

**AUBURN AREA RECREATION AND PARK DISTRICT
MEETING OF THE STANDING FINANCE COMMITTEE AGENDA
TUESDAY, NOVEMBER 10, 2020, 2:00 PM**

Materials related to an item on this Agenda submitted to the District after distribution of the agenda packet are available for public inspection by contacting the District Administrator at kmuscott@auburnrec.com or by calling (530) 537-2186 (M-F).

Due to the current COVID-19 crisis, the public will not be allowed to physically attend the meeting. The public may participate in the meeting through Zoom. The link for this meeting is <https://zoom.us/j/96325177364>. The public can use this link and/or call **1 669 900 6833** Webinar ID: 963 2517 7364 to participate.

People using the Zoom website will be able to see and hear the Committee, and the Committee will be able to hear the public. The Committee will not receive any visual/video from the public. This is done to avoid inappropriate visual content at the meeting.

Questions and comments can be sent via email to the District Administrator no later than one hour before the meeting. These emails will be read aloud at the meeting and responded to accordingly. Emails can be sent during the meeting, and staff will work to ensure that all are read, however the best way to have your comment heard is through the Zoom meeting or the associated phone number.

If you are a person with a disability and need an accommodation to participate in the District's programs, services, activities and meetings, contact Kahl Muscott at (530) 537-2186 or kmuscott@auburnrec.com at least 48 hours in advance to request an auxiliary aid or accommodation.

1.0 CALL TO ORDER

Ainsleigh ____ Lynch ____

2.0 AGENDA REVIEW, CHANGES, AND APPROVAL

3.0 PUBLIC COMMENT – This is the time wherein any person may comment on any item not on the agenda within the subject matter jurisdiction of the Committee Chairperson, please state your name and address for the record (optional). There is a time limitation of three minutes.

4.0 BUSINESS

**4.1 Approval of Minutes from October 21, 2020 Standing Finance Meeting
(Pages 3 – 5)**

Recommendation: Review and approve minutes.

4.2 Review of Cash Requirements for October, 2020 (Pages 6 – 8)

Recommendation: Review and approve cash requirements for October, 2020, forward to the consent calendar for review and approval.

4.3 UAL CalPERS Pension Prefunding (Pages 9 – 17)

Shall the Auburn Area Recreation and Park District (ARD) prefund to pay down the future CalPERS liability?

4.4 Discussion Items:

1. Consideration of Additional Staffing for the Facilities and Grounds Department - Shall the Auburn Area Recreation and Park District (ARD) consider allocating additional funding for extra staffing for the Facilities and Grounds Department? (Pages 18 – 19)
2. County Mitigation Fund, current balance \$792,000.

5.0 ITEMS TO BE CONSIDERED AT FUTURE STANDING FINANCE MEETINGS

6.0 PENDING ITEMS REQUIRING MORE DETAILED RESEARCH

ADJOURNMENT

AUBURN AREA RECREATION AND PARK DISTRICT
This agenda is hereby certified to have been posted as follows:

11-6-20
Date

11:35 Am.
Time

P. Larson
Secretary to the Board

SECTION: 4.0

**ITEM: 4.1 APPROVAL OF MINUTES FROM OCTOBER 21,
2020 STANDING FINANCE MEETING**

DESCRIPTION: SEE ATTACHED MINUTES

INFORMATION:

**STAFF
RECOMMENDATION: REVIEW AND APPROVE**

FISCAL IMPACT:

**Auburn Area Recreation and Park District
Minutes
Meeting of the Standing Finance Committee
Wednesday, October 21, 2020 at 11:30 AM
Canyon View Community Center, Board Room
471 Maidu Drive
Auburn, California 95603**

1.0 CALL TO ORDER

The meeting of the Standing Finance Committee was called to order at 11:30 a.m.

ROLL CALL

Directors Ainsleigh and Lynch were present.

2.0 AGENDA REVIEW, CHANGES AND APPROVAL

The agenda was approved by the Committee.

3.0 PUBLIC COMMENT- This is the time wherein any person may comment on any item not on the agenda within the subject matter jurisdiction of the Committee. After you are recognized by the Committee Chairperson, please state your name and address for the record (optional). There is a time limitation of three minutes.

None.

4.0 BUSINESS

4.1 Approval of Minutes from the September 16, 2020 Standing Finance Meeting

Directors Ainsleigh and Lynch reviewed and approved the Minutes from the September 16, 2020 Standing Finance Meeting.

4.2 Discussion Item: A review of the projects and improvements that are currently part of the proposed Energy Savings Performance Contract with Centrica (formerly SmatWatt Energy, Inc.)

Brooklyn Stewart of Centrica gave a preview of what he will present to the Board of Directors at the October 2020 Board Meeting. New information was attached for the Finance Committee to review.

4.3 Review of Cash Requirements for September, 2020

Directors Ainsleigh and Lynch reviewed and approved the cash requirements for September 2020 and forwarded them to the consent calendar for review and approval.

