



San Mateo County
Mosquito and Vector Control District
1351 Rollins Rd
Burlingame, CA 94010
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www.smcmad.org

FINANCE COMMITTEE MEETING OF THE BOARD OF TRUSTEES
August 4, 2014

AGENDA

Finance Committee Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to participate in this meeting; or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact Rick Wykoff, Chairperson of the Finance Committee at least five working days before the meeting at (650) 344-8592. Notification in advance of the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it.

Public records that relate to any item on the open session agenda for a Finance Committee meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all Finance Committee members. The Finance Committee of the Board has designated the office of the San Mateo County Mosquito and Vector Control District, located at 1351 Rollins Road, Burlingame, for the purpose of making those public records available for inspection.

FINANCE COMMITTEE
MEETING OF THE TRUSTEES BOARD
August 4, 2014
6:00 P.M.

- 1. CALL TO ORDER.**
- 2. PLEDGE OF ALLEGIANCE.**
- 3. ROLL CALL.**
 - *Chairperson Rick Wykoff* will take roll call. _____
 - Robert Maynard, City of Brisbane _____
 - Leon Nickolas, City of Millbrae _____

- Robert Riechel, City of San Bruno _____
- Jason Seifer, County-at-Large _____
- Mason Brutschy, Town of Atherton _____
- Joe Galligan, City of Burlingame _____

4. PUBLIC COMMENTS AND ANNOUNCEMENTS.

- This time is reserved for members of the public to address the Finance Committee of the Board relative to matters of the Committee not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to five minutes per person and twenty minutes in total.

5. REGULAR AGENDA

A. OPEB Presentation by John Swedensky, Interim Chief of CalPERS Affiliate Program Services Division

B. Update on Agreed Upon Procedures (Internal Control) Review by R.J. Ricciardi, Inc.

C. Discuss temporary changes to the District’s Internal Controls in the absence of a District Manger

6. ADJOURNMENT

ACTION: Motion to adjourn.

CERTIFICATION OF POSTING AGENDA

I, **Rick Wykoff, Chairperson of the Finance Committee of the Board** for the San Mateo County Mosquito and Vector Control District (SMCMVCD), declare that the foregoing agenda for the Finance Committee Meeting for August 4, 2014 was posted and available for review July 29, 2014, at the District Headquarters of SMCMVCD, 1351 Rollins Road, Burlingame, CA, 94010.



California Employers' Retiree Benefit Trust

San Mateo County Mosquito and Vector Control
District



John Swedensky
Interim Chief, Affiliate Program
Services Division



Advantages of the CERBT

- Excellent investment management
- Financial reporting consistent with governmental accounting standards
- Simple, focused administrative procedures and processes
- Excellent customer service
- Lowest cost for services

You Control the Funding Policy

Employer decides how much to contribute

- Contributions are never required
- Employer can vary contributions based on budgetary conditions

Employer decides on asset allocation strategy

- Employer chooses one of three asset allocation strategies
- Employer may change asset allocation strategy

Employer decides to seek reimbursement

- Employer is eligible for reimbursement of annual OPEB expenses

Investment Management

- CalPERS Board accepts investment fiduciary responsibility
 - GC 53620-53622
- CalPERS Board determines investment policy, asset classes, and asset allocation strategies
- Strategies and investment transactions managed by the same skilled investment professionals that manage the Public Employees Retirement Fund (PERF)

CERBT Asset Allocation Strategies

	Strategy 1	Strategy 2	Strategy 3
Expected Long Term Rate of Return*	7.61%	7.06%	6.39%
Standard Deviation of Expected Returns	11.73%	9.46%	7.27%

All CERBT asset allocation strategies share the same public market asset classes

- Allocation strategies differ only to the extent to which they participate in each of the asset classes

* Uses Annual General Inflation Rate Assumption of 3.0%

CERBT Investment Management

Asset Classification	Investment Management	Strategy 1	Strategy 2	Strategy 3
Global Equity	Passive MSCI All Country World Index	66.0%	50.1%	31.6%
U.S. Fixed Income	Active Barclays Capital Long Liability Index	18.0%	23.9%	42.4%
Global Real Estate (REITs)	Passive FTSE EPRA/NAREIT Developed Liquid Index	8.0%	8.0%	8.0%
Treasury Inflation Protected Securities	Active Barclays Capital Global Real: US TIPS Index	5.0%	15.0%	15.0%
Commodities	Active S&P GSCI Total Return Index	3.0%	3.0%	3.0%

Choosing an Asset Allocation Strategy

- Employers asset allocation strategy choice is a financial decision. Employers are not picking investment opportunities.
- Plan conditions which might cause an employer to consider an asset allocation with lower expected return
 - OPEB liabilities are capped and NOT expected to grow
 - Super-funded plan
 - Stable asset value required to provide near term payout
 - More stable (but higher) ARC

