-Cornejo, Senior Analyst
Christopher Tzeng, Program Manager

Guests present:

Rachael Sanders, PARS
Maureen Toal, PARS
Rony Berdugo, League of Cities

3. PUBLIC COMMENTS

There were no public comments.

4. MINUTES – *(March JPA / Menifee) 13 yes; 0 no; 0 abstention. Item 4.A was approved by a unanimous vote of those members present. The Cities of Banning, Calimesa, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Murrieta, Temecula, and the Morongo Band of Mission Indians were not present.*

A. Summary Minutes from the October 26, 2017, Finance Directors Committee Meeting are Available for Consideration.

Action: 1. *Approved the Summary Minutes from the October 26, 2017, Finance Directors Committee meeting.*

5. CONSENT CALENDAR – *(Moreno Valley / Canyon Lake) 13 yes; 0 no; 0 abstention. Item 5.A was approved by a unanimous vote of those members present. The Cities of Banning, Calimesa, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Murrieta, Temecula, and the Morongo Band of Mission Indians were not present.*

A. Financial Department Activities Update

Action: 1. *Received and filed.*

6. REPORTS / DISCUSSION

A. 2nd Quarter Draft Budget Amendment for Fiscal Year 2017/2018

Andrew Ruiz, WRCOG Program Manager, reported on the status of the 2nd Quarter Draft Budget Amendment for the Fiscal Year 2017/2018. Mr. Ruiz went into each department and noted various expenditure line items that are to be amended.

Andrew explained that for each line item increased, there would be a corresponding decrease in another expenditure and that, overall, there would be a no net increase to the 2nd quarter's budget amendment.

Action: 1. *Recommended that the Executive Committee approve the 2nd Quarter draft Budget Amendment for Fiscal Year 2017/2018.*

(Moreno Valley / Canyon Lake) 13 yes; 0 no; 0 abstention. Item 6.A was approved by a unanimous vote of those members present. The Cities of Banning, Calimesa, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Murrieta, Temecula, and the Morongo Band of Mission Indians were not present.

B. Pension Rate Stabilization Program

Rachael Sanders of Public Agency Retirement Services (PARS) gave an overview of their Pension Rate Stabilization Program. Ms. Sanders explained that previously, the only way to reduce your agency's unfunded liability was to send additional contributions to your pension system such as CalPERS.

Rachael explained that there is new alternative to help reduce your pension liability, which is to set up a separate Section 115 Trust account which would grow interest and is tax exempt. PARS is able to assist jurisdictions in setting up that Section 115 Trust accounts.

Rachael stated that more than 120 California agencies have adopted the 115 Trust program as of January 25, 2018, with many more entities considering adoption. She went into why you should prefund into the 115 Trust and the benefits behind the program. Some of the bonuses behind prefunding pensions was that the city has complete control over contributions and disbursements, timing, amount, and the risk tolerance level. Assets can be transferred to retirement system plan at the City's direction, which can reduce or eliminate large fluctuations in employer contributions to the retirement system.

Ms. Sanders went into examples of other cities that have adopted the program and how they were able to start up the trust.

Terry Shea was wondering how they would invest, if it was over a year, 6 months, or right away. Rachael responded that it was up to the investor to pick the level of risk that they would want to take.

Action: 1. *Received and filed.*

C. Senate Bill (SB) 1 Update

Rony Berdugo of the League of California Cities reported on SB 1 and provided the most recent information available. Mr. Burdgo explained that California is in need of major road repair due to failing infrastructure and weather conditions, which led to the creation of Senate Bill 1.

Rony stated that there is \$70 billion in unmet funding needs and there will be a \$20 billion shortfall of road needs after 10 years. Cities will begin to see SB 1 monies trickle in this fiscal year (FY) 2017/2018, but only partial amounts. Cities will receive full funding beginning next FY 2018/2019.

Action: 1. *Received and filed.*

7. REPORT FROM THE CHIEF FINANCIAL OFFICER

Ernie Reyna, WRCOG's Chief Financial Officer, indicated conference spaces are available at WRCOG's new offices for Member Agencies should they need to use for future meetings.

8. ITEMS FOR FUTURE AGENDAS

The Finance Directors Committee expressed an interest in hearing a presentation on the topics of cannabis and housing. In addition, WRCOG staff will be bringing forward the draft budget for Fiscal Year 2018/2019.

9. GENERAL ANNOUNCEMENTS

Ernie Reyna announced that the next quarterly meeting of the Finance Directors Committee will be held at 3390 University Avenue, Suite 450, in Riverside. This will be the location of WRCOG's new offices.

10. NEXT MEETING

The next Finance Directors Committee meeting is scheduled for Thursday, April 26, 2018, at 1:00 p.m., at WRCOG's office located at 3390 University Avenue, Suite 450, Riverside, CA, 92501.

11. ADJOURNMENT

The meeting of the Finance Directors Committee meeting adjourned at 1:56 p.m.