4.4 Review of Financials for September, 2020

Directors Ainsleigh and Lynch reviewed and approved the financials for September 2020 and forwarded them to the consent calendar for review and approval.

4.5 Mid-Year Update of Obsolescence List

Directors Ainsleigh and Lynch reviewed and approved the Mid-Year Update of the Obsolescence List and forwarded it to the Board of Directors for review and approval.

4.6 Resolution Number 2020-29: Final Budget Revision for Mid-Year 2020/2021

Directors Ainsleigh and Lynch reviewed and approved Resolution Number 2020-29: Final Budget Revision for Mid-Year 2020/2021 and forwarded it to the Board of Directors for review and adoption.

4.7 Appropriation/GANN Limits

Directors Ainsleigh and Lynch reviewed and approved Resolution Number 2020-30: A Resolution of the Governing Board of Directors of the Auburn Area Recreation and Park District Adopting the Fiscal Year 2020/2021 GANN Appropriation Limit and forwarded it to the consent calendar for review and adoption by the Board of Directors.

4.8 UAL CalPERS Pension Prefunding

Directors Ainsleigh and Lynch gave consensus to postpone this item to the November 2020 Standing Finance Meeting for consideration.

4.9 Discussion items:

1. Five-Year History of Volunteer and Work Release Hours – see attachment – this item was reviewed by the Standing Finance Committee and forwarded to the Board of Directors as an informational item.
2. Proposed Board and Committee Meeting Schedule for November and December, 2020 – this item was reviewed by the Standing Finance Committee.
3. County Mitigation Fund, current balance \$792,000.

5.0 ITEMS TO BE CONSIDERED AT FUTURE STANDING FINANCE MEETINGS

None.

6.0 PENDING ITEMS REQUIRING MORE DETAILED RESEARCH

None.

ADJOURNED

As there was no further business, the meeting was adjourned at 12:30 p.m.

Board Secretary

Date

SECTION: 4.0

**ITEM: 4.2 REVIEW OF CASH REQUIREMENTS FOR
OCTOBER, 2020**

DESCRIPTION: SEE ATTACHMENT

INFORMATION:

STAFF

**RECOMMENDATION: REVIEW AND APPROVE, FORWARD TO THE
BOARD OF DIRECTORS FOR REVIEW AND
APPROVAL**

**SEE ATTACHED LISTING
OF EXPENSES: \$89,774.48**

Ranges:	From:	To:	From:	To:
Check Number	First	Last	10/1/2020	10/31/2020
Vendor ID	First	Last	Check Date	Checkbook ID
Vendor Name	First	Last	10/1/2020	COMM 1ST
				COMM 1ST