CERBT Investment Results – Time Weighted

Periods Ended June 30, 2014

<u>Fund</u>	<u>Assets</u>	<u>1 Month</u>	<u>3 Months</u>	<u>FYTD</u>	<u>CYTD</u>	<u>3 Years</u>	<u>5 Years</u>
CERBT Strategy 1 (Inception June 1, 2007)	\$3,147,712,721	1.63%	4.80%	18.52%	6.93%	9.88%	13.95%
Benchmark		1.60%	4.74%	18.14%	6.93%	9.83%	13.69%
CERBT Strategy 2 (Inception October 1, 2011)	\$542,102,622	1.35%	4.61%	15.58%	6.91%	N/A	N/A
Benchmark		1.30%	4.56%	15.22%	6.98%	N/A	N/A
CERBT Strategy 3 (Inception January 1, 2012)	\$77,546,027	0.99%	4.36%	12.86%	7.15%	N/A	N/A
Benchmark		0.93%	4.34%	12.28%	7.21%	N/A	N/A

Time weighted return reports the performance of the investment vehicle, not of the employer assets. Returns are gross. Historical performance is not necessarily indicative of actual future investment performance or of future total program cost. Current and future performance may be lower or higher than the historical performance data reported here. Investment return and principal value may fluctuate so that your investment, when redeemed, may be worth more or less than the original cost. The value of an employer's CERBT fund shares will go up and down based on the performance of the underlying funds in which the assets are invested. The value of the underlying funds' assets will, in turn, fluctuate based on the performance and other factors generally affecting the securities market.

Simple, Focused Administration - Contracting

Governing Body	Actuary	Agency
Two signed copies of Agreement	Actuarial Valuation	Certification of Funding Policy and GASB Reporting Compliance
Delegation of Authority to Request Disbursements	Summary of Actuarial Information	
	Certification of Actuarial Information	

Simple, Focused Administration - Contracting (cont.)

Task	Duration
CalPERS reviews and accepts contract documents and actuarial valuation report	About 10 days
To make earliest initial contribution	Immediately after CalPERS contract acceptance

Simple, Focused Administration - Transactions

Contributions

- OPEB contributions are NEVER required
 - No minimum contribution
- Methods include check, wire, ACH

Disbursements

- Simple request form
- Sent out monthly

Simple, Focused Administration - Statements

- Quarterly statements
 - Available online ~2 weeks post quarter close (except Q4)
 - Email reminders will be sent once statements published
- Annual statements
 - Available online ~6 weeks post fiscal year close
 - Email reminders will be sent once statements published
 - Initial statement unaudited
 - Audit confirmation provided on Q2 statement

Simple Administration - Online Recordkeeping

- Employers can view and download
 - Asset Balances
 - Transaction Records
 - Quarterly/Annual Statements
- Data as of market close the previous business day
- Access to key CERBT forms

GASB Compliant Reporting

- Three governmental OPEB accounting standards
 - GASB Statements No. 43, 45, 57
- Employer's "plan" must report under GASB Statement No. 43
 - Unlike most OPEB trusts, CERBT provides compliant reporting for employers

Total Service Cost

- Currently costs are being charged at an annual rate of 13 basis points of assets under management
 - CERBT does not profit from its services
 - Rate can be changed without prior notice and may be higher or lower in the future
- Measuring and reporting of cost
 - Statements
 - Daily balance transactions

CERBT Contracting Employers

430 Total

- State of California
- 107 Cities or Towns
- 13 Counties
- 35 Schools, Districts, Offices of Education
- 18 Superior Courts
- 256 Special Districts and other Public Agencies
 - (75 Water, 32 Sanitation, 27 Fire, 21 Transportation)

CERBT Contracting Mosquito Districts

- Antelope Valley Mosquito and Vector Control District
- Coachella Valley Mosquito and Vector Control District
- Compton Creek Mosquito Abatement District
- Delta Vector Control District
- Greater Los Angeles County Vector Control District
- Los Angeles County West Vector Control District
- Mosquito and Vector Management District of Santa Barbara County
- Napa County Mosquito Abatement District
- Placer Mosquito and Vector Control District
- Sacramento-Yolo Mosquito and Vector Control District
- San Gabriel Valley Mosquito & Vector Control District
- San Joaquin County Mosquito and Vector Control District
- Shasta Mosquito and Vector Control District
- Solano County Mosquito Abatement District
- Turlock Mosquito Abatement District

Questions? Where to get Information?



- John Swedensky
 - (916) 795-0835 desk
 - (916) 715-7960 mobile
 - john.swedensky@calpers.ca.gov
- E-mail
 - CERBT4U@calpers.ca.gov
 - All administrative needs
 - CERBTACCOUNT@calpers.ca.gov
 - Online record keeping needs
- CERBT Website
 - www.calpers.ca.gov/cerbt