Sorted By: Check Number

* Voided Checks

Check Number	Vendor ID	Vendor Check Name	Check Date	Checkbook ID	Audit Trail Code	Amount
20840	A0170	AT&T Acct 088-034-5818-655	10/2/2020	COMM 1ST	PMCHK00002690	\$90.95
20841	S1007	Stationary Engineers, Local 39	10/2/2020	COMM 1ST	PMCHK00002690	\$460.40
20842	U0033	United States Treasury	10/2/2020	COMM 1ST	PMCHK00002690	\$75.00
20844	U0019	US Bank	10/9/2020	COMM 1ST	PMCHK00002691	\$6,057.81
20846	1099-271	Kelpro Security	10/9/2020	COMM 1ST	PMCHK00002692	\$2,250.00
20847	1099-313	Alison Lloyd	10/9/2020	COMM 1ST	PMCHK00002692	\$312.00
20848	A0014	AT&T	10/9/2020	COMM 1ST	PMCHK00002692	\$313.54
20849	A0051	Anderson's Sierra Pipe Co.	10/9/2020	COMM 1ST	PMCHK00002692	\$405.18
20850	A0134	Advanced Intregrated Pest Mana	10/9/2020	COMM 1ST	PMCHK00002692	\$717.00
20851	A1010	Advantage Martketing and Print	10/9/2020	COMM 1ST	PMCHK00002692	\$319.61
20852	B0069	Bidwell Water	10/9/2020	COMM 1ST	PMCHK00002692	\$247.50
20853	C0061	California Computer Services	10/9/2020	COMM 1ST	PMCHK00002692	\$2,352.00
20854	C0072	CIT Technology Fin. Serv., Inc	10/9/2020	COMM 1ST	PMCHK00002692	\$470.75
20855	C0094	Curt Schlenker	10/9/2020	COMM 1ST	PMCHK00002692	\$500.00
20856	D0015	Department of Social Services	10/9/2020	COMM 1ST	PMCHK00002692	\$242.00
20857	D0025	Dawson Oil Company	10/9/2020	COMM 1ST	PMCHK00002692	\$3,076.08
20858	E0008	Ewing Irrigation Products, Inc	10/9/2020	COMM 1ST	PMCHK00002692	\$121.08
20859	G0021	Veona Galbraith	10/9/2020	COMM 1ST	PMCHK00002692	\$27.03
20860	H0002	Harris Industrial Gases	10/9/2020	COMM 1ST	PMCHK00002692	\$90.00
20861	H0062	Home Depot Pro	10/9/2020	COMM 1ST	PMCHK00002692	\$51.09
20862	M0078	Mark Marterne	10/9/2020	COMM 1ST	PMCHK00002692	\$600.00
20863	M0098	Meadow Vista County Water Dist	10/9/2020	COMM 1ST	PMCHK00002692	\$2,656.88
20864	M0099	George Eric Menig	10/9/2020	COMM 1ST	PMCHK00002692	\$5,375.00
20865	N0048	Normac, Inc.	10/9/2020	COMM 1ST	PMCHK00002692	\$897.91
20866	P0007	Pacific Gas & Electric Company	10/9/2020	COMM 1ST	PMCHK00002692	\$650.12
20867	P0023	PG&E	10/9/2020	COMM 1ST	PMCHK00002692	\$88.53
20868	S0009	Sierra Saw Sales And Service	10/9/2020	COMM 1ST	PMCHK00002692	\$436.60
20869	S0094	Manouch Shirvanioun	10/9/2020	COMM 1ST	PMCHK00002692	\$17.25
20870	S0162	Auburn Senior Center	10/9/2020	COMM 1ST	PMCHK00002692	\$67.30
20871	S1003	Sutter Medical Foundation	10/9/2020	COMM 1ST	PMCHK00002692	\$236.00
20872	T1000	Transamerica Life Insurance	10/9/2020	COMM 1ST	PMCHK00002692	\$480.00
20873	TEMPA	Joe Angone	10/9/2020	COMM 1ST	PMCHK00002692	\$165.00
20874	TEMPB	Jenny Benoit	10/9/2020	COMM 1ST	PMCHK00002692	\$115.00
20875	TEMPR	Jamie Ross	10/9/2020	COMM 1ST	PMCHK00002692	\$200.00
20876	TEMPS	Gerald Shefke, Jr	10/9/2020	COMM 1ST	PMCHK00002692	\$500.00
20877	V0007	Verizon Wireless	10/9/2020	COMM 1ST	PMCHK00002692	\$847.06
20878	V0010	Vermont Systems, Inc.	10/9/2020	COMM 1ST	PMCHK00002692	\$3,795.00
20879	W0001	Walker's Office Supplies, Inc.	10/9/2020	COMM 1ST	PMCHK00002692	\$1,315.58
20880	W0003	Warehouse Paint Incorporated	10/9/2020	COMM 1ST	PMCHK00002692	\$356.92
20881	W0010	Waxie Sanitary Supply	10/9/2020	COMM 1ST	PMCHK00002692	\$164.16
20882	W0044	Wave	10/9/2020	COMM 1ST	PMCHK00002692	\$989.72
20884	1099-50	Scott Holbrook	10/16/2020	COMM 1ST	PMCHK00002693	\$16.96
20885	S1007	Stationary Engineers, Local 39	10/16/2020	COMM 1ST	PMCHK00002693	\$409.03
20886	U0033	United States Treasury	10/16/2020	COMM 1ST	PMCHK00002693	\$75.00
20887	1099-16	Skyhawks Sports	10/23/2020	COMM 1ST	PMCHK00002694	\$920.35
20888	1099-256	Healing Pastures, Inc.	10/23/2020	COMM 1ST	PMCHK00002694	\$60.00
20889	1099-269	Deborah Lynn	10/23/2020	COMM 1ST	PMCHK00002694	\$58.50
20890	1099-271	Kelpro Security	10/23/2020	COMM 1ST	PMCHK00002694	\$308.00
20891	1099-277	Foothill Karate Do	10/23/2020	COMM 1ST	PMCHK00002694	\$22.75
20892	1099-374	Sarah Violet	10/23/2020	COMM 1ST	PMCHK00002694	\$198.00
20893	A0001	Recology Auburn Placer	10/23/2020	COMM 1ST	PMCHK00002694	\$852.66
20894	A0013	AT&T	10/23/2020	COMM 1ST	PMCHK00002694	\$64.20
20895	A0027	Recology Auburn Placer	10/23/2020	COMM 1ST	PMCHK00002694	\$593.50
20896	A0051	Anderson's Sierra Pipe Co.	10/23/2020	COMM 1ST	PMCHK00002694	\$147.68
20897	A0139	Auburn Ford	10/23/2020	COMM 1ST	PMCHK00002694	\$184.88
20898	A0169	AT&T Acct 303817271	10/23/2020	COMM 1ST	PMCHK00002694	\$42.80
20899	B0020	BSN Sports, Inc.	10/23/2020	COMM 1ST	PMCHK00002694	\$220.39
20900	B0062	BareBones WorkWear	10/23/2020	COMM 1ST	PMCHK00002694	\$93.30
20901	C0044	CSDA Member Services	10/23/2020	COMM 1ST	PMCHK00002694	\$7,253.00
20902	C0061	California Computer Services	10/23/2020	COMM 1ST	PMCHK00002694	\$485.50
20903	C0113	Cooks Portable Toilets & Septi	10/23/2020	COMM 1ST	PMCHK00002694	\$1,717.63
20904	C0130	Cirrus Group LLC	10/23/2020	COMM 1ST	PMCHK00002694	\$488.50
20905	C0133	California Smog	10/23/2020	COMM 1ST	PMCHK00002694	\$35.00
20906	D0066	De Lage Landen Financial Servi	10/23/2020	COMM 1ST	PMCHK00002694	\$332.48
20907	D0077	Dudek	10/23/2020	COMM 1ST	PMCHK00002694	\$6,002.50
20908	E0030	Ecograft, Inc.	10/23/2020	COMM 1ST	PMCHK00002694	\$600.00
20909	H0056	Humana Dental Ins. Co	10/23/2020	COMM 1ST	PMCHK00002694	\$2,406.66

* Voided Checks

Check Number	Vendor ID	Vendor Check Name	Check Date	Checkbook ID	Audit Trail Code	Amount
20910	H0060	HercRentals Inc.	10/23/2020	COMM 1ST	PMCHK00002694	\$281.17
20911	L0021	Lifeguard, Inc. OLD ACCT	10/23/2020	COMM 1ST	PMCHK00002694	\$1,085.53
20912	M0013	Meadow Vista Hardware	10/23/2020	COMM 1ST	PMCHK00002694	\$172.70
20913	M0019	Kahl Muscott	10/23/2020	COMM 1ST	PMCHK00002694	\$169.63
20914	N0048	Normac, Inc.	10/23/2020	COMM 1ST	PMCHK00002694	\$1,124.41
20915	P0005	Placer County Water Agency	10/23/2020	COMM 1ST	PMCHK00002694	\$5,205.72
20916	P0007	Pacific Gas & Electric Company	10/23/2020	COMM 1ST	PMCHK00002694	\$11,451.76
20917	R0035	Reliable Auto Glass	10/23/2020	COMM 1ST	PMCHK00002694	\$180.44
20918	R0073	Riebes Auto Parts	10/23/2020	COMM 1ST	PMCHK00002694	\$96.24
20919	S0009	Sierra Saw Sales And Service	10/23/2020	COMM 1ST	PMCHK00002694	\$133.61
20920	S0025	Sierra Pacific Turf Supply, In	10/23/2020	COMM 1ST	PMCHK00002694	\$995.44
20921	S0050	Sierra Safety	10/23/2020	COMM 1ST	PMCHK00002694	\$72.74
20922	S0067	Superfast Copy	10/23/2020	COMM 1ST	PMCHK00002694	\$12.66
20923	S0145	SCP Pool Distributors LLC	10/23/2020	COMM 1ST	PMCHK00002694	\$229.53
20924	S1000	State Of California/DOJ	10/23/2020	COMM 1ST	PMCHK00002694	\$148.00
20925	TEMPA	Vanessa Aparicio	10/23/2020	COMM 1ST	PMCHK00002694	\$260.00
20926	TEMPB	Kurt Barton	10/23/2020	COMM 1ST	PMCHK00002694	\$500.00
20927	TEMPD	Serena Davidson	10/23/2020	COMM 1ST	PMCHK00002694	\$250.00
20928	TEMPF	Lisa Frederiksen	10/23/2020	COMM 1ST	PMCHK00002694	\$1,350.00
20929	TEMPS	Schreiber, Trish	10/23/2020	COMM 1ST	PMCHK00002694	\$250.00
20930	TEMPW	Tom Wilson	10/23/2020	COMM 1ST	PMCHK00002694	\$500.00
20931	W0001	Walker's Office Supplies, Inc.	10/23/2020	COMM 1ST	PMCHK00002694	\$552.14
20932	W0010	Waxie Sanitary Supply	10/23/2020	COMM 1ST	PMCHK00002694	\$508.26
20933	W0044	Wave	10/23/2020	COMM 1ST	PMCHK00002694	\$479.46
20934	W0050	Randy Warren	10/23/2020	COMM 1ST	PMCHK00002694	\$1,500.00
20935	Y0002	Yuba Lock & Safe	10/23/2020	COMM 1ST	PMCHK00002694	\$160.72
20936	TEMPB	Jason Burger	10/30/2020	COMM 1ST	PMCHK00002695	\$140.00
20937	TEMPP	Rhodaline Padpad	10/30/2020	COMM 1ST	PMCHK00002695	\$137.00
20938	TEMPW	Tracey Walker	10/30/2020	COMM 1ST	PMCHK00002695	\$30.00
20939	U0033	United States Treasury	10/30/2020	COMM 1ST	PMCHK00002695	\$75.00

Total Checks: 97

Total Amount of Checks: \$89,774.48

Item 4.3 - Cover sheet – UAL CalPERS Pension Prefunding

Auburn Area Recreation and Park District Finance Committee, November 2020

The Issue

Shall the Auburn Area Recreation and Park District (ARD) prefund to pay down the future CalPERS liability?

Background

ARD District Policy states the following regarding funding for the CalPERS Pension Reserve:

Unfunded CalPERS Pension Reserve Funding GASB 68: Contributions to this fund may occur at any time but will be included in the budget each fiscal year at an amount that represents at least 10% of the known unfunded liability per the current GASB68 report and shall be funded at a minimum of 50% of the entire known liability.

ARD is billed for and pays CalPERS extra money each year towards this unfunded liability. This extra payment rarely keeps up with the rise of unfunded liability. ARD's CalPERS Reserve was established to try and bridge the gap (to half of the liability).

For fiscal year 2020/2021, ARD has an Unfunded Liability Reserve balance of \$241,000, of which \$57,800 was transferred this fiscal year. ARD also contributed \$70,049, per CalPERS invoice for their catch-up method.

CalMuni Advisors contacted ARD and provided an informative presentation on possibly prefunding the CalPERS Liability to ultimately save the District in interest liability that CalPERS is charging ARD annually on the UAL (Unfunded Accrued Liability). The interest being charged by CalPERS is currently 7%.

ARD is currently at 80% of future funded pension liability within CalPERS. It is an optimal position to be at 80% or above, per Andrew Sisk, CPA (Auditor-Controller) of Placer County.

Mr. Sisk shared that Placer County's goal is to reach 80%; this would be their optimal position. They are allocating funds into a Section 115 Trust account to prefund their UAL, which gives them some flexibility. As long as the funds within the trust is spent for UAL, it can be accessed at any time. So, during adverse financial times, the funds within the trust can be utilized to pay CalPERS payments if needed. In comparison, prefunding directly into CalPERS can not be accessed once submitted unless it is from a Section 115 Trust. CalPERS also administers a Section 115 Trust for Pensions.

CalPERS assumes a 7% discount rate of return on the funds within its investment portfolio. It also charges the District the 7% on the UAL. So, when the CalPERS investments fall short of the 7% return, our UAL increases and the UAL is also charged 7% interest on top of the new allocation. Should CalPERS returns earn more than 7%, our UAL will likewise decrease.

CalPERS estimates that the District will top out in 2032 with an approximate extra \$142,000 payment before ARD's UAL begins to decline.

It is in ARD's best interest to lower that max payback payment to below \$100,000. Payments above \$100,000 are not sustainable for ARD.

Recommendation for the Finance Committee

- 1) Staff recommends remitting our reserves of \$240,000 + an additional \$40,000 from our Equipment Reserves to total \$280,000 requesting CalPERS to allocate appropriately. Based on the report provided by CalMuni Advisors, this will save the District \$240,000 in interest over the next 20 years. The District will be purchasing several HVAC units with a low interest loan. This will free up funds from the Equipment Reserves for the UAL. Should the board choose this alternative, staff will need to seek professional advise and there will most likely be a fee.
- 2) Staff also recommends that ARD pre-fund the 10% that is allocated per District Policy until projection reduces the District's maximum below the \$100,000 addition annual payment.
- 3) After the payback maximum has been reduced, staff recommends ARD's annual 10% reserve contribution be put into a Section 115 trust. This would be optimal as ARD would see a better return than it currently receives in the reserves at Placer County Treasury.
- 4) Staff does not recommend borrowing to prepay the entire UAL at this time. Staff believes under this plan, ARD can create similar savings with the continued 10% contribution and not lock the District into long-term debt.

Alternatives available

- 1) Prefund the entire UAL, by remitting the \$280,000 and borrow the remaining balance with a 15-year loan. The payment would be approximately \$98,000 per year.
- 2) Prefund the entire UAL, by remitting the \$280,000 and borrow the remaining balance with a 30-year loan. The payment would be approximately \$83,000 per year.
- 3) Prefund some or all of the \$280,000 to a Section 115 PARS or CalPERS Pension Trust Fund.
- 4) Prefund the entire UAL with available ARD reserves. This would save the District approximately \$1,000,000. in interest payments over the next 20 years, however it would leave us vulnerable to unexpected costs and unable to fund many projects.

Fiscal Impact

\$240,000 - \$1,000,000 potential savings over 20 years

Attachments

CalMuni Advisors Proposal
Section 115 Prefunding Trust Program



TECHNICAL MEMORANDUM

To: Mr. Kahl Muscott, *Auburn Area Recreation and Park District*
Ms. Veona Galbraith, *Auburn Area Recreation and Park District*

From: Dmitry Semenov, *California Municipal Advisors LLC*

Date: September 17, 2020

Re: Potential UAL Optimization Options

Per your request, we have analyzed two options for the optimization of the Unfunded Accrued Liability (UAL) of the Auburn Area Recreation and Park District. This Technical Memorandum summarizes the results of our analysis.

The following options were analyzed:

- **Option A:** Prepay approximately \$280,000 of the UAL with cash and leave all remaining UAL Amortization Bases outstanding.
- **Option B:** Prepay approximately \$280,000 of the UAL with cash and refinance the rest of the UAL balance (approximately \$998,000) over a 15-year term.
- **Option C:** Prepay approximately \$280,000 of the UAL with cash and refinance the rest of the UAL balance (approximately \$998,000) over a 20-year term.

For Option A, we selected several UAL Amortization Bases to match the targeted prepayment amount and estimate the approximate interest savings amount. The final selection of the bases will have direct correlation to the actual interest savings amount.

Under Options B and C, we utilized the following assumptions:

- Only the Miscellaneous Plan UAL was analyzed. The outstanding balance of the PEPRM Miscellaneous Plan UAL could also be included in the refunding strategy to generate additional cash flow / financing cost savings.
- 4.25% and 4.50% interest rates were used, respectively. These rates are higher than the current market, but we are utilizing the higher rates in order to remain conservative in our analysis and expectations. If you would like for us to model different interest rates, let us know. The actual interest rates would be determined through a competitive bidding process at the time of the refunding.

- We assumed private placement financing (bank loan) and estimated total costs of issuance of \$85,000. The costs of issuance are estimates only and will vary depending on the financing team selection, method of debt issuance, and financing structure.
- No assumptions were made for the forgone interest earnings that could be realized by the District on investing its cash reserves rather than using them to pay down the UAL.
- Semi-annual principal and interest payments.
- Level annual debt service.

The attached **Table 1** summarizes the results of the analysis of optimization options. The attached **Graph 1** shows the overlay of the options over the current UAL payment schedule. Note that all calculations are based on the District's 2019 Actuarial Valuation Report and does not incorporate any changes that have taken place since that report or any changes that CalPERS will make in the future.

As our analysis shows under Option A, if the District prepays \$280,000 of the UAL balance, it would save approximately \$240,000 in interest paid to CalPERS over the next 20 years and will recoup this cash payment in form of lower UAL payments by FY2031. The highest payment amount on the remaining outstanding bases would be reduced from approximately \$142,000 to approximately \$109,000. Note that the actual amount of interest savings and the annual payment amounts can vary and will depend on the timing of the payment and the UAL amortization bases that the payment will be applied to.

Under Options B and C, combining the \$280,000 cash payment with a refunding of the remaining UAL balance, the District could realize financing cost savings of approximately \$385,000 (Option C) to \$560,000 (Option B), depending on the refinancing term. Note that the savings calculation includes only financing costs savings – it does not count your cash prepayment amount as savings. Under the refinancing scenarios, the District will have a level annual debt service cost of approximately \$83,000 (Option C) or \$98,000 (Option B). The District will be able to recover the amount of the cash prepayment through the lower UAL payments by 2030-33, depending on the term of the refinancing. Finally, under the refinancing options, the District will fully pay off the current UAL balances by the end of the financing term.

Please, refer to the 08/10/2020 Preliminary Pension Liability Assessment presentation for discussion of risks associated with the refunding of the UAL. Note that the refunding scenarios are based on the market conditions as of today. Actual interest rates and availability of capital at the time of refunding can vary on daily basis and are likely to differ from those shown in the table.

Cc: Cameron Weist and Lloyd Hedenland, Jr., *The Weist Law Firm*

Table 1
Auburn Area Recreation and Park District
UAL Optimization Analysis - Misc Plan

Description	Option A - Prepay Only	Option B - Prepay + 15-yr Refi	Option C - Prepay + 20-yr Refi
Cash Prepayment	\$280,091	\$280,091	\$280,091
Refunding	\$0	\$998,221	\$998,221
Remaining Bases	\$998,221	\$0	\$0
Total UAL	\$1,278,312	\$1,278,312	\$1,278,312

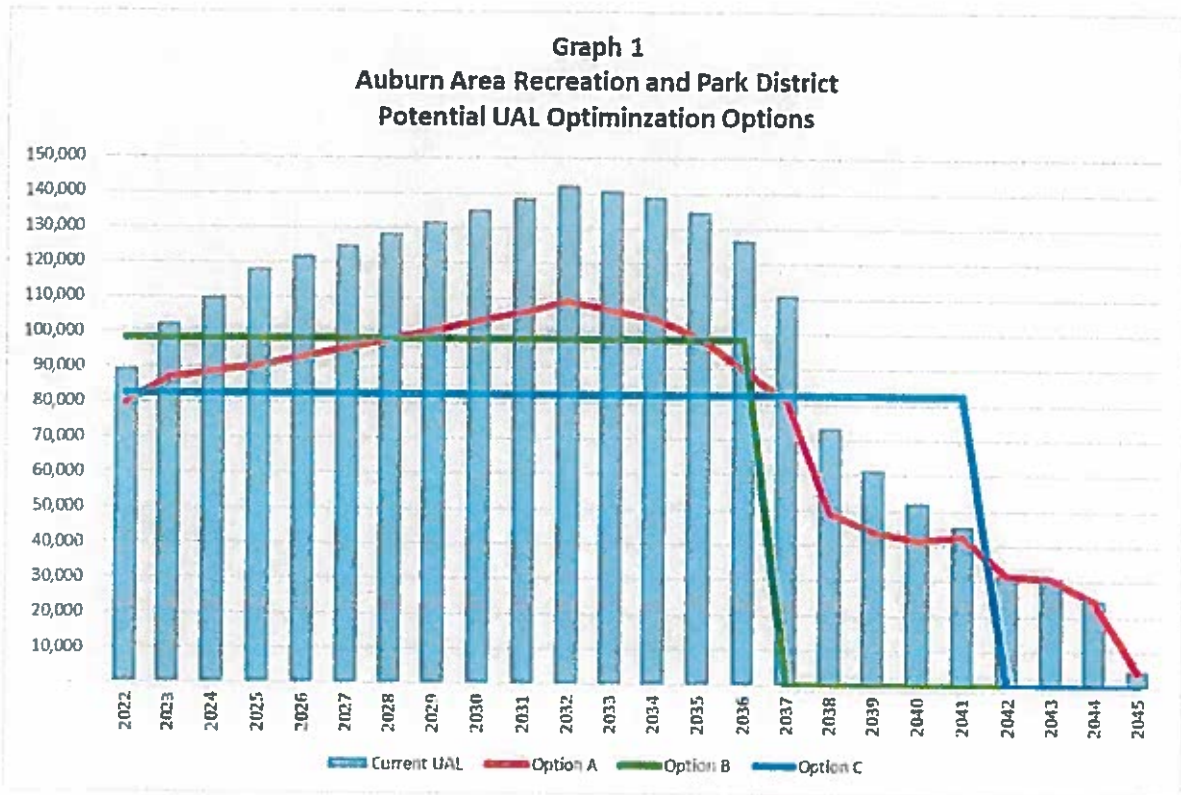
Financing Cost Savings Analysis Summary

Total Financing Cost - CalPERS	\$1,041,644	\$1,041,644	\$1,041,644
Annual Debt Service Amount	\$0	\$98,402	\$82,709
Max Current Residual UAL Payment [1]	\$109,095	\$0	\$0
Max Current Annual UAL Cost [1]	\$109,095	\$98,402	\$82,709
Total Interest Cost	\$0	\$392,808	\$570,961
Costs of Issuance [2]	\$0	\$85,000	\$85,000
Total Financing Cost	\$0	\$477,808	\$655,961
Total Financing Cost Savings [3]	\$237,565	\$563,836	\$385,683
Year to Recoup Cash Prepayment	2032	2033	2030

[1] Maximum Annual UAL cost is estimated based on the level debt service refunding of the UAL balance shown in the 06/30/2019 CalPERS Actuarial Valuation Report and does not include any additional future bases that will be added by CalPERS.

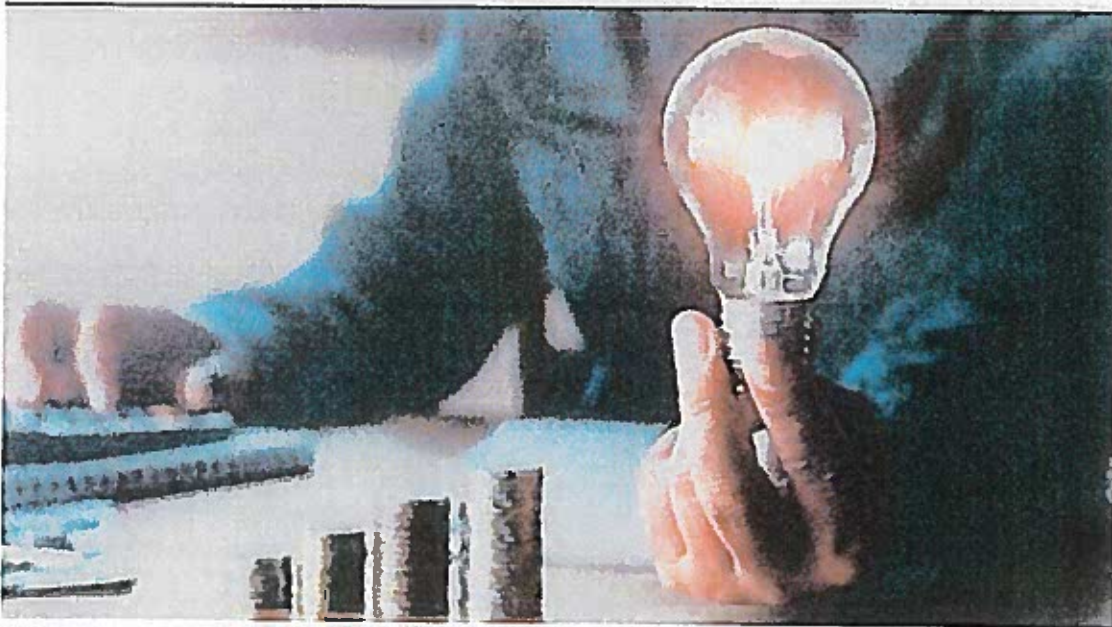
[2] Costs of issuance are estimates for private placement and will vary.

[3] Total Financing Cost Savings include interest savings only (cash prepayment is NOT included in this calculation) and do not take into consideration interest that could be earned on cash reserves.





Bright Idea: Allocating FYE Surplus Toward Prefunding Liabilities



The start of the new fiscal year brings with it new goals and new ideas, but as you close out last fiscal year, your agency may indeed find potential surplus and/or reserve funds to help plan for the new year.

We highly recommend you consider putting those available funds into a 115 Trust account, a concept known as prefunding. This will give you local control including determining the risk tolerance level of your investment. With pension costs rising every year, agencies need a

fiscal tool to help them combat the inevitable. With the opportunity to earn a greater rate of return than your general fund, this will help to stabilize rates in the future and give you a source of funds if needed in an emergency. We call this our **Pension Rate Stabilization Program (PRSP)** and over 230 agencies have adopted this plan to get ahead of what's coming.

Remember, prefunding can help to:

- Smooth out pension rate increases
- Diversify investments and potentially achieve higher returns than your general fund
- Serve as a rainy day fund during adverse financial times
- Improve your agency's overall balance sheet with this important asset
- Protect funds from diversion towards other less important projects

With the PARS PRSP, contributions or reimbursements can be made at any time, so there is complete flexibility. There is no time like the present to take advantage of available funds to protect your agency's financial health and prepare for the future!

For more information, please contact:

Mitch Barker, Executive Vice President

(800) 540-6369 x116; mbarker@pars.org

Maureen Toal, Senior Vice President

(800) 540-6369 x135; mtoal@pars.org

Mike Graves, Senior County Consultant
(916) 834-7545; mikergraves@hotmail.com

www.pars.org

[unsubscribe from this list](#)

Our mailing address is:

PARS

4350 Van Kaman Ave Ste 100

Newport Beach, CA 92660-2080

[Add us to your address book](#)

Discussion Item #1. Cover sheet – Consideration of additional staffing for the Facilities and Grounds Department

Auburn Area Recreation and Park District Finance Committee meeting November, 2020

The Issue

Shall the Auburn Area Recreation and Park District (ARD) consider allocating additional funding for extra staffing for the Facilities and Grounds Department?

Background

The ARD Facilities and Grounds Department (F&G) currently is currently at the following staffing levels:

Facilities (inside)

2 FT

4 PT Facility Attendants (30 hours/week)

Grounds (outside)

14 FT (includes one staff member on COVID "loan" from the Recreation Dept.)

1 PT (32 hours week)

This totals 792 hours/week, or 19.8 Full-Time Equivalents (FTE).

There are four days a week when there is only one employee covering Regional Park and Atwood Park. This employee sometimes also must cover Meadow Vista Park. It would be advantageous to have an extra staff member on these days.

The estimated costs to add a new staff member in the F&G Department are as follows:

For a P/T employee (32 hours per week), earning \$15.05 per hour.

P/T Health Insurance

Workers Comp

Taxes

CalPERS

Uniform Allowance

457 187.50

\$39,200 for the first year

For a F/T employee (40 hours per week), earning \$16.77 per hour.

F/T Health insurance for EE + 1

Workers Comp

Taxes

CalPERS

Uniform Allowance

457 at 250.00

\$61,898 for the first year

Funding for this extra person would most likely need to come from existing funding that ARD puts in to reserves.

Equipment Reserves: (Currently at \$676,236) by policy, ARD funds this account \$50,000/year

ADA compliance: (Currently at \$30,031) by policy, ARD funds this account \$5,000/year

Unfunded CalPERS Pension Liability Reserve: (Currently at \$241,000) by policy, ARD funds this account 10% of the known liability. For FY 20/21, the liability was \$934,000

Capital Construction Reserve: (Currently at 945,573) there is not a set policy for how much is funded, however ARD generally funds it between \$25,000 - \$75,000 per year, depending on year-end financials.

Contingency Reserve: (Currently at \$528,000) this reserve is to be kept at \$450,000. As projected, at the end of FY20/21, there will be \$463,000 in this reserve.

Recommendation

Review and discuss. Staff does not recommend decreasing the funding for Equipment Reserves, and Unfunded Liabilities.

Fiscal Impact

As discussed above.

Attachments

N/A